

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OR TO U.S. PERSONS

CIRCULAR DATED 12 DECEMBER 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of KrisEnergy Ltd. (the “**Company**”) of par value US\$0.00125 each (“**Shares**”), please forward this Circular together with the Notice of Extraordinary General Meeting and the enclosed Depositor Proxy Form or Shareholder Proxy Form (as the case may be) immediately to the purchaser or transferee or to the agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee, subject to the distribution restrictions set out in this Circular.

Approval in-principle has been obtained from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing and quotation of the Notes, the Warrants and the New Shares (each as defined herein) on the Main Board of the SGX-ST, subject to certain conditions. The Notes, the Warrants and the New Shares will be admitted to the Main Board of the SGX-ST and official quotation will commence after all conditions imposed by the SGX-ST are satisfied, including (in the case of Warrants) there being a satisfactory spread of holdings of the Warrants to provide for an orderly market in the Warrants. The SGX-ST assumes no responsibility for the correctness or accuracy of any of the statements made, reports contained and opinions expressed in this Circular. Approval in-principle granted by the SGX-ST for the listing and quotation of the Notes, the Warrants and the New Shares on the Main Board of the SGX-ST is not to be taken as an indication of the merits of the Preferential Offering (as defined herein), the Notes, the Warrants, the New Shares, the Company and/or its Subsidiaries.

It should be noted that the Warrants may not be listed and quoted on the SGX-ST in the event there is an insufficient spread of holdings of the Warrants to provide for an orderly market in the trading of the Warrants. In such an event, the Warrantholders (as defined herein) will not be able to trade their Warrants on the SGX-ST. However, if the Warrantholders were to exercise their rights, subject to the terms and conditions of the Warrants, to convert their Warrants into New Shares, such New Shares will be listed and quoted on the SGX-ST.

INVESTING IN THE NOTES, THE WARRANTS AND THE NEW SHARES INVOLVES RISKS. SEE “RISK FACTORS RELATING TO THE PREFERENTIAL OFFERING, THE NOTES, THE WARRANTS AND/OR THE NEW SHARES” IN APPENDIX 8 OF THIS CIRCULAR FOR A DISCUSSION OF CERTAIN RISKS TO BE CONSIDERED IN CONNECTION WITH SUCH AN INVESTMENT, INCLUDING STRUCTURAL SUBORDINATION OF NOTEHOLDERS (AS DEFINED HEREIN) TO THE COMPANY’S SUBSIDIARIES’ THIRD-PARTY INDEBTEDNESS AND OBLIGATIONS, THE PROCEEDS REALISED FROM A SALE OF THE NOTE SECURITY (AS DEFINED HEREIN) POTENTIALLY BEING INSUFFICIENT FOR NOTEHOLDERS TO RECOVER ALL AMOUNTS DUE ON THE NOTES AND POTENTIAL VOLATILITY IN THE PRICE OF THE NOTES, WARRANTS AND NEW SHARES.

This Circular is not for distribution, directly or indirectly, in or into the United States. This Circular is not an offer of securities for sale in the United States. The Notes, the Warrants and the New Shares are being offered and sold only outside the United States in “offshore transactions” in accordance with Regulation S (“**Regulation S**”) under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”) and only to persons who are not, and are not acting for the account or benefit of “U.S. persons” (as defined in Regulation S). The Notes, the Warrants and the New Shares to be issued in connection with the Preferential Offering have not been and will not be registered under the U.S. Securities Act and may not be re-offered, re-sold, pledged or otherwise transferred except in an offshore transaction in accordance with Regulation S to a person outside the United States and not known by the transferor to be a U.S. person (as defined in Regulation S) by pre-arrangement or otherwise.

The Company has not been and will not be registered under the U.S. Investment Company Act (as defined herein).

The Notes, the Warrants and the New Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Preferential Offering or the accuracy or adequacy of this Circular. Any representation to the contrary is a criminal offence in the United States.

This Circular shall not constitute an offer to sell or a solicitation of an offer to buy shares or other securities of the Company nor shall there be any sale of any shares or other securities of the Company in any jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. This Circular is issued to Shareholders (as defined herein) solely for the purpose of convening the EGM (as defined herein) and seeking their approval of the resolutions to be considered at such meeting. Shareholders are authorised to use this Circular solely for the purpose of considering the approvals sought. Persons to whom a copy of this Circular has been issued shall not circulate to any other person, reproduce or otherwise distribute this Circular or any information herein for any purpose whatsoever nor permit or cause the same to occur.

The distribution of this Circular and/or the transfer of the Notes, the Warrants and the New Shares into jurisdictions other than Singapore may be prohibited or restricted by law. Persons into whose possession this Circular comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.



KRISENERGY LTD.

(Company Registration Number: 231666)

(Incorporated in the Cayman Islands on 5 October 2009)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

- (1) THE PROPOSED NON-RENOUNCEABLE NON-UNDERWRITTEN PREFERENTIAL OFFERING (THE “PREFERENTIAL OFFERING”) OF UP TO S\$140 MILLION IN PRINCIPAL AMOUNT OF SENIOR SECURED ZERO COUPON NOTES DUE 2024 (THE “NOTES”), IN THE DENOMINATION OF S\$1.00 FOR EACH NOTE, WITH UP TO 1,255,183,632 FREE DETACHABLE WARRANTS (THE “WARRANTS”), EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE NEW SHARE (COLLECTIVELY, THE “NEW SHARES”) AT AN EXERCISE PRICE OF S\$0.110 FOR EACH NEW SHARE (THE “EXERCISE PRICE”), ON THE BASIS OF 93 NOTES OF PRINCIPAL AMOUNT OF S\$1.00 EACH WITH 837 WARRANTS FOR EVERY 1,000 EXISTING SHARES HELD BY THE ENTITLED SHAREHOLDERS (AS DEFINED HEREIN) AS AT THE RECORD DATE (AS DEFINED HEREIN), FRACTIONAL ENTITLEMENTS TO BE DISREGARDED; AND**
- (2) THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) TO RECEIVE A MANDATORY GENERAL OFFER FROM THE CONCERT PARTY GROUP (AS DEFINED HEREIN) FOR THE COMPANY.**

*Independent Financial Adviser to the Independent Directors
of the Company in respect of the Whitewash Resolution*

nra capital

NRA Capital Pte Ltd

(Incorporated in the Republic of Singapore)

(Company Registration Number: 199904258C)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	: 25 December 2016 at 10:00 a.m.
Date and time of EGM	: 27 December 2016 at 10:00 a.m.
Place of EGM	: Clove Room, Level 5 Novotel Clarke Quay Singapore 177A River Valley Road Singapore 179031

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DEFINITIONS

For the purposes of this Circular, the following definitions apply throughout unless the context requires otherwise:

- “2017 Notes”** : The S\$130.0 million 6.25 per cent. fixed rate notes due 2017 issued by the Company under the MTN Program
- “2018 Notes”** : The S\$200.0 million 5.75 per cent. fixed rate notes due 2018 issued by the Company under the MTN Program
- “2022 Notes”** : The S\$130 million 4.00 per cent. senior unsecured notes due 2022 to be issued by the Company in exchange for the 2017 Notes
- “2023 Notes”** : The S\$200 million 4.00 per cent. senior unsecured notes due 2023 to be issued by the Company in exchange for the 2018 Notes
- “3Q”** : Three months beginning 1 July and ended 30 September
- “9M2016”** : Nine months ended 30 September 2016
- “Accrued Interest”** : The non-cash rate of interest on each of the 2022 Notes and the 2023 Notes, being 2 per cent. per annum to be capitalised and added to the then current outstanding principal amount of the 2022 Notes and 2023 Notes, respectively, subject to the Company’s election to pay such interest in cash in accordance with the terms and conditions of each of the 2022 Notes and the 2023 Notes for the first two years (being a total of four interest payments for each of the 2022 Notes and the 2023 Notes) after which, it will step up to 4 per cent. per annum in cash interest
- “Additional Entities”** : KrisEnergy (Apsara) Ltd, KrisEnergy (Cambodia) Holding Ltd, KrisEnergy (Phu Khanh 120) Ltd, KrisEnergy (Vietnam 115) Ltd, KrisEnergy (Song Hong 105) Ltd, KrisEnergy (Bangladesh SS-11) Ltd, KrisEnergy East Seruway B.V., KrisEnergy (Bala-Balakang) B.V., KrisEnergy (Sakti) B.V. and KrisEnergy (Udan Emas) B.V.
- “Asset Sale”** : Any sale, lease, transfer or other disposition (including by way of merger, consolidation or sale and leaseback transaction) of any of its rights, property or assets (including any sale or issuance of Capital Stock of a Subsidiary of the Company) in one transaction or a series of related transactions by the Company or any of its Subsidiaries to any Person; *provided that* “Asset Sale” shall not include:
- (i) the sale, lease or other disposition of products, services, Hydrocarbons or mineral products inventory or accounts receivable or other assets in the ordinary course of business;

- (ii) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of US\$5 million (or its equivalent in any other currency or currencies) in any transaction or series of related transactions;
- (iii) any sale, transfer, assignment or other disposition of any property, or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Company or its Subsidiaries;
- (iv) any sale, transfer or other disposition by the Company or any of its Subsidiaries, including the sale or issuance by the Company or any Subsidiary of any Capital Stock of any Subsidiary, to the Company or any Subsidiary;
- (v) the abandonment, farm-in, farm-out, lease or sublease of any oil and gas properties or the forfeiture or other disposition of such properties, in each case in the ordinary course of business;
- (vi) the sale or other disposition (whether or not in the ordinary course of business) of crude oil and natural gas properties or direct or indirect interests in real property; provided, that at the time of such sale or other disposition such properties do not have associated with them any proved reserves;
- (vii) granting of Security Interests not prohibited by or expressly permitted under the “Negative Pledge” provisions set out in the terms and conditions of the Notes; and
- (viii) foreclosure, condemnation or any similar action with respect to any property or other assets

“ARE”	:	Application and acceptance form for Notes with Warrants and excess Notes with Warrants to be issued to Entitled Depositors in respect of their provisional allotments of Notes with Warrants under the Preferential Offering
“Articles of Association”	:	The Memorandum and Articles of Association of the Company
“ATM”	:	Automated teller machine
“Awards”	:	Contingent awards of Shares granted under the KrisEnergy Performance Share Plan
“Bangladesh”	:	People’s Republic of Bangladesh

“Block A Aceh”	:	The Block A Aceh production sharing contract, northeast Sumatra in the Republic of Indonesia
“Board of Directors”	:	The board of Directors of the Company as at the date of this Circular
“Bridge Upsize”	:	The US\$50 million short-term bridge upsize to the Revolving Credit Facility (with a tenor of up to six months), pursuant to the amendment agreement signed on 3 November 2016
“Cambodia Block A”	:	The Block A Petroleum Agreement, offshore Cambodia
“Capital Stock”	:	With respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in the equity of such Person, whether outstanding on the Issue Date or issued thereafter, including, without limitation, all common stock, ordinary stock and preferred stock, but excluding debt securities convertible into such equity
“CDP”	:	The Central Depository (Pte) Limited
“CDP Application Form”	:	An application form relating to the provision of depository services by CDP in relation to the Notes and containing the terms and conditions in relation thereto to be executed by the Company in favour of CDP
“Circular”	:	This circular to Shareholders dated 12 December 2016 in relation to the Preferential Offering Resolution and the Whitewash Resolution
“Closing Date”	:	The time and date to be determined by the Directors, being the last time and date for acceptance of, and/or excess application and payment for, the Notes with Warrants under the Preferential Offering
“Common Security Agent”	:	Madison Pacific Trust Limited
“Company”	:	KrisEnergy Ltd.
“Concert Party Group”	:	Devan or KOG (as the case may be) and any other parties acting or deemed to be acting in concert with it in respect of the Company
“Consent Solicitation”	:	In respect of each series of Existing Notes, the solicitation of consents from Existing Noteholders of that series to the Proposals set out in the Consent Solicitation Statement (including, without limitation, the Notes Exchanges)
“Consent Solicitation Statement”	:	The Company’s consent solicitation statement dated 17 November 2016

“Consolidated EBITDA”

: At any time, the consolidated operating profit of the Group before taxation, calculated in accordance with IFRS in respect of the most recent Measurement Period:

- (i) before deducting any interest (not including any accrued interest owing to any member of the Group), commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised by any member of the Group (calculated on a consolidated basis);
- (ii) before taking into account any exceptional, one-off, non-recurring or extraordinary items; and
- (iii) after adding back any amount attributable to the amortisation or depreciation of assets of members of the Group,

in each case, in respect of such Measurement Period and to the extent added, deducted or taken into account, as the case may be, for the purposes of determining operating profits of the Group before taxation

“Consolidated EBITDAX”

: At any time, the consolidated operating profit of the Group before taxation, calculated in accordance with IFRS in respect of the most recent Measurement Period:

- (i) before deducting any interest (not including any accrued interest owing to any member of the Group), commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised by any member of the Group (calculated on a consolidated basis);
- (ii) before taking into account any exceptional, one-off, non-recurring or extraordinary items;
- (iii) after adding back any amount attributable to the amortisation or depreciation of assets of members of the Group; and
- (iv) after adding back any geological, geophysical and exploration expenses of the Group, in each case, in respect of such Measurement Period and to the extent added, deducted or taken into account, as the case may be, for the purposes of determining operating profits of the Group before taxation

- “Consolidated Equity”** : At any time, the aggregate of the amounts paid up or credited as paid up on the issued share capital of the Company or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Company), as the case may be, and the aggregate amount of the reserves of the Group, calculated in accordance with IFRS, as shown in the most recent available consolidated balance sheet of the Group (whether audited or unaudited), including:
- (i) any amount credited to the share premium account;
 - (ii) any capital redemption reserve fund; and
 - (iii) any balance standing to the credit of the consolidated income statement of the Group,
- but deducting:
- (a) any debit balance on the consolidated income statement of the Group;
 - (b) any amount which is attributable to minority interests;
 - (c) (to the extent included) any amount set aside for taxation, deferred taxation or bad debts; and
 - (d) any amount in respect of any dividend or distribution declared, recommended or made by any member of the Group to the extent payable to a person who is not a member of the Group and to the extent such distribution is not provided for in the most recent financial statements,
- and so that no amount shall be included or excluded more than once
- “Consolidated Interest Expense”** : At any time, the aggregate amount of the accrued interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments in respect of financial indebtedness paid or payable by the Group (calculated on a consolidated basis in accordance with IFRS) in cash in respect of the most recent Measurement Period:
- (i) excluding any upfront fees or costs;
 - (ii) including the interest (but not the capital) element of payments in respect of finance leases;
 - (iii) including any commission, fees, discounts and other finance payments payable by (and deducting any such amounts payable to) any member of the Group under any interest rate hedging arrangement; and

- (iv) taking no account of any unrealised gains or losses on any derivative instruments, in each case, in respect of such Measurement Period and so that no amount shall be added (or deducted) more than once
- “Consolidated Total Debt”** : At any time, the aggregate outstanding principal, capital or nominal amount of all obligations of the Group for or in respect of Indebtedness but excluding any such obligations to any other member of the Group, calculated in accordance with IFRS, as shown in the most recent available consolidated balance sheet of the Group (whether audited or unaudited)
- “Deed Poll”** : The deed poll to be executed by the Company for the purpose of constituting the Warrants (as the same may be amended or supplemented from time to time) and containing, *inter alia*, provisions for the protection of the rights and interests of the Warrantholders
- “Default”** : Any event that is, or with the passage of time or the giving of notice or both would be, an event of default under the terms and conditions of the Notes
- “Devan”** : Devan International Limited
- “Directors”** : The directors of the Company as at the date of this Circular
- “EGM”** : The extraordinary general meeting of the Company to be held at 10:00 a.m. on 27 December 2016, notice of which is set out on pages N-1 to N-4 of this Circular
- “electronic application”** : Acceptance of provisional allotments of Notes with Warrants and (if applicable) application for excess Notes with Warrants made through an ATM of a Participating Bank in accordance with the terms and conditions of the Offering Memorandum and the relevant procedures for electronic applications through an ATM to be set out in the Offering Memorandum or on the ATM screens of the respective Participating Banks
- “Eligible Investors”** : Investors who are not, and are not acting for the account or benefit of, “U.S. persons” (as defined in Regulation S) and who are being offered, allotted and delivered securities in an “offshore transaction” (as defined in Regulation S) in accordance with Regulation S
- “Entitled Depositors”** : Shareholders (i) with Shares standing to the credit of their Securities Accounts as at the Record Date; (ii) (A) whose registered addresses with CDP are in Singapore as at the Record Date; or (B) who have, at least three Market Days prior to the Record Date, provided CDP with addresses in Singapore for the service of notices and documents; and (iii) who are Eligible Investors

“Entitled Scripholders”	:	Shareholders (i) whose share certificates have not been deposited with CDP as well as transferees who have tendered to the Share Transfer Agent registrable transfers of their Shares and the certificates relating thereto for registration up to the Record Date; (ii) (A) whose registered addresses with the Company are in Singapore as at the Record Date; or (B) who have, at least three Market Days prior to the Record Date, provided the Share Transfer Agent with addresses in Singapore for the service of notices and documents; and (iii) who are Eligible Investors
“Entitled Shareholders”	:	Entitled Depositors and Entitled Scripholders
“EPS”	:	Earnings per Share
“Excess Notes Commitment”	:	Has the meaning as set out in Section 4.1(B)(d) of this Circular
“Exercise Price”	:	The sum payable in respect of each New Share for which a Warrantholder will be entitled to subscribe upon the exercise of a Warrant, being S\$0.110, subject to certain adjustments in accordance with the terms and conditions of the Warrants to be set out in the Deed Poll
“Existing Devan Shares”	:	The 598,263,893 Shares that Devan holds as at the date of this Circular
“Existing Indebtedness”	:	Indebtedness of the Company and its Subsidiaries in existence on the date of the Note Trust Deed
“Existing KE Holdings Shares”	:	The 560,505,269 Shares that KrisEnergy Holdings Ltd. holds as at the date of this Circular
“Existing Noteholders”	:	Holders of each series of Existing Notes
“Existing Notes”	:	The 2017 Notes and 2018 Notes
“Existing Obligors”	:	KrisEnergy (Asia) Ltd, KrisEnergy Holding Company Ltd, KrisEnergy International (Thailand) Holdings Ltd, KrisEnergy (Satria) Ltd, KrisEnergy Asia Coöperatief UA, KrisEnergy Asia Holdings B.V., KrisEnergy (Gulf of Thailand) Ltd., KrisEnergy Bangladesh Limited, KrisEnergy (Block A Aceh) B.V., KrisEnergy Netherlands Holdings Pte Ltd, KrisEnergy Management Ltd and the Company
“Expiration Date”	:	The expiration date of the Warrants, being the date falling 84 months following the issue date of the Warrants, provided that if such date falls on a day other than a Market Day, then the Market Day preceding the last day shall be the Expiration Date

“Fair Market Value”	:	The price that would be paid in an arm’s-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the board of directors of the Company or the relevant Subsidiary, whose determination shall be conclusive if evidenced by a board resolution of the Company or the relevant Subsidiary, as the case may be
“First Reserve Funds”	:	FR XII and FR XII-A
“Foreign Shareholders”	:	Shareholders with registered addresses outside Singapore as at the Record Date and who have not, at least three Market Days prior thereto, provided the Share Transfer Agent or CDP, as the case may be, with addresses in Singapore for the service of notices and documents
“FR XII”	:	First Reserve Fund XII, L.P.
“FR XII-A”	:	FR XII-A Parallel Vehicle, L.P.
“FY”	:	Financial year ended or ending 31 December
“Global Certificate”	:	The Global Certificate which will represent the Notes and which will contain provisions which apply to the Notes
“Group”	:	The Company and its Subsidiaries
“Guarantee”	:	In relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation): <ul style="list-style-type: none"> (i) any obligation to purchase such Indebtedness; (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness; (iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and (iv) any other agreement to be responsible for such Indebtedness

“Hedging Obligations”	:	With respect to any specified Person, the obligations (including any Indebtedness) of such Person or any of its Subsidiaries directly or indirectly under or in connection with: <ul style="list-style-type: none"> (i) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements, other agreements or arrangements designed to manage interest rates or interest rate risk; (ii) any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates; (iii) any forward contract, commodity futures contract, commodity option agreement, commodity swap agreement, cap, floor, ceiling or collar agreement or other similar agreement or arrangement designed to protect against fluctuations in the price of commodities used, produced, processed or sold by that Person or any of its Subsidiaries at the time; (iv) other agreements or arrangements designed to protect such Person against fluctuations in interest rates, commodity prices or currency exchange rates; and (v) any other related agreement or arrangement, whether or not incurring any Indebtedness, directly or indirectly, in connection with any restructuring, amendment, variation or termination (whether in whole or in part) of any of the agreements referred to in paragraphs (i) to (iv) above
“Hydrocarbons”	:	Oil, gas, casing head gas, drip gasoline, natural gasoline, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all constituents, elements or compounds thereof and products refined or processed therefrom
“IFA” or “Independent Financial Adviser”	:	NRA Capital Pte Ltd, the independent financial adviser appointed to advise the Independent Directors in relation to the Whitewash Resolution
“IFA Letter”	:	The letter from the IFA to the Independent Directors in relation to the Whitewash Resolution dated 12 December 2016, reproduced in Appendix 2 of this Circular
“IFRS”	:	The International Financial Reporting Standards (or any successor accounting standard thereto) as issued by the International Accounting Standards Board

“Incur” : With respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock, *provided that* (i) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Subsidiary will be deemed to be Incurred by such Subsidiary at the time it becomes a Subsidiary and (ii) the accretion of original issue discount shall not be considered an Incurrence of Indebtedness. The terms “Incurrence”, “Incurred” and “Incurring” have meanings correlative with the foregoing

“Indebtedness” : With respect to a Person at any date of determination, any indebtedness for or in respect of:

- (i) moneys borrowed;
- (ii) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (iii) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (iv) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS, be treated as a balance sheet liability (other than any liability in respect of a lease or hire purchase contract which would, in accordance with IFRS in force prior to 1 January 2019, have been treated as an operating lease);
- (v) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (vi) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing, except Trade Payables and Prepayment Transactions;
- (vii) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (viii) any counter-indemnity obligation in respect of a Guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;

- (ix) any amount raised by the issue of redeemable shares;
- (x) any amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into this agreement is to raise finance, except Trade Payables and Prepayment Transactions;
- (xi) (without double counting) the amount of any liability in respect of any Guarantee or indemnity for any of the covenants referred to in Section 2.2 of this Circular; and
- (xii) (without double counting) any indebtedness referred to in Section 2.2 of this Circular of other Persons secured by Security Interest upon any assets of the Person to which this definition is being applied, *provided that* the amount of such Indebtedness shall be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such indebtedness

“Independent Directors”	:	The Directors who are considered independent for the purposes of making the recommendation to the Independent Shareholders in relation to the Whitewash Resolution, being all the Directors, save for Tan Ek Kia, Chan Hon Chew and Michael Chia Hock Chye
“Independent Shareholders”	:	Shareholders, other than the Concert Party Group and parties not independent of the Concert Party Group, who are deemed to be independent for the purposes of voting on the Whitewash Resolution
“Industry Report”	:	The report of Wood Mackenzie Asia Pacific Pte Limited on the market assessment of the upstream oil and gas industry in South Asia dated 17 November 2016, reproduced in Appendix 7 of this Circular
“Intercreditor Agreement”	:	The intercreditor agreement (as amended or supplemented from time to time) to be entered into between, among others, the Company, the Note Trustee, the Common Security Agent and the RCF Agent
“Internal Restructuring”	:	The transfer of the Existing Devan Shares from Devan to KOG
“IPO”	:	The Company’s initial public offering and listing on the Main Board of the SGX-ST
“Irrevocable Undertakings”	:	The irrevocable undertakings dated 8 December 2016 and 9 December 2016 given by the First Reserve Funds and KOG respectively to the Company, details of which are set out in Section 4.1 of this Circular

“Issue Date”	:	The date that the Notes are issued
“Issue Price”	:	The issue price of the Notes, being 100 per cent. of the principal amount of the Notes or S\$1.00 for each S\$1.00 of principal amount of the Notes
“Keppel”	:	Keppel Corporation Limited
“Keppel Group”	:	Keppel and its Subsidiaries
“Keppel Holding Group”	:	Keppel, its Subsidiaries and associated companies (including Devan, KOG and Kepventure Pte. Ltd.)
“KOG”	:	Keppel Oil & Gas Pte. Ltd.
“KOG Irrevocable Undertaking”	:	The Irrevocable Undertaking provided by KOG, details of which are set out in Section 4.1(B) of this Circular
“KrisEnergy Performance Share Plan”	:	The performance share plan of the Company known as the KrisEnergy Performance Share Plan
“Latest Practicable Date”	:	5 December 2016, being the latest practicable date prior to the printing of this Circular
“Lead Manager”	:	DBS Bank Ltd.
“Listing Manual”	:	The listing manual of the SGX-ST, as amended or modified from time to time
“LPS”	:	Loss per Share
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Maturity Date”	:	The maturity date of the Notes, being the seventh anniversary of the Issue Date
“Measurement Period”	:	The most recently ended four full financial quarters of the Company for which consolidated financial statements are available (whether audited or unaudited)
“MTN Program”	:	The Company’s S\$500 million Multicurrency Debt Issuance Program
“New Business Plan”	:	The new business plan approved and adopted by the Company in October 2016, details of which are set out in Section 1.2 of this Circular
“New Notes”	:	The 2022 Notes and 2023 Notes

“New Shares”	:	Up to 1,255,183,632 new Shares to be allotted and issued by the Company, credited as fully paid upon the exercise of the Warrants in accordance with the terms of the Deed Poll, including where the context admits, such new Shares arising from the exercise of any additional Warrants as may be required or permitted to be issued in accordance with the terms and conditions of the Warrants to be set out in the Deed Poll
“Noteholders”	:	Holders of the Notes
“Notes”	:	Up to S\$140 million in principal amount of senior secured zero coupon notes due 2024, in the denomination of S\$1.00 for each note, to be issued by the Company in connection with the Preferential Offering
“Notes Exchanges”	:	The proposed exchange of Existing Notes for New Notes, as described in the Consent Solicitation Statement in connection with the Consent Solicitation
“Note Security”	:	The security to be provided in relation to the Notes which will consist of, <i>inter alia</i> , (i) a first ranking security interest over the shares of SJ Production Barge Ltd., a wholly-owned Subsidiary of the Company, and (if applicable) a first ranking account charge over certain account(s) held by SJ Production Barge Ltd.; and (ii) a junior ranking security interest over the assets secured or to be secured from time to time under the RCF Security
“Note Security Documents”	:	The Intercreditor Agreement, security agreements and other instruments pursuant to which the security interests in the Note Security are to be created
“Note Trust Deed”	:	The trust deed (as amended or supplemented from time to time) to be entered into between, among others, the Company and the Note Trustee in relation to the Notes
“Note Trustee”	:	DBS Trustee Limited
“Notice of EGM”	:	The notice of EGM set out on pages N-1 to N-4 of this Circular
“NTA”	:	Net tangible asset
“Offering Memorandum”	:	The offering memorandum to be issued by the Company in connection with the Preferential Offering
“Oil and Gas Business”	:	(i) the acquisition, exploration, exploitation, development, production, operation and disposition of interests in oil, natural gas, liquid natural gas and other Hydrocarbon and mineral properties or products produced in association with the foregoing;

- (ii) the gathering, marketing, distributing, treating, refining, processing, storing, distribution, selling and transporting of any production from oil, natural gas, natural gas liquids, liquefied natural gas and other Hydrocarbon and mineral properties (whether or not such properties are owned by the Company and/or its Subsidiaries) and products produced in association therewith and the marketing of oil, natural gas, other Hydrocarbons and minerals obtained from unrelated Persons;
- (iii) any other related energy business, from oil, natural gas and other Hydrocarbons and minerals produced substantially from properties in which the Company or its Subsidiaries directly or indirectly participates;
- (iv) any business relating to oil and gas field seismic mapping, sales and service and technology development with respect thereto; and
- (v) any business, services or activity relating to, arising from, or necessary, appropriate or incidental to the activities described in paragraphs (i), (ii), (iii) or (iv) above

“Ordinary Resolution”	:	A resolution passed in accordance with the Articles of Association as such term is defined in the Articles of Association
“PAL”	:	The provisional allotment letter to be issued to Entitled Scripholders, setting out the provisional allotments of Notes with Warrants of such Entitled Scripholders under the Preferential Offering
“Participating Banks”	:	The banks that will be participating in the Preferential Offering by making available their ATMs to Entitled Depositors for acceptances of provisional allotments of Notes with Warrants and applications for excess Notes with Warrants, as the case may be, to be made under the Preferential Offering
“per cent.” or “%”	:	Per centum or percentage
“Permitted Refinancing Indebtedness”	:	Any Indebtedness of the Company or any of its Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, renew, refund, refinance, replace, exchange, defease or discharge other Indebtedness of the Company or any of its Subsidiaries (other than intercompany Indebtedness), <i>provided that:</i>

- (i) the aggregate principal amount of such Permitted Refinancing Indebtedness does not exceed the principal amount of the Indebtedness being extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, Incurred in connection therewith);
- (ii) such Permitted Refinancing Indebtedness has a final maturity date that is either (a) no earlier than the final maturity date of the Indebtedness being extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged or (b) after the Maturity Date, provided further that in the case of the Notes, such Permitted Refinancing Indebtedness Incurred in connection therewith has a final maturity date that is at least one year following the maturity date of the New Notes; and
- (iii) if the Indebtedness being extended, renewed, refunded, refinanced, replaced, defeased or discharged is expressly contractually subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes on terms at least as favourable to the holders of Notes as those contained in the documentation governing the Indebtedness being extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged

“Permitted Subordinated Indebtedness”

: Indebtedness of the Company that is:

- (i) contractually subordinated in right of payment (by the terms of any documents or instruments relating thereto) to the Notes;
- (ii) expressed to be payable on a date falling after the Maturity Date;
- (iii) does not have the benefit of any Security Interest; and
- (iv) does not bear any interest or distribution rate payable to its holders, or is otherwise subject to amortisation over its tenor

“Person”

: Any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof

- “Preferential Offering”** : The proposed non-renounceable non-underwritten preferential offering by the Company of up to S\$140 million in principal amount of Notes, at the Issue Price, with up to 1,255,183,632 free detachable Warrants, each Warrant carrying the right to subscribe for one New Share at the Exercise Price, on the basis of 93 Notes of principal amount of S\$1.00 each with 837 Warrants for every 1,000 Shares held by Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded, on the terms and conditions of the Offering Memorandum
- “Preferential Offering Announcement”** : The announcement dated 3 November 2016 made by the Company regarding, *inter alia*, the Preferential Offering and the application for the Whitewash Waiver
- “Preferential Offering Resolution”** : The resolution proposed to approve the issue of Warrants and New Shares pursuant to the Preferential Offering, further details of which are set out in Section 1.4 of this Circular and as set out in Ordinary Resolution 1 of the Notice of EGM
- “Preliminary Information Memorandum”** : The preliminary information memorandum dated 17 November 2016 relating to the New Notes issued by the Company in connection with the Notes Exchanges
- “Prepayment Transaction”** : With respect to any Person, any indebtedness or monetary obligation owed to its customers, assumed or Guaranteed by such Person or any of its Subsidiaries, arising in the ordinary course of business in connection with the sale of goods or services for which the purchase price has been prepaid by such customer
- “Proposals”** : The proposals which are the subject of the Consent Solicitation, including the Notes Exchanges
- “Proposed Restructuring Plan”** : The proposed restructuring plan announced by the Company on 3 November 2016, details of which are set out in Section 1.2 of this Circular
- “RCF Agent”** : The facility agent under the Revolving Credit Facility
- “RCF Lender”** : DBS Bank Ltd.
- “RCF Security”** : The security to be provided in relation to the Revolving Credit Facility which will consist of:
- (a) security over the shares of the Existing Obligors (other than the Company);
 - (b) security over the shares in the Additional Entities;

- (c) security over the shares held by KrisEnergy (Gulf of Thailand) Ltd in Orange Energy Limited and B8/32 Partners Limited;
- (d) “all asset security” over the present and future assets and rights of the Existing Obligors (except for the Company and each of KrisEnergy Satria Ltd, KrisEnergy (Block A Aceh) B.V. and KrisEnergy Management Ltd, which has each granted an assignment of its rights under certain intercompany loans and (save for KrisEnergy Management Ltd) account security);
- (e) assignment by the Existing Obligors, certain Additional Entities and certain other members of the Group of their present and future claims under intercompany loans; and
- (f) account charges over certain accounts held by certain Existing Obligors and certain Additional Entities as well as KrisEnergy Pte Ltd and KrisEnergy G10 (Thailand) Ltd

- “Record Date”** : 5:00 p.m. on 3 January 2017 (or such other time and date as the Directors may determine) being the time and date at and on which, subject to the approval of the Preferential Offering Resolution and the Whitewash Resolution being obtained at the EGM, the Register of Members and share transfer books of the Company will be closed to determine the provisional allotments of Notes with Warrants of the Entitled Shareholders under the Preferential Offering
- “Regulation S”** : Regulation S under the U.S. Securities Act
- “Revolving Credit Facility”** : The US\$100.0 million revolving credit facility dated 24 March 2014 (as amended and/or restated from time to time including, without limitation, pursuant to an amendment and restatement agreement dated 24 March 2016 and amendment agreements dated 3 November 2016 and 9 December 2016) entered into between, among others, KrisEnergy (Asia) Ltd (the Company’s wholly-owned Subsidiary) as borrower and The Hongkong and Shanghai Banking Corporation Limited as agent, which was subsequently increased to US\$122.0 million on 30 April 2015 and to US\$148.27 million on 11 July 2016 (and, on a temporary basis, pursuant to the Bridge Upsize, to US\$198.27 million on 3 November 2016) and under which all of the participations and commitments were transferred to DBS Bank Ltd. as lender under transfer certificates dated on 30 June 2016
- “S\$” and “cents”** : Singapore dollars and cents, respectively

“Securities Account”	:	Securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
“Security Interest”	:	Any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction
“SFA”	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Transfer Agent”	:	M & C Services Private Limited
“Shareholders”	:	Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited
“Shares”	:	The shares in the capital of the Company of US\$0.00125 par value each
“SIC”	:	Securities Industry Council of Singapore
“SIC Conditions”	:	Conditions imposed by the SIC to which the Whitewash Waiver is subject, details of which are set out in Section 6.4 of this Circular
“SIC KOG Ruling”	:	The SIC’s ruling that the Whitewash Waiver shall apply to KOG, details of which are set out in Section 6.4 of this Circular
“Singapore”	:	The Republic of Singapore
“Singapore Takeover Code”	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
“Special Account”	:	The account to be maintained by the Company with a bank in Singapore for the purpose of crediting moneys paid by exercising Warranholders in satisfaction of the Exercise Price in relation to the Warrants exercised by such exercising Warranholders
“Subsidiary”	:	The meaning ascribed to it in Section 5 of the Companies Act, Chapter 50 of Singapore, and “Subsidiaries” shall have a corresponding meaning

“Substantial Shareholder”	:	A person who has an interest or interests in one or more voting shares in the Company and the total votes attached to that voting share, or those voting shares, is not less than five per cent. of the total votes attached to all the voting shares in the Company
“Trade Payables”	:	With respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services and payable within 90 days
“Transaction Date”	:	With respect to the Incurrence of Indebtedness, the date such Indebtedness is to be Incurred
“Undertaking Shareholders”	:	First Reserve Funds and KOG
“Unsecured Term Loans”	:	The senior unsecured term loans which the Company is in discussions with the Swap Banks to convert the Swap Transactions into, details of which are set out in Section 1.2 of this Circular
“U.S. Investment Company Act”	:	The U.S. Investment Company Act of 1940, as amended
“U.S. Securities Act”	:	The U.S. Securities Act of 1933, as amended
“U.S.” or “United States”	:	United States of America
“US\$”	:	United States dollars
“Warrant Agent”	:	M & C Services Private Limited
“Warrant Certificate”	:	The certificates (in registered form) to be issued in respect of the Warrants
“Warrant Register”	:	The register of Warrantholders of the Company
“Warrantholders”	:	In relation to any Warrant, the person or persons for the time being registered in the Warrant Register as the holder or joint holders of that Warrant, except that where the registered holder is CDP, the term “Warrantholders” shall, in relation to Warrants registered in the name of the CDP, include, where the context requires, the Depositors whose Securities Accounts with CDP are credited with Warrants and <i>provided that</i> for the purposes of the Deed Poll relating to meetings of Warrantholders, such Warrantholders shall mean those Depositors having Warrants credited to their Securities Accounts as shown in the records of CDP as at a time not earlier than 48 hours prior to the time of a meeting of Warrantholders supplied by CDP to the Company

- “Warrants”** : Up to 1,255,183,632 free detachable warrants in registered form to be issued by the Company pursuant to the Preferential Offering and, where the context admits, such additional detachable warrants as may be required or permitted to be issued by the Company pursuant to the terms and conditions of the Warrants as set out in the Deed Poll (any such additional warrants to rank *pari passu* with the Warrants issued pursuant to the Preferential Offering and for all purposes form part of the same series), each such Warrant entitling the Warrantholder to subscribe for one New Share at the Exercise Price during the Exercise Period, subject to the terms and conditions of the Warrants as set out in the Deed Poll
- “Whitewash Resolution”** : The resolution to be approved by way of a poll by a majority of the Independent Shareholders present and voting at the EGM to waive their rights to receive a mandatory general offer from the Concert Party Group pursuant to Rule 14 of the Singapore Takeover Code for the Company, further details of which are set out in Section 1.5 of this Circular and as set out in Ordinary Resolution 2 of the Notice of EGM
- “Whitewash Waiver”** : The waiver granted by the SIC to Devan and its concert parties (including the Keppel Holding Group) from the requirement to make a mandatory offer under Rule 14 of the Singapore Takeover Code for the Company in the event that Devan and its concert parties (including the Keppel Holding Group) increase their aggregate shareholdings in the Company by more than one per cent. based on its enlarged issued capital as a result of Devan acquiring New Shares upon the exercise of any of the Warrants to be subscribed pursuant to the Excess Notes Commitment, subject to the satisfaction of the SIC Conditions, details of which are set out in Section 6.4 of this Circular
- “Working Interest”** : Percentage ownership in a joint operation associated with revenue and costs. Working Interests do not take into account the terms of any royalties, government shares of production, or similar fiscal terms, and thus do not reflect net entitlement to any oil or gas produced

The terms **“Depositor”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term **“acting in concert”** shall have the meaning ascribed to it in the Singapore Takeover Code.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word or term defined under the SFA, the Listing Manual, U.S. Securities Act, U.S. Investment Company Act or the Singapore Takeover Code or any modification thereof and not otherwise defined in this Circular shall, where applicable, have the same meaning ascribed to it under the SFA, the Listing Manual, U.S. Securities Act, U.S. Investment Company Act or the Singapore Takeover Code or such modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of a day or date in this Circular shall be a reference to Singapore time and dates unless otherwise stated.

Any discrepancies in the figures included in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Any reference to a website or any website directly or indirectly linked to such websites in this Circular is not incorporated by reference into this Circular and should not be relied upon.

KRISENERGY LTD.

(Company Registration Number: 231666)
(Incorporated in the Cayman Islands on 5 October 2009)

Board of Directors

John William Gervase Honeybourne
(Non-Executive Chairman)
Koh Tiong Lu John
(Lead Non-Executive Independent Director)
Jeffrey Saunders MacDonald
(Executive Director and Interim Chief Executive Officer)
Christopher Gibson-Robinson
(Executive Director)
Richard Allan Lorentz Jr.
(Executive Director)
Chan Hon Chew
(Non-Executive Director)
Michael Chia Hock Chye
(Non-Executive Director)
Duane Carl Radtke
(Non-Executive Independent Director)
Tan Ek Kia
(Non-Executive Independent Director)
Alan Rupert Nisbet
(Non-Executive Independent Director)
Keith James Pringle
(Non-Executive Independent Director)

Registered Office:

Intertrust Corporate Services
(Cayman) Limited
190 Elgin Avenue
George Town
Grand Cayman
KY1-9005
Cayman Islands

Singapore Office:

83 Clemenceau Avenue
#10-05 UE Square
Singapore 239920

12 December 2016

To: The Shareholders of KrisEnergy Ltd.

Dear Sir/Madam,

(1) THE PREFERENTIAL OFFERING RESOLUTION; AND

(2) THE WHITEWASH RESOLUTION.

1. INTRODUCTION

1.1 Overview

The Company is convening the EGM on 27 December 2016 at 10:00 a.m. to seek Shareholders' approval of the following:

- (a) the Preferential Offering Resolution (Ordinary Resolution 1); and
- (b) the Whitewash Resolution (Ordinary Resolution 2).

1.2 Proposed Restructuring Plan

The Preferential Offering is part of the Proposed Restructuring Plan described below.

On 3 November 2016, the Company announced the Proposed Restructuring Plan which includes, *inter alia*, (a) the restructuring of the Revolving Credit Facility and other financing arrangements (including the swap restructuring described below), (b) the convening of a meeting of Existing Noteholders to solicit their consents to the Proposals set out in the Consent Solicitation Statement, including the Notes Exchanges and (c) the Company undertaking the Preferential Offering.

The Group's business and revenues are substantially dependent upon the prevailing prices of oil and gas. Historically, the markets for oil have been volatile, and following the issuance of the Existing Notes in 2014, there has been, and continues to be, significant fluctuations in the prices of crude oil. The average monthly price of Dubai crude oil, a relevant benchmark in Asia, ranged from US\$27.00/bbl to US\$46.55/bbl from September 2015 to September 2016 and the average monthly price of Brent crude ranged from US\$31.92/bbl to US\$49.29/bbl from September 2015 to September 2016, and hit a 13-year low slightly below US\$28.00/bbl in January 2016. Although oil prices have recovered slightly from the early 2016 lows, there remains considerable volatility in the markets.

Since the issuance of the Existing Notes, the precipitous drop and subsequent volatility in oil prices has had a significant impact on the Group's results of operations, financial condition and prospects, as described below:

- decrease in the Group's revenues on a per unit basis which also resulted in a reduction in the economic viability of the production levels of specific wells and projects planned or in development;
- since September 2015 and during periods when Brent crude oil prices were at their lowest points, a decline in revenue led to production costs exceeding anticipated income from production which increased gross loss margins and led to consequential increases in net losses after tax which has had a direct and negative impact on the Group's financial leverage;
- lower oil prices negatively impacted the value and quantum of the Group's petroleum reserves, as the measure of the Group's petroleum reserves depends upon its ability to commercially exploit any underlying petroleum quantities; and
- impacted the Group's traditional strategy of financing investments in projects through an optimal funding mix of operating cash flow from operations and debt and equity finance. The cumulative effects of the decline in oil prices, and the knock-on effects thereof on the Company's consolidated results of operations, financial condition and free cash flows, also led to increasing pressure on the Company's ability to comply with financial maintenance covenants in its various financing arrangements, including the financial covenants with respect to the Existing Notes.

While the Company believes that the impact of the declining oil price environment described above is the principal reason for its current financial circumstances, operational difficulties exacerbated the adverse financial impact on the Group. For example, average gross production in the G/10 Wassana field in the third quarter of FY2016 was approximately 6,200 barrels of oil per day ("bopd"). This was lower than in the preceding quarter primarily due to mechanical issues with five wells and declining well productivity. However, well performance has improved following re-perforation work in October 2016 and further works are being considered including two pumps being replaced with larger capacity pumps during workover activity commencing in December 2016.

As a result of the adverse impact to the Company's cash flows and financial position resulting from the decline in oil prices described above, the Company implemented the following strategies over the last two years in an attempt to preserve short-term liquidity and the ability of the Group to invest in future development projects, which are expected to ultimately grow production and increase cash flows:

Cost reduction and cost management measures

The Group has focussed on cutting costs through a combination of reductions (i) of 25 per cent. in directors' fees; and (ii) ranging between 10 per cent. to 25 per cent. in compensation for directors and certain employees, removal of bonuses and employee benefits, and a reduction in employee headcount across the Group. These cost reductions led to the Group's consolidated corporate general and administrative expenses declining by 44.5 per cent., from US\$14.3 million for the nine months ended 30 September 2014 to US\$7.9 million for the nine months ended 30 September 2016.

Deferral of capital expenditure

The Group deferred a number of exploration, appraisal and development activities, resulting in a capital expenditure budget for FY2016 of US\$83.0 million which the Company believes to be one of the lowest capital expenditure budgets in the Group's history. Despite these deferrals, the Company nevertheless performed its minimum capital expenditure obligations under various contractual commitments in respect of pre-existing concessions and production sharing contracts in order to preserve the Group's rights in such Working Interests.

Consideration of numerous capital raising and capital restructuring alternatives

Since the onset of the oil price decline, the Company has retained independent financial advisers to assess and review potential options available to the Company to strengthen its financial position.

In order to address prevailing liquidity challenges and pressures on the Company's ability to comply with financial maintenance covenants across its financing arrangements, the Company undertook the following liquidity management exercises:

Consent solicitation exercise in respect of the Existing Notes

At meetings of the Existing Noteholders of both series of Existing Notes, held on 4 December 2015, the Company sought and obtained the approval by extraordinary resolutions of the Existing Noteholders of each series of Existing Notes to amend Condition 3.2(b) of the terms and conditions of the relevant series of Existing Notes, in order to effect an amendment of the step-up in the Consolidated EBITDAX to Consolidated Interest Expense ratio in the financial maintenance covenant provided for in Condition 3.2(b) of the terms and conditions of each series of Notes. That consent solicitation exercise provided an appropriate level of financial covenant headroom to the Company to manage through the challenging stage of the industry cycle existing at the time, while in turn, allowing it to maintain production growth in existing fields and promote reasonable near-term development over the coming years.

As of the date of this Circular, the Company remains in compliance with all covenants contained in the terms and conditions of each series of Existing Notes.

Increase in Revolving Credit Facility headroom

On 24 March 2016, the Company amended and restated the Revolving Credit Facility to, among other things, extend its tenor by one year to 24 March 2017. On 30 June 2016 the loans and commitments under the Revolving Credit Facility were transferred to a single lender, DBS Bank Ltd. and the Revolving Credit Facility was upsized to US\$148.3 million on 11 July 2016. The term of the Revolving Credit Facility has subsequently been further extended to 30 June 2018 and the commitments increased on a temporary (up to six months) basis to US\$198.3 million (subject to certain conditions as to the availability of the additional commitments) pursuant to the Bridge Upsize.

Please see the section titled “*Material Indebtedness*” of the Preliminary Information Memorandum annexed hereto as Appendix 6 for further information on the Revolving Credit Facility and below for details of the restructuring of the Revolving Credit Facility.

Forward Sale Agreement

In March 2016, the Company entered into a one-year term sale agreement for the supply of crude oil, inclusive of a US\$50.0 million advance payment which the Group has since received its share of. This advance payment provided temporary liquidity for the Group.

The New Business Plan

Following the successful implementation of the short-term measures described above, and in order to implement a long-term solution in light of prevailing uncertainty in the oil and gas industry, and following a portfolio review of its assets in 2016, the Board of Directors approved and adopted the New Business Plan.

The New Business Plan will focus on improving operational efficiencies, maximising the Group’s existing production and progressing its pipeline of development projects in order to enhance future production and as a result, free cash flow.

A summary of the key elements of the New Business Plan is as follows:

Revised operational strategy

The Company is implementing changes to its existing operational strategy in order to ensure the long-term stability and sustainability of the Group in light of prevailing economic and industry conditions, and mitigates exploration risk through an increased focus on development and production operations in the Gulf of Thailand. The Gulf of Thailand is an area of particular expertise for the Group and it operates three concessions containing near-term oil developments thereby giving it more control in terms of timing, development concept and allocation of capital.

Specifically, the Group intends to concentrate on the further development of the G10/48 oilfield, and development of G6/48 and Cambodia Block A oilfields, all of which are operated by the Group, and which have multiple low-risk development opportunities with significant exploration upside. These developments will be core to the Group’s strategy to generate cash flow from operations and provide for the repayment of its obligations under the proposed issue of New Notes (as part of the Notes Exchanges), in 2022 and 2023, respectively.

Further, the Group will retain some high impact exploration prospects which it believes does not believe require significant funding in the next two- to three-year period. The Company believes that the retention of such exploration acreage may provide the Existing Noteholders and the Company's lenders and Shareholders (together, "**KrisEnergy Stakeholders**") with future upside potential, albeit deferred in the near-term.

The Company believes that this revised strategy of increasing the Group's operational emphasis on development and production will secure the Company's ability to meet its repayment obligations under its various financing arrangements.

Portfolio rationalisation

As part of the New Business Plan, the Company will seek to rationalise the Group's existing asset portfolio. The Group operates two major development areas (G10/48 (which is also a producing block) and Cambodia Block A) where it holds Working Interests in excess of 85 per cent. in each block.

Please see the section titled "*Description of the Group — Contract Areas*" of the Preliminary Information Memorandum annexed hereto as Appendix 4 for further information on these blocks.

As part of the New Business Plan, the Company believes that, in line with appropriate risk management and prudent oilfield practices, a farm-out or sale process aimed at reducing the Group's Working Interest in G10/48 and Cambodia Block A will be appropriate, subject to obtaining a fair price for such farm-out or sale process. On 9 November 2016, the Company signed a farm-out agreement to transfer 26.6666 per cent. of its Working Interest in Block A Aceh to PT Medco E&P Melaka. The transaction is in line with the New Business Plan to reduce exposure where the Company has a high Working Interest in order to mitigate risk and reduce capital expenditure commitments. This is an approximately US\$530.0 million development project where it is anticipated that future cash calls will be met by consideration from the farm-out and by project financing, thereby removing a significant demand on the Group's short-term cash requirements.

In addition, the Company will continually consider, assess and prioritise the expenditure of available funds and investment in assets, which in turn may lead to certain of its existing assets becoming non-core and potentially available for sale at the right terms and consideration. Any net cash proceeds from this portfolio rationalisation process is expected to be applied to capital expenditure on the Group's assets in the Gulf of Thailand.

The Proposed Restructuring Plan

In order to effectively implement the strategic elements of the New Business Plan outlined above, the Company will require a stable and sustainable capital structure, a short-term reduction in its cash debt service obligations and an enhanced liquidity position.

To this end, and following an extensive period of evaluation and consideration of all available options, the Company intends to undertake and implement the Proposed Restructuring Plan which the Company believes, if successful, will provide the Group with a stable and sustainable capital structure, reduce short-term cash debt service obligations and provide greater liquidity and thereby place the Group on a stronger footing in light of the prevailing price volatility and uncertainties in the global oil and gas industry.

The Proposed Restructuring Plan comprises the following elements:

The Consent Solicitation

The proposals which are the subject of the Consent Solicitation, including the Notes Exchanges (the “**Proposals**”) are aimed at alleviating the financial maintenance covenant pressures and reducing the Company’s cash debt service obligations through the following:

(1) Effective extension of the date of repayment of principal

If sanctioned and approved by the passing of the relevant extraordinary resolutions for each series of Existing Notes, the 2017 Notes will be exchanged for the 2022 Notes and the 2018 Notes will be exchanged for the 2023 Notes (i.e. which will be redeemed at their principal amount together with Accrued Interest and other interest accrued thereon on 9 June 2022 and 22 August 2023, respectively). The effective extension of the time for the repayment of such principal amount will reduce the Company’s short-term cash debt service obligations, improve its liquidity position and allow it to invest in the projects forming part of the New Business Plan.

The approval by Existing Noteholders of the Consent Solicitation is conditional upon, *inter alia*, the passing of the Preferential Offering Resolution (Ordinary Resolution 1) and the Whitewash Resolution (Ordinary Resolution 2) by Shareholders.

In connection with the Consent Solicitation, the Existing Noteholders have also been provided with the Preliminary Information Memorandum relating to the New Notes. For Shareholders’ reference, the sections of the Preliminary Information Memorandum titled “*Description of the Group*”, “*Risk Factors relating to the Group*”, “*Material Indebtedness*” and “*Industry Report*” by Wood Mackenzie Asia-Pacific Pte Limited are annexed hereto as Appendices 4, 5, 6 and 7, respectively.

(2) Effective decrease in the rate of interest

The rate of interest on each series of the New Notes will initially be 4 per cent. per annum. The rate of interest comprises 2 per cent. per annum in cash interest, and 2 per cent. per annum in Accrued Interest (being non-cash interest to be capitalised and added to the then current outstanding principal amount of the 2022 Notes and 2023 Notes, respectively, subject to the Company’s election to pay such interest in cash in accordance with the terms and conditions of each of the 2022 Notes and 2023 Notes) for the first two years (being a total of four interest payments for each of the 2022 Notes and the 2023 Notes), after which, it will step up to 4 per cent. per annum in cash interest. This effective reduction in the rate of interest payable will reduce the Company’s short-term cash debt service obligations and improve its liquidity position.

In addition, to align the interests of the holders of the New Notes with the Company, and for them to participate in any potential recovery of crude oil prices which will place the Company in a stronger financial position, the rate of cash interest for each interest period (after December 2018 (in respect of the 2022 Notes), and after August 2018 (in respect of the 2023 Notes)) will be increased by:

- a 1 per cent. per annum increase in cash interest over each interest period, in the event that the average price of Brent crude oil ranges above US\$70.00/bbl to US\$80.00/bbl; or

- a 2 per cent. per annum increase in cash interest over each interest period, in the event that the average price of Brent crude oil ranges above US\$80.00/bbl to US\$90.00/bbl; or
- a 3 per cent. per annum increase in cash interest over each interest period, in the event that the average price of Brent crude oil exceeds US\$90.00/bbl.

This effectively provides holders of the New Notes with potential upside in the event of improving price conditions in the oil and gas industry generally.

(3) Replacement of financial maintenance covenants with incurrence covenants

The financial maintenance covenants in the terms and conditions of the Existing Notes will be replaced by incurrence covenants in the terms and conditions of the New Notes, which will provide the Company with greater flexibility and relieve the financial maintenance covenant pressures it has recently faced. While the Company is currently in compliance with all financial maintenance covenants contained in the terms and conditions of the Existing Notes, it believes that such covenants are not optimal for the Group in light of the prevailing price volatility and industry uncertainty described above, nor are they compatible with the objectives of the New Business Plan. However, the Company believes that the incurrence covenant package proposed as part of the terms and conditions of the New Notes will simultaneously relieve the covenant pressures it has faced since the beginning of the uncertainty and volatility in the oil and gas industry, while at the same time imposing credit discipline on the Group and giving holders of the New Notes the benefit of contractual protections aimed at credit quality preservation. This will be achieved, for example, through permitting the Group to incur debt only if its ratio of consolidated total debt to consolidated EBITDA would be less than 2.5:1 (after given effect to incurrence of such debt and the receipt and application of proceeds therefrom), or if such additional debt falls under certain exceptions. Further, the terms and conditions of the New Notes will restrict the Company from paying any dividends to Shareholders or making payment under the Notes prior to repaying the holders of the New Notes.

On 9 December 2016, the meetings of Existing Noteholders took place and the extraordinary resolutions in relation to the Proposals were duly passed.

Restructuring of the Revolving Credit Facility

On 3 November 2016, the Company entered into an amendment agreement with DBS Bank Ltd., the RCF Lender, to amend certain terms and covenants of the Revolving Credit Facility, including the (i) extension of the maturity of the Revolving Credit Facility from March 2017 to June 2018; and (ii) the provision of the Bridge Upsize to fund the Company's capital expenditures, working capital requirements and debt service pending completion of the Preferential Offering.

The Bridge Upsize is available for a period of up to six months and will be automatically cancelled at the end of this period or, if earlier, at the time(s) of receipt by any member of the Group of the gross proceeds of any funds raising (subject to certain exceptions including, without limitation, the proceeds of certain permitted disposals, permitted financial indebtedness, permitted loans and permitted transactions). It is expected that the utilisations under the Bridge Upsize will be repaid, and the Bridge

Upsize cancelled, using part of the proceeds from the Preferential Offering. Of the Bridge Upsize, US\$15.0 million was utilised on 8 November 2016 and US\$35.0 million may only be utilised following the satisfaction (or waiver by the RCF Lender) of certain conditions precedent (additional to those applicable to all loans requested under the Revolving Credit Facility) (the “**Additional Bridge CPs**”). The Additional Bridge CPs include, among other things: (i) a requirement that KrisEnergy (Apsara) Ltd and KrisEnergy (Cambodia) Holding Ltd accede to the facility agreement as guarantors and that security is granted over all of the issued shares in each of them and over certain accounts held by them; (ii) a requirement to provide supplemental security reflecting the existing security package; and (iii) a requirement to provide evidence that the extraordinary resolutions proposed in respect of each series of the Existing Notes in each Notes Exchange have been duly passed or are otherwise irrevocable. Save for (iii), the Additional Bridge CPs have not, as at the date of this Circular, been satisfied and, pursuant to the terms on which the Bridge Upsize has been made available, are required to be satisfied by 19 December 2016 or such later date as the RCF Lender may agree.

The Company has entered into an amendment agreement with the RCF Lender on 9 December 2016 (the “**December 2016 Amendment Agreement**”) amending the amendment agreement dated 3 November 2016 in respect of the Revolving Credit Facility to waive the requirement to provide certain of the Additional Bridge CPs prior to utilisation of US\$25.0 million of the remaining US\$35.0 million of the Bridge Upsize (without prejudice to the requirement to deliver these Additional Bridge CPs by 19 December 2016 or such later date as the RCF Lender may agree). The December 2016 Amendment Agreement also requires security over the shares of the Additional Security Providers and security over certain accounts held by the Additional Security Providers (which the Company had previously agreed with the RCF Lender would be granted to secure the Revolving Credit Facility) to be granted no later than the earlier of (i) the Issue Date of the Notes and (ii) 31 January 2017.

Please see the section titled “*Material Indebtedness*” of the Preliminary Information Memorandum annexed hereto as Appendix 6 for further information on the Revolving Credit Facility.

Swap Restructuring

Each of Standard Chartered Bank and The Hongkong and Shanghai Banking Corporation (together, the “**Swap Banks**”) extended cross-currency swaps to the Company with respect to the 2017 Notes and the 2018 Notes on their respective issue dates (together, the “**Swap Transactions**”).

The Swap Banks and the Company are currently in discussions to convert the Swap Transactions into senior unsecured term loans (the “**Unsecured Term Loans**”), in an amount approximately equal to the mark-to-market loss resulting from unwinding the Swap Transactions on the record date for the Notes Exchanges (the “**Swap Restructuring**”). As of the date of this Circular, commercial agreement has yet to be reached.

Please see the section titled “*Material Indebtedness*” of the Preliminary Information Memorandum annexed hereto as Appendix 6 for further information on the Unsecured Term Loans.

1.3 The Benefits of the Proposed Restructuring Plan

The Company believes that the Proposed Restructuring Plan is critical for the Group's long-term business and financial prospects, on the one hand, and the interests of the KrisEnergy Stakeholders (on the other), for the reasons discussed below.

The best available alternative to achieve the objectives of the New Business Plan

With the continued volatility in oil prices and prevailing uncertainty in the oil and gas industry, the Company has considered and reviewed a wide range of alternative funding and liquidity options over the preceding two-year period, and following extensive consultation and detailed consideration, believes that the Proposed Restructuring Plan is the best available alternative for the Company to achieve the objectives of its New Business Plan, as described above.

With the new capital raised from the Notes if the Preferential Offering is successful, the Company will allocate these funds to the further development of the G10/48 oilfield, and development of G6/48 and Cambodia Block A oilfields. These are the core assets in the Group's strategy to generate cash flow from operations and thereby provide for the repayment of its obligations under the New Notes in 2022 and 2023.

An appropriate allocation of risk and potential reward among the KrisEnergy Stakeholders

The Company believes that the Proposed Restructuring Plan achieves an appropriate allocation of risks and potential reward among the KrisEnergy Stakeholders through the optimal use of security, interest rate, maturity profile, covenant protection and equity interest devices across the KrisEnergy Stakeholders' respective capital instruments and relative positions in the Company's capital structure.

Strong support provided by other KrisEnergy Stakeholders

DBS Bank Ltd., as the RCF Lender has demonstrated its support for the Company's New Business Plan in agreeing to the restructuring of the Revolving Credit Facility (including the provision of the Bridge Upsize).

Similarly, both Keppel and the First Reserve Funds, as the Company's controlling shareholders, have demonstrated confidence in the Group and the merits of the New Business Plan by supporting the terms of the Preferential Offering and KOG (an indirect wholly-owned Subsidiary of Keppel) and the First Reserve Funds have undertaken to *inter alia*, vote in favour of the Preferential Offering Resolution. KOG has also undertaken to subscribe or procure subscription for the Pro-rata Undertaken Notes with Warrants and the Excess Notes Commitment.

Accordingly, the Company believes the Preferential Offering will enable the successful execution of the Proposed Restructuring Plan which will provide the Group with a stable and sustainable capital structure, achieve a short-term reduction in its cash debt service obligations and enhance its liquidity position, which are the essential preconditions for the successful execution of the New Business Plan. In turn, the Company further believes that its New Business Plan will enable the Company to achieve its strategic objectives and preserve, invest in, and maximise the value of its assets for all KrisEnergy Stakeholders in the long-term.

1.4 Ordinary Resolution 1: The Preferential Offering Resolution (conditional upon the passing of Ordinary Resolution 2)

On 3 November 2016, the Company announced the Preferential Offering. The Preferential Offering is subject to, *inter alia*, (a) the Whitewash Waiver and the SIC KOG Ruling granted by the SIC not having been withdrawn or revoked as at the date of completion of the Preferential Offering; (b) the approval in-principle from the SGX-ST for the listing and quotation of the Notes, the Warrants and the New Shares on the Main Board of the SGX-ST not having been withdrawn as at the date of completion of the Preferential Offering; (c) the Preferential Offering Resolution being passed at the EGM; and (d) the Whitewash Resolution being passed at the EGM.

As the Preferential Offering is non-renounceable and the Exercise Price of the Warrants is priced at more than 10 per cent. discount to the weighted average price for trades in the Shares executed on the SGX-ST for the Market Day preceding the Preferential Offering Announcement, Shareholders' approval is required for the issue of the Warrants and New Shares under Rule 816(2) of the Listing Manual. For the avoidance of doubt, Shareholders' approval is being sought for the issue of the Warrants and New Shares only and Shareholders' approval is not required for the issue of the Notes.

On 15 November 2016, the SIC granted the Whitewash Waiver, subject to the satisfaction of the SIC Conditions, details of which are set out in Section 6.4 of this Circular. The SIC further granted the SIC KOG Ruling, details of which are also set out in Section 6.4 of this Circular.

On 7 December 2016, the SGX-ST granted approval in-principle for the listing and quotation of the Notes, the Warrants and the New Shares on the Main Board of the SGX-ST, subject to the satisfaction of certain conditions, the details of which are set out in Section 2.3 of this Circular. The approval in-principle of the SGX-ST is not to be taken as an indication of the merits of the Preferential Offering, the Notes, the Warrants and the New Shares, the Company and/or its Subsidiaries.

1.5 Ordinary Resolution 2: The Whitewash Resolution (conditional upon the passing of Ordinary Resolution 1)

As at the date of the KOG Irrevocable Undertaking, Devan held in aggregate 598,263,893 Shares, representing approximately 39.99 per cent. of the existing issued share capital of the Company, representing approximately 39.99 per cent. of the voting rights of the Company. Devan is currently in the process of transferring the Existing Devan Shares to its sole shareholder, KOG (the "**Internal Restructuring**"). Based on the assumptions set out in Section 6.2 of this Circular, the acquisition of New Shares by KOG or Devan (as the case may be) pursuant to the exercise of the Warrants to be acquired pursuant to the KOG Irrevocable Undertaking may result in the Concert Party Group increasing its shareholding in the Company by more than one per cent. within a period of six months. In such event, the Concert Party Group would incur an obligation to make a mandatory general offer for the Company pursuant to Rule 14 of the Singapore Takeover Code unless such obligation is waived by the SIC.

Accordingly, an application was made by the Keppel Holding Group to the SIC for the Whitewash Waiver. On 15 November 2016, the SIC granted the Whitewash Waiver subject to the satisfaction of the SIC Conditions, details of which are set out in Section 6.4 of this Circular and which includes the passing of the Whitewash Resolution. The SIC further granted the SIC KOG Ruling, details of which are also set out in Section 6.4 of this Circular.

NRA Capital Pte Ltd has been appointed as the IFA to advise the Independent Directors in relation to the Whitewash Resolution. The IFA Letter, setting out the IFA's advice in full, is reproduced in Appendix 2 of this Circular.

The Independent Shareholders are requested to vote, by way of a poll, on the Whitewash Resolution as set out in the Notice of EGM on pages N-1 to N-4 of this Circular.

Independent Shareholders should note that KOG's obligations under the KOG Irrevocable Undertaking to, *inter alia*, subscribe and pay for, or procure that Devan subscribes and pays for, the full entitlement of Notes with Warrants arising from the Existing Devan Shares in accordance with the terms and conditions of the Preferential Offering and all the excess Notes with Warrants that are not successfully subscribed for under the Preferential Offering are conditional upon, the passing of the Preferential Offering Resolution (Ordinary Resolution 1) and the Whitewash Resolution (Ordinary Resolution 2) and the Existing Noteholders' approval of the Consent Solicitation being obtained. Independent Shareholders should also note that the Preferential Offering Resolution (Ordinary Resolution 1) and the Whitewash Resolution (Ordinary Resolution 2) are each subject to and conditional upon the passing of the other Ordinary Resolution.

The Existing Noteholders' approval of the Consent Solicitation was obtained on 9 December 2016.

1.6 This Circular

The purpose of this Circular is to provide Shareholders with information relating to the Preferential Offering Resolution and the Whitewash Resolution and to seek Shareholders' approval in respect of the same at the EGM, the notice of which is set out on pages N-1 to N-4 of this Circular.

2. THE PREFERENTIAL OFFERING

2.1 Basis of the Preferential Offering

Based on a total issued share capital of 1,499,622,024 Shares as at the Record Date (taking into account the issued share capital of the Company of 1,495,972,523 Shares as at the Latest Practicable Date and the 3,649,501 Shares which will be issued pursuant to the vesting of certain Awards on 30 December 2016), up to S\$140.0 million in principal amount of Notes, with up to 1,255,183,632 Warrants, are proposed to be issued pursuant to the Preferential Offering.

The Preferential Offering is proposed to be made on a non-renounceable non-underwritten basis to Entitled Shareholders on the basis of 93 Notes with 837 Warrants for every 1,000 existing Shares held by Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded.

The New Shares will, upon allotment and issue, upon the exercise of the Warrants, rank *pari passu* with the then existing Shares for any dividends, rights, allotments or other distributions, the record date for which falls on or after the allotment and issue of the New Shares arising from the exercise of the relevant Warrants.

Entitled Shareholders are at liberty to accept (in full or in part) or decline their provisional allotments of Notes with Warrants and are eligible to apply for additional Notes with Warrants in excess of their provisional allotments under the Preferential Offering. The Notes are payable in full upon acceptance and/or application. For the avoidance of doubt, the Warrants will be issued free with the Notes on the basis of nine Warrants for every one Note successfully subscribed for, fractional entitlements to be disregarded.

2.2 Principal Terms of the Preferential Offering, the Notes, the Warrants and the New Shares

The Preferential Offering

- Basis of provisional allotment** : The Preferential Offering is proposed to be made on a non-renounceable non-underwritten basis to Entitled Shareholders on the basis of 93 Notes with 837 Warrants for every 1,000 existing Shares held by Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded.
- Eligibility to participate in the Preferential Offering** : Please refer to Section 2.4 of this Circular.
- Acceptance, excess application and payment** : Please refer to Section 2.4 of this Circular.
- Irrevocable Undertakings** : Please refer to Section 4.1 of this Circular.
- Use of Proceeds** : The Company intends to utilise the net proceeds from the Preferential Offering, after deduction of the expenses incurred in connection with the Preferential Offering, for (i) capital expenditures (relating to the Group's existing assets); (ii) repayment of the Bridge Upsize; and (iii) general working capital.
- Estimated Proceeds** : Based on the basis of the provisional allotment, the estimated gross proceeds which will be raised from the Preferential Offering is approximately S\$139.5 million. The estimated net proceeds from the Preferential Offering (after deducting estimated expenses incurred in connection with the Preferential Offering of approximately S\$2.4 million) is approximately S\$137.1 million.
- Listing** : The SGX-ST has granted in-principle approval for the listing of and quotation for the Notes, the Warrants and the New Shares on the Main Board of the SGX-ST, subject to certain conditions. Approval in-principle is not to be taken as an indication of the merits of the Preferential Offering, the Notes, the Warrants and the New Shares, the Company and/or its Subsidiaries. The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained and opinions expressed in this Circular.

It should be noted that the Warrants may not be listed and quoted on the SGX-ST in the event there is an insufficient spread of holdings of the Warrants to provide for an orderly market in the trading of the Warrants. In such an event, the Warranholders will not be able to trade their Warrants on the SGX-ST. However if the Warranholders were to exercise their rights, subject to the terms and conditions of the Warrants, to convert their Warrants into New Shares, such New Shares will be listed and quoted on the SGX-ST.

The Notes

- Issue Size of the Notes** : Up to S\$140.0 million in aggregate principal amount of Notes.
- Issue Price of the Notes** : 100 per cent. of the principal amount of the Notes or S\$1.00 for each S\$1.00 of principal amount of the Notes. The Notes are payable in full upon acceptance and/or application.
- Interest** : No interest will be payable on the Notes, save for any default interest which may be payable under the terms and conditions of the Notes.
- Status of the Notes** : The Notes will constitute direct, general and unconditional obligations of the Company and the performance of all the obligations of the Company under the Notes and the Note Trust Deed will be secured by *inter alia*:
- (a) a first ranking security interest over the shares of SJ Production Barge Ltd, a wholly-owned Subsidiary, of the Company and (if applicable) a first ranking account charge over certain account(s) held by SJ Production Barge Ltd; and
 - (b) a junior ranking security interest over the assets secured or to be secured from time to time under the RCF Security.

The priority of payments as between the Group's secured creditors will be governed by the Intercreditor Agreement which will provide, among other things, (1) that the security which secures the Group's obligations under the Revolving Credit Facility on a first ranking basis may, until such time as the Revolving Credit Facility has been discharged in full, only be enforced by the Common Security Agent following instructions to this effect from the RCF Agent and, thereafter, on the instructions of the Note Trustee and (2) that the security which secures the Company's obligations under the Notes on a first ranking basis may only be enforced by the Common Security Agent following instructions to this effect from the Note Trustee. The Notes will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Company, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

- Maturity Date** : The seventh anniversary of the Issue Date.

Form and Denomination	:	The Notes will be in registered form in the denomination of S\$1.00 each and will be represented by the Global Certificate registered in the name of CDP, and deposited with CDP. Except in the limited circumstances to be described in the provisions of the Global Certificate, owners of interests in Notes represented by the Global Certificate will not be entitled to receive definitive certificates in respect of their individual holdings of Notes. Notes which are represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of CDP.
Redemption at Maturity	:	Unless previously redeemed or purchased and cancelled as provided in the terms and conditions of the Notes, the Company will redeem each Note at 100 per cent. of its principal amount on the Maturity Date, subject as provided in the terms and conditions of the Notes.
Other Redemption Events	:	The Notes may be redeemed for (a) tax reasons or (b) upon cessation or suspension of trading of the Shares on the SGX-ST, as provided in the terms and conditions of the Notes.
Purchase and Cancellation	:	The Company or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price. All Notes so redeemed or purchased by the Company or any of its Subsidiaries shall be cancelled and may not be reissued or resold.
Covenants	:	<p>(A) Negative Pledge</p> <p>So long as any of the Notes remain outstanding, the Company will not, and will ensure that none of its Subsidiaries will, create or have outstanding any Security Interest over the whole or any part of its undertakings, assets or revenues, present or future, save for:</p> <ul style="list-style-type: none"> (i) any Security Interest or rights of set-off arising solely by operation of law (or by an agreement evidencing the same) in respect of (A) Indebtedness which either (1) has been due for less than 21 days or (2) is being contested in good faith and by appropriate means, or (B) taxes being contested in good faith; (ii) any Security Interest existing as at the date of the Note Trust Deed over any of the respective undertakings, assets or revenues of the Company or any of its Subsidiaries and disclosed in writing to the Note Trustee on or prior to the date of the Note Trust Deed including, without limitation, Security Interests granted under the Revolving Credit Facility on or prior to the date of the Note Trust Deed;

- (iii) any Security Interest created or to be created over any of the respective undertakings, assets or revenues of the Company or any of its Subsidiaries pursuant to the Revolving Credit Facility (in each case, in the form agreed as at the date of the Note Trust Deed);
- (iv) any Security Interest created solely in connection with the financing of an acquisition and/or development of assets by the Company or any of its Subsidiaries after the date of the Note Trust Deed (including the acquisition by way of acquisition of the shares in a company or entity owning (whether directly or indirectly) such assets); *provided, however,* that such Security Interest (A) shall not extend beyond the assets that are the subject of such acquisition or development, and (B) secures a principal amount not exceeding the cost of such acquisition or development;
- (v) any Security Interest created over any asset pursuant to any arrangement, transaction or activity of the Company or any of its Subsidiaries undertaken in the ordinary course of business or trading;
- (vi) Security Interests to secure any Permitted Refinancing Indebtedness permitted to be Incurred under paragraph (B)(ii) below, provided, however, that the new Security Interest shall be limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Security Interests arose, could secure the original Security Interests (plus improvements and accessions to, such property or proceeds or distributions thereof);
- (vii) any Security Interest over or affecting any asset acquired by any member of the Group after the Issue Date if:
 - (A) the Security Interest was not created in contemplation of the acquisition of that asset by such member of the Group;
 - (B) the principal amount secured has not been increased in contemplation of, or since the acquisition of that asset by such member of the Group; and
 - (C) the Security Interest is removed or discharged within 90 days of the date of acquisition of such asset;
- (viii) any Security Interest arising as a result of legal proceedings which is discharged within 21 days or otherwise contested in good faith (and not otherwise constituting an event of default under the terms and conditions of the Notes) and in respect of which adequate reserves are being maintained;

- (ix) any Security Interest over cash paid into an escrow or similar account in connection with a disposal that does not fall within the circumstances referred to in the terms and conditions of the Notes;
- (x) any Security Interest granted in favour of the Common Security Agent as security agent of the Note Trustee and Noteholders of the Notes as of the Issue Date; and
- (xi) any other Security Interest which has been approved by the Noteholders by way of an extraordinary resolution.

(B) Limitation on Indebtedness

- (i) So long as any of the Notes remain outstanding, the Company will not, and will not permit any Subsidiary to, directly or indirectly, Incur any Indebtedness, provided that the Company and any Subsidiary may Incur Indebtedness if, after giving effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, and on the Transaction Date:
 - (A) no Default has occurred and is continuing; and
 - (B) the ratio of Consolidated Total Debt to Consolidated EBITDA would be less than 2.5 to 1.0.
- (ii) Notwithstanding the foregoing, the Company and any Subsidiary of the Company, to the extent provided below, may Incur each and all of the following:
 - (A) the Incurrence by the Company or any of its Subsidiaries of the Existing Indebtedness;
 - (B) Indebtedness under the New Notes, provided that the principal amount of the New Notes and any accrued interest capitalised and added to the then current outstanding principal amount of the New Notes in accordance with their terms and conditions shall be taken into account in the calculation of Consolidated Total Debt for the purposes of sub-paragraph (B)(i)(B) above;
 - (C) Indebtedness under the Notes;
 - (D) Indebtedness under the Revolving Credit Facility up to an aggregate principal amount outstanding thereunder from time to time of US\$200 million (or its equivalent in any other currency or currencies);

- (E) the Incurrence by the Company or any of its Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to extend, renew, refund, refinance, replace, exchange, defease or discharge any Indebtedness (other than intercompany Indebtedness) that is permitted to be Incurred under this paragraph (B), including, without limitation, under sub-paragraphs (B)(ii)(A), (B)(ii)(B), (B)(ii)(C) and (B)(ii)(D) above;
- (F) Indebtedness Incurred solely in connection with the financing of an acquisition and/or development of assets by the Company or any of its Subsidiaries (including the acquisition by way of acquisition of the shares in a company or entity owning (whether directly or indirectly) such assets); provided, however, that such Indebtedness is in a principal amount not exceeding the cost of such acquisition or development;
- (G) Permitted Subordinated Indebtedness;
- (H) Indebtedness of the Company or any Subsidiary owed to the Company or any Subsidiary; provided that (1) any event which results in any such Subsidiary to which such Indebtedness is owed ceasing to be a Subsidiary or any subsequent transfer of such Indebtedness (other than to the Company or any Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this sub-paragraph (B)(ii)(H), (2) if the Company is the obligor on such Indebtedness, such Indebtedness must be unsecured and expressed by its terms to be subordinated in right of payment to the Notes, and (3) if the Indebtedness is owed to the Company, such Indebtedness must expressly be evidenced by an unsubordinated promissory note, intra-group loan agreement or a similar instrument under applicable law;
- (I) the Incurrence by the Company or any of its Subsidiaries of Hedging Obligations not for speculative purposes (as determined in good faith by a responsible financial or accounting officer of the Company);

- (J) Indebtedness Incurred by the Company or any Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or self-insurance obligations or bid, performance or surety bonds (in each case other than for an obligation for borrowed money);
- (K) Indebtedness Incurred by the Company or any Subsidiary constituting reimbursement obligations with respect to letters of credit or trade guarantees issued in the ordinary course of business to the extent that such letters of credit or trade guarantees are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the 30 days following receipt by the Company or such Subsidiary of a demand for reimbursement;
- (L) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Company or any Subsidiary pursuant to such agreements, in any case, Incurred in connection with the disposition of any business, asset or Subsidiary, other than guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, asset or Subsidiary for the purpose of financing such acquisition; provided that the maximum aggregate liability in respect of all such Indebtedness in the nature of such guarantee shall at no time exceed the gross proceeds actually received from the sale of such business, asset or Subsidiary;
- (M) Indebtedness arising from the honouring by a bank or other financial institution of a cheque, draft or similar instrument drawn against insufficient funds in the ordinary course of business, provided that such Indebtedness is extinguished within five business days of Incurrence;
- (N) the Incurrence by the Company of any of its Subsidiaries of obligations relating to production imbalances arising in the ordinary course of business;
- (O) Indebtedness of the Company or any Subsidiary in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed US\$5 million (or its equivalent in any other currency or currencies);

- (P) the Incurrence by the Company or any of its Subsidiaries of Indebtedness in connection with one or more standby letters of credit, Guarantees, performance bonds or other reimbursement obligations, in each case, issued in the ordinary course of business and not in connection with the borrowing of money or the obtaining of an advance or credit (other than advances or credit for goods and services in the ordinary course of business and on terms and conditions that are customary in the Oil and Gas Business, and other than the extension of credit represented by such letter of credit, Guarantee or performance bond itself);
- (Q) the Incurrence by the Company or any Subsidiary of Indebtedness through the provision of bonds, Guarantees, letters of credit or similar instruments required by any national or international maritime commission or authority or other governmental or regulatory agencies, including, without limitation, customs authorities; in each case, for vessels owned or chartered by, and in the ordinary course of business of, the Company or any of its Subsidiaries at any time outstanding not to exceed the amount required by such governmental or regulatory authority;
- (R) the Incurrence by the Company or any of its Subsidiaries of Indebtedness in the form of customer deposits and advance payments received in the ordinary course of business from customers for purchases in the ordinary course of business; and
- (S) any obligation of the Company or any of its Subsidiaries in respect of a farm-out agreement or similar arrangement entered into by the Company or any of its Subsidiaries with another Person, whereby such Person agrees to pay all or a share of the petroleum operations costs of the Company or any of its Subsidiaries (which agreement may be subject to a maximum payment obligation, after which expenses are shared in accordance with the working or participation interest therein or in accordance with the agreement of the parties) or perform such petroleum operations in exchange for an ownership interest in an oil or gas property.

(C) Limitation on Asset Sales

So long as any of the Notes remain outstanding, the Company will not, and will not permit any Subsidiary to, consummate any Asset Sale, unless:

- (i) no Default shall have occurred and be continuing at that time or would occur as a result of such Asset Sale; and
- (ii) the consideration received by the Company or such Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of.

(D) Dividend Restriction

So long as any of the Notes remains outstanding, the Company will not pay any dividend, whether in cash or in specie, to reduce its capital or make any other distribution to its Shareholders.

(E) Merger, Consolidation or Sale of Assets

So long as any of the Notes remain outstanding, the Company will not, directly or indirectly (i) consolidate, amalgamate or merge with or into another Person (whether or not the Company is the surviving corporation) or (ii) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Subsidiaries, taken as a whole, in one or more related transactions, to another Person, unless:

- (i) either:
 - (A) the Company is the surviving corporation; or
 - (B) the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Company) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Company under the Notes and the Note Trust Deed;
- (ii) immediately after such transaction or transactions, no Default shall have occurred and be continuing at that time;

- (iii) the ratio of Consolidated Total Debt to Consolidated Equity (the “**Gearing Ratio**”) of the Company or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made would, on the date of such transaction after giving pro forma effect thereto be at least equal to or lower than the Gearing Ratio of the Company immediately prior to such transaction; and
- (iv) the Company shall have delivered to the Note Trustee an officer’s certificate and an opinion of counsel, each stating that such consolidation, amalgamation, merger or transfer comply with this paragraph (E); provided that in giving an opinion of counsel, counsel may rely on an officer’s certificate as to any matters of fact. The Note Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of compliance with the requirements of this paragraph (E), in which event they shall be conclusive and binding on the Noteholders.

Clearing and Settlement : The Notes will be represented by the Global Certificate. The Notes will be held in book-entry form (by delivery of the Global Certificate to CDP) pursuant to the rules of the SGX-ST and CDP.

Trading of the Notes : Upon the listing and quotation of the Notes on the Main Board of the SGX-ST, the Notes will be traded on the Main Board of the SGX-ST under the book-entry (scripless) settlement system. All dealings in and transactions (including transfers) in relation to the Notes effected through the SGX-ST and/or CDP shall be made in accordance with CDP’s “*Terms and Conditions for Operation of Securities Accounts with The Central Depository (Pte) Limited*”, and the terms and conditions contained in the CDP Application Form. Copies of the “*Terms and Conditions for Operation of Securities Accounts with The Central Depository (Pte) Limited*” are available from CDP.

For the purposes of trading on the Main Board of the SGX-ST, each board lot of Notes will comprise S\$1,000 in principal amount of Notes. Shareholders who hold odd lots of Notes (that is, lots other than board lots of S\$1,000 in principal amount of Notes) and who wish to trade in odd lots on the SGX-ST are able to trade odd lots of Notes on the SGX-ST Unit Share Market. Shareholders who hold odd lots of Notes may find difficulty and/or have to bear disproportionate transaction costs in realising the fair market price of such Notes.

Note Trustee : DBS Trustee Limited.

Issuing and Paying Agent and Registrar : DBS Bank Ltd.

- Taxation** : All payments of principal and interest (including accrued interest) in respect of the Notes by or on behalf of the Company shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Cayman Islands, Singapore or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Company shall pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note presented for payment in certain circumstances as set out in the terms and conditions of the Notes.
- Selling Restrictions** : The Notes are being offered, allotted and delivered only outside the United States to Entitled Shareholders who are not U.S. persons, in “offshore transactions” (as defined in Regulation S) in accordance with Regulation S.
- Risk Factors** : Please refer to Appendix 8 for risk factors relating to the Notes.
- Governing Law** : Laws of Singapore.

The Warrants and the New Shares

- Number of Warrants to be issued** : Up to 1,255,183,632 Warrants.
- Basis of allotment** : Nine Warrants to be issued with every one Note successfully subscribed for pursuant to the Preferential Offering, fractional entitlements to be disregarded.
- Exercise Price** : S\$0.110, being the sum payable in respect of each New Share for which a Warrantholder will be entitled to subscribe upon the exercise of a Warrant, such price subject to such adjustments under certain circumstances as may be required in accordance with the terms and conditions of the Warrants as set out in the Deed Poll. The Exercise Price is based on a discount of approximately 20.1 per cent. to the volume-weighted average price of the Shares as transacted on the SGX-ST for the three-month period up to and including 2 November 2016 (being the Market Day preceding the Preferential Offering Announcement) of S\$0.1376, and represents a discount of approximately 24.1 per cent. to the closing price of the Shares as quoted on the SGX-ST on 2 November 2016 of S\$0.145.

Exercise Period : The period during which the Warrants may be exercised commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the date falling 84 months following the date of issue of the Warrants, unless that date is a date on which the Register of Members and/or the Warrant Register of the Company is closed or is not a Market Day, in which event the Exercise Period shall end on the Market Day prior to the closure of the Register of Members and/or the Warrant Register or the immediately preceding Market Day, as the case may be, but excluding such period(s) during which the Register of Members and/or the Warrant Register may be closed pursuant to the terms and conditions of the Warrants.

Procedure for exercise : A Warrant may only be exercised in the manner prescribed in the terms and conditions of the Warrants as set out in the Deed Poll including, *inter alia*, the following:

- (a) the Warrantholder must be a non-U.S. person (as defined in Regulation S) outside of the United States;
- (b) the Warrant must be exercised before 3.00 p.m. on any Market Day prior to the Expiration Date and before 5.00 p.m. on the Expiration Date;
- (c) the Warrantholder must furnish such evidence (if any) as the Warrant Agent may require to determine or verify the due execution of the exercise notice or otherwise to ensure the due exercise of the Warrants;
- (d) the Exercise Price must be paid or satisfied; any deposit, fees or expenses for the time being chargeable by and payable to CDP (if any) and any stamp, issue, registration or other similar taxes or duties arising on the exercise of the relevant Warrant(s) as the Warrant Agent may require must be paid; and
- (e) any fees for certificates for the New Shares to be issued or for the New Shares to be registered in the name of the exercising Warrantholder or CDP (as the case may be) must be paid, any documents required to effect the registration of the New Shares must be submitted and certificates for the New Shares must be delivered upon exercise of the relevant Warrants to the place specified by the exercising Warrantholder in the exercise notice or to the CDP (as the case may be).

Detachability and trading	:	<p>The Warrants will be detached from the Notes on allotment and issue and will trade separately on the Main Board of the SGX-ST, under the book-entry (scripless) settlement system upon the listing of and quotation for the Warrants on the Main Board of the SGX-ST, subject to, <i>inter alia</i>, an adequate spread of holdings of the Warrants to provide for an orderly market in the Warrants. Each board lot of Warrants will consist of 100 Warrants or such other number as may be notified by the Company.</p> <p>Shareholders who hold odd lots of Warrants (that is, lots other than board lots of 100 Warrants) and who wish to trade in odd lots on the SGX-ST will be able to trade odd lots of Warrants in board lots of one Warrant on the SGX-ST Unit Share Market.</p>
Form and subscription rights	:	<p>The Warrants will be issued in registered form and will be constituted by the Deed Poll. Subject to the terms and conditions of the Warrants set out in the Deed Poll, each Warrant shall entitle the Warrantholder, at any time during the Exercise Period to subscribe for one New Share at the Exercise Price on the relevant exercise date of the Warrants.</p>
Mode and payment for exercise of Warrants	:	<p>Payment of the Exercise Price shall be made at the specified office of the Warrant Agent by way of remittance in Singapore currency by banker's draft or cashier's order drawn on a bank operating in Singapore as the Warrant Agent may designate, for the credit of the Special Account for the full amount of the monies payable in respect of the Warrant(s) exercised under the terms and conditions of the Warrants, provided always that any such remittance shall be accompanied by the delivery to the Warrant Agent of the payment advice as set out in the terms and conditions of the Warrants and shall comply with any exchange control or other statutory requirements for the time being applicable.</p>
Number of New Shares	:	<p>Up to 1,255,183,632 New Shares will be issued, assuming that all the Warrants are exercised and no adjustment is made to the number of Warrants under the terms of the Deed Poll.</p>
Status of New Shares	:	<p>The New Shares will, upon allotment and issue and upon the exercise of the Warrants, rank <i>pari passu</i> in all respects with the then existing Shares for any dividends, rights, allotments or other distributions, the record date for which falls on or after allotment and issue of the New Shares arising from the exercise of the relevant Warrants.</p>

The allotment and delivery of the New Shares is being made pursuant to an exemption from the registration requirements of the U.S. Securities Act. The New Shares have not been, or will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, the New Shares may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, or otherwise transferred or delivered except in an offshore transaction in accordance with Rule 904 of Regulation S, and in accordance with any applicable securities laws of the United States and of any state of the United States.

Adjustments

: The adjustments to the Exercise Price and number of Warrants are set out in the terms and conditions of the Warrants as set out in the Deed Poll, as follows:

- (a) an issue by the Company of Shares to Shareholders credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature or not and including any capital redemption reserve fund, other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend);
- (b) a Capital Distribution (as defined below) made by the Company to its Shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by any available assets);
- (c) an offer or invitation made by the Company to its Shareholders under which they may acquire or subscribe for Shares by way of rights;
- (d) an issue (otherwise than pursuant to an offer or invitation made by the Company to its Shareholders under which they may acquire or subscribe for Shares by way of rights, requiring an adjustment under paragraph (c) above, and other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend) by the Company of Shares if the Total Effective Consideration (as defined below) for each Share is less than 90 per cent. of the last dealt price for each Share; or
- (e) any consolidation, subdivision or conversion of Shares.

“**Capital Distribution**” shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividends) or by way of issue of Shares (not falling under paragraph (a)) or other securities credited as fully or partly paid up by way of capitalisation of profits or reserves (including any capital redemption reserve fund) other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend.

“**Total Effective Consideration**” shall be determined by the Directors with the concurrence of an approved bank and shall be the aggregate consideration receivable by the Company on payment in full for such Shares, without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof.

Any additional warrants issued pursuant to such adjustment shall rank *pari passu* with the Warrants and will for all purposes form part of the same series of Warrants constituted by the Deed Poll.

Any such adjustments shall (unless otherwise provided under the rules of the SGX-ST from time to time) be announced by the Company on SGXNET.

**Modifications of rights
of Warrantholders**

: The Company may, without the consent of the Warrantholders but in accordance with the terms of the Deed Poll, effect any modification to the Warrants or the Deed Poll which, in the opinion of the Company:

- (a) is not materially prejudicial to the interests of the Warrantholders;
- (b) is of a formal, technical or minor nature or to correct a manifest error or to comply with mandatory provisions of Singapore law or the rules and regulations of SGX-ST; and/or
- (c) is to vary or replace provisions relating to the transfer or exercise of the Warrants including the issue of New Shares arising from the exercise of the Warrants or meetings of the Warrantholders in order to facilitate trading in or the exercise of the Warrants or in connection with the implementation and operation of the book-entry (scripless) settlement system in respect of trades of the Company’s securities on the SGX-ST, provided that such variation or replacement is not materially prejudicial to the interests of the Warrantholders.

Any such modification shall be binding on all Warrantholders. Upon any modification of the terms of the Deed Poll and/or the terms and conditions of the Warrants, notice shall be given to the Warrantholders in accordance with the terms and conditions of the Warrants as set out in the Deed Poll as soon as practicable thereafter. Unless made pursuant to the terms and conditions of the Warrants as set out in the Deed Poll, any material alteration to the terms and conditions of the Warrants after the issue thereof to the advantage of the Warrantholders and prejudicial to the Shareholders is subject to the approval of the Shareholders in a general meeting, and, if necessary, the SGX-ST.

**Transfer and
transmission**

: A Warrant may only be transferred in the manner prescribed in the terms and conditions of the Warrants as set out in the Deed Poll including, *inter alia*, the following:

- (a) a Warrantholder (the “**Transferor**”) shall lodge, during normal business hours on any Market Day at the specified office of the Warrant Agent, the Transferor’s Warrant Certificate(s) together with a transfer form as prescribed by the Company from time to time (the “**Transfer Form**”) duly completed and signed by, or on behalf of, the Transferor and the transferee and duly stamped in accordance with any applicable law for the time being in force relating to stamp duty and accompanied by the fees and expenses set out in the Deed Poll, provided that the Company and the Warrant Agent may dispense with requiring the Depository to sign as transferee any Transfer Form for the transfer of Warrants to it;
- (b) the Transferor shall furnish such evidence (if any) as the Warrant Agent may require to determine the due execution of the Transfer Form by or on behalf of the transferring Warrantholder;
- (c) the Transferor shall pay the expenses of, and submit any necessary documents required in order to effect the delivery of the new Warrant Certificate(s) to be issued in the name of the transferee;

- (d) the Transfer Form shall be accompanied by the registration fee (such fee being for the time being a sum of S\$2.00 (excluding any goods and services tax) for each Warrant Certificate to be transferred) which shall be payable by cash or cheque together with any stamp duty and any goods and services tax (if any) specified by the Warrant Agent to the Transferor, such evidence as the Warrant Agent may require to determine and verify the due execution of the Transfer Form and payment of the expenses of, and submit, such documents as the Warrant Agent may require to effect delivery of the new Warrant Certificate(s) to be issued in the name of the transferee;
- (e) if the Transfer Form has not been fully or correctly completed by the Transferor or the full amount of the fees and expenses due to the Warrant Agent have not been paid to the Warrant Agent, the Warrant Agent shall return such Transfer Form to the Transferor accompanied by written notice of the omission(s) or error(s) and requesting the Transferor to complete and/or amend the Transfer Form and/or to make the requisite payment; and
- (f) if the Transfer Form has been fully and correctly completed, the Warrant Agent shall, as agent for and on behalf of the Company:
 - (i) register the person named in the Transfer Form as transferee in the Warrant Register as registered holder of the Warrant in place of the Transferor;
 - (ii) cancel the Warrant Certificate(s) in the name of the Transferor; and
 - (iii) issue new Warrant Certificate(s) in respect of the Warrants registered in the name of the transferee.

Transfer and transmission of Warrants held by U.S. persons

: Where the Company or Directors determine, in their absolute discretion, or are of the opinion (but without imposing an obligation on them to so determine or opine) that Warrants of the Company are being held, directly or indirectly, by any U.S. person, the Company may at its option direct such person to transfer the whole or a specified percentage of such Person's Warrants to a person who is not a U.S. person. If the required transfer is not effected within 30 days after service of notice by the Company and such person has not established to the reasonable satisfaction of the Company or its Directors (whose judgment shall be final and binding) that such person is not a U.S. person, the Warrants concerned may be sold by the Company in any manner it determines fit on behalf of such person (and without such sale needing to fulfil the conditions set forth above under "*Transfer and transmission*"). The consent of such person for such transfer is not required and, notwithstanding any provisions to the contrary in the Deed Poll, until such transfer is effected, the holder of such Warrants shall not be entitled to any rights, benefits or privileges attaching to such Warrants, and the Company may deal with any such rights, benefits or privileges of such person at its absolute discretion.

Winding Up

: If an effective resolution is passed during the Exercise Period for a members' voluntary winding up of the Company, for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement approved by the Warranholders by way of a special resolution, the terms of such scheme of arrangement shall be binding on all the Warranholders and all persons having an interest in the Warrants.

In any other case, if notice is given by the Company to its members to convene a general meeting for the purposes of considering a members' voluntary winding-up of the Company, every Warranholder shall be entitled upon and subject to the Deed Poll and the terms and conditions of the Warrants, at any time within six weeks after the passing of such resolution for a members' voluntary winding-up of the Company, by irrevocable surrender of his Warrant Certificate(s) to the Company with the exercise notice(s) duly completed, together with all payments payable under the terms and conditions of the Warrants, to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised the Warrants to the extent specified in the exercise notice(s) and had on such date been the holder of the Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. The Company shall give notice to the Warranholders in accordance with the Deed Poll and the terms and conditions of the Warrants of the passing of any such resolution within seven days after the passing thereof.

Subject to the foregoing, if the Company is wound up for any other reasons, all Warrants which have not been exercised at the date of the passing of such resolution shall lapse and the Warrants shall cease to be valid for any purpose.

Further Issues : Subject to the terms and conditions of the Warrants, the Company shall be at liberty to issue Shares to Shareholders or other investors either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit but the Warrant holders shall not have any participating rights in such issue of Shares unless otherwise resolved by the Company in general meeting or in the event of a takeover offer to acquire the Shares.

Warrant Agent : M & C Services Private Limited.

Governing Law : Laws of Singapore.

The terms and conditions of the Notes and the terms and conditions of the Warrants are subject to such changes as the Directors may, in consultation with the Lead Manager, deem fit. The final terms and conditions of the Notes and the terms and conditions of the Warrants will be contained in the Offering Memorandum to be despatched by the Company to Entitled Shareholders in due course, subject to, *inter alia*, the passing of the Preferential Offering Resolution and the Whitewash Resolution by the Shareholders at the EGM.

2.3 Conditions for the Preferential Offering

Shareholders should note that the Preferential Offering is subject to, *inter alia*, the following conditions:

- (a) the Whitewash Waiver and the SIC KOG Ruling granted by the SIC not having been withdrawn or revoked as at the date of completion of the Preferential Offering;
- (b) the approval in-principle from the SGX-ST for the listing and quotation of the Notes, the Warrants and the New Shares on the Main Board of the SGX-ST not having been withdrawn or revoked as at the date of completion of the Preferential Offering;
- (c) the Preferential Offering Resolution being passed at the EGM; and
- (d) the Whitewash Resolution being passed at the EGM.

SIC Approval

On 15 November 2016, the SIC granted the Whitewash Waiver, subject to the satisfaction of the SIC Conditions, details of which are set out in Section 6.4 of this Circular. The SIC further granted the SIC KOG Ruling, details of which are also set out in Section 6.4 of this Circular.

SGX-ST Approval

On 7 December 2016, the SGX-ST granted approval in-principle for the listing and quotation of the Notes, the Warrants and the New Shares on the Main Board of the SGX-ST, subject to the following conditions:

- (a) compliance with the SGX-ST's listing requirements;
- (b) Shareholders' approval of the Preferential Offering Resolution and the Whitewash Resolution;
- (c) approval of the Existing Noteholders for the Consent Solicitation;
- (d) adequate disclosure of all risks and material information in the Offering Memorandum to enable Shareholders to make an informed investment decision on the subscription of the Notes pursuant to the Preferential Offering;
- (e) submission of:
 - (i) a written confirmation from the Company that the Preferential Offering is in compliance with the relevant companies act;
 - (ii) a written undertaking from the Company that it will comply with Rule 704(30) of the Listing Manual, in relation to the use of proceeds arising from the Preferential Offering and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;
 - (iii) a written confirmation from financial institution(s) as required under Rule 877(9) of the Listing Manual that the Shareholders who have given the irrevocable undertakings to apply for their entitlements and/or excess Notes with Warrants have sufficient financial resources to fulfil their obligations under their undertakings;
 - (iv) a written confirmation from the Company that Rule 877(10) of the Listing Manual will be complied with in relation to the allotment of any excess Notes with Warrants;
 - (v) a written undertaking from the Company to announce any adjustments made pursuant to Rule 829(1) of the Listing Manual;
 - (vi) a written undertaking from the Company that it will comply with Rules 830 and 831 of the Listing Manual;
 - (vii) a written undertaking from the Company in the format set out in Appendix 2.3.1 of the Listing Manual;
 - (viii) a written confirmation from the Company that it has no interest in and no connection with the trustee which may conflict with the trustee's role as trustee; and
 - (ix) a copy of the other documents required under Rule 315 of the Listing Manual such as the signed subscription agreement, agent bank agreement, fiscal and agency agreement and trust deed (as applicable); and

- (f) for the listing of the Warrants, submission of a written confirmation from the Company that there is a satisfactory spread of Warrantholders (stating the basis) so as to provide an orderly market for the Warrants in compliance with Rule 826 of the Listing Manual.

It should be noted that the Warrants may not be listed and quoted on the SGX-ST in the event there is an insufficient spread of holdings of the Warrants to provide for an orderly market in the trading of the Warrants. In such an event, the Warrantholders will not be able to trade their Warrants on the SGX-ST. However, the Warrantholders were to exercise their rights, subject to the terms and conditions of the Warrants, to convert their Warrants into New Shares, such New Shares will be listed and quoted on the SGX-ST.

The approval in-principle of the SGX-ST is not to be taken as an indication of the merits of the Preferential Offering, the Notes, the Warrants and the New Shares, the Company and/or its Subsidiaries.

2.4 Eligibility of Shareholders to Participate in the Preferential Offering

(a) *Entitled Shareholders*

Entitled Shareholders will be entitled to participate in the Preferential Offering and to receive the Offering Memorandum, together with the ARE or the PAL, as the case may be, at their respective Singapore addresses. Entitled Depositors who do not receive the Offering Memorandum and the ARE may obtain them from CDP, the Share Transfer Agent or any stockbroking firm during the period from the date the Preferential Offering commences up to the Closing Date. Entitled Scripholders who do not receive the Offering Memorandum and the PAL may obtain them from the Share Transfer Agent during the period from the date the Preferential Offering commences up to the Closing Date.

Entitled Shareholders will be provisionally allotted Notes with Warrants under the Preferential Offering on the basis of their shareholdings in the Company as at the Record Date. Entitled Shareholders are at liberty to accept (in full or in part) or decline their provisional allotments of Notes with Warrants and are eligible to apply for additional Notes with Warrants in excess of their provisional allotments under the Preferential Offering. The Notes are payable in full upon acceptance and/or application. For the avoidance of doubt, the Warrants will be issued free with the Notes on the basis of nine Warrants for every one Note successfully subscribed for, fractional entitlements to be disregarded.

For the avoidance of doubt, the Notes with Warrants will not be provisionally offered, allotted or delivered to Shareholders with a registered address in the United States or who are U.S. persons or who are otherwise located, resident or with a registered address in any jurisdiction in which the offering of the Notes, the Warrants and the New Shares may not be lawfully made.

Fractional entitlements to the Notes with Warrants will be disregarded in arriving at the Entitled Shareholders' entitlements and will, together with such Notes with Warrants that are not validly taken up by Entitled Shareholders and any Notes with Warrants that are not otherwise allotted for whatever reason in accordance with the terms and conditions contained in the Offering Memorandum, the ARE, the PAL and (if applicable) the Articles of Association, be aggregated and used to satisfy excess Notes with Warrants applications (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company. In the allotment of excess Notes with Warrants, preference will be given to the rounding of odd lots and Directors and

Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Preferential Offering, or have representation (direct or through a nominee) on the Board of Directors, will rank last in priority for the rounding of odd lots and the allotment of excess Notes with Warrants.

All dealings in and transactions of the Notes through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs, which will be issued to Entitled Scripholders, will not be valid for delivery pursuant to trades done on the SGX-ST.

The Notes will be represented by a Global Certificate registered in the name of, and deposited with, CDP and, except in the limited circumstances described in the provisions of the Global Certificate, owners of interests in Notes represented by the Global Certificate will not be entitled to receive definitive certificates in respect of their individual holdings of Notes.

Accordingly, Entitled Scripholders who wish to accept their provisional allotments of Notes with Warrants and (if applicable) apply for excess Notes with Warrants must open Securities Accounts if they have not already done so, and provide their Securities Account numbers in the forms comprised in their PALs. Entitled Scripholders who fail to provide their Securities Account numbers in the forms comprised in their PALs or who have given incorrect or invalid Securities Account numbers or whose Securities Account numbers provided are not otherwise accepted by CDP for the credit of the Notes with Warrants that may be allotted to them or whose particulars as provided in the forms comprised in the PALs differ from those particulars currently maintained with CDP or those particulars given to CDP for the opening of their Securities Accounts will have their acceptances of their provisional allotments of Notes with Warrants and (if applicable) applications for excess Notes with Warrants rejected.

Entitled Scripholders are encouraged to open Securities Accounts if they have not already done so and to deposit their share certificates with CDP as soon as possible so that their Securities Accounts may be credited by CDP with their Shares and their provisional allotments of Notes with Warrants. Entitled Scripholders should note that their Securities Accounts will only be credited with the Shares on the 12th Market Day from the date of lodgement of the share certificates with CDP or such later date as CDP may determine.

Entitled Depositors should note that all notices and documents will be sent to their last registered addresses with CDP. Entitled Depositors are reminded that any request to CDP to update their records or to effect any change in address must reach CDP at #01-19/20 The Metropolis, 9 North Buona Vista Drive, Singapore 138588, at least three Market Days before the Record Date.

(b) Foreign Shareholders

The Offering Memorandum and its accompanying documents will not be lodged, registered or filed in any jurisdiction. The distribution of the Offering Memorandum and its accompanying documents, and the purchase, exercise of or subscription for the Notes or Warrants by any persons who have registered addresses outside Singapore, or who are resident in, or citizens of countries other than Singapore, may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in jurisdictions other than Singapore, the Offering Memorandum and its accompanying documents will not be despatched to Foreign Shareholders.

Foreign Shareholders will not be entitled to participate in the Preferential Offering except in limited circumstances. Accordingly, no provisional allotment of Notes with Warrants will be made to Foreign Shareholders and no purported acceptance or application for the Notes with Warrants by Foreign Shareholders will be valid.

The Company reserves the right, but shall not be obliged, to treat as invalid any ARE or PAL which (a) appears to the Company or its agents to have been executed in any jurisdiction outside Singapore or which the Company believes may violate any applicable legislation of such jurisdiction, (b) provides an address outside Singapore for the receipt of the warrant certificate(s) for the Warrants or which requires the Company to despatch the warrant certificate(s) to an address in any jurisdiction outside Singapore, or (c) purports to exclude any deemed representation, warranty or confirmation. The Company further reserves the right to reject any acceptances of the Notes with Warrants and/or applications for excess Notes with Warrants where it believes, or has reason to believe, that such acceptances and/or applications may violate any applicable legislation of any jurisdiction.

Each purchaser of Notes with Warrants being offered and sold the Notes with Warrants will be deemed to have represented and agreed, among other things, that the purchaser (a) is, and the person, if any, for whose account it is acquiring such Notes with Warrants is, outside the United States, and (b) is acquiring the Notes with Warrants in an offshore transaction meeting the requirements of Regulation S.

Shareholders and any other person having possession of the Offering Memorandum and/or its accompanying documents are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any territory outside Singapore receiving the Offering Memorandum and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Notes with Warrants unless such offer, invitation or solicitation could lawfully be made without compliance with any registration or other regulatory or legal requirements in such territory.

2.5 Transfer Restrictions

The Notes with Warrants in the Preferential Offering have not been, and will not be, registered under the U.S. Securities Act, and the Company will not be registered under the U.S. Investment Company Act.

The Notes with Warrants in the Preferential Offering are therefore subject to restrictions on transferability and resale and may not be re-offered, re-sold, pledged or otherwise transferred except in an offshore transaction in accordance with Regulation S to a person outside the United States and not known by the transferor to be a U.S. person by pre-arrangement or otherwise, and in accordance with the restrictions to be set out in the Offering Memorandum. Shareholders and any other person having possession of the Offering Memorandum and/or its accompanying documents should be aware that they may be required to bear the risks of an investment in the Notes with Warrants for an indefinite period of time. Because of these restrictions, holders of the Notes with Warrants are advised to consult with legal counsel prior to making any offer, resale, pledge or other transfer of the Notes with Warrants. The Company may compel any holder of or beneficial owner of an interest in the Notes with Warrants to transfer Notes with Warrants or interest, if such person is a U.S. person that is not a Qualified Purchaser, if such person's holding may cause the Company to be required to register under the U.S. Investment Company Act.

Further details will be set out in the Offering Memorandum.

3. RATIONALE FOR THE PREFERENTIAL OFFERING AND USE OF PROCEEDS

In view of the uncertainty in the oil and gas industry and fluctuations in oil prices as set out in the Company's announcement on the Proposed Restructuring Plan on 3 November 2016, and following a portfolio review of the Company's assets in 2016, the Board of Directors approved and adopted the New Business Plan, which will focus on improving the operational efficiencies on the Proposed Restructuring Plan and thereby maximising the Group's existing production and progressing its pipeline of development projects in order to enhance future production and as a result, free cash flow.

To this end, the Company believes that the Proposed Restructuring Plan will provide the Company with stability in its capital structure and achieve the objectives set out in the New Business Plan and thereby place the Group on a stronger footing in light of the prevailing price volatility and uncertainties in the global oil and gas industry.

Based on the basis of provisional allotment, the estimated gross proceeds which will be raised from the Preferential Offering is approximately S\$139.5 million and the estimated net proceeds is approximately S\$137.1 million.

The estimated net proceeds from the Preferential Offering, and together with the measures taken and if executed successfully in connection with the Proposed Restructuring Plan and the New Business Plan, will be sufficient to meet the Company's funding requirements for the next 12 months.

The Company intends to utilise the net proceeds from the Preferential Offering in the following approximate manner:

Purpose	S\$ million	US\$ million ⁽¹⁾	Per cent. of net proceeds
Capital expenditures (relating to the Group's existing assets)	61.5	43.4	44.8
Repay Bridge Upsize	70.6	50.0	51.5
General working capital	5.0	3.6	3.7
Total	137.1	97.0	100.0

⁽¹⁾ Based on the exchange rate of US\$1.00 = S\$1.4134 (sourced from Bloomberg L.P. as at 16 November 2016).

Assuming all the Warrants are exercised, the Company is expected to receive further gross proceeds of approximately S\$138.1 million, which will be used for capital expenditures, general working capital and debt service.

Pending the deployment of the net proceeds from the Preferential Offering, such net proceeds may be deposited with banks and/or financial institutions or used for investment in short-term money markets or debt instruments or used for other purposes on a short-term basis, including using such net proceeds to temporarily reduce outstanding amounts under the Revolving Credit Facility, as the Directors may deem appropriate in the interests of the Company.

The Company will announce any material disbursement of the proceeds from the Preferential Offering accordingly. In addition, a status report on the use of the proceeds from the Preferential Offering will be provided in the Company's annual report. The Company will also disclose a breakdown on the use of proceeds for working capital in its announcements and annual report.

4. IRREVOCABLE UNDERTAKINGS

4.1 Irrevocable Undertakings

As at the date of their respective Irrevocable Undertakings, (i) the First Reserve Funds collectively held a direct interest in all the shares in the capital of KrisEnergy Holdings Ltd., which in turn held 560,505,269 Shares (the "**Existing KE Holdings Shares**"), representing approximately 37.47 per cent. of the total number of issued Shares, and (ii) Devan held 598,263,893 Shares (the "**Existing Devan Shares**"), representing approximately 39.99 per cent. of the total number of issued Shares.

Devan is an indirect wholly-owned Subsidiary of Keppel and is currently in the process of effecting the Internal Restructuring.

To show their support for the Preferential Offering and to demonstrate their commitment to, and confidence in the prospects, of the Group, the First Reserve Funds and KOG have separately, on 8 December 2016 and 9 December 2016 respectively, given the Irrevocable Undertakings, pursuant to which:

- (A) The First Reserve Funds have irrevocably undertaken to the Company that, *inter alia*:
- (a) they will procure that KrisEnergy Holdings Ltd. votes all the Existing KE Holdings Shares in favour of the Preferential Offering Resolution and the Whitewash Resolution;
 - (b) they will procure that as at the Record Date, KrisEnergy Holdings Ltd. will have in aggregate not less than the number of Existing KE Holdings Shares credited to its Securities Account; and
 - (c) they will procure that until the Closing Date, KrisEnergy Holdings Ltd. will have in aggregate not less than 560,505,269 Existing KE Holdings Shares credited to KrisEnergy Holdings Ltd.'s Securities Account.
- (B) KOG has irrevocably undertaken to the Company that, *inter alia*:
- (a) it will vote, or will procure that Devan votes, all of the Existing Devan Shares in favour of the Preferential Offering Resolution;
 - (b) as at the Record Date, it will have or will procure Devan to have, in aggregate not less than the Existing Devan Shares credited to its or Devan's Securities Account, held through a nominee or otherwise, with CDP;
 - (c) in accordance with the terms and conditions of the Preferential Offering and in any case not later than the Closing Date, it will subscribe and pay for, or procure that Devan subscribes and pays for, its or Devan's (as the case may be) full entitlement of Notes with Warrants arising from the Existing Devan Shares under the Preferential Offering (the "**Pro-rata Undertaken Notes With Warrants**"); and

- (d) it will subscribe and pay for, or procure that Devan subscribes and pays for, all excess Notes with Warrants that are not successfully subscribed for under the Preferential Offering (the “**Excess Notes Commitment**”) (which, taken together with the Pro-rata Undertaken Notes with Warrants, will be up to a maximum of S\$140 million in principal amount of Notes with up to 1,255,183,632 Warrants).

The Notes with Warrants which KOG has undertaken to subscribe and pay for, or to procure subscription and payment for, will constitute 100 per cent. of the total number of Notes with Warrants which are the subject of the Preferential Offering. In view of the KOG Irrevocable Undertaking, the Company has decided to proceed with a non-underwritten Preferential Offering.

KOG’s obligation under the KOG Irrevocable Undertaking referred to in sub-section 4.1(B)(a) above is subject to and conditional upon the Existing Noteholders’ approval of the Consent Solicitation being obtained.

KOG’s obligations under the KOG Irrevocable Undertaking referred to in sub-sections 4.1(B)(b) to 4.1(B)(d) above are subject to and conditional upon, the passing of the Preferential Offering Resolution (Ordinary Resolution 1) and the Whitewash Resolution (Ordinary Resolution 2) and the Existing Noteholders’ approval of the Consent Solicitation being obtained. The Existing Noteholders’ approval of the Consent Solicitation was obtained on 9 December 2016.

No commission or fee will be payable by the Company to the Undertaking Shareholders in consideration for the Irrevocable Undertakings.

4.2 Information on the Keppel Group

Devan, an investment holding company, was incorporated in the British Virgin Islands on 13 October 2010 and is a wholly-owned Subsidiary of Keppel.

Keppel is a public company incorporated in Singapore and listed on the Main Board of the SGX-ST. The Keppel Group includes, *inter alia*, Keppel Offshore & Marine Ltd (“**Keppel Offshore & Marine**”), Keppel Infrastructure Holdings Pte Ltd (“**Keppel Infrastructure**”), Keppel Telecommunications & Transportation Ltd (“**Keppel T&T**”), Keppel Land Limited and Keppel Capital Holdings Pte. Ltd. (“**Keppel Capital**”) among others.

Keppel Offshore & Marine is a leader in offshore rig design, construction and repair, ship repair and conversion and specialised shipbuilding. Its Near Market, Near Customer strategy is bolstered by a global network of 20 yards and offices in Asia Pacific, Gulf of Mexico, Brazil, the Caspian Sea, Middle East and the North Sea regions.

Keppel Land Limited contributes to changing cityscapes across Asia as a choice developer with a sterling portfolio of award-winning residential developments, integrated townships and investment-grade commercial properties. Reputed for its quality and innovation hallmark, Keppel Land Limited is committed to developing properties that harmonise with the urban and natural landscape for desirable live-work-play environments and have enduring value for the community.

Keppel Infrastructure drives the Keppel Group's strategy to invest in, own and operate competitive energy and related infrastructure. Keppel Infrastructure, while tapping into the expertise and technology of its engineering business, will grow its integrated power and gas business, as well as its environmental and energy efficiency businesses.

Keppel T&T is a leading service provider in the Asia-Pacific region and Europe with businesses in logistics and data centres. Its logistics division offers one-stop, integrated logistics solutions to help clients manage their entire supply chain, while its data centre division owns, acquires, develops and manages high-availability data centre facilities.

Keppel Capital is the Keppel Group's asset management arm. With assets under management of approximately S\$26 billion, Keppel Capital has a diversified portfolio that includes real estate, infrastructure and data centre assets in key global markets.

For more information on the Keppel Group, please visit www.keppcorp.com.

Keppel, through Devan, became a strategic indirect shareholder of the Company in 2012 through a subscription of Shares resulting in an effective 20.0 per cent. shareholding in the Company. In 2013, Keppel, through Devan, exercised an option to increase its effective shareholding pre-IPO and in addition subscribed for US\$35.0 million of Shares in a cornerstone tranche undertaken separate to, but concurrently with, the IPO, resulting in a shareholding interest of 31.3 per cent. in the Company immediately post-IPO. In August 2015, the Company completed a renounceable underwritten rights issue and raised net proceeds of S\$164.4 million. Pursuant to its subscription and sub-underwriting in connection with the rights issue, immediately after the rights issue, Keppel increased its shareholding in the Company to 40.1 per cent. of the total number of issued Shares of the Company.

5. FINANCIAL EFFECTS OF THE PREFERENTIAL OFFERING AND NOTES EXCHANGES

The financial effects of the Preferential Offering and the Notes Exchanges as presented herein:

- (a) are for illustrative purposes only and are not a projection of the actual future financial performance or financial position of the Group after the completion of the Preferential Offering and Notes Exchanges;
- (b) are based on the audited consolidated financial statements of the Group for FY2015 and the unaudited consolidated financial statements of the Group for 9M2016;
- (c) assume, where applicable, that the Notes and Warrants had been issued, in respect of profit and loss statements on 1 January 2015 and 1 January 2016, and in respect of balance sheets on 31 December 2015 and 30 September 2016;
- (d) assume, where applicable, for illustrative purposes only, that up to 1,255,183,632 Warrants are allotted and issued under the Preferential Offering but before the exercise of the Warrants;
- (e) assume, where applicable, for illustrative purposes only, that up to 1,255,183,632 Warrants are allotted and issued under the Preferential Offering and all the Warrants are exercised; and
- (f) assume, where applicable, for illustrative purposes only, that the Notes Exchanges have completed.

5.1 Share Capital

	Number of Shares	US\$
Issued and paid-up share capital as at 31 December 2015 . . .	1,494,051,245	1,867,564
Add: New Shares arising from exercise of all the Warrants . .	1,255,183,632	1,568,980
Issued and paid-up share capital after the Preferential Offering assuming the exercise of all the Warrants	2,749,234,877	3,436,544
Issued and paid-up share capital as at 30 September 2016 . .	1,495,972,523	1,869,966
Add: New Shares arising from exercise of all the Warrants . .	1,255,183,632	1,568,980
Issued and paid-up share capital after the Preferential Offering assuming the exercise of all the Warrants	2,751,156,155	3,438,945

5.2 NTA

	As at 31 December 2015	As at 30 September 2016
NTA before the Preferential Offering (US\$'000)	462,067	385,072
NTA after adjusting for the Preferential Offering but before exercise of the Warrants (US\$'000)	462,067	385,072
NTA after adjusting for the Preferential Offering and assuming exercise of all the Warrants (US\$'000)	559,754	482,759
Number of Shares before the Preferential Offering	1,494,051,245	1,495,972,523
NTA per Share (US cents)	31	26
Number of Shares after Preferential Offering but before exercise of the Warrants	1,494,051,245	1,495,972,523
NTA per Share after Preferential Offering (US cents)	31	26
Number of Shares after Preferential Offering assuming exercise of all the Warrants	2,749,234,877	2,751,156,155
NTA per Share after Preferential Offering and exercise of all the Warrants (US cents)	20	18

5.3 Gearing

	As at 31 December 2015	As at 30 September 2016
Total net borrowings (US\$'000)	275,220	345,788
Shareholders' equity (US\$'000)	495,250	418,122
Net gearing (times)	0.36	0.45
Total net borrowings after Preferential Offering but before exercise of the Warrants (US\$'000)	275,220	345,788
Total net borrowings after Preferential Offering assuming exercise of all the Warrants (US\$'000)	177,534	248,101
Shareholders' equity after Preferential Offering but before exercise of the Warrants (US\$'000)	495,250	418,122
Shareholders' equity after Preferential Offering assuming exercise of all the Warrants (US\$'000)	592,937	515,808
Net gearing after Preferential Offering but before exercise of the Warrants (times)	0.36	0.45
Net gearing after Preferential Offering assuming exercise of all the Warrants (times)	0.23	0.32

5.4 Earnings/(losses) per Share

The Preferential Offering is expected to have a dilutive effect on the earnings or losses per Share (“EPS” or “LPS” as the case may be) of the Company in view of the enlarged issued share capital of the Company upon the issue of the New Shares arising from the exercise of the Warrants. The Notes Exchanges is not expected to have a dilutive effect on the EPS of the Company.

Assuming that the Preferential Offering was completed and all the Warrants were exercised at the beginning of FY2015 and 9M2016 respectively, the dilutive effects of the exercise of the Warrants on the EPS of the Company are as follows:

	<u>FY2015</u>	<u>9M2016</u>
Net (loss)/profit attributable to Shareholders (US\$'000)	(41,676)	(75,070)
Weighted average number of Shares before the Preferential Offering ('000)	1,221,331	1,494,570
Weighted average number of Shares before the Preferential Offering but after adjusting for Shares allotted and issued pursuant to Share options and awards ('000)	1,231,411	1,509,148
Weighted average number of Shares after Preferential Offering and issue of New Shares ('000)	2,476,514	2,749,754
Weighted average number of Shares after adjusting for Shares allotted and issued pursuant to Share options and awards and after Preferential Offering and issue of New Shares ('000)	2,486,595	2,764,332
Basic (LPS)/EPS (US cents)	(3)	(5)
Diluted (LPS)/EPS (US cents)	(3)	(5)
Basic (LPS)/EPS after Preferential Offering and issue of New Shares (US cents)	(2)	(3)
Diluted (LPS)/EPS after Preferential Offering and issue of New Shares (US cents)	(2)	(3)

6. THE WHITEWASH RESOLUTION

6.1 Interests of the Concert Party Group

As at the Latest Practicable Date, the interests of the Concert Party Group in the Company are as follows:

	<u>Number of Shares held</u>	<u>Per cent. of issued share capital⁽¹⁾</u>
Concert Party Group	599,566,293	40.08
Devan	598,263,893 ⁽²⁾	39.99
Parties acting or deemed to be acting in concert with Devan .	1,302,400	0.09
Independent Shareholders	<u>896,406,230</u>	<u>59.92</u>
Total	<u><u>1,495,972,523</u></u>	<u><u>100.0</u></u>

⁽¹⁾ Based on the issued share capital of the Company of 1,495,972,523 Shares as at the Latest Practicable Date. For the avoidance of doubt, this does not include the 3,649,501 Shares that will be issued pursuant to the vesting of certain Awards on 30 December 2016.

⁽²⁾ Save for the KOG Irrevocable Undertaking, the Concert Party Group does not hold any instruments convertible into, rights to subscribe for and options in respect of the Shares as at the Latest Practicable Date.

6.2 Mandatory Offer Requirement under the Singapore Takeover Code

Under Rule 14 of the Singapore Takeover Code, except with the SIC's consent, where any person who, together with persons acting in concert with him, holds not less than 30.0 per cent. but not more than 50.0 per cent. of the voting rights in the Company and such person, or any person acting in concert with him, acquires in any period of six months additional Shares carrying more than one per cent. of the voting rights, he is required to make a mandatory general offer for the Company.

As at the Latest Practicable Date, Devan holds a shareholding interest of approximately 39.99 per cent. of the existing issued share capital of the Company, representing approximately 39.99 per cent. of the voting rights in the Company.

Assuming that:

- (a) 3,649,501 Shares will be issued pursuant to the vesting of certain Awards on 30 December 2016 and accordingly on the Record Date, the Company will have 1,499,622,024 issued Shares;
- (b) the remaining outstanding Awards in respect of 8,995,837 Shares do not vest before the Record Date and such outstanding Awards are not adjusted as a result of the Preferential Offering;
- (c) KOG or Devan (as the case may be) subscribes for the Pro-rata Undertaken Notes with Warrants under the Preferential Offering in accordance with the KOG Irrevocable Undertaking;
- (d) none of the other Entitled Shareholders subscribe for any of their provisional allotments of the Notes with Warrants;
- (e) KOG or Devan (as the case may be) is required to subscribe for the Excess Notes Commitment in accordance with the KOG Irrevocable Undertaking; and
- (f) all the Warrants to be acquired by KOG or Devan (as the case may be) pursuant to the KOG Irrevocable Undertaking are exercised by KOG or Devan (as the case may be),

KOG or Devan (as the case may be) will have a direct interest in approximately 67.28 per cent. of the enlarged issued share capital of the Company of 2,754,805,656 Shares immediately after the Preferential Offering, pursuant to the allotment and issue of 1,255,183,632 New Shares (assuming all Warrants are exercised).

Accordingly, the acquisition of New Shares by KOG or Devan (as the case may be) pursuant to the exercise of the Warrants to be acquired pursuant to the KOG Irrevocable Undertaking may result in the Concert Party Group increasing its shareholding in the Company by more than one per cent. within a period of six months. In such event, the Concert Party Group would incur an obligation to make a mandatory general offer for the Company pursuant to Rule 14 of the Singapore Takeover Code unless such obligation is waived by the SIC.

Accordingly, an application was made by the Keppel Holding Group to the SIC for the Whitewash Waiver and on 15 November 2016, the SIC granted the Whitewash Waiver subject to the satisfaction of the SIC Conditions set out in Section 6.4 of this Circular. The SIC further granted the SIC KOG Ruling, details of which are also set out in Section 6.4 of this Circular.

6.3 Potential Dilution

Taking into account the assumptions set out in Section 6.2 above, as a result of the Preferential Offering and the KOG Irrevocable Undertaking, the collective shareholding interests of the Shareholders (other than Devan) in the Company may be diluted as follows:

Before the Preferential Offering

	<u>Number of Shares held</u>	<u>Per cent. of issued share capital⁽¹⁾</u>
Concert Party Group	599,566,293	39.98
Devan.	598,263,893 ⁽²⁾	39.89
Parties acting or deemed to be acting in concert with Devan .	1,302,400	0.09
Independent Shareholders	<u>900,055,731</u>	<u>60.02</u>
Total	<u><u>1,499,622,024</u></u>	<u><u>100.00</u></u>

⁽¹⁾ Based on a total issued share capital of 1,499,622,024 Shares as at the Record Date (taking into account the issued share capital of the Company of 1,495,972,523 Shares as at the Latest Practicable Date and the 3,649,501 Shares that will be issued pursuant to the vesting of certain Awards on 30 December 2016).

⁽²⁾ Save for the KOG Irrevocable Undertaking, the Concert Party Group does not hold any instruments convertible into, rights to subscribe for and options in respect of the Shares as at the Latest Practicable Date.

After the Preferential Offering and assuming all the Warrants are exercised

	<u>Number of Shares held⁽¹⁾</u>	<u>Per cent. of issued share capital⁽¹⁾</u>
Concert Party Group	1,854,749,925	67.33
Devan.	1,853,447,525	67.28
Parties acting or deemed to be acting in concert with Devan .	1,302,400	0.05
Independent Shareholders	<u>900,055,731</u>	<u>32.67</u>
Total	<u><u>2,754,805,656</u></u>	<u><u>100.00</u></u>

⁽¹⁾ Based on the enlarged issued share capital of the Company of 2,754,805,656 Shares immediately after the Preferential Offering, pursuant to the allotment and issue of 1,255,183,632 New Shares (assuming all the Warrants are exercised).

6.4 Whitewash Waiver

On 15 November 2016, the SIC waived the requirement for Devan to make a mandatory offer under Rule 14 of the Singapore Takeover Code for the Company in the event that Devan and its concert parties (including the Keppel Holding Group) increase their aggregate shareholdings in the Company by more than one per cent. based on its enlarged issued capital as a result of Devan acquiring New Shares upon the exercise of any of the Warrants to be subscribed pursuant to the Excess Notes Commitment, subject to the following conditions:

- (a) a majority of holders of voting rights of the Company approve at a general meeting, before the Preferential Offering, the Whitewash Resolution by way of a poll to waive their rights to receive a general offer from Devan and its concert parties (including the Keppel Holding Group);
- (b) the Whitewash Resolution is separate from other resolutions;
- (c) Devan and its concert parties (including the Keppel Holding Group) and parties not independent of them abstain from voting on the Whitewash Resolution;
- (d) Devan and its concert parties (including the Keppel Holding Group) did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which has been disclosed in this Circular):
 - (i) during the period between the Preferential Offering Announcement and the date Shareholders' approval is obtained for the Whitewash Resolution; and
 - (ii) in the six months prior to the first announcement of the Preferential Offering, i.e. the Preferential Offering Announcement but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to such issue;
- (e) the Company appoints an independent financial adviser to advise Independent Shareholders on the Whitewash Resolution;
- (f) the Company sets out clearly in this Circular:
 - (i) details of the Preferential Offering including the Excess Notes Commitment;
 - (ii) the dilution effect to existing holders of voting rights upon the acquisition of New Shares upon exercise of the Warrants by Devan pursuant to the Excess Notes Commitment;
 - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by Devan and its concert parties (including the Keppel Holding Group) as at the Latest Practicable Date;
 - (iv) the number and percentage of voting rights in the Company to be acquired by Devan and its concert parties (including the Keppel Holding Group) upon exercise of the Warrants to be subscribed pursuant to the Excess Notes Commitment;

- (v) specific and prominent reference to the fact that the exercise of Warrants by Devan could result in Devan and its concert parties (including the Keppel Holding Group) holding Shares carrying over 49 per cent. of the voting rights of the Company based on its enlarged issued share capital, and the fact that Devan and its concert parties (including the Keppel Holding Group) will as a result be free to acquire further Shares without incurring any obligation under Rule 14 of the Singapore Takeover Code to make a general offer;
 - (vi) specific and prominent reference to the fact that the Shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from Devan at the highest price paid by Devan and its concert parties (including the Keppel Holding Group) for the Shares in the past six months preceding the commencement of the offer; and
 - (vii) specific and prominent reference to the fact that the Shareholders, by voting for the Whitewash Resolution, could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants to be subscribed by Devan;
- (g) this Circular states that the Whitewash Waiver is subject to the conditions stated in sub-sections (a) to (f) above;
 - (h) Devan and its concert parties (including the Keppel Holding Group) obtains the SIC's approval in advance for those parts of this Circular that refer to the Whitewash Resolution;
 - (i) to rely on the Whitewash Resolution, the acquisition of the Warrants by Devan must be completed within three months of the date of the approval of the Whitewash Resolution and acquisition of New Shares upon exercise of the Warrants must be completed within five years of the date of issue of the Warrants; and
 - (j) Devan provides a written undertaking to the SIC that it will comply with the disclosure requirements set out in paragraph 2 of the Note on Section 2 of Appendix 1 of the Singapore Takeover Code,

(collectively, the “**SIC Conditions**”).

The SIC further ruled that the Whitewash Waiver shall apply to KOG when, as a result of the Internal Restructuring, the Warrants are either transferred or issued to KOG, and KOG acquires New Shares as a result of the exercise of any of such Warrants acquired pursuant to the Excess Notes Commitment (the “**SIC KOG Ruling**”), subject to such ruling being disclosed in this Circular.

As at the date of this Circular, save for the conditions set out in sub-sections (a), (b), (c), (d) and (i) above in respect of the Concert Party Group, all the other SIC Conditions set out above have been satisfied.

6.5 Whitewash Resolution

Independent Shareholders are requested to vote by way of a poll, on the Whitewash Resolution set out in the Notice of EGM on pages N-1 to N-4 of this Circular, waiving their rights to receive a mandatory general offer from the Concert Party Group for the Company.

6.6 Advice to Independent Shareholders

Independent Shareholders should note that:

- (a) **by voting for the Whitewash Resolution, they will be waiving their rights to a general offer from Devan or KOG (as the case may be) at the highest price paid by the Concert Party Group (including the Keppel Holding Group) for Shares in the past six months preceding the commencement of the Preferential Offering;**
- (b) **by voting for the Whitewash Resolution, they could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants to be subscribed for by Devan or KOG (as the case may be);**
- (c) **the Preferential Offering is conditional upon them voting in favour of, among others, the Whitewash Resolution. In view of this, in the event that the Whitewash Resolution is not passed by the Independent Shareholders, the Preferential Offering will not take place; and**
- (d) **the exercise of Warrants by Devan or KOG (as the case may be) could result in the Concert Party Group (including the Keppel Holding Group) holding Shares carrying over 49 per cent. of the voting rights of the Company based on its enlarged issued share capital, and the Concert Party Group (including the Keppel Holding Group) will as a result be free to acquire further Shares without incurring any obligation under Rule 14 of the Singapore Takeover Code to make a general offer.**

6.7 Advice from the Independent Financial Adviser

NRA Capital Pte Ltd has been appointed as the IFA to advise the Independent Directors in respect of the Whitewash Resolution.

The IFA Letter setting out the IFA's advice to the Independent Directors in full is reproduced in Appendix 2 of this Circular.

After having carefully considered the information available to it, and based upon the financial, industry, market, economic and other relevant conditions subsisting on the Latest Practicable Date as well as based on the considerations set out in the IFA Letter, the IFA is of the opinion that the Whitewash Resolution when considered in the context of the Preferential Offering is fair and reasonable and in the interest of the Company, and is not prejudicial to the interests of the Independent Shareholders. **Accordingly, the IFA has advised the Independent Directors to recommend that the Independent Shareholders vote in favour of the Whitewash Resolution.**

Shareholders are advised to read and consider the IFA Letter in its entirety as reproduced in Appendix 2 of this Circular and consider carefully the recommendations of the Independent Directors for the Whitewash Resolution set out in Section 15.2 of this Circular.

7. FINANCIALS, CAPITALISATION AND INDEBTEDNESS AND DOCUMENTS INCORPORATED BY REFERENCE

A summary of the profit and loss statements, the cash flow statements, the balance sheets and the working capital position of the Group for FY2013, FY2014, FY2015, 3Q2015 and 3Q2016 are set out in Appendix 3 of this Circular.

The following documents shall be deemed to be incorporated in, and form part of, this Circular:

- (a) the Company's annual reports for FY2013, FY2014 and FY2015;
- (b) the Company's announcement of financial results for 3Q2016; and
- (c) the executive summary of a report prepared by Netherland, Sewell & Associates, Inc, an international oil and gas consultant, dated 21 January 2016 on the Company's petroleum reserves and resources as of 31 December 2015, which forms part of the Company's annual report for FY2015 ("**2015 Summary of Qualified Person's Report**").

8. RECORD DATE

Subject to the passing of the Preferential Offering Resolution and the Whitewash Resolution at the EGM, the Register of Members of the Company and the share transfer books of the Company will be closed at 5:00 p.m. on 3 January 2017 (or such other time and date as the Directors may determine) to determine the provisional allotments of Notes with Warrants of the Entitled Shareholders under the Preferential Offering.

9. RECENT DEVELOPMENTS

The Group increased its Working Interest in Cambodia Block A from 52.25 per cent. to 95.0 percent. on 7 October 2016 due to the withdrawal of Mitsui Oil Exploration Co. Ltd and GS Energy Corporation. Pursuant to the withdrawal of Ophir Energy plc from the Kutai PSC, the Group increased its Working Interest from 54.6 per cent. to 78.0 per cent.; the relevant transfer agreement was signed on 11 October 2016 and is pending governmental approvals. The Group's Working Interest decreased from 41.6666 per cent. to 15.0 per cent. in Block A Aceh pursuant to a farm-out agreement signed with PT Medco E&P Melaka on 9 November 2016. The farm-out is pending approvals from the Government of Indonesia and Government of Aceh.

The East Muriah PSC expired on 12 November 2016.

The Group also recently proceeded on the Proposed Restructuring Plan described in Section 1.2 of this Circular.

On 9 December 2016, the meetings of Existing Noteholders took place and the extraordinary resolutions in relation to the Proposals were duly passed.

10. DIRECTORS AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The interests of the Directors and Substantial Shareholders, based on information recorded in the Register of Directors' and Substantial Shareholders' Shareholdings of the Company, respectively, as at the Latest Practicable Date are set out in Appendix 1 of this Circular.

11. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for the Irrevocable Undertakings as set out in Section 4 of this Circular and save as disclosed in Section 15.2 and Appendix 1 of this Circular, none of the Directors or Substantial Shareholders has any direct or indirect interest in the Preferential Offering other than through their respective shareholdings in the Company.

12. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-4 of this Circular, will be held on 27 December 2016 at 10:00 a.m., for the purpose of considering, and if thought fit, passing with or without any modifications, the Ordinary Resolutions set out in the Notice of EGM.

13. OFFERING MEMORANDUM

The Offering Memorandum will be despatched by the Company to Entitled Shareholders subject to, *inter alia*, the passing of the Preferential Offering Resolution and the Whitewash Resolution at the EGM. Acceptances and applications under the Preferential Offering can only be made on the following:

- (a) the PAL, in the case of Entitled Scripholders;
- (b) the ARE, in the case of Entitled Depositors; and
- (c) the ATMs of Participating Banks, in the case of Entitled Depositors.

The procedures for, and the terms and conditions applicable to, the acceptances of the provisional allotments of Notes with Warrants and for the excess applications for the Notes with Warrants pursuant to the Preferential Offering, including the different modes of acceptance or application and payment, will be set out in the Offering Memorandum.

14. ACTION TO BE TAKEN BY SHAREHOLDERS

14.1 **Appointment of Proxies.** If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote in his place or on his behalf, he should complete, sign and return the Depositor Proxy Form or Shareholder Proxy Form (as the case may be) enclosed with this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 not less than 48 hours before the time appointed for holding the EGM. Completion and return of the Depositor Proxy Form or Shareholder Proxy Form (as the case may be) by a Shareholder will not prevent him from attending and voting at the EGM if he subsequently wishes to do so. In such an event, the relevant Proxy Form shall be deemed to be revoked.

14.2 **When Depositor deemed appointed as Proxy.** A Depositor shall not be deemed to have been appointed as proxy of CDP to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 48 hours before the EGM.

14.3 **Record Date for the EGM.** A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by the CDP, as at 48 hours before the EGM.

15. DIRECTORS' RECOMMENDATION

15.1 Preferential Offering Resolution

The Directors, having considered, *inter alia*, the rationale for the Preferential Offering as set out in Section 3 of this Circular, are of the opinion that the Preferential Offering is in the best interests of the Company, and accordingly recommend that Shareholders vote in favour of the Preferential Offering Resolution to be proposed at the EGM.

15.2 Whitewash Resolution

Tan Ek Kia, Chan Hon Chew and Michael Chia Hock Chye abstained from deliberating and making any recommendation in respect of the Whitewash Resolution. Tan Ek Kia is an independent director of Keppel, Chan Hon Chew is the Chief Financial Officer of Keppel and Michael Chia Hock Chye is the Managing Director of Keppel Offshore & Marine, and are therefore not considered independent of the Concert Party Group, which includes Devan and KOG, which are wholly-owned Subsidiaries of Keppel. The Independent Directors, having considered, *inter alia*, the rationale for the Preferential Offering as set out in Section 3 of this Circular and the advice of the IFA as set out in the IFA Letter reproduced in Appendix 2 of this Circular, are of the opinion that the Whitewash Resolution is in the best interests of the Company and is fair and not prejudicial to the interests of the Independent Shareholders. Accordingly, they recommend that the Independent Shareholders vote in favour of the Whitewash Resolution to be proposed at the EGM.

15.3 Note to Shareholders

Shareholders, in deciding whether to vote in favour of the resolutions, should read carefully the terms and conditions, rationale and financial effects of the Preferential Offering and in respect of the Whitewash Resolution, consider carefully the advice of the IFA. In giving the above recommendations, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As Shareholders would have different investment objectives, the Directors recommend that any Shareholder who may require specific advice in relation to his or her specific investment objectives or portfolio should consult his or her stockbroker, bank, solicitor, accountant, tax adviser or other professional advisers.

16. ABSTENTION FROM VOTING

Pursuant to the SIC Conditions and the SIC KOG Ruling, the Concert Party Group (including the Keppel Holding Group) and parties not independent of the Concert Party Group will abstain from voting on the Whitewash Resolution and shall not accept nomination as proxies or otherwise for voting on the Whitewash Resolution unless they are given specific instructions as to voting.

17. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular, and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Preferential Offering Resolution and the Whitewash Resolution and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular 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 Circular in its proper form and context.

18. CONSENTS

DBS Bank Ltd., as the Lead Manager of the Preferential Offering, has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

NRA Capital Pte Ltd, as the IFA to the Independent Directors in relation to the Whitewash Resolution, has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of (i) its name and all references thereto; (ii) the statements in Section 6.7 of this Circular and (iii) the IFA Letter as reproduced in Appendix 2 of this Circular, in the form and context in which they appear in this Circular.

Wood Mackenzie Asia Pacific Pte Limited, the industry consultant, has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of (i) its name and all references thereto and (ii) the Industry Report as reproduced in Appendix 7 of this Circular, in the form and context in which they appear in this Circular.

Netherland, Sewell & Associates, Inc., which prepared the 2015 Summary of Qualified Person's Report, has given and has not withdrawn its written consent to the issue of this Circular, with the inclusion of (i) its name and all references thereto and (ii) the 2015 Summary of Qualified Person's Report incorporated by reference in this Circular.

19. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands and at the Singapore office of the Company at 83 Clemenceau Avenue #10-05, UE Square, Singapore 239920, during normal business hours from the date of this Circular up to the date of the EGM:

- (a) the Articles of Association;
- (b) the annual reports of the Company for FY2013, FY2014 and FY2015;
- (c) the letters of consent referred to in Section 18 of this Circular;

- (d) the IFA Letter as reproduced in Appendix 2 of this Circular;
- (e) the Industry Report as reproduced in Appendix 7 of this Circular;
- (f) the Company's announcement of financial results for 3Q2016; and
- (g) the 2015 Summary of Qualified Person's Report.

Yours faithfully
for and on behalf of the Board of Directors of the Company

Jeffrey Saunders MacDonald
Executive Director and Interim Chief Executive Officer

APPENDIX 1
INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- 1. Interests of Directors.** The interests of the Directors in Shares as recorded in the Register of Directors' Shareholdings of the Company as at the Latest Practicable Date are set out below:

Director	Direct Interest		Deemed Interest		Number of Shares comprised in outstanding Awards	Total Interest and Number of Shares comprised in outstanding Awards
	Number of Shares	per cent. ⁽¹⁾	Number of Shares	per cent. ⁽¹⁾		
John William Gervase Honeybourne	—	—	—	—	—	—
Jeffrey Saunders MacDonald	500,000	0.0	—	—	—	500,000 Shares
Koh Tiong Lu John	142,000 ⁽²⁾	0.0	—	—	—	142,000 ⁽²⁾ Shares
Christopher Gibson-Robinson	708,305	0.0	5,545,916 ^{(3)(a)}	0.4	The aggregate of ^{(3)(b)} ; (i) up to one-ninth of 3 per cent. of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied; and (ii) 1,241,987 Awards	6,254,221 ^{(3)(a)} Shares and the aggregate of ^{(3)(b)} ; (i) up to one-ninth of 3 per cent. of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied; and (ii) 1,241,987 Awards
Richard Allan Lorentz Jr.	688,425	0.0	5,545,916 ^{(4)(a)}	0.4	The aggregate of ^{(4)(b)} ; (i) up to one-ninth of 3 per cent. of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied; and (ii) 1,241,987 Awards	6,234,341 ^{(4)(a)} Shares and the aggregate of ^{(4)(b)} ; (i) up to one-ninth of 3 per cent. of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied; and (ii) 1,241,987 Awards
Chan Hon Chew	—	—	—	—	—	—
Michael Chia Hock Chye	—	—	—	—	—	—
Duane Carl Radtke	—	—	2,000,000 ⁽⁵⁾	0.1	—	2,000,000 ⁽⁵⁾ Shares
Tan Ek Kia	142,000	0.0	—	—	—	142,000 Shares
Alan Rupert Nisbet	—	—	—	—	—	—
Keith James Pringle	243,308 ⁽⁶⁾	0.0	—	—	—	243,308 ⁽⁶⁾ Shares

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- (1) Based on 1,495,972,523 issued Shares as at the Latest Practicable Date. Excludes interests in Shares comprised in Awards.
 - (2) Held through nominee, DBS Nominees Pte Ltd.
 - (3)
 - (a) This comprises 5,545,916 Shares held by CKR Resources (B.V.I.) Ltd. (“**CKR**”) of which Chris Gibson-Robinson is a controlling shareholder.
 - (b) Chris Gibson-Robinson has been awarded Shares under the KrisEnergy Performance Share Plan comprising:
 - (i) Shares awarded to him under the KrisEnergy Performance Share Plan (MS-Awards) on 19 July 2013 (the “**Listing Date**”) comprising up to one-ninth of 3 per cent. of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied, subject to certain performance conditions being met and other terms and conditions; and
 - (ii) up to 1,241,987 Shares awarded to him under the KrisEnergy Performance Share Plan on 25 June 2014, 31 December 2014 and 9 November 2015 subject to certain performance conditions being met and other terms and conditions.
 - (4)
 - (a) This comprises 5,545,916 Shares held by CKR of which Richard Lorentz is a controlling shareholder.
 - (b) Richard Lorentz has been awarded Shares under the KrisEnergy Performance Share Plan comprising:
 - (i) Shares awarded to him under the KrisEnergy Performance Share Plan (MS-Awards) on the Listing Date comprising up to one-ninth of 3 per cent. of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied, subject to certain performance conditions being met and other terms and conditions; and
 - (ii) up to 1,241,987 Shares awarded to him under the KrisEnergy Performance Share Plan on 25 June 2014, 31 December 2014 and 9 November 2015 subject to certain performance conditions being met and other terms and conditions.
 - (5) Duane Radtke is deemed interested in the 2,000,000 Shares held by Radtke Investments L.P (“**RILP**”) as Duane Radtke and his wife are the general partners of RILP and each is able to make investment decisions for RILP. RILP is owned by Duane Radtke (4.0 per cent.) and his wife (4.0 per cent.) and their two sons (46.0 per cent. each).
 - (6) Held through nominee, Raffles Nominees Pte Ltd.

2. Interests of Substantial Shareholders. The interests of the substantial Shareholders in Shares as recorded in the Register of Substantial Shareholders of the Company as at the Latest Practicable Date are set out below:

Substantial Shareholders	Direct Interest		Deemed Interest		Total Direct and Deemed Interest	
	No. of Shares	per cent.	No. of Shares	per cent.	No. of Shares	per cent.
KrisEnergy Holdings Ltd.....	560,505,269	37.47	—	—	560,505,269	37.47
First Reserve Fund XII L.P.	—	—	560,505,269 ⁽¹⁾	37.47	560,505,269	37.47
First Reserve GP XII, L.P.	—	—	560,505,269 ⁽¹⁾	37.47	560,505,269	37.47
First Reserve GP XII Limited.....	—	—	560,505,269 ⁽¹⁾	37.47	560,505,269	37.47
William Macaulay	—	—	560,505,269 ⁽¹⁾	37.47	560,505,269	37.47
Devan International Limited	598,263,893	39.99	—	—	598,263,893	39.99
Keppel Oil & Gas Pte Ltd.....	—	—	598,263,893 ⁽²⁾	39.99	598,263,893	39.99
Keppenture Pte. Ltd.	—	—	598,263,893 ⁽²⁾	39.99	598,263,893	39.99
Keppel Corporation Limited	—	—	598,263,893 ⁽²⁾	39.99	598,263,893	39.99
Temasek Holdings (Private) Limited	—	—	598,263,893 ⁽³⁾	39.99	598,263,893	39.99

(1) First Reserve Fund XII, L.P. (“**FR XII**”), First Reserve GP XII, L.P. (“**FR GP XII**”), First Reserve GP XII Limited (“**FR GP XII Limited**”) and William Macaulay are deemed under Section 4 of the SFA to have an interest in the Shares held by KrisEnergy Holdings Ltd. (“**KEHL**”) as:

- (a) FR XII is the majority shareholder of KEHL;
- (b) FR XII is managed by FR GP XII its general partner;
- (c) FR GP XII is managed by FR GP XII Limited, its general partner; and
- (d) William Macaulay has the right to appoint the board of directors of FR GP XII Limited.

(2) KOG, Keppenture Pte. Ltd. (“**Keppenture**”) and Keppel are each deemed under Section 4 of the SFA to have an interest in the Shares held by Devan as:

- (a) Devan is a wholly-owned Subsidiary of KOG;
- (b) KOG is a wholly-owned Subsidiary of Keppenture; and
- (c) Keppenture is a wholly-owned Subsidiary of Keppel.

(3) Temasek Holdings (Private) Limited (“**Temasek**”) is deemed under Section 4 of the SFA to have an interest in the Shares held by Devan as:

- (a) Devan is a wholly owned Subsidiary of KOG;
- (b) KOG is a wholly-owned Subsidiary of Keppenture;
- (c) Keppenture is a wholly-owned Subsidiary of Keppel; and
- (d) Temasek has more than 20 per cent. interest in Keppel, an independently managed Temasek portfolio company.

APPENDIX 2
INDEPENDENT FINANCIAL ADVISER'S LETTER

LETTER FROM NRA CAPITAL PTE. LTD.
TO THE INDEPENDENT DIRECTORS OF KRISENERGY LTD.
IN RELATION TO THE WHITEWASH RESOLUTION

nra capital

12 December 2016

The Independent Directors
KrisEnergy Ltd
190 Elgin Avenue,
George Town
Grand Cayman, KY1-9005,
Cayman Islands

Dear Sirs

THE PROPOSED WHITEWASH RESOLUTION (AS DEFINED HEREIN) FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) TO RECEIVE A MANDATORY GENERAL OFFER FROM THE CONCERT PARTY GROUP (AS DEFINED HEREIN) FOR THE COMPANY.

Unless otherwise defined or the context otherwise requires, all terms defined in the Circular shall have the same meanings herein.

1. INTRODUCTION

Proposed Restructuring Plan and the New Business Plan: On 3 November 2016, KrisEnergy Ltd (the “Company”) announced a proposed restructuring plan (the “Proposed Restructuring Plan”) which includes, *inter alia*, (a) the restructuring of the Revolving Credit Facility (as described below) and other financing arrangements, (b) the convening of a meeting of the holders of each series of the 2017 Notes and 2018 Notes (the “Existing Noteholders”) to solicit their consents to the Proposals set out in the Company’s consent solicitation statement dated 17 November 2016 (the “Consent Solicitation”), including the proposed exchange of outstanding 2017 Notes and 2018 Notes (the “Existing Notes”) for the New Notes (the “Notes Exchanges”) and (c) the Company undertaking the Preferential Offering (as defined herein).

Information on the Revolving Credit Facility, the 2017 Notes and the 2018 Notes and the New Notes are as follows:

Revolving Credit Facility

The US\$100 million revolving credit facility (as amended and/or restated from time to time including, without limitation, pursuant to an amendment and restatement agreement dated 24 March 2016 and amendment agreements dated 3 November 2016 and 9 December 2016) entered into between, among others, KrisEnergy (Asia) Ltd (the Company’s wholly-owned subsidiary), as borrower and The Hongkong and Shanghai Banking Corporation Limited, as agent, which was subsequently increased to US\$122.0 million on 30 April 2015 and to US\$148.27 million on 11 July 2016 and, (a US\$50 million

short term bridge upside up to six (6) months to the revolving credit facility, pursuant to the amendment agreement signed on 3 November 2016 (“Bridge Upsize”) to US\$198.27 million on 3 November 2016 and under which all of the participations and commitments were transferred to DBS Bank Ltd. as lender under transfer certificates dated 30 June 2016.

2017 Notes

The S\$130 million 6.25% fixed rate notes due 2017 issued by the Company under the Company’s S\$500 million Multicurrency Debt Issuance Program (“MTN Program”).

2018 Notes

The S\$200 million 5.75% fixed rate notes due 2018 issued by the Company under the MTN Program.

New Notes

The New Notes comprise of:

- (a) The S\$130 million 4% senior unsecured notes due 2022 to be issued by the Company in exchange for the 2017 Notes; and
- (b) The S\$200 million 4% senior unsecured notes due 2023 to be issued by the Company in exchange for the 2018 Notes.

The Company and its subsidiaries’ (the “Group”) business and revenue are substantially dependent upon the prevailing prices of oil and gas. Since the issue of the Existing Notes in 2014, the impact of the precipitous drop and subsequent volatility in oil prices has had a significant impact on the Group’s operations, financial condition and prospects. Additionally, operational difficulties exacerbated the adverse financial impact on the Group. As a result, following the successful implementation of short-term measures over the last two (2) years which included, *inter alia*, cost reduction and cost management measures and deferral of capital expenditure; and in order to implement a long-term solution in light of prevailing uncertainty in the oil and gas industry, as well as subsequent to a portfolio review of the Group’s assets in 2016, a new business plan was approved and adopted by the Company in October 2016 (the “New Business Plan”). The New Business Plan will focus on improving operational efficiencies, maximising the Group’s existing production and progressing its pipeline of development projects in order to enhance future production and as a result, free cash flow. The Company believes that the Proposed Restructuring Plan, if successful, will provide the Group with a stable and sustainable capital structure, reduced short-term cash debt service obligations and greater liquidity, which is required for the effective implementation of the New Business Plan. The Proposed Restructuring Plan comprises of the following elements: the restructuring of the Revolving Credit Facility, the Consent Solicitation, the Preferential Offering (as defined herein) and the swap transactions (cross-currency swaps with respect to the 2017 Notes and 2018 Notes).

Preferential Offering: On 3 November 2016, the Company announced the proposed non-renounceable non-underwritten preferential offering by the Company of up to S\$140 million in principal amount of notes (senior secured zero coupon due 2024 in the denomination of S\$1 for each note) (the “Notes”), at the issue price (being 100% of the principal amount of the Notes or S\$1 for each S\$1 of principal amount of the Notes) (the “Issue Price”), with up to 1,255,183,632 free detachable Warrants, each Warrant carrying the right to subscribe for one (1) New Share (new Shares to be allotted and issued by the Company upon the exercise of the Warrants in accordance with the terms of the Deed Poll.) at the exercise price of S\$0.110 (subject to certain adjustments) per Warrant (the “Exercise Price”), on the

basis of 93 Notes of principal amount of S\$1 each with 837 Warrants for every 1,000 shares in the capital of the Company (US\$0.00125 par value each) (“Shares” and individually a “Share”) held by Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded, on the terms and conditions of the Offering Memorandum (the “Preferential Offering”).

KOG Irrevocable Undertaking and the Whitewash Resolution: As at the date of the Irrevocable KOG Undertaking (as defined herein), Devan International Limited (“Devan”) holds a shareholding interest of approximately 39.99% of the total issued Shares of the Company.

Devan is currently in the process of transferring the Existing Devan Shares (as defined herein) to its sole shareholder, Keppel Oil & Gas Pte. Ltd. (“KOG”), a wholly-owned subsidiary of Kepventure Pte. Ltd., which is in turn wholly-owned by Keppel Corporation Limited (“Keppel”).

The acquisition of New Shares by KOG or Devan pursuant to the exercise of the Warrants to be acquired pursuant to the KOG Irrevocable Undertaking (as defined herein) may result in the Concert Party Group (as defined herein) increasing its shareholding in the Company by more than one (1)% within a period of six (6) months. In such an event, the Concert Party Group would incur an obligation to make a mandatory general offer for the remaining Shares not already owned or controlled by the Concert Party Group pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers (the “Code”) unless such obligation is waived by the Securities Industry Council of Singapore (the “SIC”). An application was made by Keppel, its subsidiaries and associated companies (including Devan, KOG and Kepventure Pte. Ltd.) (the “Keppel Holding Group”) to the SIC for the waiver of the obligation of the Concert Party Group to make a mandatory general offer pursuant to Rule 14 of the Code for the remaining Shares not already owned or controlled by the Concert Party Group, arising from the exercise of all the Warrants pursuant to the KOG Irrevocable Undertaking (as defined herein) (the “Whitewash Waiver”). SIC had on 15 November 2016 granted the Whitewash Waiver subject to, *inter alia*, the majority of the holders of voting rights of the Company approving at a general meeting, held before the Preferential Offering, a resolution (the “Whitewash Resolution”) by way of a poll, to waive their rights to receive a general offer from the Concert Party Group and the appointment of an independent financial advisor (the “IFA”) to advise on the Whitewash Resolution.

The Company has appointed NRA Capital Pte. Ltd. (“NRA Capital”) as the IFA to advise the Directors who are regarded as independent in respect of the Whitewash Resolution (the “Independent Directors”) on whether the Whitewash Resolution is fair and reasonable and in the interest of the Company and not prejudicial to the interest of the shareholders of the Company (“Shareholders”) deemed independent of the Whitewash Resolution (“Independent Shareholders”). This letter sets out, *inter alia*, our views and evaluation of the Whitewash Resolution in the context of the Preferential Offering and our recommendations thereon. It will form part of the Circular issued by the Company, containing, *inter alia*, details of the Preferential Offering, the Whitewash Resolution and the recommendations of the Independent Directors in respect of the Whitewash Resolution.

2. TERMS OF REFERENCE

We have been appointed as the IFA to advise the Independent Directors in respect of the Whitewash Resolution. We were not privy to the negotiations entered into by the Group in relation with the Whitewash Resolution or in the deliberations leading up to the decision by the Directors to undertake the Preferential Offering. Accordingly, we do not, by this letter, make any representation or warrant the merits of the Preferential Offering.

We have not conducted a comprehensive review of the business, operations or financial condition of the Group. We have also not evaluated the strategic or commercial merits or risks of the Preferential Offering or the future growth prospects or earning potential of the Group after the completion of the Preferential Offering. Accordingly, we do not express any view as to the prices at which the Shares may trade upon completion of the Preferential Offering or on the future financial performance of the Group after the completion of the Preferential Offering.

In the course of our evaluation, we have held discussions with the Directors and the management of the Company (the “Management”) and have relied on the information and representations, whether written or verbal, provided to us by the Directors and the Management. We have not independently verified such information or representations and accordingly cannot and do not warrant or accept responsibility for the accuracy, completeness or adequacy of these information or representations. We have, however, made reasonable enquiries and exercised our judgment on the reasonable use of such information and representations provided to us, and have found no reason to doubt the accuracy and reliability of such information or representations which we have relied on.

The Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular, and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Preferential Offering and the Whitewash Resolution and the Group, and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading. Where information in the Circular 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 the Circular in its proper form and context. Whilst care has been exercised in reviewing the information which we have relied on, we have not independently verified the information but nonetheless have made such reasonable enquiries and exercised such judgement on the reasonable use of such information or facts and have found no reason to doubt the accuracy and reliability of the information or facts. Accordingly, no representation, or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information or facts.

Save as disclosed, all information relating to the Group that we have relied upon in arriving at our advice has been obtained from the Circular, publicly available information, the Directors and/or Management. We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Group at any time or as at the Latest Practicable Date (as defined herein). We have not made any independent evaluation or appraisal of the assets and liabilities of the Group.

The scope of our appointment does not require us to express, and we do not express, any view on the future growth prospects, financial position and earnings potential of the Group. We have not been provided with, nor do we have access to, any business plan or financial projections of the future performance of the Group and we did not conduct any discussions with the Directors and the Management on any such business plan or financial projections of the Group.

Our advice, as set out in this letter, is based on the market, economic, industry and other applicable conditions prevailing on, and the information made available to us as of 5 December 2016 (the “Latest Practicable Date”). We assume no responsibility to update, revise or reaffirm our advice in the light of

any subsequent development after the Latest Practicable Date that may affect our views contained herein. Shareholders should further take note of any announcements relevant to the Preferential Offering and/or Whitewash Resolution which may be released by the Company after the Latest Practicable Date.

In rendering our opinion, we have not considered the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Shareholder. As different Shareholders would have different investment profiles and objectives, we recommend that any individual Shareholder who may require specific advice in relation to his investment portfolio or objectives should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this letter).

Our opinion in relation to the Whitewash Resolution should be considered in the context of the entirety of this letter and the Circular.

3. THE PREFERENTIAL OFFERING

As at the Latest Practicable Date, the total issued capital of the Company comprised of 1,495,972,523 Shares. The Company also has granted awards of Shares under the KrisEnergy Performance Share Plan (PSP) (the “Awards”), of which 3,649,501 Shares will be issued pursuant to the vesting of certain Awards on 30 December 2016. Further, the Company does not have any other outstanding instruments convertible into, rights to subscribe for, nor options in respect of, securities which carry voting rights of the Company.

The Preferential Offering will be made as a non-renounceable non-underwritten preferential offering by the Company of up to S\$140 million in principal amount of the Notes, at the Issue Price, with up to 1,255,183,632 Warrants, each Warrant carrying the right to subscribe for one (1) New Share at the Exercise Price, on the basis of 93 Notes of principal amount of S\$1 each with 837 Warrants for every 1,000 Shares held by Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded, on the terms and conditions of the Offering Memorandum.

3.1 Principal terms of the Preferential Offering, the Notes, the Warrants and the New Shares

As set out in Section 2 of the Circular, the key terms of the Preferential Offering, the Notes, the Warrants and the New Shares have been extracted and reproduced herein in italics below:

“The Preferential Offering

Basis of provisional allotment : *The Preferential Offering is proposed to be made on a non-renounceable non-underwritten basis to Entitled Shareholders on the basis of 93 Notes with 837 Warrants for every 1,000 existing Shares held by Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded.*

Eligibility to participate in the Preferential Offering : *Please refer to Section 2.4 of this Circular.*

- Acceptance, excess application and payment** : Please refer to Section 2.4 of this Circular.
- Irrevocable Undertakings** : Please refer to Section 4.1 of this Circular.
- Use of Proceeds** : The Company intends to utilise the net proceeds from the Preferential Offering, after deduction of the expenses incurred in connection with the Preferential Offering, for (i) capital expenditures (relating to the Group's existing assets); (ii) repayment of the Bridge Upsize; and (iii) general working capital.
- Estimated Proceeds** : Based on the basis of the provisional allotment, the estimated gross proceeds which will be raised from the Preferential Offering is approximately S\$139.5 million. The estimated net proceeds from the Preferential Offering (after deducting estimated expenses incurred in connection with the Preferential Offering of approximately S\$2.4 million) is approximately S\$137.1 million.
- Listing** : The SGX-ST has granted in-principle approval for the listing of and quotation for the Notes, the Warrants and the New Shares on the Main Board of the SGX-ST, subject to certain conditions. Approval in-principle is not to be taken as an indication of the merits of the Preferential Offering, the Notes, the Warrants and the New Shares, the Company and/or its Subsidiaries. The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained and opinions expressed in this Circular.
- It should be noted that the Warrants may not be listed and quoted on the SGX-ST in the event there is an insufficient spread of holdings of the Warrants to provide for an orderly market in the trading of the Warrants. In such an event, the Warrantholders will not be able to trade their Warrants on the SGX-ST. However if the Warrantholders were to exercise their rights, subject to the terms and conditions of the Warrants, to convert their Warrants into New Shares, such New Shares will be listed and quoted on the SGX-ST.*
- The Notes**
- Issue Size of the Notes** : Up to S\$140 million in aggregate principal amount of Notes
- Issue Price of the Notes** : 100 per cent. of the principal amount of the Notes or S\$1.00 for each S\$1.00 of principal amount of the Notes. The Notes are payable in full upon acceptance and/or application.
- Interest** : No interest will be payable on the Notes, save for any default interest which may be payable under the terms and conditions of the Notes.

- Status of the Notes** : *The Notes will constitute direct, general and unconditional obligations of the Company and the performance of all the obligations of the Company under the Notes and the Note Trust Deed will be secured by inter alia:*
- (a) a first ranking security interest over the shares of SJ Production Barge Ltd, a wholly-owned Subsidiary of the Company and (if applicable) a first ranking account charge over certain account(s) held by SJ Production Barge Ltd; and*
 - (b) junior ranking security interest over the assets secured or to be secured from time to time under the RCF Security.*
- The priority of payments as between the Group's secured creditors will be governed by the Intercreditor Agreement which will provide, among other things, (1) that the security which secures the Group's obligations under the Revolving Credit Facility on a first ranking basis may, until such time as the Revolving Credit Facility has been discharged in full, only be enforced by the Common Security Agent following instructions to this effect from the RCF Agent and, thereafter, on the instructions of the Note Trustee and (2) that the security which secures the Company's obligations under the Notes on a first ranking basis may only be enforced by the Common Security Agent following instructions to this effect from the Note Trustee. The Notes will at all times rank pari passu among themselves and at least pari passu with all other present and future unsecured obligations of the Company, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.*
- Maturity Date** : *The seventh anniversary of the Issue Date.*
- Form and Denomination** : *The Notes will be in registered form in the denomination of S\$1.00 each and will be represented by the Global Certificate registered in the name of CDP, and deposited with CDP. Except in the limited circumstances to be described in the provisions of the Global Certificate, owners of interests in Notes represented by the Global Certificate will not be entitled to receive definitive certificates in respect of their individual holdings of Notes. Notes which are represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of CDP.*
- Redemption at Maturity** : *Unless previously redeemed or purchased and cancelled as provided in the terms and conditions of the Notes, the Company will redeem each Note at 100 per cent. of its principal amount on the Maturity Date, subject as provided in the terms and conditions of the Notes.*

Other Redemption Events : *The Notes may be redeemed for (a) tax reasons, (b) upon cessation or suspension of trading of the Shares on the SGX-ST, as provided in the terms and conditions of the Notes.*

Purchase and Cancellation : *The Company or any of its subsidiaries may at any time purchase Notes in the open market or otherwise and at any price. All Notes so redeemed or purchased by the Company or any of its subsidiaries shall be cancelled and may not be reissued or resold*

Covenants : **(A) Negative Pledge**

So long as any of the Notes remain outstanding, the Company will not, and will ensure that none of its Subsidiaries will, create or have outstanding any Security Interest over the whole or any part of its undertakings, assets or revenues, present or future, save for:

- (i) any Security Interest or rights of set-off arising solely by operation of law (or by an agreement evidencing the same) in respect of (A) Indebtedness which either (1) has been due for less than 21 days or (2) is being contested in good faith and by appropriate means, or (B) taxes being contested in good faith;*
- (ii) any Security Interest existing as at the date of the Note Trust Deed over any of the respective undertakings, assets or revenues of the Company or any of its Subsidiaries and disclosed in writing to the Note Trustee on or prior to the date of the Note Trust Deed including, without limitation, Security Interests granted under the Revolving Credit Facility on or prior to the date of the Note Trust Deed;*
- (iii) any Security Interest created or to be created over any of the respective undertakings, assets or revenues of the Company or any of its Subsidiaries pursuant to the Revolving Credit Facility (in each case, in the form agreed as at the date of the Note Trust Deed);*
- (iv) any Security Interest created solely in connection with the financing of an acquisition and/or development of assets by the Company or any of its Subsidiaries after the date of the Note Trust Deed (including the acquisition by way of acquisition of the shares in a company or entity owning (whether directly or indirectly) such assets); provided, however, that such Security Interest (A) shall not extend beyond the assets that are the subject of such acquisition or development, and (B) secures a principal amount not exceeding the cost of such acquisition or development;*

- (v) *any Security Interest created over any asset pursuant to any arrangement, transaction or activity of the Company or any of its Subsidiaries undertaken in the ordinary course of business or trading;*
- (vi) *Security Interests to secure any Permitted Refinancing Indebtedness permitted to be Incurred under paragraph B(ii) below, provided, however, that the new Security Interest shall be limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Security Interests arose, could secure the original Security Interests (plus improvements and accessions to, such property or proceeds or distributions thereof);*
- (vii) *any Security Interest over or affecting any asset acquired by any member of the Group after the Issue Date if:*
 - (A) *the Security Interest was not created in contemplation of the acquisition of that asset by such member of the Group;*
 - (B) *the principal amount secured has not been increased in contemplation of, or since the acquisition of that asset by such member of the Group; and*
 - (C) *the Security Interest is removed or discharged within 90 days of the date of acquisition of such asset;*
- (viii) *any Security Interest arising as a result of legal proceedings which is discharged within 21 days or otherwise contested in good faith (and not otherwise constituting an event of default under the terms and conditions of the Notes) and in respect of which adequate reserves are being maintained;*
- (ix) *any Security Interest over cash paid into an escrow or similar account in connection with a disposal that does not fall within the circumstances referred to in the terms and conditions of the Notes;*
- (x) *any Security Interest granted in favour of the Common Security Agent as security agent of the Note Trustee and Noteholders of the Notes as of the Issue Date; and*
- (xi) *any other Security Interest which has been approved by the Noteholders by way of an extraordinary resolution.*

(B) Limitation on Indebtedness

- (i) *So long as any of the Notes remain outstanding, the Company will not, and will not permit any Subsidiary to, directly or indirectly, Incur any Indebtedness, provided that the Company and any Subsidiary may Incur Indebtedness if, after giving effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, and on the Transaction Date:*
- (A) *no Default has occurred and is continuing; and*
 - (B) *the ratio of Consolidated Total Debt to Consolidated EBITDA would be less than 2.5 to 1.0.*
- (ii) *Notwithstanding the foregoing, the Company and any Subsidiary of the Company, to the extent provided below, may Incur each and all of the following:*
- (A) *the Incurrence by the Company or any of its Subsidiaries of the Existing Indebtedness;*
 - (B) *Indebtedness under the New Notes, provided that the principal amount of the New Notes and any accrued interest capitalised and added to the then current outstanding principal amount of the New Notes in accordance with their terms and conditions shall be taken into account in the calculation of Consolidated Total Debt for the purposes of sub-paragraph (B)(i)(B) above;*
 - (C) *Indebtedness under the Notes;*
 - (D) *Indebtedness under the Revolving Credit Facility up to an aggregate principal amount outstanding thereunder from time to time of US\$200 million (or its equivalent in any other currency or currencies);*
 - (E) *the Incurrence by the Company or any of its Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to extend, renew, refund, refinance, replace, exchange, defease or discharge any Indebtedness (other than intercompany Indebtedness) that is permitted to be Incurred under this paragraph B, including, without limitation, under sub-paragraphs B(ii)(A), B(ii)(B), B(ii)(C) and B(ii)(D) above;*

- (F) *Indebtedness Incurred solely in connection with the financing of an acquisition and/or development of assets by the Company or any of its Subsidiaries (including the acquisition by way of acquisition of the shares in a company or entity owning (whether directly or indirectly) such assets); provided, however, that such Indebtedness is in a principal amount not exceeding the cost of such acquisition or development;*
- (G) *Permitted Subordinated Indebtedness;*
- (H) *Indebtedness of the Company or any Subsidiary owed to the Company or any Subsidiary; provided that (1) any event which results in any such Subsidiary to which such Indebtedness is owed ceasing to be a Subsidiary or any subsequent transfer of such Indebtedness (other than to the Company or any Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this sub-paragraph (B)(ii)(H), (2) if the Company is the obligor on such Indebtedness, such Indebtedness must be unsecured and expressed by its terms to be subordinated in right of payment to the Notes, and (3) if the Indebtedness is owed to the Company, such Indebtedness must expressly be evidenced by an unsubordinated promissory note, intra-group loan agreement or a similar instrument under applicable law;*
- (I) *the Incurrence by the Company or any of its Subsidiaries of Hedging Obligations not for speculative purposes (as determined in good faith by a responsible financial or accounting officer of the Company);*
- (J) *Indebtedness Incurred by the Company or any Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or self-insurance obligations or bid, performance or surety bonds (in each case other than for an obligation for borrowed money);*

- (K) *Indebtedness Incurred by the Company or any Subsidiary constituting reimbursement obligations with respect to letters of credit or trade guarantees issued in the ordinary course of business to the extent that such letters of credit or trade guarantees are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the 30 days following receipt by the Company or such Subsidiary of a demand for reimbursement;*
- (L) *Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Company or any Subsidiary pursuant to such agreements, in any case, Incurred in connection with the disposition of any business, assets or Subsidiary, other than guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Subsidiary for the purpose of financing such acquisition; provided that the maximum aggregate liability in respect of all such Indebtedness in the nature of such guarantee shall at no time exceed the gross proceeds actually received from the sale of such business, asset or Subsidiary;*
- (M) *Indebtedness arising from the honouring by a bank or other financial institution of a cheque, draft or similar instrument drawn against insufficient funds in the ordinary course of business, provided that such Indebtedness is extinguished within five business days of Incurrence;*
- (N) *the Incurrence by the Company of any of its Subsidiaries of obligations relating to production imbalances arising in the ordinary course of business;*
- (O) *Indebtedness of the Company or any Subsidiary in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed US\$5 million (or its equivalent in any other currency or currencies);*

- (P) *the Incurrence by the Company or any of its Subsidiaries of Indebtedness in connection with one or more standby letters of credit, Guarantees, performance bonds or other reimbursement obligations, in each case, issued in the ordinary course of business and not in connection with the borrowing of money or the obtaining of an advance or credit (other than advances or credit for goods and services in the ordinary course of business and on terms and conditions that are customary in the Oil and Gas Business, and other than the extension of credit represented by such letter of credit, Guarantee or performance bond itself);*
- (Q) *the Incurrence by the Company or any Subsidiary of Indebtedness through the provision of bonds, Guarantees, letters of credit or similar instruments required by any national or international maritime commission or authority or other governmental or regulatory agencies, including, without limitation, customs authorities; in each case, for vessels owned or chartered by, and in the ordinary course of business of, the Company or any of its Subsidiaries at any time outstanding not to exceed the amount required by such governmental or regulatory authority;*
- (R) *the Incurrence by the Company or any of its Subsidiaries of Indebtedness in the form of customer deposits and advance payments received in the ordinary course of business from customers for purchases in the ordinary course of business; and*
- (S) *any obligation of the Company or any of its Subsidiaries in respect of a farm-out agreement or similar arrangement entered into by the Company or any of its Subsidiaries with another Person, whereby such Person agrees to pay all or a share of the petroleum operations costs of the Company or any of its Subsidiaries (which agreement may be subject to a maximum payment obligation, after which expenses are shared in accordance with the working or participation interest therein or in accordance with the agreement of the parties) or perform such petroleum operations in exchange for an ownership interest in an oil or gas property.*

(C) Limitation on Asset Sales

So long as any of the Notes remain outstanding, the Company will not, and will not permit any Subsidiary to, consummate any Asset Sale, unless:

- (i) no Default shall have occurred and be continuing at that time or would occur as a result of such Asset Sale; and*
- (ii) the consideration received by the Company or such Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of.*

(D) Dividend Restriction

So long as any of the Notes remains outstanding, the Company will not pay any dividend, whether in cash or in specie, to reduce its capital or make any other distribution to its Shareholders.

(E) Merger, Consolidation or Sale of Assets

So long as any of the Notes remain outstanding, the Company will not, directly or indirectly (i) consolidate, amalgamate or merge with or into another Person (whether or not the Company is the surviving corporation) or (ii) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Subsidiaries, taken as a whole, in one or more related transactions, to another Person, unless:

- (i) either:*
 - (A) the Company is the surviving corporation; or*
 - (B) the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Company) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Company under the Notes and the Note Trust Deed;*
- (ii) immediately after such transaction or transactions, no Default shall have occurred and be continuing at that time;*

- (iii) *ratio of Consolidated Total Debt to Consolidated Equity (the “Gearing Ratio”) of the Company or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made would, on the date of such transaction after giving pro forma effect thereto be at least equal to or lower than the Gearing Ratio of the Company immediately prior to such transaction; and*
- (iv) *the Company shall have delivered to the Note Trustee an officer’s certificate and an opinion of counsel, each stating that such consolidation, amalgamation, merger or transfer comply with this paragraph (E); provided that in giving an opinion of counsel, counsel may rely on an officer’s certificate as to any matters of fact. The Note Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of compliance with the requirements of this paragraph (E), in which event they shall be conclusive and binding on the Noteholders.*

Clearing and Settlement : *The Notes will be represented by the Global Certificate. The Notes will be held in book-entry form (by delivery of the Global Certificate to CDP) pursuant to the rules of the SGX-ST and CDP.*

Trading of the Notes : *Upon the listing and quotation of the Notes on the Main Board of the SGX-ST, the Notes will be traded on the Main Board of the SGX-ST under the book-entry (scripless) settlement system. All dealings in and transactions (including transfers) in relation to the Notes effected through the SGX-ST and/or CDP shall be made in accordance with CDP’s “Terms and Conditions for Operation of Securities Accounts with The Central Depository (Pte) Limited”, and the terms and conditions contained in the CDP Application Form. Copies of the “Terms and Conditions for Operation of Securities Accounts with The Central Depository (Pte) Limited” are available from CDP.*

For the purposes of trading on the Main Board of the SGX-ST, each board lot of Notes will comprise S\$1,000 in principal amount of Notes. Shareholders who hold odd lots of Notes (that is, lots other than board lots of S\$1,000 in principal amount of Notes) and who wish to trade in odd lots on the SGX-ST are able to trade odd lots of Notes on the SGX-ST Unit Share Market. Shareholders who hold odd lots of Notes may find difficulty and/or have to bear disproportionate transaction costs in realising the fair market price of such Notes.

Notes Trustee	:	<i>DBS Trustee Limited.</i>
Issuing and Paying Agent and Registrar	:	<i>DBS Bank Ltd.</i>
Taxation	:	<i>All payments of principal and interest (including accrued interest) in respect of the Notes by or on behalf of the Company shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Cayman Islands, Singapore or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Company shall pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note presented for payment in certain circumstances as set out in the terms and conditions of the Notes.</i>
Selling Restrictions	:	<i>The Notes are being offered, allotted and delivered only outside the United States to Entitled Shareholders who are not U.S. persons, in “offshore transactions” (as defined in Regulation S) in accordance with Regulation S.</i>
Risk Factors	:	<i>Please refer to Appendix 8 for risk factors relating to the Notes.</i>
Governing Law	:	<i>Laws of Singapore.</i>
The Warrants and the New Shares		
Number of Warrants to be Issued	:	<i>Up to 1,255,183,632 Warrants.</i>
Basis of allotment	:	<i>Nine Warrants to be issued with every one Note successfully subscribed for pursuant to the Preferential Offering, fractional entitlements to be disregarded.</i>

Exercise Price : *S\$0.110, being the sum payable in respect of each New Share for which a Warrantholder will be entitled to subscribe upon the exercise of a Warrant, such price subject to such adjustments under certain circumstances as may be required in accordance with the terms and conditions of the Warrants as set out in the Deed Poll. The Exercise Price is based on a discount of approximately 20.1 per cent. to the volume-weighted average price of the Shares as transacted on the SGX-ST for the three-month period up to and including 2 November 2016 (being the Market Day preceding the Preferential Offering Announcement) of S\$0.1376, and represents a discount of approximately 24.1 per cent. to the closing price of the Shares as quoted on the SGX-ST on 2 November 2016 of S\$0.145.*

Exercise Period : *The period during which the Warrants may be exercised commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the date falling 84 months following the date of issue of the Warrants, unless that date is a date on which the Register of Members and/or the Warrant Register of the Company is closed or is not a Market Day, in which event the Exercise Period shall end on the Market Day prior to the closure of the Register of Members and/or the Warrant Register or the immediately preceding Market Day, as the case may be, but excluding such period(s) during which the Register of Members and/or the Warrant Register may be closed pursuant to the terms and conditions of the Warrants.*

Procedure for exercise : *A Warrant may only be exercised in the manner prescribed in the terms and conditions of the Warrants as set out in the Deed Poll including, inter alia, the following:*

- (a) the Warrantholder must be a non-U.S. person (as defined in Regulation S) outside of the United States;*
- (b) the Warrant must be exercised before 3.00 p.m. on any Market Day prior to the Expiration Date and before 5.00 p.m. on the Expiration Date;*
- (c) the Warrantholder must furnish such evidence (if any) as the Warrant Agent may require to determine or verify the due execution of the exercise notice or otherwise to ensure the due exercise of the Warrants;*
- (d) the Exercise Price must be paid or satisfied; any deposit, fees or expenses for the time being chargeable by and payable to CDP (if any) and any stamp, issue, registration or other similar taxes or duties arising on the exercise of the relevant Warrant(s) as the Warrant Agent may require must be paid; and*

- (e) any fees for certificates for the New Shares to be issued or for the New Shares to be registered in the name of the exercising Warrantholder or CDP (as the case may be) must be paid, any documents required to effect the registration of the New Shares must be delivered upon exercise of the relevant Warrants to the place specified by the exercising Warrantholder in the exercise notice or to the CDP (as the case may be).

Detachability and trading : *The Warrants will be detached from the Notes on allotment and issue and will trade separately on the Main Board of the SGX-ST, under the book-entry (scripless) settlement system upon the listing of and quotation for the Warrants on the Main Board of the SGX-ST, subject to, inter alia, an adequate spread of holdings of the Warrants to provide for an orderly market in the Warrants. Each board lot of Warrants will consist of 100 Warrants or such other number as may be notified by the Company.*

Shareholders who hold odd lots of Warrants (that is, lots other than board lots of 100 Warrants) and who wish to trade in odd lots on the SGX-ST will be able to trade odd lots of Warrants in board lots of one Warrant on the SGX-ST Unit Share Market.

Form and subscription rights : *The Warrants will be issued in registered form and will be constituted by the Deed Poll. Subject to the terms and conditions of the Warrants set out in the Deed Poll, each Warrant shall entitle the Warrantholder, at any time during the Exercise Period to subscribe for one New Share at the Exercise Price on the relevant exercise date of the Warrants.*

Mode and payment for exercise of Warrants : *Payment of the Exercise Price shall be made at the specified office of the Warrant Agent by way of remittance in Singapore currency by banker's draft or cashier's order drawn on a bank operating in Singapore as the Warrant Agent may designate, for the credit of the Special Account for the full amount of the monies payable in respect of the Warrant(s) exercised under the terms and conditions of the Warrants, provided always that any such remittance shall be accompanied by the delivery to the Warrant Agent of the payment advice as set out in the terms and conditions of the Warrants and shall comply with any exchange control or other statutory requirements for the time being applicable.*

Number of New Shares : *Up to 1,255,183,632 New Shares will be issued, assuming that all the Warrants are exercised and no adjustment is made to the number of Warrants under the terms of the Deed Poll.*

Status of New Shares : *The New Shares will, upon allotment and issue and upon the exercise of the Warrants, rank pari passu in all respects with the then existing Shares for any dividends, rights, allotments or other distributions, the record date for which falls on or after allotment and issue of the New Shares arising from the exercise of the relevant Warrants.*

The allotment and delivery of the New Shares is being made pursuant to an exemption from the registration requirements of the Securities Act. The New Shares have not been, or will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, the New Shares may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, or otherwise transferred or delivered except in an offshore transaction in accordance with Rule 904 of Regulation S, and in accordance with any applicable securities laws of the United States and of any state of the United States.

Adjustments

: *The adjustments to the Exercise Price and number of Warrants are set out in the terms and conditions of the Warrants as set out in the Deed Poll as follows:*

- (a) an issue by the Company of Shares to Shareholders credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature or not and including any capital redemption reserve fund, other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend);*
- (b) a Capital Distribution (as defined below) made by the Company to its Shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by any available assets);*
- (c) an offer or invitation made by the Company to its Shareholders under which they may acquire or subscribe for Shares by way of rights;*
- (d) an issue (otherwise than pursuant to an offer or invitation made by the Company to its Shareholders under which they may acquire or subscribe for Shares by way of rights, requiring an adjustment under paragraph (c) above, and other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend) by the Company of Shares if the Total Effective Consideration (as defined below) for each Share is less than 90 per cent. of the last dealt price for each Share; or*
- (e) any consolidation, subdivision or conversion of Shares.*

“Capital Distribution” shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividends) or by way of issue of Shares (not falling under paragraph (a)) or other securities credited as fully or partly paid up by way of capitalisation of profits or reserves (including any capital redemption reserve fund other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend).

“Total Effective Consideration” shall be determined by the Directors with the concurrence of an approved bank and shall be the aggregate consideration receivable by the Company on payment in full for such Shares, without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof.

Any additional warrants issued pursuant to such adjustment shall rank pari passu with the Warrants and will for all purposes form part of the same series of Warrants constituted by the Deed Poll.

Any such adjustments shall (unless otherwise provided under the rules of the SGX-ST from time to time) be announced by the Company on SGXNET.

Modifications of rights of Warrantholders

: The Company may, without the consent of the Warrantholders but in accordance with the terms of the Deed Poll, effect any modification to the Warrants or the Deed Poll which, in the opinion of the Company:

- (a) is not materially prejudicial to the interests of the Warrantholders;*
- (b) is of a formal, technical or minor nature or to correct a manifest error or to comply with mandatory provisions of Singapore law or the rules and regulations of SGX-ST; and/or*
- (c) is to vary or replace provisions relating to the transfer or exercise of the Warrants including the issue of New Shares arising from the exercise of the Warrants or meetings of the Warrantholders in order to facilitate trading in or the exercise of the Warrants or in connection with the implementation and operation of the book-entry (scripless) settlement system in respect of trades of the Company’s securities on the SGX-ST, provided that such variation or replacement is not materially prejudicial to the interests of the Warrantholders.*

Any such modification shall be binding on all Warrantholders. Upon any modification of the terms of the Deed Poll and/or the terms and conditions of the Warrants, notice shall be given to the Warrantholders in accordance with the terms and conditions of the Warrants as set out in the Deed Poll as soon as practicable thereafter. Unless made pursuant to the terms and conditions of the Warrants as set out in the Deed Poll, any material alteration to the terms and/or conditions of the Warrants after the issue thereof to the advantage of the Warrantholders and prejudicial to the Shareholders is subject to the approval of the Shareholders in a general meeting, and, if necessary, the SGX-ST.

Transfer and transmission : A Warrant may only be transferred in the manner prescribed in the terms and conditions of the Warrants as set out in the Deed Poll including, inter alia, the following:

- (a) a Warrantholder (the “**Transferor**”) shall lodge, during normal business hours on any Market Day at the specified office of the Warrant Agent, the Transferor’s Warrant Certificate(s) together with a transfer form as prescribed by the Company from time to time (the “**Transfer Form**”) duly completed and signed by, or on behalf of, the Transferor and the transferee and duly stamped in accordance with any applicable law for the time being in force relating to stamp duty and accompanied by the fees and expenses set out in the Deed Poll, provided that the Company and the Warrant Agent may dispense with requiring the Depository to sign as transferee any Transfer Form for the transfer of Warrants to it;
- (b) the Transferor shall furnish such evidence (if any) as the Warrant Agent may require to determine the due execution of the Transfer Form by or on behalf of the transferring Warrantholder;
- (c) the Transferor shall pay the expenses of, and submit any necessary documents required in order to effect the delivery of the new Warrant Certificate(s) to be issued in the name of the transferee;
- (d) the Transfer Form shall be accompanied by the registration fee (such fee being for the time being a sum of S\$2.00 (excluding any goods and services tax) for each Warrant Certificate to be transferred) which shall be payable by cash or cheque together with any stamp duty and any goods and services tax (if any) specified by the Warrant Agent to the Transferor; such evidence as the Warrant Agent may require to determine and verify the due execution of the Transfer Form and payment of the expenses of, and submit, such documents as the Warrant Agent may require to effect delivery of the new Warrant Certificate(s) to be issued in the name of the transferee;
- (e) if the Transfer Form has not been fully or correctly completed by the Transferor or the full amount of the fees and expenses due to the Warrant Agent have not been paid to the Warrant Agent, the Warrant Agent shall return such Transfer Form to the Transferor accompanied by written notice of the omission(s) or error(s) and requesting the Transferor to complete and/or amend the Transfer Form and/or to make the requisite payment; and

- (f) *if the Transfer Form has been fully and correctly completed, the Warrant Agent shall, as agent for and on behalf of the Company:*
 - (i) *register the person named in the Transfer Form as transferee in the Warrant Register as registered holder of the Warrant in place of the Transferor;*
 - (ii) *cancel the Warrant Certificate(s) in the name of the Transferor; and*
 - (iii) *issue new Warrant Certificate(s) in respect of the Warrants registered in the name of the transferee.*

Transfer and transmission of Warrants held by U.S. persons : *Where the Company or Directors determine, in their absolute discretion, or are of the opinion (but without imposing an obligation on them to so determine or opine) that Warrants of the Company are being held, directly or indirectly, by any U.S. person, the Company may at its option direct such person to transfer the whole or a specified percentage of such Person’s Warrants to a person who is not a U.S. person. If the required transfer is not effected within 30 days after service of notice by the Company and such person has not established to the reasonable satisfaction of the Company or its Directors (whose judgment shall be final and binding) that such person is not a U.S. person, the Warrants concerned may be sold by the Company in any manner it determines fit on behalf of such person (and without such sale needing to fulfil the conditions set forth above under “Transfer and transmission”). The consent of such person for such transfer is not required and, notwithstanding any provisions to the contrary in the Deed Poll, until such transfer is effected, the holder of such Warrants shall not be entitled to any rights, benefits or privileges attaching to such Warrants, and the Company may deal with any such rights, benefits or privileges of such person at its absolute discretion.*

Winding Up : *If an effective resolution is passed during the Exercise Period for a members’ voluntary winding up of the Company, for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement approved by the Warranholders by way of a special resolution, the terms of such scheme of arrangement shall be binding on all the Warranholders and all persons having an interest in the Warrants.*

In any other case, if notice is given by the Company to its members to convene a general meeting for the purposes of considering a members' voluntary winding-up of the Company, every Warrantholder shall be entitled upon and subject to the Deed Poll and the terms and conditions of the Warrants, at any time within six weeks after the passing of such resolution for a members' voluntary winding-up of the Company, by irrevocable surrender of his Warrant certificate(s) to the Company with the exercise notice(s) duly completed, together with all payments payable under the terms and conditions of the Warrants, to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised the Warrants to the extent specified in the exercise notice(s) and had on such date been the holder of the Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. The Company shall give notice to the Warrantholders in accordance with the Deed Poll and the terms and conditions of the Warrants of the passing of any such resolution within seven days after the passing thereof.

Subject to the foregoing, if the Company is wound up for any other reasons, all Warrants which have not been exercised at the date of the passing of such resolution shall lapse and the Warrants shall cease to be valid for any purpose.

- Further Issues** : *Subject to the terms and conditions of the Warrants, the Company shall be at liberty to issue Shares to Shareholders or other investors either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit but the Warrantholders shall not have any participating rights in such issue of Shares unless otherwise resolved by the Company in general meeting or in the event of a takeover offer to acquire the Shares.*
- Warrant Agent** : *M & C Services Private Limited.*
- Governing Law** : *Laws of Singapore."*

3.2 Conditions for the Preferential Offering

The details relating to the conditions for the Preferential Offering have been extracted from Section 2.3 of the Circular and set out in italics below:

“Shareholders should note that the Preferential Offering is subject to, inter alia, the following conditions:

- (a) the Whitewash Waiver and the SIC KOG Ruling granted by the SIC not having been withdrawn or revoked as at the date of completion of the Preferential Offering;*
- (b) the approval in-principle from the SGX-ST for the listing and quotation of the Notes, the Warrants and the New Shares on the Main Board of the SGX-ST not having been withdrawn or revoked as at the date of completion of the Preferential Offering;*
- (c) the Preferential Offering Resolution being passed at the EGM; and*
- (d) the Whitewash Resolution being passed at the EGM.”*

Further details of the Preferential Offering are set out in Section 2 of the Circular.

4 INFORMATION ON THE CONCERT PARTY GROUP, KOG IRREVOCABLE UNDERTAKING, WHITEWASH WAIVER AND WHITEWASH RESOLUTION

4.1 The Concert Party Group

Devan, an investment holding company, was incorporated in the British Virgin Islands on 13 October 2010 and is a wholly-owned subsidiary of Keppel. Keppel is a public company incorporated in Singapore and listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

Further details of Keppel are set out in Section 4.2 of the Circular.

The Concert Party Group comprises of Devan or KOG (as the case may be) and any other parties acting or deemed to be acting in concert with it in respect of the Company.

4.2 The KOG Irrevocable Undertaking

As at the date of the Irrevocable Undertakings (as defined herein), (i) FR XII and FR XII-A collectively held a direct interest in all the shares in the capital of KrisEnergy Holdings Ltd., which in turn held 560,505,269 Shares (the “Existing KE Holdings Shares”), representing approximately 37.47% of the total number of issued Shares, and (ii) Devan held 598,263,893 Shares (the “Existing Devan Shares”), representing approximately 39.99% of the total number of issued Shares.

Devan is currently in the process of transferring its shareholding (Existing Devan Shares) in the Company to KOG (sole shareholder of Devan), a wholly-owned subsidiary of Kepventure Pte. Ltd., which is in turn wholly-owned by Keppel.

Under the Irrevocable Undertakings (as defined herein), KOG together with FR XII and FR XII-A (the “Undertaking Shareholders”) have separately provided the following:

- (A) FR XII and FR XII-A have irrevocably undertaken to the Company that, *inter alia*:
- (a) they will procure that KrisEnergy Holdings Ltd. votes all the Existing KE Holdings Shares in favour of the Preferential Offering Resolution and the Whitewash Resolution;
 - (b) they will procure that as at the Record Date, KrisEnergy Holdings Ltd. will have in aggregate not less than the number of Existing KE Holdings Shares credited to its Securities Account; and
 - (c) they will procure that until the Closing Date, KrisEnergy Holdings Ltd. will have in aggregate not less than 560,505,269 Existing KE Holdings Shares credited to KrisEnergy Holdings Ltd.’s Securities Account.
- (B) KOG has irrevocably undertaken to the Company that, *inter alia*:
- (a) it will vote, or will procure that Devan votes all of the Existing Devan Shares in favour of the Preferential Offering Resolution;
 - (b) as at the Record Date, it will have or will procure that Devan, to have in aggregate not less than the Existing Devan Shares credited to its or Devan’s Securities Account, held through a nominee or otherwise, with CDP;
 - (c) in accordance with the terms and conditions of the Preferential Offering and in any case not later than the Closing Date, it will subscribe and pay for, or procure that Devan subscribes and pays for its or Devan’s (as the case may be) full entitlements of Notes with Warrants arising from the Existing Devan Shares under the Preferential Offering (the “Pro-rata Undertaken Notes with Warrants”); and
 - (d) it will subscribe and pay for, or procure that Devan will subscribe and pay for, all the excess Notes with Warrants that are not successfully subscribed for under the Preferential Offering (the “Excess Notes Commitment”),
- (the “KOG Irrevocable Undertaking” and collectively, “Irrevocable Undertakings”).

The Notes with Warrants which KOG has undertaken to subscribe and pay for, or to procure the subscription and payment for, will constitute 100% of the total number of Notes with Warrants which are the subject of the Preferential Offering.

No commission or fee will be payable by the Company to the Undertaking Shareholders in consideration of the Irrevocable Undertakings.

4.3 The Whitewash Waiver

Devan, as at the Latest Practicable Date, holds a shareholding interest of approximately 39.99% of the existing issued Shares. Assuming that:

- (a) 3,649,501 Shares will be issued pursuant to the vesting of certain Awards on 30 December 2016 and accordingly on the Record Date, the Company will have 1,499,622,024 issued Shares;

- (b) the remaining 8,995,837 Shares underlying outstanding Awards do not vest before the Record Date and are not adjusted as a result of the Preferential Offering;
- (c) KOG or Devan subscribes or procure subscription for the Pro-rata Undertaken Notes with Warrants under the Preferential Offering in accordance with the KOG Irrevocable Undertaking;
- (d) none of the other Entitled Shareholders subscribe for any of their provisional allotments of Notes with Warrants;
- (e) KOG or Devan (as the case may be) is required to subscribe for the Excess Notes Commitment with Warrants in accordance with the KOG Irrevocable Undertaking; and
- (f) all the Warrants to be acquired by KOG or Devan (as the case may be) pursuant to the KOG Irrevocable Undertaking are exercised by KOG or Devan (as the case may be),

KOG or Devan (as the case may be) will have a direct interest in approximately 67.28% of the enlarged issued share capital of the Company of 2,754,805,656 Shares immediately following the allotment and issue of 1,255,183,632 New Shares pursuant to the Preferential Offering and assuming all 1,255,183,632 Warrants are exercised.

Accordingly, the acquisition of New Shares by KOG or Devan (as the case may be) pursuant to the exercise of the Warrants to be acquired pursuant to the KOG Irrevocable Undertaking may result in the Concert Party Group increasing its shareholding in the Company by more than one (1.0)% within a period of six (6) months. In such event, the Concert Party Group would incur an obligation to make a mandatory general offer for the remaining Shares not already owned or controlled by the Concert Party Group pursuant to Rule 14 of the Code unless such obligation is waived by the SIC.

Accordingly, an application was made by the Keppel Holding Group to the SIC for a waiver of the obligations of the Concert Party Group to make a mandatory general offer for the remaining Shares not already owned or controlled by the Concert Party Group pursuant to Rule 14 of the Code, arising from the acquisition of the New Shares following the exercise of all the Warrants by KOG or Devan (as the case may be) pursuant to the KOG Irrevocable Undertaking.

On 15 November 2016, the SIC granted the Whitewash Waiver subject to, *inter alia*, the Independent Shareholders passing a separate Whitewash Resolution waiving their rights to receive a mandatory general offer from the Concert Party Group for the remaining Shares not already owned or controlled by the Concert Party Group pursuant to Rule 14 of the Code arising from the exercise of all the Warrants by KOG or Devan acquired pursuant to the KOG Irrevocable Undertaking, and an IFA appointed by the Company to advise on the Whitewash Resolution, among other conditions.

Other conditions that the Whitewash Waiver are subject to, as imposed by the SIC, are as set out in Section 6.4 of the Circular.

4.4 The Whitewash Resolution

Consequently, the Company is convening an extraordinary general meeting (“EGM”) to be held on 27 December 2016 to seek the Independent Shareholders’ approval for:

- (a) the Preferential Offering: being the proposed non-renounceable non-underwritten preferential offering by the Company of up to S\$140 million in principal amount of Notes, at the Issue Price, with 1,255,183,632 Warrants, each Warrant carrying the right to subscribe for one (1) New Share at the Exercise Price, on the basis of 93 Notes of principal amount of S\$1 each with 837 Warrants

for every 1,000 Shares held by Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded (for the avoidance of doubt, Shareholders' approval is sought for the issue of Warrants and New Shares only and Shareholders' approval is not required for the issue of the Notes); and

- (b) the Whitewash Resolution: being the proposed Whitewash Resolution in relation to the Independent Shareholders waiving their rights to receive a mandatory general offer from the Concert Party Group for the remaining Shares not already owned or controlled by the Concert Party Group.

The Preferential Offering is conditional upon the passing of the Whitewash Resolution and the Existing Noteholders' approval of the Consent Solicitation. The Whitewash Resolution is conditional upon the passing of the resolution for the Preferential Offering and the Existing Noteholders' approval of the Consent Solicitation.

Further information on the Whitewash Resolution can be found in Section 6 of the Circular.

5 EVALUATION OF THE WHITEWASH RESOLUTION

In the course of our evaluation of the Whitewash Resolution, we have considered the following:

- (a) Rationale for the Preferential Offering and the use of proceeds;
- (b) Historical financial performance and position of the Group;
- (c) Preferential Offering offered on a pro-rata basis;
- (d) Assessment of the pricing of the Preferential Offering;
- (e) Dilution impact of the Preferential Offering on the Independent Shareholders; and
- (f) Other relevant considerations.

5.1 Rationale for the Preferential Offering and the use of proceeds

As set out in Section 3 of the Circular, the purpose of the Preferential Offering and the use of proceeds have been extracted and reproduced herein in italics below:

“In view of the uncertainty in the oil and gas industry and fluctuations in oil prices as set out in the Company’s announcement on the Proposed Restructuring Plan on 3 November 2016, and following a portfolio review of the Company’s assets in 2016, the Board of Directors approved and adopted the New Business Plan, which will focus on improving the operational efficiencies on the Proposed Restructuring Plan and thereby maximising the Group’s existing production and progressing its pipeline of development projects in order to enhance future production and as a result, free cash flow.

To this end, the Company believes that the Proposed Restructuring Plan will provide the Company with stability in its capital structure and achieve the objectives set out in the New Business Plan and thereby place the Group on a stronger footing in light of the prevailing price volatility and uncertainties in the global oil and gas industry.

Based on the basis of provisional allotment, the estimated gross proceeds which will be raised from the Preferential Offering is approximately S\$139.5 million and the estimated net proceeds is approximately S\$137.1 million.

The estimated net proceeds from the Preferential Offering, and together with the measures taken and if executed successfully in connection with the Proposed Restructuring Plan and the New Business Plan, will be sufficient to meet the Company's funding requirements for the next 12 months.

The Company intends to utilise the net proceeds from the Preferential Offering in the following approximate manner:

<i>Purpose</i>	S\$ million	US\$ million⁽¹⁾	Per cent. of net proceeds
<i>Capital expenditures (relating to the Group's existing assets)</i>	61.5	43.4	44.8
<i>Repay Bridge Upsize.</i>	70.6	50.0	51.5
<i>General working capital</i>	5.0	3.6	3.7
Total	137.1	97.0	100.0

⁽¹⁾ Based on the exchange rate of US\$1.00 = S\$1.4134 (sourced from Bloomberg as of 16 November 2016.)

Assuming all the Warrants are exercised, the Company is expected to receive further gross proceeds of approximately S\$138.1 million, which will be used for capital expenditures, general working capital and debt service.

Pending the deployment of the net proceeds from the Preferential Offering, such net proceeds may be deposited with banks and/or financial institutions or used for investment in short-term money markets or debt instruments or used for other purposes on a short-term basis, including using such net proceeds to temporarily reduce outstanding amounts under the Revolving Credit Facility, as the Directors may deem appropriate in the interests of the Company.

The Company will announce any material disbursement of the proceeds from the Preferential Offering accordingly. In addition, a status report on the use of the proceeds from the Preferential Offering will be provided in the Company's annual report. The Company will also disclose a breakdown on the use of proceeds for working capital in its announcements and annual report."

Development of the Gulf of Thailand in the New Business Plan: We have discussed with the Management regarding the use of proceeds from the Preferential Offering and from which we understand that as part of the New Business Plan, the use of the proceeds will include the Company's continued efforts in the further development of its oil and gas assets: G10/48 (producing), G6/48 (development) and its Cambodia Block A (development). The Company serves as the operator for these assets mentioned.

It has been publicly disclosed in the Company's latest September 2016 Corporate Presentation that G6/48 (offshore, Thailand) contains the 2009 Rossukon oil discovery with two (2) successful Rossukon exploration wells and two (2) sidetracks in 2015, each with net oil and/or gas pay between 106 feet true vertical depth and 148 feet true vertical depth. Further, in terms of the progress made by the Company on the development of G6/48, the production licence for G6/48 was submitted in June 2015 and was

approved in November 2015, with the development concept in the process of review by joint-venture partners. For G6/48, the Company holds a working interest of 3.5 million barrels of oil of 2P (proved and probable) reserves (estimate as at 31 December 2015 by Netherland, Sewell & Associates, Inc (“NSAI”)).

In relation to Cambodia Block A (offshore), it has been publicly disclosed in the Company’s September 2016 Corporate Presentation that the Company holds working interest 2C (Contingent) of 5.4 million barrels of oil and oil equivalent (estimate as at 31 December 2015 by NSAI). The Group has increased its working interest from 52.25% to 95.0% on 7 October 2016 due to the withdrawal of Mitsui Oil Exploration Co. Ltd. and GS Energy Corporation.

Further, for G10/48 (offshore, Thailand), production commenced 15 months after the Company took over operatorship in May 2014. The existing Wassana facilities comprise of 13 production wells and one (1) water injection well, the mobile offshore production unit (“MOPU”) *Ingenium* and the floating storage and offloading (“FSO”) vessel *Rubicon Vantage*. During the development drilling for the Wassana oil field, additional accumulations of oil were encountered within approximately 10 kilometres from the Wassana facilities. The Group is reviewing the potential of a Wassana satellite development to assess these additional volumes. The potential Wassana satellite development contemplates the use of a separate MOPU producing to the FSO *Rubicon Vantage* and leveraging off the existing services and equipment within the Wassana facilities.

We note that the development of these core areas as mentioned above and as described in the New Business Plan in the Circular will be critical to the Group’s strategy to generate cash flow from operations and also to provide for the repayment of its obligations under the proposed issue of New Notes and other repayment obligations.

As the intended plans (for the proceeds of the Preferential Offering) as provided for in this section (including the activities as part of the New Business Plan: the development of G6/48, G10/48 and Cambodia Block A as mentioned in this section) require extensive funding; and taking into account the background, reasons and the potential benefits of the New Business Plan and the Proposed Restructuring Plan, we are of the view that the Preferential Offering is crucial in providing the Group with the funding and financial flexibility for its required activities and we note that such activities is in line and an integral part of the Group’s overall strategy as mentioned in its New Business Plan which will focus on improving operational efficiencies, maximising the Group’s existing production and progressing its pipeline of development projects in order to enhance future production and as a result, free cash flow.

5.2 Historical financial performance and position of the Group

A summary of the key financial information of the Group are set out as follows:

Review of financial results

(US\$’000)	FY2013	FY2014	FY2015	9M2015	9M2016
Revenue	69,050	74,905	60,171	35,781	108,222
Cost of sales	(43,587)	(55,236)	(95,495)	(44,633)	(147,963)
Gross profit/(loss)	25,464	19,669	(35,323)	(8,852)	(39,741)
Profit/(loss) before tax	113	(39,279)	(45,282)	63,564	(74,726)
Profit/(loss) after tax	(12,645)	(50,370)	(48,574)	65,214	(76,853)
EBITDAX ⁽¹⁾	28,200	30,540	37,152	32,606	35,795

Source: The Group's audited accounts for financial years ("FY") 2013, FY2014 and FY2015 (ended 31 December) and the Group's unaudited accounts as at 30 September 2016 ("9M2016") and 30 September 2015 ("9M2015").

- (1) Earnings before interest, tax, depreciation, amortisation, geological and geophysical expenses and exploration expenses. This measure is generally used when reporting earnings for oil and mineral exploration companies. It excludes exploration expenses to reflect the EBITDA of the firm.

For FY2014, the Group's revenue increased by approximately US\$5.9 million from approximately US\$69.1 million to approximately US\$75.0 million or the equivalent of an increase of approximately 8.5% from FY2013 to FY2014. This increase was primarily attributed to the significant rise (approximately 161%) in the Group's production which was, however, buffered by the fall in global oil prices in the second half of FY2014 which resulted in the decline in the average selling price for oil and liquids in the same financial year.

The Group's EBITDAX, a global measure of core profitability within the exploration and production ("E&P") sector, rose approximately 8.3% to approximately US\$30.5 million (FY2013: approximately US\$28.2 million). However, the Group recorded a post-tax loss of approximately US\$50.4 million in FY2014 primarily due to non-recurring charges and one-off non-cash adjustments related to debt restructuring and other finance costs (approximately US\$8.2 million related to the redemption of the senior guaranteed secured bonds due July 2016 and fees of approximately US\$4.7 million associated with the establishment of the Revolving Credit Facility in 2014, the MTN Program and the ensuing two bonds issuances), decrease in other income (mainly the excess of fair value of net assets acquired over consideration paid of approximately US\$12.9 million recognised in FY2013, there were none of such income recognised in FY2014), expenses relating to the fair value loss on embedded derivatives and hedges, along with higher operating costs associated with depreciation, depletion and amortisation charges for the Group's producing assets. Additionally, it has been provided that the restructuring of debt provided the Group with additional funds and allowed the Group to benefit from a lower effective interest rates going forward.

For FY2015, revenue of the Group amounted to approximately US\$60.2 million or the equivalent of a decrease by approximately 19.7% from FY2014's revenue (approximately US\$75.0 million). The decrease in FY2015's revenue was mainly attributed to a much lower average realised sales prices for oil and gas following the downturn in the global commodity cycle. It is further provided that the average sales prices for oil and gas dropped approximately 60.2% (FY2015: US\$40.18 per barrel; FY2014: US\$100.93 per barrel) and 23.3% (FY2015: US\$4.45 per thousand cubic feet; FY2014: US\$5.80 per thousand cubic feet), respectively in FY2015. For 9M2016, revenue of the Group amounted to approximately US\$108.2 million.

Post-tax loss of the Group in FY2015 amounted to approximately US\$48.6 million or the equivalent of a slight improvement of approximately 3.6% as compared to the Group's FY2014 post-tax loss (approximately US\$50.4 million). The loss was mainly attributed by a loss in gross profit due to higher depreciation, depletion and amortisation expenses, asset impairments and an inventory write-down. For 9M2016, the Group's post-tax loss amounted to approximately US\$76.9 million.

EBITDAX has been steadily increasing across the periods in our review. EBITDAX in the latest completed financial year in FY2015 increased by approximately 22.0% from approximately US\$30.5 million (FY2014) to approximately US\$37.2 million (FY2015) as a result of cost control measures undertaken in relation to the reductions in corporate general and administrative expenses, headcounts and operating and capital expenditure. For 9M2016, the Group's EBITDAX amounted to approximately US\$35.8 million which represents an increase of approximately 10.0% from 9M2015.

Review of financial position and cash flow statement

(US\$'000)	FY2013	FY2014	FY2015	9M2016
Non-current assets	391,399	631,728	907,092	862,543
Non-current liabilities	66,536	337,836	430,737	381,260
Current assets	315,749	197,702	126,358	128,011
Current liabilities	173,780	72,626	107,463	191,173
Working capital	141,969	125,076	18,895	(63,162)
Shareholders' equity	466,833	418,967	495,250	418,121

Cashflow Statement

(US\$'000)	FY2013	FY2014	FY2015	9M2016
Net cash flows (used in)/generated from operating activities	16,244	6,319	51,300	9,951
Net cash flows (used in)/generated from investing activities	(122,058)	(344,627)	(245,237)	(55,457)
Net cash flows (used in)/generated from financing activities	231,800	138,242	174,411	49,581
Cash and cash equivalents at beginning of financial year	121,901	247,810	47,575	27,852
Cash and cash equivalents at end of financial period	247,810	47,575	27,852	31,866

Source: The Group's audited accounts for FY2013, FY2014 and FY2015 and the Group's unaudited accounts as at 9M2016 and 9M2015.

As at the latest completed financial year FY2015, the Group was in a net working capital position of approximately US\$18.9 million, which was equivalent to a decline of approximately 84.9% from approximately US\$125.1 million in FY2014 (decline of approximately 11.9% in FY2014 from FY2013). Further, as at 9M2016, the Group was in a negative net working capital position of approximately US\$63.2 million. As at FY2015, the Group had cash and bank balances of approximately US\$29.4 million, which was equivalent to a decline of approximately 42.7% from approximately US\$51.3 million in FY2014 (decline of approximately 79.6% in FY2014 from FY2013). Cash and bank balances as at 9M2016 were approximately US\$40.1 million. Shareholders' equity amounted to approximately US\$495.3 million and US\$419.0 million as at FY2015 and FY2014, respectively (FY2013: approximately US\$466.8 million). As at 9M2016, shareholders' equity amounted to approximately US\$418.1 million.

Net cash generated from operating activities of the Group amounted to approximately US\$51.3 million, US\$6.3 million and US\$16.2 million for FY2015, FY2014 and FY2013, respectively. Net cash used in investing activities was approximately US\$245.2 million, US\$344.6 million and US\$122.1 million for FY2015, FY2014 and FY2013, respectively. Net cash generated from financing activities amounted to approximately US\$174.4 million, US\$138.2 million and US\$231.8 million for FY2015, FY2014 and FY2013, respectively. It is noted that the cash flow generated from the Group's operating activities for all the financial years under review: FY2013 to FY2015 were not sufficient to support the Group's cash flow requirements in its investing activities (including capital expenditure and capital investments).

Additionally, it is noted that the Group had been tapping into its cash and balances to fund the Group's overall cash flow requirements for both FY2014 and FY2015 (cash and balances had declined in FY2014 and FY2015) (the Group had been largely dependent on its financing activities to bridge the gap in its investing activities in FY2013; financing activities continued to have a substantial role in providing the Group with the required cash flow in FY2014 and FY2015). For 9M2016, the Group generated net cash flow of approximately US\$10.0 million from its operating activities, net cash flow used in investing activities amounted to approximately US\$55.5 million and the deficit covered by net cash flow derived from financing activities of approximately US\$49.6 million.

5.3 Preferential Offering offered on a pro-rata basis

Entitled Shareholders will be provisionally allotted the Notes with Warrants under the Preferential Offering on the basis of their shareholdings in the Company as at the Record Date. Entitled Shareholders will be at liberty to accept (in full or in part) or decline their provisional allotment of Notes with Warrants and will be eligible to apply for additional Notes with Warrants in excess of their provisional allotments under the Preferential Offering. The Preferential Offering will be offered on a non-renounceable basis. For the avoidance of doubt, Entitled Depositors will not be able to trade their provisional allotment on the SGX-ST during the Preferential Offering period prescribed. However, should the Entitled Shareholders subscribed for their provisional allotments of the Notes with Warrants, it is noted that upon the listing and quotation of the Notes and Warrants on the SGX-ST (or New Shares from the exercise of the Warrants), the Notes and Warrants (subject to, *inter alia*, an adequate spread of holdings of Warrants to provide for an orderly market in the Warrants) and New Shares can be traded over the SGX-ST. Fractional entitlements to the Notes with Warrants will be disregarded in arriving at the Entitled Shareholders' entitlements and will, together with such Notes with Warrants that are not validly taken up by Entitled Shareholders and any Notes with Warrants that are not otherwise allotted for whatever reason in accordance with the terms and conditions contained in the Offering Memorandum, the ARE, the PAL and (if applicable) the Articles of Association, be aggregated and used to satisfy excess Notes with Warrants applications (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

In the allotment of excess Notes with Warrants, preference will be given to the rounding of odd lots, and Directors and Substantial Shareholders (person with not less than 5% of the voting rights in the Company) who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Preferential Offering, or have representation (direct or through a nominee) on the board of the Company will rank last in priority for the rounding of odd lots and allotment of excess Notes with Warrants.

Accordingly, we note that the Independent Shareholders will not be disadvantaged or prejudiced in respect of their application of the Notes with Warrants and excess Notes with Warrants pursuant to the Preferential Offering.

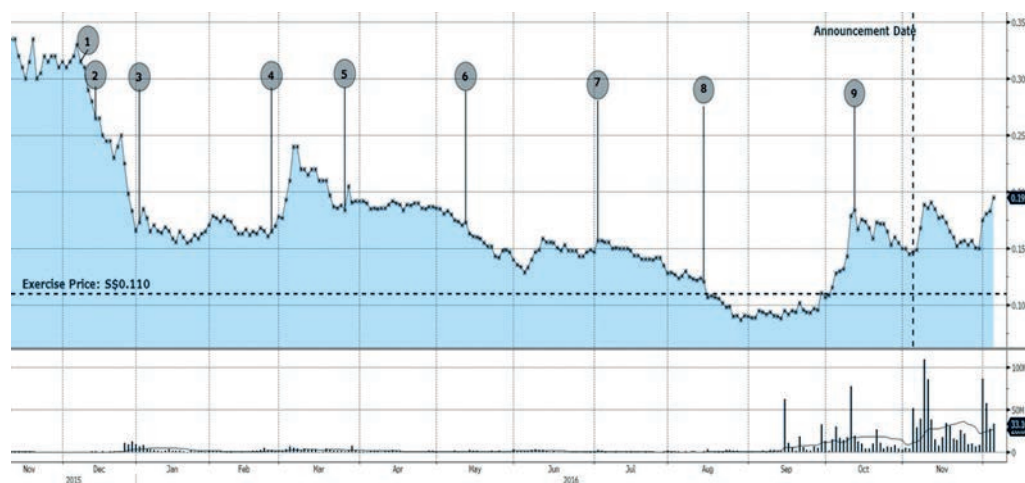
5.4 Assessment of the pricing of the Preferential Offering

Under the Preferential Offering, we note that the Warrants will be provisionally allotted with the Notes on a free and detachable basis. In evaluating whether the Exercise Price of S\$0.110 for each Warrant in the Preferential Offering is fair and reasonable, we have considered the following factors:

(a) Share price performance and volume

We set out below the Company's Share price and volume chart based on the daily last transacted price of the Shares and daily volume traded for the one (1) year prior to the date of the announcement of the Preferential Offering (i.e., 3 November 2016) ("Announcement Date") and ending on the Latest Practicable Date.

Historical market prices of the Shares for the 12-months prior to the Announcement Date and up to the Latest Practicable Date



Source: Bloomberg L.P.

Notes:

- (1) On 7 December 2015, the Company announced the passing of the extraordinary resolutions in relation to the consent solicitation exercise regarding the 2017 Notes and 2018 Notes. Additionally, the Company announced the commencement of drilling by KS Java Star jack-up rig of the Mustika-1 exploration well in the Company's operated Sakti production sharing contract.
- (2) On 14 December 2015, the Company announced the results of the drilled Mustika-1 well. It was announced that initial indications from wireline logs were that the gases had a high carbon dioxide content and therefore were likely to be below the economic threshold for a commercial discovery and the well would be plugged and abandoned and a detailed analysis of the well data and gas samples would be undertaken to review the remaining prospects and leads in the Sakti production sharing contract.
- (3) On 4 January 2016, the Company provided an update for its oil and gas production and preliminary reserve estimates for the year-end FY2015. It was reported that preliminary estimates for the Group's total working interest 2P reserves showed a near 48% increase compared with the same period in FY2014.
- (4) On 25 February 2016, the Company released its unaudited preliminary results for the full year ended 31 December for FY2015. The Group recorded revenue of approximately US\$60.2 million, representing approximately a 19.6% decline from FY2014's revenue of US\$74.9 million. Net loss after tax in FY2015 for the Group amounted to approximately US\$48.6 million compared to a net loss after tax of approximately US\$50.4 in FY2014. EBITDAX increased approximately 21.9% to US\$37.2 million in FY2015 compared to US\$30.5 million in FY2014.
- (5) On 25 March 2016, the Company announced its extension of its existing revolving credit facility by one (1) year to 24 March 2017. The credit facility amount was about US\$111 million and would reduce to about US\$55 million on 31 July 2016. The Hongkong and Shanghai Banking Corporation Limited, Commonwealth Bank of Australia and Australia and New Zealand Banking Group Limited were the mandated lead arrangers under the facility.
- (6) On 13 May 2016, the Company released its unaudited first quarter FY2016 results. The Group's revenue tripled to about US\$33.1 million compared to the same period in FY2015 of about US\$11.4 million. EBITDAX for first quarter 2016 more than doubled to about US\$19.7 million (first quarter 2015: about US\$9.3 million). The average oil price realised by the Group in the first quarter of FY2016 was US\$20.85 per barrel compared with US\$53.20 per barrel in the same period FY2015. Trading conditions for the Group was reported to be challenging due to depressed oil prices and the general lack of confidence in the upstream sector.
- (7) On 1 July 2016, the Company announced that its revolving credit facility had been transferred to a single lender DBS Bank Ltd. The previously disclosed requirements for (i) repayment and cancellation of US\$55 million of the credit facility by July 2016; and (ii) raising minimum new capital of US\$100 million and US\$50 million by 30 June 2016 and 30 November 2016, respectively, would no longer apply.

- (8) On 14 August 2016, the Company released its unaudited second quarter FY2016 results. The Group's revenue for the second quarter FY2016 was about US\$30.7 million compared to about US\$11.6 million in the same period of FY2015. EBITDAX in the second quarter FY2016 amounted to about US\$11.9 million compared to about US\$21.7 million in the same period of FY2015. In addition, it was announced by the Company that in the near term, there was a risk that certain covenants under existing debt instruments might come under stress.
- (9) On 11 October 2016, the Company provided its replies to queries regarding its trading activity. It was mentioned by the Company that it was not aware of any information not previously announced by the Group which, if known, might explain the trading movements of its Shares.

We note the following:

- (a) The closing price of the Share at S\$0.145 on 2 November 2016, being the immediate market day prior to the Announcement Date (the "Last Traded Price") was at about a 25.641% discount to the closing price of the Shares at S\$0.195 as at the Latest Practicable Date.
- (b) The Exercise Price represents a discount of approximately 24.138% to the Last Traded Price.
- (c) The Exercise Price represents a discount of approximately 43.590% to the closing price per Share as at the Latest Practicable Date.

(b) Volume-weighted average price ("VWAP") per Share

The trading statistics of the Shares during the one (1) year period prior to the Announcement Date are set out below:

	VWAP (S\$)	Discount of Exercise Price to VWAP (%)	Highest Closing Price (S\$)	Lowest Closing Price (S\$)
Periods prior to the Announcement Date				
Last 12 months	0.155	29.032	0.345	0.087
Last 6 months	0.139	20.863	0.185	0.087
Last 3 months	0.137	19.708	0.184	0.087
Last 1 month.	0.159	30.818	0.184	0.109
Last traded Market Day ⁽¹⁾ prior to Announcement Date	0.145 ⁽¹⁾	24.138	0.150	0.143
From Announcement Date				
Between Announcement Date and the Latest Practicable Date				
	0.173	36.416	0.195	0.147
Latest Practicable Date.	0.195 ⁽²⁾	43.590	0.195	0.183

Source: Bloomberg L.P.

Notes:

- (1) This refers to last transacted price or the Last Traded Price (instead of the VWAP) on 2 November 2016, being the last Market Day on which the Shares were traded prior to the Announcement Date. Market Day refers to a day on which the SGX-ST is open for trading in securities.
- (2) This represents the last transacted price (instead of the VWAP) on 5 December 2016 on which the Shares were traded as at the Latest Practicable Date.

We note the following:

- (a) Over the past 1-year period prior to the Announcement Date, the closing price of the Shares ranged from a low of S\$0.087 per Share to a high of S\$0.345 per Share. The Exercise Price represents a premium of approximately 26.437% to the Lowest Closing Price and a discount of approximately 68.116% to the Highest Closing Price of the Shares during the 1-year period prior to the Announcement Date.
- (b) The Exercise Price represents a discount of approximately 29.032%, 20.863%, 19.708%, and 30.818% to the VWAP of the Shares for the 1-year period, 6-months period, 3-months period and 1-month period prior to the Announcement Date, respectively.
- (c) The Exercise Price represents a discount of approximately 24.138% to the closing price of the Shares on 2 November 2016, being the last traded Market Day prior to the Announcement Date.
- (d) Between the Announcement Date and the Latest Practicable Date, the Exercise Price represents a discount of approximately 36.416% to the VWAP of the Shares and the Exercise Price represents a discount of approximately 43.590% to the closing price of the Shares as at the Latest Practicable Date.

(c) **Market statistics of selected rights issue**

In assessing the fairness and reasonableness of the Exercise Price, we have also reviewed the salient terms of selected rights issues of warrants (including rights issues of rights shares with warrants attached) by companies listed on the SGX-ST (the “Precedent Transactions”) and announced during the 30-months period prior to the Announcement Date and up to the Latest Practicable Date.

For each of the announced Precedent Transactions, we have considered the premium and discount implied by the exercise price of the warrant in each of the respective Precedent Transactions to the respective last transacted share price and the 3 months VWAP prior to the announcement of the respective Precedent Transactions.

The table below summarises the salient statistics of the Precedent Transactions:

<u>Company</u>	<u>Date of announcement</u>	<u>Terms of warrants</u>	<u>Exercise period (years)</u>	<u>Premium/ (discount) of exercise price to last transacted price (%)</u>	<u>Premium/ (discount) of exercise price to 3 months VWAP (%)</u>
Vallianz Holdings Limited ⁽¹⁾	06-Sep-16	2 for 1	2	5.263	(25.650)
Singapore eDevelopment Limited ⁽¹⁾	27-Jun-16	5 for 1	5	29.030	33.333
China Flexible Packaging Holdings Limited ⁽¹⁾	29-Apr-16	1 for 2	3	24.260	28.834 ⁽³⁾
New Silkroutes Group Limited ⁽¹⁾	30-Dec-15	1 for 1	3	(43.396)	(22.581) ⁽⁴⁾
Chasen Holdings Limited ⁽¹⁾	26-Aug-15	2 for 1	2	(67.105)	(68.354)
CSC Holdings Limited ⁽¹⁾	17-Aug-15	5 for 1	5	(69.697)	(72.973)
Asia-Pacific Strategic Investments Limited ⁽¹⁾	29-Jun-15	1 for 1	5	(87.805)	(72.222)
Elektromotive Group Limited ⁽¹⁾	20-Jan-15	2 for 1	5	(28.571)	(44.444)
SHS Holdings Ltd ⁽²⁾	10-Sep-14	1 for 2	5	(19.355)	(17.695)
Innopac Holdings Limited ⁽¹⁾	20-Jun-14	1 for 2	3	(33.333)	(28.571)
High				29.030	33.333
Low				(87.805)	(72.973)
Mean				(29.071)	(29.032)
Median				(30.952)	(27.111)
Company	03-Nov-16	837 for 1,000	7	(24.138)	(19.708)

Source: Bloomberg L.P., announcements, circulars and/or offer information statements of the respective companies and NRA Capital's computations

Notes:

- (1) Refers to rights cum warrants issue. The warrants were issued on a free and detachable basis.
- (2) The bonus warrants were issued free.
- (3) Computed based on the volume weighted closing price.
- (4) Excludes and normalised for open auction trades on 16 December 2015.

We note from the above table that the premium/(discount) of the Precedent Transactions, based on their last transacted share price prior to their respective announcements ranged from a discount of about 88% to a premium of about 29%. In comparison, the discount of the Exercise Price of about 24% is within the range of discounts of exercise prices of the Precedent Transactions. Further, we note from the above table that the premium/(discount) of the Precedent Transactions, based on their 3 months VWAP prior to their respective announcements ranged from a discount of about 73% to a premium of about 33%. In comparison, the discount of the Exercise Price of about 20% is within the range of the discounts of exercise prices of the Precedent Transactions.

Shareholders should note that the terms of the Precedent Transactions are unique and that these companies may not be identical to the Group in terms of business activities, size of operations, market capitalisation, asset base, risk profile, track record, future prospects and other relevant criteria. Further, the list of Precedent Transactions is by no means exhaustive and information relating to the said companies was compiled from publicly available information. Accordingly, any comparison between the terms of the Preferential Offering and the Precedent Transactions serves as an illustrative guide only.

(d) Comparison with bonds with warrants issue

In order to assess the fairness and reasonableness of the Preferential Offering with respect to its Issue Price, maturity, interest rate, security, exercise period and Exercise Price, being the principal terms of the Preferential Offering, we have attempted to compare the Preferential Offering with those of other bonds/notes coupled with warrants issued by companies listed on the SGX-ST. Our research indicates that the rights issue of bonds with warrants by Olam International Limited announced in 2012 (“Olam BW”) is the only instance where bonds/notes with warrants broadly similar to the Preferential Offering has been issued on the SGX-ST. In this connection, the principal terms of Olam BW are summarised in the table below:

<u>Date of announcement</u>	<u>Company</u>	<u>Principal amount (\$ million)</u>	<u>Issue price (% of principal amount)</u>	<u>Maturity (years)</u>	<u>Coupon (%)</u>	<u>Exercise period (years)</u>	<u>Premium/ (discount) of exercise price to last transacted price (%)</u>
03-Dec-12	Olam International Limited	915 ⁽¹⁾	95	5	6.75	5	Nil ⁽²⁾
03-Nov-16	Company	140	100	7	nil	7	(24.1)

Source: Bloomberg L.P., announcements, circulars and/or offer information statements of the respective companies and NRA Capital's computations

Notes:

- (1) Based on the US\$/S\$ exchange rate as extracted from Bloomberg L.P. as at the 3 December 2012.
- (2) Based on information extracted from the Olam International Limited's offer information statement dated 2 January 2013 in relation to the Olam BW.

Interest rate, issue price, maturity and security

As shown in the above table, the interest rate of the Olam BW is 6.75% as compared to nil for the Notes in the Preferential Offering. Further, in contrast to bank debts which generally carry interest, the Notes offered under the Preferential Offering will not add an additional financial burden in relation to interest related expenses.

The Olam BW has an issue price and maturity of 95% to the principal amount and five (5) years, respectively. We note that both measures are broadly in line with the same measures of the Notes offered under the Preferential Offering. Further, the Olam BW is subject to a negative pledge of Olam International Limited and its principal subsidiaries and the Notes are subject to (1) a first ranking security interest over the shares of SJ Production Barge Ltd and (if applicable) a first ranking account charge over certain account(s) held by SJ Production Barge Ltd and (2) junior ranking security interest over the assets secured or to be secured from time to time under the RCF Security.

Exercise period and the premium/discount of the exercise price of the warrants to last transacted price of share immediately prior to announcement

We note that the exercise price of the Olam BW represents no premium/discount to the last transacted price whereas the Exercise Price of the Warrants from the Preferential Offering represents a discount of approximately 24% to the Last Traded Price. Additionally, the warrants of Olam BW had an exercise period of up to five (5) years, though the warrants were only exercisable on and after 36 months from its issue. Comparatively, the Warrants have an Exercise Period of up to seven (7) years from its issue and exercisable upon issue, therefore offering Entitled Shareholders greater flexibility in the exercise of the Warrants subscribed under the Preferential Offering.

(e) Valuation of the Warrants

The Warrants are issued free with the Notes on a free detachable basis. We have considered the valuation of the Warrants using the theoretical value of the Warrants based on the Black-Scholes model, which is a common methodology used in the calculation of call warrants. The theoretical value of the Warrants is a function of, *inter alia*, the nature of the call option (American or European), the exercise period of the Warrants, the dividend yield of the Shares, the price volatility of the underlying Shares and the risk-free interest rate.

Based on the risk-free interest rate, the historical price volatility of the Shares and the Share's dividend yield, as provided by Bloomberg L.P. as at the Latest Practicable Date, the theoretical value of the Warrants, with an American option and exercise period of seven (7) years at an exercise price of S\$0.110 and the last transacted price of the Shares at S\$0.195 as at the Latest Practicable Date, is approximately S\$0.146 for each Warrant. This represents approximately 75% of the last transacted price as at the Latest Practicable Date. Further, we note that given that the Warrants are on a free and detachable basis with its Exercise Price at S\$0.110 and compared to the Last Traded Price at S\$0.145 and S\$0.195 as at the Latest Practicable Date, the Warrants are in-the-money by S\$0.035 and S\$0.085, respectively, thereby making it attractive for the Warrants to be immediately exercised into New Shares.

It should be noted that the theoretical value of the Warrants using the Black-Scholes model may not reflect the actual value of the Warrants to be transacted on the SGX-ST, and there can be no assurance that an active trading of the Warrants will ensue or will trade at or be close to the theoretical value as suggested by the Black-Scholes model.

The following chart extracted from Bloomberg L.P. shows the theoretical value of the Warrants as at the Latest Practicable Date, based on the terms of the Warrants:

Underlying	KRIS SP Equity	KRISENERGY LTD	Trade	12/05/2016	17:30
Und. Price	Mid	0.1945	SGD	Settle	12/05/2016
Results					
Price (Total)	0.15	Currency	SGD	Vega	0.00
Price (Wmnt)	0.1460	Delta (%)	90.40	Theta	0.00
Price (%)	75.0870	Gamma (%)	0.0965	Rho	0.00
				Time Value	0.06
				Gearing	1.33
				Break-Even (%)	31.64
Warrant					
Style	Warrant	Forward	Carry		0.2317
Warrant Type	Regular	SGD Rate	Semi		2.517%
Exercise	American	Dividend Yield			0.000%
Call/Put	Call	Discounted Div Flow			0.00
Direction	Buy	Borrow Cost			0.000%
Strike	0.110				
Strike	% Money				
	43.44% ITM				
Shares/Warrant	1.000000				
Position	1.00				
First Exercise	12/05/2016				
Dilutive?	Non-dilutive Model				
Expiry	12/05/2023				17:30
Time to Expiry	2556				00:00
Price Type	Absolute				
Model	BS - continuous				
Vol	HIST				66.707%

Source: Bloomberg L.P.

5.5 Dilution impact of the Preferential Offering on the Independent Shareholders

Taking into account the assumptions set out in Section 6.2 of the Circular, including that 3,649,501 Shares will be issued pursuant to the vesting of the Awards; the Preferential Offering will not result in a material dilution of the shareholdings of the Independent Shareholders if all Independent Shareholders subscribe for and subsequently exercise their full entitlements under the Preferential Offering. A dilution impact will only occur for the Independent Shareholders who do not subscribe and exercise for their full entitlements under the Preferential Offering.

Pursuant to the Preferential Offering, the Concert Party Group may potentially own up to approximately 67.33% of the enlarged issued share capital of the Company, assuming that all the Warrants are exercised. Correspondingly, the collective shareholdings and voting rights of the Independent Shareholders would be diluted from approximately 60.02% as at the Latest Practicable Date to approximately 32.67%.

5.6 Other relevant considerations

5.6.1 Fund raising activities in the past 12 months

The Company has not conducted any fund raising activities in the past 12 months immediately preceding the Latest Practicable Date. The Company has advised that its existing revolving credit facility has been upsized to US\$148.3 million as of July 2016 for the purpose of funding general working capital. A Bridge Upsize of the Revolving Credit Facility by US\$50 million is provided to fund the Company's capital expenditures, working capital requirements and debt service pending the completion of the Preferential Offering.

In August 2015, the Company completed a renounceable underwritten rights issue of 440,144,838 new Shares for net proceeds of approximately US\$120.1 million. As the Latest Practicable Date, all the proceeds have been fully utilised.

Given that the funding needs as described under the Section 5.1 “Rationale for the Preferential Offering and the use of proceeds” as well as that which is contained in Section 3 of the Circular, we are of the view that the Preferential Offering is critical in providing the Group with the source of funding for its intended purposes.

5.6.2 Other financial alternatives and alternative offers

We understand from the Company that the Directors have considered other fund raising alternatives such as bank borrowings and/or other debt instruments prior to proceeding with the Preferential Offering. The following table sets out the principal terms of the Group’s existing debt facilities:

Debt facility	Interest rate	Security/collateral
S\$200 million, four (4) years due 2018 notes ⁽²⁾	5.75% per annum	Unsecured
S\$130 million, three (3) years due 2017 notes ⁽²⁾	6.25% per annum	Unsecured
US\$148.3 million revolving credit facility ⁽¹⁾	LIBOR + 5.20% per annum	Secured under RCF Security
US\$50 million Bridge Upsize ⁽³⁾	LIBOR + 2.60% per annum	Utilisation of US\$35 million of the Bridge Upsize may occurred upon fulfilment of conditions precedent (unless waived by lender) including, among others, the grant of security over all the issued shares of KrisEnergy (Apsara) Ltd and KrisEnergy (Cambodia) Holding Ltd and over certain accounts held by them.

Source: The Company’s Corporate Presentation (September 2016) and FY2015 annual report

Notes:

- (1) (a) The Company has entered into an amendment agreement with DBS Bank Ltd. to amend certain terms and covenants of the Revolving Credit Facility, including the (i) extension of the maturity of the revolving credit facility from March 2017 to June 2018; (ii) provision of the Bridge Upsize to fund the Company’s capital expenditures, working capital requirements and debt service pending the completion of the Preferential Offering; and the Company is in further discussions to amend and restate the facility agreement for the Revolving Credit Facility to remove certain covenants (including financial covenants) to be in line with the covenants for the New Notes and the Notes.

- (b) In March 2014, the revolving credit facility was US\$100 million for a period of two (2) years with an option to extend to three (3) years.
- (2) The Consent Solicitation will provide for the exchange of the Existing Notes for the New Notes.
- (3) The Bridge Upsize is available for a period of six (6) months and will be automatically cancelled at the end of this period or, if earlier, at the time(s) of receipt by any member of the Group of the gross proceeds of any funds raising (subject to certain exceptions including, without limitation, the proceeds of certain permitted disposals, permitted financial indebtedness, permitted loans and permitted transactions). It is expected that the utilisations under the Bridge Upsize will be repaid, and the Bridge Upsize cancelled, using the proceeds from the Preferential Offering.
- (4) LIBOR refers to the London Interbank Offer Rate.

We note from the table above that the interest rates of the Group's existing debt facilities range from 2.60% (before LIBOR) to 6.25%, the interest rate charged under the Notes is nil, hence, below the Group's existing debt facilities' interest rate range. It is to be noted that the Notes offered under the Preferential Offering will be secured with (1) a first ranking security interest over the shares of SJ Production Barge Ltd and (if applicable) a first ranking account charge over certain account(s) held by SJ Production Barge Ltd and (2) junior ranking security interest over the assets secured or to be secured from time to time under the RCF Security. Additionally, the maturity of the Group's existing debt facilities ranges from three (3) to four (4) years; the maturity of the Notes offered under the Preferential Offering with a maturity of seven (7) years is above the range of the Group's existing debt facilities' maturity dates.

Further, bank borrowings and/or other debt instruments would incur financing cost such as bank interest, hence, this may create additional burden for the Company. Having considered the existing operations and financial position of the Group, the Directors are of the view that it is both prudent and appropriate that the Group should avoid incurring any additional of such liabilities and related costs.

New Notes pursuant to the Consent Solicitation

We also note that in the event that the Consent Solicitation is approved, the terms and conditions of the New Notes will include, *inter alia*, the following:

- (i) a debt incurrence covenant restricting the Group from incurring debt unless certain conditions are satisfied or such debt falls within certain exceptions; and
- (ii) a covenant prohibiting the Company from paying dividends and repaying the Notes so long as the New Notes are outstanding.

In addition, we understand that the Company has considered placements but this could be dilutive to existing Shareholders as existing Shareholders might not be able to participate on an equitable basis. Further, such issuances are generally conducted at a discount to the Share price.

It is noted that for the purpose of the Preferential Offering, there will not be any costs incurred by the Company in relation to underwriting commission and any related costs as the Preferential Offering will be undertaken on a non-underwritten basis. Therefore, the Directors believe that the Preferential Offering provides the optimal fund raising avenue for the Company and its Shareholders.

As at the Latest Practicable Date, the Directors have confirmed that they are not aware of any alternative offers for funding from other parties, which is comparable in nature, size and scope to the Preferential Offering to fund its intended purposes.

5.6.3 Irrevocable Undertakings

As at the date of their respective Irrevocable Undertakings, (i) FR XII and FR XII-A collectively held a direct interest in all the shares in the capital of KrisEnergy Holdings Ltd., which in turn held the Existing KE Holdings Shares, representing approximately 37.47% of the total number of issued Shares, and (ii) Devan holds the Existing Devan Shares, representing approximately 39.99% of the total number of issued Shares.

Devan is currently in the process of transferring the Existing Devan Shares to its sole shareholder, KOG, a wholly-owned subsidiary of Kepventure Pte. Ltd., which is in turn wholly-owned by Keppel.

As provided for under Section 4.1 of the Circular, FR XII and FR XII-A and KOG have provided undertakings to the Company that they will separately, *inter alia*, procure the voting of or vote all the Existing KE Holdings Shares and Existing Devan Shares respectively in favour of the Preferential Offering. Further, KOG or Devan will procure the subscription/subscribe and pay for its full entitlement of the Preferential Offering and will undertake to procure the subscription/subscribe and pay for excess Notes with Warrants that are not successfully subscribed for under the Preferential Offering.

No commission or fee will be payable by the Company for the above undertakings in consideration of the undertakings by FR XII and FR XII-A and KOG.

In this regard, we believe that the above undertakings from FR XII and FR XII-A and KOG underscore the support for the Preferential Offering and demonstrate their commitment to and confidence in the prospects of the Group.

5.6.4 No material changes to the existing management of the Group

We understand from the Company that following the completion of the Preferential Offering, it is not envisaged that there will be material changes to the existing Management of the Group which may materially adversely affect the operations of the Group's business activities. The Company will release the necessary announcements to inform Shareholders when there are any relevant changes and Shareholders should take note of any announcements which may be released by the Company after the Latest Practicable Date.

5.6.5 Financial effects of the Preferential Offering

The financial effects of the Preferential Offering on the Group have been set out in Section 5 of the Circular for illustrative purposes only and are based on the Group's audited consolidated financial statements for FY2015 and the unaudited consolidated financial statements for 9M2016 and certain assumptions as detailed in the said section of the Circular.

In summary, we note the following for both FY2015 and 9M2016:

- (a) The number of issued Shares and the issued and paid-up share capital of the Group would increase pursuant to the Preferential Offering (after the exercise of all Warrants);
- (b) There will not be a material change in the Group's Net Tangible Asset ("NTA") value per Share pursuant to the Preferential Offering (before the exercise of Warrants). The Group's NTA value per Share would decrease after the exercise of all the Warrants;
- (c) There would be no significant change in the Group's net gearing pursuant to the Preferential Offering (before the exercise of Warrants) and an improvement in its net gearing after the exercise of all the Warrants; and
- (d) The Preferential Offering would have a dilutive impact on the losses per Share ("LPS") of the Group.

5.6.6 Abstention from voting at the EGM

We note that the Concert Party Group as well as parties not independent of the Concert Party Group will abstain from voting in respect of their Shares on the Whitewash Resolution and shall not accept nomination as proxies or otherwise for voting on the Whitewash Resolution unless they are given specific instructions as to voting. Accordingly, the Whitewash Resolution would be passed only if a majority of the Independent Shareholders were to vote in favour of the Whitewash Resolution at the EGM.

5.6.7 Implications of the approval of Whitewash Resolution

Independent Shareholders should note that:

- (a) By voting in favour of the Whitewash Resolution, they will be waiving their rights to receive a mandatory general offer for their Shares from the Concert Party Group at the highest price paid by the Concert Party Group in the six (6) months preceding the commencement of the Preferential Offering which they would have otherwise been obliged to make for the Shares in accordance with Rule 14 of the Code;
- (b) By voting for the Whitewash Resolution, Shareholders could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilutive effect of the Warrants and the New Shares;
- (c) The Preferential Offering is conditional upon them voting in favour of, among others, the Whitewash Resolution. In view of this, in the event that the Whitewash Resolution is not passed by the Independent Shareholders, the Preferential Offering will not take place; and
- (d) Shareholders are to further note that, as highlighted in Section 6.2 of the Circular, the completion of the Preferential Offering and the exercise of the Warrants may result in the Concert Party Group holding Shares carrying over 49% of the voting rights of the Company based on the enlarged issued share capital of the Company and the Concert Party Group will be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a mandatory general offer for the Company.

6 OUR ADVICE

In arriving at our advice in respect of the Whitewash Resolution, we have taken into account, *inter alia*, the following key considerations. This summary should be read in conjunction with, and in the context of, the full text of this letter.

Based on our overall assessment of the Whitewash Resolution in relation to the Preferential Offering, we would highlight the following:

- (a) **The Rationale for the Preferential Offering and New Business Plan:** The Group's businesses have been under pressure consequent to the fluctuations in the oil and gas prices as well as the volatility of the oil and gas markets as a whole. The proceeds from the Preferential Offering will be directed into, *inter alia*, the New Business Plan with the objectives of improving the Group's operational efficiencies, maximising its existing production and progressing its pipeline of development projects in order to enhance future production and as a result, free cash flow and its value for all its stakeholders in the long term.

- (b) **Positive EBITDAX and operational cash flows and the Group's future funding needs:** The Company implemented strategies over the preceding two (2) years, including, *inter alia*, cost reduction and cost management measures, deferral of capital expenditure and increased in the size of its Revolving Credit Facility, which were aimed at preserving short-term liquidity and its ability to invest in future projects. We note that while the Group had been in a negative after-tax profit position in our periods of review, the implemented strategies mentioned herein have assisted the Group with its consistency in increasing its EBITDAX and generated positive cash flows from its operations over the same period. As of 9M2016, the Group achieved an EBITDAX of about US\$36 million and generated net cash flow of about US\$10 million from its operating activities.

Having considered (i) the Group's financial position and the historical funding gap between the cash flows generated from its operations and its investing activities, (ii) the use of the proceeds from the Preferential Offering which includes, *inter alia*, the funding requirements for the New Business Plan and general working capital needs and (iii) the reasons and potential benefits of the Preferential Offering including the New Business Plan, we are of the view that it is necessary for the Company to generate additional funds to meet these future requirements.

- (c) **Preferential Offering offered on a pro-rata basis:** The Notes with Warrants are being offered to Entitled Shareholders on a pro-rata basis based on their shareholdings in the Company as at the Record Date. Hence, the Independent Shareholders are not being prejudiced in the allocation of the Notes with Warrants. As the Preferential Offering will be offered on a non-renounceable basis, Entitled Shareholders will not be able to trade their provisional allotments during the Preferential Offering period, however, upon the listing and quotation of the Notes, Warrants and New Shares, Entitled Shareholders whom have subscribed for their entitlements under the Preferential Offering will be able to trade the Notes, Warrants (subject to sufficient spread of holdings) and New Shares over the SGX-ST.
- (d) **Assessment of the Warrants and Notes:** The Warrants will be issued on a free and detachable basis. The Exercise Price represents a discount to the VWAPs and Last Traded Price of the Shares for all the periods taken into account in this letter at about 20% to 31% over the 12-months period prior to the Announcement Date. From the Announcement Date to Latest Practicable Date, the Exercise Price represents a discount of about 36% to the VWAP of the Shares and a discount of about 44% to the closing price of the Shares as at the Latest Practicable Date. Additionally, we have also taken into consideration the theoretical valuation of the Warrants based on the Black-Scholes Model and the market Share price performance of the Company.

In our comparison of the Exercise Price with the Precedent Transactions, we note that the discount of the Exercise Price is within the range of the discount of the exercise prices of the Precedent Transactions. In our comparison of the principal terms of the Notes and Warrants with Olam BW, among others, we note that the Notes will be offered as zero-coupon notes in contrast to the about 7% interest rate bonds offered under the Olam BW. The Olam BW is subject to a negative pledge of Olam International Limited and its principal subsidiaries whereas the Notes are subject to (1) a first ranking security interest over the shares of SJ Production Barge Ltd and (if applicable) an account charge over certain account(s) held by SJ Production Barge Ltd and (2) junior ranking security interest over the assets secured or to be secured from time to time under the RCF Security. Further, comparatively to the warrants offered under the Olam BW, the Warrants offered greater flexibility in relation to the Warrants' exercise period.

- (e) **Potential dilution effects:** In the event that not all the Shareholders subscribe for their respective entitlements (and the subsequent exercise of their Warrants) under the Preferential Offering, the shareholdings of Independent Shareholders may be potentially diluted from about 60.02% to about 32.67%.

- (f) Other relevant considerations in relation to the Whitewash Resolution such as:
- (i) Fund raising activities in the past 12 months.
 - (ii) Other financial alternatives and alternative offers: The Company has considered other fund raising alternatives including, among others, bank borrowings and Share placements and have considered the Preferential Offering as part of the Proposed Restructuring Plan offers the best available option to the Company in achieving its objectives of its New Business Plan. Further, this achieves an appropriate allocation of risk and potential reward among the Group's stakeholders through the optimal use of security, interest rate, maturity profile, covenant protection and equity interest devices.
 - (iii) The support from the Undertaking Shareholders: (i) FR XII and FR XII-A collectively holds a direct interest in all the shares in the capital of KrisEnergy Holdings Ltd., which in turn holds the Existing KE Holdings Shares, representing approximately 37.47% of the total number of issued Shares, and (ii) Devan holds the Existing Devan Shares, representing approximately 39.99% of the total number of issued Shares.
 - (iv) The financial effects of the Preferential Offering.
 - (v) The Concert Party Group abstained from voting on the Whitewash Resolution.
 - (vi) Other relevant considerations as discussed in this letter under Section 5.

After having carefully considered the information available to us, and based upon the financial, industry, market, economic and other relevant conditions subsisting on the Latest Practicable Date as well as based on the considerations set out in this letter, we are of the opinion that the Whitewash Resolution when considered in the context of the Preferential Offering is fair and reasonable and in the interest of the Company, and is not prejudicial to the interests of the Independent Shareholders.

Accordingly, we advise the Independent Directors to recommend that the Independent Shareholders vote in favour of the Whitewash Resolution to be proposed at the EGM.

In rendering our advice, we have not considered the specific investment objectives, financial situation, tax position, tax status, risk profiles or particular requirements and constraints or circumstances of any individual Shareholder. As each Shareholder would have different investment objectives and profile, we would advise that any individual Shareholder who may require specific advice in the context of his specific investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

This letter is addressed to the Independent Directors for their benefit, in relation to and for the purpose of their consideration of the Whitewash Resolution, but any recommendation to the Independent Shareholders remains the responsibility of the Independent Directors.

This letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and there is no implication with regard to any other matter.

Yours faithfully

Kevin Scully
Executive Chairman
NRA Capital Pte. Ltd.

Raymond Lee
Director
NRA Capital Pte. Ltd.

APPENDIX 3
SELECTED CONSOLIDATED FINANCIAL INFORMATION AND
CAPITALISATION AND INDEBTEDNESS

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The selected consolidated financial information as of and for the years ended 31 December 2013, 2014 and 2015 has been derived from the Company's audited consolidated financial statements incorporated by way of reference and are qualified in its entirety by reference to those consolidated financial statements and the notes thereto. The selected consolidated financial information as of and for the nine months ended 30 September 2015 and 2016 has been derived from the Company's unaudited interim consolidated financial statements as of and for the three months ended 30 September 2015 and 2016 incorporated by way of reference. The Company has prepared the unaudited interim consolidated financial statements on the same basis as its audited consolidated financial statements. The Company's historical results for any prior or interim periods are not necessarily indicative of results to be expected for a full fiscal year or for any future period. Unless otherwise stated, all financial information relating to the Company is prepared and presented in accordance with IFRS.

1. FINANCIAL RESULTS

Set out below are the audited consolidated income statements of the Group for FY2013, FY2014 and FY2015 and the unaudited consolidated income statements of the Group for 3Q2015 and 3Q2016.

	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>	<u>3Q2015</u>	<u>3Q2016</u>
	<u>Audited</u>			<u>Unaudited</u>	
			US\$		
Revenue	69,050,403	74,905,229	60,171,199	12,715,729	44,402,038
Cost of sales	<u>(43,586,834)</u>	<u>(55,236,207)</u>	<u>(95,494,556)</u>	<u>(19,386,197)</u>	<u>(59,409,244)</u>
Gross profit/(loss)	25,463,569	19,669,022	(35,323,357)	(6,670,468)	(15,007,206)
Other income	16,235,154	9,330,854	110,777,899	26,835,841	1,173,354
General and administrative expenses	<u>(31,736,435)</u>	<u>(35,718,914)</u>	<u>(33,696,980)</u>	<u>(6,831,219)</u>	<u>(8,414,822)</u>
Other operating income/(expenses)	1,631,311	(9,983,883)	(67,871,371)	(61,178)	(124,059)
Finance income	1,853,888	577,251	289,750	65,442	75,364
Finance costs	<u>(13,333,991)</u>	<u>(23,153,200)</u>	<u>(19,458,084)</u>	<u>(4,932,293)</u>	<u>(7,935,528)</u>
Profit/ (Loss) before tax	113,496	(39,278,870)	(45,282,143)	8,406,125	(30,232,897)
Tax (expense)/ credit	<u>(12,758,629)</u>	<u>(11,091,626)</u>	<u>(3,291,691)</u>	<u>915,429</u>	<u>(1,376,031)</u>
(Loss)/ Profit for the year/ period	(12,645,133)	(50,370,496)	(48,573,834)	9,321,554	(31,608,928)
Attributable to:					
Owners of the Group	(12,645,133)	(50,370,496)	(41,675,825)	9,504,186	(31,608,928)
Non-controlling interests	<u>—</u>	<u>—</u>	<u>(6,898,009)</u>	<u>(182,632)</u>	<u>—</u>
(Loss)/ Profit for the year/ period	(12,645,133)	(50,370,496)	(48,573,834)	9,321,554	(31,608,928)
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	(79,567)	(164,523)	(232,955)	(87,392)	6,748
Items that will not be reclassified to profit or loss					
Re-measurement of defined benefit obligations	<u>—</u>	<u>(139,139)</u>	<u>303,144</u>	<u>—</u>	<u>—</u>
Total comprehensive (loss)/ income for the year/period	<u><u>(12,724,700)</u></u>	<u><u>(50,674,158)</u></u>	<u><u>(48,503,645)</u></u>	<u><u>9,234,162</u></u>	<u><u>(31,602,180)</u></u>

	FY2013	FY2014	FY2015	3Q2015	3Q2016
	Audited		Unaudited		
			US\$		
Attributable to:					
Owners of the Group	(12,724,700)	(50,674,158)	(41,605,636)	9,416,794	(31,602,180)
Non-controlling interests	—	—	(6,898,009)	(182,632)	—
Total comprehensive (loss)/ income for the year/period	<u>(12,724,700)</u>	<u>(50,674,158)</u>	<u>(48,503,645)</u>	<u>9,234,162</u>	<u>(31,602,180)</u>
(Loss)/ Profit per share attributable to owners of the Company (cents per share)					
Basic	(2)	(5)	(3)	1	(2)
Diluted	(2)	(5)	(3)	1	(2)

FY2015 compared to FY2014

Revenue

Higher average daily production volumes as a result of new production from the Wassana and Nong Yao oilfields supported the Group's revenues. Audited consolidated revenue for FY2015 decreased by 19.7 per cent. to US\$60.2 million compared to US\$74.9 million in FY2014, whereas the average realised sales prices for oil and liquids dropped by 60.2 per cent. and average realised gas price achieved at B8/32 & B9A in FY2015 was 23.3 per cent. lower than in FY2014 following the downturn in the global commodity cycle.

The 27.3 per cent. increase in production to an average 9,692 boepd in FY2015 compared to 7,612 boepd in FY2014 helped cushion the impact of lower oil prices. Average Brent prices were 46.2 per cent. lower in 2015 at US\$53.52/bbl compared to US\$99.45/bbl in 2014.

Full-year production at the B8/32 & B9A oil and gas complex in the Gulf of Thailand and the Bangora gas field in Block 9, onshore Bangladesh, remained stable compared with 2014.

	FY2015	FY2014
Sales of crude oil (US\$ million)	40.7	49.8
Sales of gas (US\$ million)	19.5	25.1
Revenue (US\$ million)	<u>60.2</u>	<u>74.9</u>
Production volumes		
Oil and liquids (bopd)	3,492	1,396
Gas (mmcf)	37.2	37.3
Total (boepd)	<u>9,692</u>	<u>7,612</u>
Average sales price		
Oil and liquids (US\$/bbl)	40.18	100.93
Gas ⁽¹⁾ (US\$/mcf)	4.45	5.80

⁽¹⁾ Average realised gas sales price from B8/32 & B9A in Thailand. The average realised gas sales price from Block 9 remained fixed at US\$2.32/mcf.

Cost of Sales

Cost of sales increased by 72.9 per cent. to US\$95.5 million in FY2015 compared to US\$55.2 million in FY2014, primarily due to higher operating costs, which increased to US\$30.5 million in FY2015 compared to US\$19.2 million in FY2014 because of additional expenses associated with the start-up of the Wassana and Nong Yao oilfields in the G10/48 and G11/48 concessions, respectively.

In line with the ramp up in production associated with Wassana and Nong Yao fields in the second half 2015, the Group's lifting costs for FY2015 increased by 30.2 per cent. to US\$8.49/boe compared to US\$6.52/boe in FY2014.

Depreciation, depletion and amortisation (“**DD&A**”) expense in FY2015 increased 47.6 per cent. to US\$42.4 million compared to US\$28.7 million in FY2014 due to the contribution to production from Wassana and Nong Yao. Non-cash expenses such as DD&A and a write down of inventory were US\$60.0 million in aggregate and contributed to a gross loss of US\$35.3 million.

	<u>FY2015</u>	<u>FY2014</u>
Average lifting cost		
Oil, liquids and gas (US\$/boe)	8.49	6.52
Operating costs (US\$ million)	30.5	19.2
Total production (mmboe)	3.6	2.8

EBITDAX

EBITDAX increased 21.6 per cent. to US\$37.2 million in FY2015 compared to US\$30.5 million in FY2014. Supporting the increase in EBITDAX was a reduction in corporate general and administrative expenses, which decreased 32.4 per cent. to US\$12.1 million in FY2015 compared to US\$17.9 million in FY2014, through reductions in headcount and operating and capital expenditure.

	<u>FY2015</u>	<u>FY2014</u>
EBITDAX (US\$ million)	37.2	30.5
Loss before tax (US\$ million)	(45.3)	(39.3)
Tax expense (US\$ million)	(3.3)	(11.1)
Loss after tax (US\$ million)	<u>(48.6)</u>	<u>(50.4)</u>

Finance Costs

Finance costs decreased 16.0 per cent. to US\$19.5 million in FY2015 compared to US\$23.2 million in FY2014 due to financing fees incurred in 2014 related to the issuance of the Existing Notes.

Loss before Tax

The Group recorded a loss before tax of US\$45.3 million in FY2015 compared to a loss before tax of \$39.3 million in FY2014 as a result of lower gross profit due to higher DD&A expenses, asset impairments and an inventory write-down.

Capital Expenditure and Capital Investment

In accordance with IFRS, the Group reclassified in FY2015 its capital expenditure for exploration, appraisal and development. Exploration and appraisal expenditure includes, among others: spending on exploration and appraisal wells; geological and geophysical activities; general and administrative costs; field development costs; platform and facility costs; and pipeline and equipment costs as they relate to non-producing assets. This includes development activities in relation to Nong Yao in G11/48 and Wassana in G10/48. Expenditures in the development classification relate to cost incurred in producing assets, namely B8/32, B9A and Block 9.

In FY2015, the Group's share of capital expenditure for non-producing blocks was mainly comprised of: (i) US\$7.2 million for the appraisal well drilling program in the KrisEnergy-operated G6/48 concession; (ii) US\$20.9 million for the seismic acquisition in the Udan Emas PSC; (iii) US\$10.0 million for the exploration drilling in the Sakti PSC; and (iv) US\$14.8 million in aggregate on activities in the Block A Aceh, Bulu PSC and Cambodia Block A development assets.

During the year, the Group saw the average cost of rigs and services fall 20 to 40 per cent. and in order to take advantage of the lower rates, it was decided to drill one exploration well in the Sakti PSC offshore East Java. The Group's share of expenditure for the Mustika-1 well totalled US\$10.0 million and it has now satisfied the well commitment for the PSC.

The Group's share of capital expenditure for producing assets was in aggregate US\$165.2 million comprising US\$2.8 million for B8/32 & B9A (52 development wells and the installation of one platform), US\$1.5 million for Block 9 and the Group's share of expenditure at the newly producing G11/48 and G10/48 fields of US\$34.4 million and US\$126.5 million, respectively.

	<u>FY2015</u>	<u>FY2014</u>
	(US\$ million)	
Exploration and appraisal	104.3	82.6
Development	193.3	24.5
Acquisitions	50.5	167.2
Others (includes proceeds from disposals)	<u>(102.9)</u>	<u>70.3</u>
Total	<u>245.2</u>	<u>344.6</u>

Loans and Borrowings

The Group's loans and borrowings as at 31 December 2015 amounted to US\$304.6 million compared to US\$257.4 million as at 31 December 2014, comprising the drawn amount of the Revolving Credit Facility of US\$75.0 million and the Existing Notes.

In November 2015, we launched a consent solicitation exercise in connection with the Existing Notes issued under the S\$500.0 million MTN Program. The exercise was to seek approval from noteholders of the Existing Notes to amend the consolidated EBITDAX to consolidated interest expense ratio covenant. On 23 November 2015, the Company received the necessary votes from noteholders. The consent solicitation exercise was completed and the amendments proposed pursuant to such exercise were approved by the noteholders on 4 December 2015.

Cash

Net cash flow from operating activities increased to US\$51.3 million in FY2015 compared to US\$6.3 million in FY2014, primarily due to an increase in trade payables and lower estimated tax payable in relation to B8/32 & B9A.

Net cash flow used in investing activities decreased 28.8 per cent. to US\$245.2 million in FY2015 compared to US\$344.6 million in FY2014 as a result of capital expenditure and capital investment activities, which was offset by proceeds received from the farm-out of an effective 11.0 per cent. working interest in G10/48 and from the sale of marine assets.

Net cash flow generated from financing activities increased 26.2 per cent. to US\$174.4 million in FY2015 compared to US\$138.2 million in FY2014, mainly attributable to the receipt of net proceeds of US\$121.1 million from the rights issue and proceeds from the bank borrowings.

	FY2015	FY2014
	(US\$ million)	
Net cash flow from operating activities	51.3	6.3
Net cash flow used in investing activities	(245.2)	(344.6)
Net cash flows from financing activities	174.4	138.2
Cash and bank balances	<u>29.4</u>	<u>51.3</u>

FY2014 compared to FY2013

Revenue

Audited consolidated net revenue increased 8.5 per cent. to US\$74.9 million in FY2014, as compared to US\$69.1 million in FY2013 as a result of a 161.0 per cent rise in production for the Group, which was driven by a full year's contribution from the Bangora gas field. However, the fall in global oil prices in the second half of 2014 resulted in a 7.7 per cent. decline in the average selling price for oil and liquids to US\$100.93/bbl. The average gas price achieved from the Group's gas assets in Thailand decreased 4.2 per cent. to US\$5.80/mcf due to penalties arising from production falling below the daily contracted volume in the third and fourth quarters of 2014. Future gas production in B8/32 will be boosted by a new platform, which was put on stream before the end of 2014, and a second additional facility by mid-2015.

	FY2014	FY2013
Sales of crude oil (US\$ million)	49.8	54.7
Sales of gas (US\$ million)	25.1	14.4
Revenue (US\$ million)	<u>74.9</u>	<u>69.1</u>
Production volumes		
Oil and liquids (bopd)	1,396	1,366
Gas (mmcf)	37.3	9.3
Total (boepd)	<u>7,612</u>	<u>2,916</u>
Average sales price		
Oil and liquids (US\$/bbl)	100.93	109.40
Gas ⁽¹⁾ (US\$/mcf)	5.80	6.06

⁽¹⁾ Average realised gas sales price from B8/32 & B9A in Thailand. The average realised gas sales price from Block 9 in Bangladesh remained fixed at US\$2.32/mcf.

Cost of Sales

Cost of sales increased 26.7 per cent. to US\$55.2 million in FY2014 compared to US\$43.6 million in FY2013 primarily due to higher DD&A charges as well as an increase in operating costs.

DD&A charges increased to US\$28.7 million in FY2014 compared to US\$19.4 million in FY2013 as a result of the contribution from the Bangora gas field and a non-recurring adjustment associated with decommissioning costs at the Glagah-Kambuna technical assistance contract (“TAC”). Operating costs increased to US\$19.2 million in FY2014 compared to US\$16.1 million in FY2013 due to the recognition of a full year of production from the Bangora gas field. The increase in cost of sales was partially offset by lower Thai petroleum special remuneratory benefits and royalties paid as a result of a 5.2 per cent. year-on-year decrease in production from B8/32 & B9A during FY2014.

The production contribution in FY2014 from the Bangora field led to a 54.4 per cent. decrease in the Group-wide average lifting cost to US\$6.91/boe compared to US\$15.14/boe in FY2013. The Bangora gas field’s low cost of production made it the Group’s highest margin contributor in the Group, even with the relatively low realised sales price of US\$2.32/mcf.

	<u>FY2014</u>	<u>FY2013</u>
Average lifting cost		
Oil, liquids and gas (US\$/boe)	6.91	15.14
Operating costs (US\$ million) act	19.2	16.1
Total production (mmboe)	2.8	1.1

EBITDAX

The Group’s EBITDAX increased 8.4 per cent. to US\$30.5 million in FY2014 compared to US\$28.2 million in FY2013 and was in line with the Group’s expectations.

	<u>FY2014</u>	<u>FY2013</u>
EBITDAX (US\$ million)	30.5	28.2
Finance costs (US\$ million)	(23.2)	(13.3)
(Loss)/profit before tax (US\$ million)	(39.3)	0.1
Tax expense (US\$ million)	<u>(11.1)</u>	<u>(12.7)</u>
Loss after tax (US\$ million)	<u>(50.4)</u>	<u>(12.6)</u>

Finance Costs

In FY2014, the Group implemented and executed a defined debt capital markets strategy to take advantage of the lower interest rate environment and the significant appetite for debt securities issued by oil and gas companies. Although finance costs increased to US\$23.2 million in FY2014 compared to US\$13.3 million in FY2013, the Group significantly reduced its nominal interest rate on borrowings from approximately 10.5 per cent. to approximately 4.8 per cent. whilst increasing total borrowings to support potentially accretive acquisitions as well as progress the development of the Group’s projects. Higher finance costs were attributable to one-time expenses of US\$8.2 million relating to the redemption of the 10.5 per cent. senior

guaranteed secured bonds due 2016 issued in July 2011 (the “**2016 Bonds**”) and upfront fees of US\$4.7 million associated with the establishment of the Revolving Credit Facility, the MTN Program and the issuance of the Existing Notes. Interest expense was US\$8.5 million as a result of borrowings amounting to US\$257.4 million in FY2014.

Loss/Profit before Tax

The Group recorded a loss before tax of US\$39.3 million in FY2014 compared to a profit before tax of US\$0.1 million in FY2013 as a result of a decrease of US\$13.2 million in gross profit contribution from the Glagah-Kambuna TAC, which ceased production in 2013, and a reduction in production and associated realised gas prices from B8/32 & B9A. In addition, the Group incurred non-recurring expenses associated with debt restructuring.

Capital Expenditure and Capital Investment

Exploration and appraisal expenditure increased 27.8 per cent. to US\$82.6 million in FY2014 compared to US\$64.6 million in FY2013, which was primarily attributed to seismic acquisition amounting to US\$24.6 million in the Udan Emas PSC, Sakti PSC and Tanjung Aru PSC in Indonesia; exploration wells drilled and capitalised in the G10/48 and G11/48 concessions; and ongoing development activities for the Wassana and Nong Yao oilfields. In addition, the Group spent US\$66.2 million in 2014 to secure and commence refurbishment of the mobile offshore production unit (“**MOPU**”) for the Wassana oil development.

Development expenditure increased 77.3 per cent. to US\$24.5 million in FY2014 versus US\$13.8 million in FY2013. During 2014, the Group’s Working Interest share of development expenditure in B8/32 & B9A amounted to US\$22.8 million, representing the Company’s participation in the drilling of 55 development wells and the installation of two new platforms that were brought on stream during the year.

The acquisition of additional working interests and operatorships in G10/48 and Cambodia Block A amounted to US\$167.2 million.

	<u>FY2014</u>	<u>FY2013</u>
	(US\$ million)	
Exploration and appraisal	82.6	64.6
Development	24.5	13.8
Acquisitions	167.2	41.4
Others	<u>70.3</u>	<u>2.3</u>
Total	<u>344.6</u>	<u>122.1</u>

Loans and Borrowings

Following redemption of the 2016 Bonds in January 2014, the Group’s loans and borrowings at 31 December 2014 amounted to US\$257.4 million, compared to US\$119.1 million as at 31 December 2013, comprising the drawn amount under the Revolving Credit Facility and the Existing Notes.

	<u>FY2014</u>	<u>FY2013</u>
	(US\$ million)	
Amount repayable in one year or less	25.1	127.3
Amount repayable after one year	286.0	—

Cash

As a result of increased development activities, net cash flow from operations declined 61.1 per cent. to US\$6.3 million compared to US\$16.2 million in FY2013. This was primarily driven by non-recurring expenses in relation to debt restructuring, increase in inventories, trade and other receivables as well as the decrease in trade and other payables.

Net cash flow used in investing activities increased 182.3 per cent. to US\$344.6 million from US\$122.1 million in FY2013 following the acquisition of the additional working interests in G10/48 and Cambodia Block A and continued investment in portfolio growth through exploration, appraisal and development activities.

Net cash flow from financing activities decreased 40.4 per cent. to US\$138.2 million from US\$231.8 million in FY2013. KrisEnergy Holding Company Ltd. fully redeemed the 2016 Bonds and returned US\$126.3 million to bondholders, which comprised principal repayment, a redemption premium and accrued interest. The Company issued the Existing Notes and, following a series of U.S. dollar swap transactions, realised gross proceeds of US\$263.9 million.

	<u>FY2014</u>	<u>FY2013</u>
	(US\$ million)	
Net cash flow from operating activities	6.3	16.2
Net cash flow used in investing activities	(344.6)	(122.1)
Net cash flow from financing activities	138.2	231.8
Cash at banks and on hand	47.6	247.8
Short-term structured deposits	<u>3.7</u>	<u>4.0</u>
Cash and bank balances	<u>51.3</u>	<u>251.8</u>

3Q2016 compared to 3Q2015

Revenue

Working interest production in 3Q2016 averaged 14,895 boepd, a 68.4 per cent. increase compared with the same period last year (3Q2015: 8,847 boepd). The increase was primarily attributable to full quarter of sustained production at peak levels at the Nong Yao field in G11/48, increased levels of production versus a year ago from the Wassana field in G10/48 and improved production efficiencies at the B8/32 & B9A complex.

Revenue for 3Q2016 more than tripled to US\$44.4 million, from a year ago (3Q2015: US\$12.7 million) due to the increase in crude oil sales from the Wassana and Nong Yao fields, despite the fall in average realised selling prices.

The average realised oil and liquids sales price in 3Q2016 was US\$35.61/bbl, 8.2 per cent. higher than the preceding quarter (2Q2016: US\$32.90/bbl), but 26.5 per cent. lower than the same period last year (3Q2015: US\$48.48/bbl). The reduced average crude oil selling price reflected movements in global benchmark markets, which also affected the average realised gas price achieved for gas sales from B8/32 & B9A at US\$3.31/mcf in 3Q2016, 19.3 per cent. lower than a year ago (3Q2015: US\$4.10/mcf).

	<u>3Q2016</u>	<u>3Q2015</u>
Production volumes		
Oil and liquids (bopd)	9,007	2,778
Gas (mmcf)	<u>35.3</u>	<u>36.4</u>
Total (boepd)	<u>14,895</u>	<u>8,847</u>
Average sales price		
Oil and liquids (US\$/bbl)	35.61	48.48
Gas — B8/32 and B9A (US\$/mcf)	3.31	4.10
Gas — Block 9 (US\$/mcf)	2.32	2.32

Cost of Sales

Operating costs increased to US\$33.6 million in 3Q2016 (3Q2015: US\$6.6 million), in line with a full quarter contribution from the Wassana and Nong Yao oilfields in 3Q2016. The June 2016 lifting from the Wassana field was delayed to July 2016 resulting in the Group's operating costs for 3Q2016 to be represented as four liftings in three months (as opposed to three). We recognised higher operating costs and hence lifting costs during the quarter (3Q2016: US\$24.52/boe compared with 3Q2015: US\$8.76/boe). Lifting costs in 3Q2016 were also adversely impacted by lower production output from the Wassana field following mechanical issues and well workover costs associated with analysing and repairing those wells.

In line with higher revenue, Thai royalty payments in 3Q2016 also more than tripled to US\$3.7 million (3Q2015: US\$1.0 million).

DDA charges increased to US\$22.1 million in 3Q2016 (3Q2015: US\$11.8 million) which was solely a function of higher production volumes in 3Q2016 compared to 3Q2015 where three full months of production was recognised in 3Q2016 versus production ramping up in each of the Wassana and Nong Yao fields in 2015.

	<u>3Q2016</u>	<u>3Q2015</u>
Average lifting cost		
Oil, liquids and gas (US\$/boe)	24.52	8.76
Operating costs (US\$ million)	33.6	6.6
Total production (mmboe)	1.4	0.8

EBITDAX

The Group's EBITDAX, which is a measure of the Group's ability to generate income from the Group's operations, increased to US\$4.2 million in 3Q2016 (3Q2015: US\$1.6 million) due to higher revenue and lower corporate general and administrative expenses.

	<u>3Q2016</u>	<u>3Q2015</u>
EBITDAX (US\$ million)	4.2	1.6
Finance costs (US\$ million)	(7.9)	(4.9)
(Loss)/profit before tax (US\$ million)	(30.2)	8.4
Tax (expense)/credit (US\$ million)	<u>(1.4)</u>	<u>0.9</u>
(Loss)/profit after tax (US\$ million)	<u>(31.6)</u>	<u>9.3</u>

Other income

Other income was US\$1.2 million in 3Q2016 compared with US\$26.8 million in 3Q2015. The year-on-year decrease was attributable to the gain recognised on the transfer of working interests in Block 105 and Bala-Balakang PSC in 3Q2015.

General and administrative expenses

General and administrative expenses increased 23.2 per cent. to US\$8.4 million in 3Q2016 (3Q2015: US\$6.8 million) primarily due to the recognition of general and administrative expenses allocated to G10/48 and G11/48.

Other operating expenses

Other operating expenses of US\$0.1 million in 3Q2016 was stable compared with 3Q2015.

Finance income

Finance income was higher year-on-year due to higher average bank balances in 3Q2016.

Finance costs

Finance costs amounted to US\$7.9 million in 3Q2016 (3Q2015: US\$4.9 million). The increase was mainly attributable to financial advisory fees and higher interest expense attributable to the Facility.

Loss/profit before tax

The loss before tax of US\$30.2 million in 3Q2016 compared with a profit before tax of US\$8.4 million in 3Q2015 is a result of recognition of incremental DDA expenses on producing assets and higher finance costs.

Tax credit/expense

Tax expense amounted to US\$1.4 million in 3Q2016 compared to a tax credit of US\$0.9 million in 3Q2015, mainly due to higher provision of tax expenses in line with higher revenue and reversal of previously recognised deferred tax assets.

Loss/profit after tax

The net loss after tax was US\$31.6 million in 3Q2016 compared with a profit of US\$9.3 million in 3Q2015 as a result of the above-mentioned factors.

2. STATEMENT OF FINANCIAL POSITION

Set out below are the audited consolidated balance sheets of the Group as at 31 December 2013, 2014 and 2015 and the unaudited consolidated balance sheets of the Group as at 30 September 2016.

	<u>As at 31</u> <u>December 2013</u>	<u>As at 31</u> <u>December 2014</u>	<u>As at 31</u> <u>December 2015</u>	<u>As at 30</u> <u>September 2016</u>
	Audited		Unaudited	
	US\$			
ASSETS				
Non-current assets				
Exploration and evaluation assets	200,261,113	402,778,672	447,405,007	486,723,027
Oil and gas properties	140,596,081	136,334,779	415,068,053	331,557,351
Other property, plant and equipment	332,225	1,161,203	11,219,620	10,997,185
Intangible assets	43,890,735	91,452,905	33,182,972	33,049,584
Embedded derivatives	6,137,226	—	—	—
Investment securities	182,057	—	216,000	216,000
	<u>391,399,437</u>	<u>631,727,559</u>	<u>907,091,652</u>	<u>862,543,147</u>
Current assets				
Inventories	7,027,163	14,670,074	28,272,387	28,463,368
Trade and other receivables	54,149,712	65,165,491	66,226,269	58,453,800
Prepayments	2,762,318	1,545,274	2,507,550	958,623
Cash and bank balances	251,809,697	51,334,088	29,351,634	40,135,647
	<u>315,748,890</u>	<u>132,714,927</u>	<u>126,357,840</u>	<u>128,011,438</u>
Assets held for sale	—	64,986,883	—	—
	<u>315,748,890</u>	<u>197,701,810</u>	<u>126,357,840</u>	<u>128,011,438</u>
Total assets	<u>707,148,327</u>	<u>829,429,369</u>	<u>1,033,449,492</u>	<u>990,554,585</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	1,307,693	1,309,955	1,867,564	1,869,966
Share premium	602,938,278	604,582,768	727,245,039	728,657,227
Other reserves	(771,805)	225,266	1,494,936	(8,811,687)
Accumulated losses	(136,641,361)	(187,150,996)	(228,523,677)	(303,593,647)
Non-controlling interests	—	—	(6,833,794)	—
Total equity	<u>466,832,805</u>	<u>418,966,993</u>	<u>495,250,068</u>	<u>418,121,859</u>

	As at 31 December 2013	As at 31 December 2014	As at 31 December 2015	As at 30 September 2016
		Audited		Unaudited
		US\$		
Non-current liabilities				
Employee benefit liability	884,691	1,483,647	1,888,841	789,824
Loans and borrowings	—	257,440,512	304,571,912	291,490,790
Deferred tax liabilities	41,909,685	40,309,640	40,959,937	39,397,857
Provisions	23,741,232	38,602,143	48,472,869	49,581,279
Other payables	—	—	34,843,307	—
	66,535,608	337,835,942	430,736,866	381,259,750
Current liabilities				
Trade and other payables	35,990,001	27,393,025	31,911,859	41,053,789
Accrued operating expenses	13,012,320	20,191,470	38,015,365	30,153,426
Loans and borrowings	119,141,003	—	—	94,432,646
Derivative liabilities	—	19,388,642	35,545,033	22,301,929
Withholding tax payable	56,880	561,305	734,860	1,138,306
Tax payable	5,579,710	5,091,992	1,255,441	2,092,880
	173,779,914	72,626,434	107,462,558	191,172,976
Total liabilities	240,315,522	410,462,376	538,199,424	572,432,726
Total equity and liabilities	707,148,327	829,429,369	1,033,449,492	990,554,585

3. CONSOLIDATED STATEMENT OF CASH FLOWS

Set out below are the audited cash flow statements of the Group for FY2013, FY2014 and FY2015 and the unaudited cash flow statements of the Group for 3Q2015 and 3Q2016.

	FY2013	FY2014	FY2015	3Q2015	3Q2016
	Audited			Unaudited	
	US\$				
OPERATING ACTIVITIES					
Profit/(loss) before tax	113,496	(39,278,870)	(45,282,143)	8,406,125	(30,232,897)
Adjustment to reconcile profit/(loss) before tax to net cash flows:					
Depreciation, depletion and amortisation . . .	20,404,684	29,141,379	43,196,999	12,017,854	22,293,057
Decommissioning provisions	1,284,797	14,218,838	8,951,487	12,645,000	—
Employee defined benefit	884,691	226,224	708,338	227,854	(290,901)
Equity-settled transactions with employees . .	527,847	2,808,346	2,531,789	266,724	333,366
Excess of fair value of identifiable net assets acquired over consideration paid	(12,936,286)	—	(42,993,442)	—	—
Gain on disposal of assets	—	—	(24,558,714)	—	—
Impairment loss on exploration and evaluation assets	—	—	584,309	—	—
Impairment loss on oil and gas properties . .	—	—	11,116,545	—	—
Impairment loss on intangible assets	—	—	58,177,765	—	—
Loss on disposal of other plant and equipment	—	12,508	1,140	—	44,497
Loss on disposal of investment securities . . .	—	182,057	—	—	—
Net fair value (gain)/loss on financial instruments	(2,284,698)	9,097,672	(2,151,703)	(50,290)	124,059
Finance cost	12,902,199	22,511,127	18,538,845	4,702,484	7,359,085
Unwinding of discount on decommissioning Provisions	431,792	642,073	919,239	229,810	576,444
Write-back of unused decommissioning provisions	(667,226)	—	—	—	—
Interest income	(1,853,888)	(577,251)	(289,750)	(65,442)	(75,364)
Operating cash flows before changes in working capital	18,807,408	38,984,103	29,450,704	38,380,119	131,346
Changes in working capital					
(Increase)/decrease in inventories	(883,084)	(7,504,782)	(3,465,666)	(8,890,719)	12,323,171
(Increase)/decrease in trade and other receivables	(6,458,170)	(4,713,161)	(664,678)	(5,537,302)	14,382,997
Decrease in other current assets	500,000	—	—	61,616	—
Increase/(decrease) in trade and other payables	23,011,716	(278,270)	37,162,383	(6,065,890)	(19,570,438)
Cash flows from operations	34,977,870	26,487,890	62,482,743	17,947,824	7,267,076
Interest received	1,853,888	577,251	289,750	65,442	75,364
Interest paid	(1,568,367)	(7,566,799)	(4,998,038)	(1,384,662)	(1,528,982)
Taxes paid	(19,019,114)	(13,179,388)	(6,473,965)	(1,385,751)	(1,829,672)
Net cash flows from operating activities . .	<u>16,244,277</u>	<u>6,318,954</u>	<u>51,300,490</u>	<u>15,242,853</u>	<u>3,983,786</u>

	FY2013	FY2014	FY2015	3Q2015	3Q2016
	Audited			Unaudited	
			US\$		
INVESTING ACTIVITIES					
Additions to exploration and evaluation assets	(64,607,295)	(82,553,592)	(104,342,738)	(37,091,419)	(24,971,708)
Additions to oil and gas properties	(13,794,344)	(24,453,401)	(193,346,053)	(75,329,081)	(7,784,684)
Advances for acquisition	—	(4,152,697)	—	—	—
Expenditure on decommissioning provisions	(1,832,774)	—	—	—	—
Expenditure on assets refurbishment	—	(8,986,883)	(21,370,227)	(35,499)	(89,476)
Proceeds from disposal of other plant and equipment	—	7,486	—	—	1,995
Proceeds from disposals of assets	—	—	110,000,000	—	—
Proceeds from disposal of ownership of interest in subsidiary	—	—	20,111,846	—	—
Purchase of other plant and equipment	(427,875)	(57,271,702)	(5,833,092)	(20,284)	—
Acquisition of subsidiaries net of cash acquired	(41,396,066)	(167,216,439)	(50,456,505)	—	—
Net cash flows used in investing activities	<u>(122,058,354)</u>	<u>(344,627,228)</u>	<u>(245,236,769)</u>	<u>(112,476,283)</u>	<u>(32,843,873)</u>
FINANCING ACTIVITIES					
Proceeds from issuance of shares	212,986,061	—	124,775,550	124,775,550	—
Proceeds from issuance of bonds	36,750,000	263,868,708	—	—	—
Proceeds from bank borrowings	—	135,000,000	189,000,000	20,000,000	35,000,000
Share issuance expense	(12,490,090)	—	(3,660,530)	(3,660,530)	—
Repayment of bonds	—	(126,300,000)	—	—	—
Repayment of bank borrowings	—	(125,000,000)	(124,000,000)	(65,000,000)	—
Payment of bond interest	(9,445,625)	(9,567,573)	(13,962,569)	(3,973,151)	(4,464,323)
Decrease in short-term deposits	4,000,000	4,000,000	—	—	—
Decrease in cash collateralised	—	—	2,258,824	1,500,000	—
Increase in cash collateralised	—	(3,758,824)	—	—	—
Net cash flows from financing activities	<u>231,800,346</u>	<u>138,242,311</u>	<u>174,411,275</u>	<u>73,641,869</u>	<u>30,535,677</u>
Net increase/(decrease) in cash and cash equivalents	<u>125,986,269</u>	<u>(200,065,963)</u>	<u>(19,525,004)</u>	<u>(23,591,561)</u>	<u>1,675,590</u>
Net effect of exchange rate changes	(77,526)	(168,470)	(198,626)	(72,735)	1,263
Cash and cash equivalents at 1 January/1 July	<u>121,900,954</u>	<u>247,809,697</u>	<u>47,575,264</u>	<u>74,190,954</u>	<u>30,188,794</u>
Cash and cash equivalents at 31 December/30 September	<u>247,809,697</u>	<u>47,575,264</u>	<u>27,851,634</u>	<u>50,526,658</u>	<u>31,865,647</u>

4. CAPITALISATION AND INDEBTEDNESS

The information in this table should be read in conjunction with this section and the consolidated historical financial statements and the notes thereto included by reference in; and form part of, this Circular.

	As at 30 September 2016		
	Actual	Adjusted ^(1,3)	Adjusted ^(1,2,3)
	US\$		
Loans and borrowings	385,923,436	376,749,553	475,422,857
Secured	143,270,000	143,270,000	241,943,304
Unsecured ⁽⁴⁾	242,653,436	233,479,553	233,479,553
Current portion of loans and borrowings	94,432,646	—	—
Total equity ⁽⁴⁾	418,121,859	417,043,797	413,898,660
Total capitalisation and indebtedness	804,045,295	793,793,350	889,321,517

- ⁽¹⁾ As adjusted to give effect to the issue of the New Notes after deduction of any fees, commissions and expenses, but before deduction of any earlybird consent fee which may be payable.
- ⁽²⁾ As adjusted to give effect to the issue of the Notes after deduction of any fees, commissions and expenses and after deduction of any fees, commissions and expenses relating to the Bridge Upsize.
- ⁽³⁾ Excludes any adjustments relating to the Unsecured Term Loans.
- ⁽⁴⁾ Based on the exchange rate of US\$1.00 = S\$1.4134 (sourced from Bloomberg as at 16 November 2016)

APPENDIX 4 DESCRIPTION OF THE GROUP

Note to Shareholders: This Appendix 4 is extracted from Annex C (Information Memorandum in respect of the New Notes) of the Consent Solicitation Statement (the “Preliminary Information Memorandum”) and any defined terms used herein shall have the meanings as ascribed to them in the Preliminary Information Memorandum. The information set out in this Appendix 4 is also subject to finalisation in the final information memorandum.

OVERVIEW

Established in 2009, KrisEnergy is an independent upstream oil and gas company focused on the exploration, appraisal, development and production of oil and gas resources in high-potential geological basins in Asia. Leveraging the extensive knowledge and experience of the technical team in countries and geological basins in Southeast Asia, the Group has built a portfolio of assets spanning the entire exploration-to-production life cycle. KrisEnergy’s target focus area stretches from the Surma Basin in Bangladesh in the west to the Papuan Basin in the east, and from offshore southern China in the north to Indonesia in the south.

In July 2013, KrisEnergy completed its IPO and listing on the Main Board of SGX-ST. KrisEnergy’s controlling shareholders are Singapore conglomerate, Keppel Corporation Ltd. and U.S. private equity firm, First Reserve Corporation.

KrisEnergy continues to recognise the value of local presence in its areas of operation, and while it maintains its operational headquarters in Singapore, it has fully independently staffed offices in Bangkok, Dhaka, Phnom Penh, Ho Chi Minh City and Jakarta. Management believes the on-the-ground knowledge in these areas has allowed the Group to identify skilled industry professional and technical staff to run these offices and to quickly and efficiently respond to business decisions.

Since inception, KrisEnergy has built a portfolio of oil and gas assets encompassing 18 contract areas, of which it operates 12, in five countries specifically Bangladesh, Cambodia, Indonesia, Thailand and Vietnam. The Group has four producing oil and gas assets in the Gulf of Thailand and one gas producing field onshore Bangladesh.

Based on the 2015 Summary of Qualified Person’s Report:

- the Group’s proved plus probable Working Interest reserves, referred to as “2P reserves” amounted to 105.9 mmbob, as compared to 71.0 mmbob as of 31 December 2014; and
- the Group’s best estimate Working Interest contingent resources, referred to as “2C resources” amounted to 109.3 mmbob, as compared to 136.8 mmbob as of 31 December 2014.

Since the 2015 Summary of Qualified Person’s Report:

- The Group increased its Working Interest in Cambodia Block A from 52.25 per cent. to 95.0 per cent. on 7 October 2016 due to the withdrawal of Mitsui Oil Exploration Co. Ltd (“MOECO”) and GS Energy Corporation (“GSE”).
- Pursuant to the withdrawal of Ophir Energy plc (“Ophir”) from the Kutai PSC, the Group increased its Working Interest from 54.6 per cent. to 78.0 per cent. The transfer agreement was signed on 11 October 2016 and is pending governmental approvals.

- The Group's Working Interest in Block A Aceh decreased from 41.6666 per cent. to 15.0 per cent. pursuant to a farm-out agreement signed with PT Medco E&P Melaka ("**Medco**") on 9 November 2016. The farm-out is pending approvals from the Government of Indonesia and the Government of Aceh.
- The East Muriah PSC expired on 12 November 2016.

The collective effect of these recent transactions (some of which are pending relevant approvals) ("**Recent Transactions**") on the Issuer's 2P Reserves and 2C Resources as of the date of this Information Memorandum is a reduction in the Issuer's 2P Reserves and 2C Resources to 87.5 mmboe and 67.5 mmboe, respectively. See the sections headed "*Recent Developments*" and "*History*".

For the nine months ended 30 September 2016, the Group's Working Interest production was 16,833 boepd from B8/32, B9A, G10/48 and G11/48 all in the Gulf of Thailand, and Block 9 onshore in Bangladesh. Subject to realised oil and gas prices, the Group's producing assets provide cash flow to fund capital expenditures, working capital and potentially to progress a suite of development projects, ultimately with the aim of increasing production and therefore revenue and free cash flow.

In 2014, KrisEnergy established the S\$500 million multicurrency debt issuance program (the "**MTN Program**"). Pursuant to such MTN Program, KrisEnergy issued the 2017 Notes and 2018 Notes in June and August 2014, respectively. The proceeds of these issuances, together with the 2014 Revolving Credit Facility, free cash flow from operations and the Rights Issue in August 2015, were applied to the development of the Nong Yao and Wassana oilfields in G11/48 and G10/48, respectively in the Gulf of Thailand, which commenced production in June 2015 and August 2015, respectively; appraisal drilling of the Rossukon oil discovery in G6/48 in the Gulf of Thailand; the Mustika-1 exploration well in the Sakti PSC; the Rayrai-1 exploration well in G10/48; drilling of 114 development wells in the B8/32 & B9A concessions; and seismic acquisition programs in Indonesia in the Udan Emas PSC, Bala-Balakang PSC, East Muriah PSC and Sakti PSC, SS-11 offshore Bangladesh, Block 120 offshore Vietnam and G10/48 in the Gulf of Thailand. In addition, the engineering procurement and installation contract for the Block A Aceh gas development was awarded in March 2016, triggering the Group's Working Interest share of capital expenditure for the construction of basic infrastructure as well as long-lead items.

In addition and in light of the current macroeconomic and market conditions, KrisEnergy continues to actively manage its existing portfolio. Active portfolio management may, depending on the circumstances that exist at the time, include divestments, acquisitions, farm-ins, farm-outs, relinquishments and exchanges of interests.

The Group's business and revenues are substantially dependent upon the prevailing prices of oil and gas. Since the issuance of the Existing Notes, the precipitous drop and subsequent volatility in oil prices has had a significant impact on the Group's results of operations, financial condition and future prospects. KrisEnergy implemented several strategies over the last two years to preserve short-term liquidity and the ability of the Group to invest in future development projects, which are expected to ultimately grow production and increase cash flows. In order to implement a long-term solution in light of prevailing uncertainty in the oil and gas industry, and following a portfolio review of its assets in 2016, KrisEnergy's directors approved and adopted the New Business Plan. See "*— Recent Developments*" and "*The Proposals*" in the Consent Solicitation Statement for more details.

KrisEnergy is committed to managing environmental, health, safety and security ("**EHSS**") matters and assuring the EHSS integrity of all processes and facilities is an integral part of its business. As of 2016, KrisEnergy implemented the KrisEnergy Environmental, Health Safety Management System ("**EHSMS**") in the Dhaka, Jakarta and Singapore offices and its Bangladesh operations. KrisEnergy has achieved the OHSAS 18001 (an internationally recognised Occupation Health and Safety management standard) and ISO

14001 certification (an internationally recognised environmental management standard) from SGS International Certification Services accredited by the Swiss Accreditation Service and the United Kingdom Accreditation Service respectively. It is KrisEnergy's intention to undertake the auditing and certification processes of all its offices and operations in the near future. All KrisEnergy's EHSS policies and procedures are compliant with the OHSAS 18001 and ISO 14001 requirements.

The following table sets forth certain information regarding KrisEnergy's oil and gas assets as of the date of this Information Memorandum.

	<u>Location</u>	<u>Offshore / Onshore</u>	<u>Gross Area (sq. km)</u>	<u>Working Interest (per cent.)</u>	<u>Status⁽¹⁾</u>	<u>Operator</u>
<i>Bangladesh</i>						
Block 9	Bangladesh	Onshore	1,770	30.0	Production and Development Unclarified	KrisEnergy
SS-11	Bangladesh	Offshore	4,475	45.0	Exploration	Santos
<i>Cambodia</i>						
Cambodia Block A ⁽²⁾	Gulf of Thailand	Offshore	4,709	95.0 ⁽³⁾	Development Pending and Development Unclarified Exploration	KrisEnergy
<i>Indonesia</i>						
Bulu	East Java Sea	Offshore	697	42.5	Near Production	KrisEnergy
Block A Aceh	North Sumatra Basin	Onshore	1,680	41.6666 ⁽⁴⁾	Near Production and Development Unclarified	Medco
East Seruway	Malacca Strait	Offshore	1,172	100.0	Exploration	KrisEnergy
Kutai	Makassar Strait	Offshore	944	54.6 ⁽⁵⁾	Development Pending	KrisEnergy
Sakti	East Java Sea	Offshore	4,974	95.0	Exploration	KrisEnergy
Bala-Balakang	Makassar Strait	Offshore	3,143	85.0	Development Unclarified	KrisEnergy
Udan Emas	West Papua	Onshore	4,044	100.0	Exploration	KrisEnergy
<i>Thailand</i>						
B8/32 & B9A	Gulf of Thailand	Offshore	2,072	4.6345	Production	Chevron

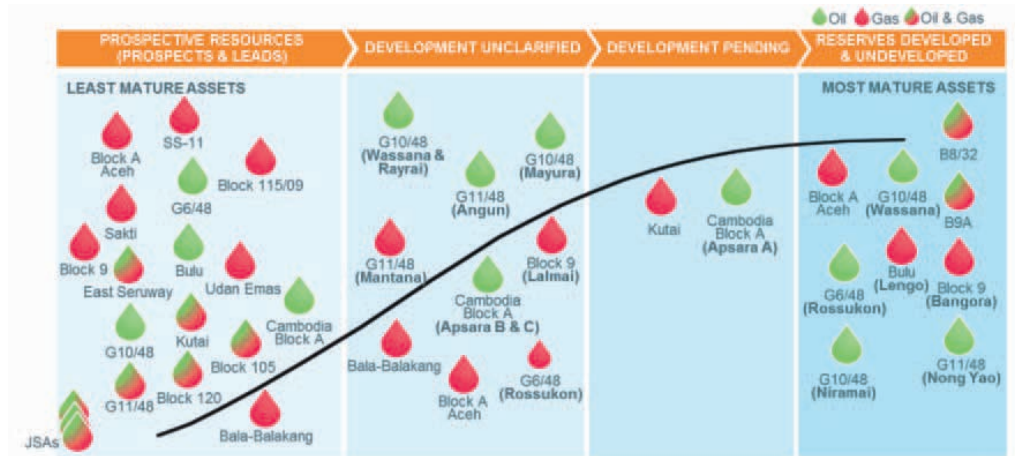
	Location	Offshore / Onshore	Gross Area (sq. km)	Working Interest (per cent.)	Status⁽¹⁾	Operator
G6/48	Gulf of Thailand	Offshore	371	30.0	Near Production and Development Unclarified	KrisEnergy
G10/48 ⁽⁶⁾	Gulf of Thailand	Offshore	1,783	89.0	Production and Development Unclarified	KrisEnergy
G11/48 ⁽⁷⁾	Gulf of Thailand	Offshore	1,079	22.5	Production and Development Unclarified	Mubadala
Vietnam						
Block 105-110/04 (“ Block 105 ”) . . .	Offshore Vietnam	Offshore	7,192	51.0	Exploration	KrisEnergy
Block 115/09 (“ Block 115 ”) . . .	Offshore Vietnam	Offshore	7,382	100.0	Exploration	KrisEnergy
Block 120	Offshore Vietnam	Offshore	6,839	33.33	Exploration	Eni

Notes:

- (1) Each contract area also holds exploration prospects and leads.
- (2) Resources associated with Platform A within Cambodia Block A are classified as Development Pending, and resources associated with Platform B and Platform C within Cambodia Block A are classified as Development Unclarified.
- (3) The agreement to transfer 28.50 per cent. Working Interest in Cambodia Block A from MOECO and 14.25 per cent. Working Interest in Cambodia Block A from GSE to KrisEnergy, due to the withdrawal of MOECO and GSE, was signed on 31 August 2016 and completed on 7 October 2016. As of 7 October 2016, KrisEnergy’s Working Interest in Cambodia Block A increased from 52.25 per cent. to 95.0 per cent. This 95.0 per cent. Working Interest holding assumes completion of the formal transfer of 5.0 per cent. Working Interest to the relevant government corporation as decided by the Cambodian Ministry of Mines and Energy (“**Cambodian MME**”).
- (4) The agreement to transfer 26.6666 per cent. Working Interest in Block A Aceh PSC from KrisEnergy (Block A Aceh) BV to Medco was signed on 9 November 2016 and is pending approvals from the Government of Indonesia and the Government of Aceh. Upon completion of the farm-out, KrisEnergy’s Working Interest will decrease from 41.6666 per cent. to 15.0 per cent..
- (5) The agreement to transfer 23.4 per cent. Working Interest in Kutai PSC from Ophir to KrisEnergy due to the withdrawal of Ophir was signed on 11 October 2016 and is pending government approvals. Upon completion of the transfer, KrisEnergy’s Working Interest will increase from 54.6 per cent. to 78.0 per cent. The block exploration phase will expire on 15 January 2017.
- (6) Resources associated with the Niramai discovery within G10/48 are classified as Development Pending and resources associated with the Mayura discovery within G10/48 are classified as Development Unclarified.
- (7) Resources associated with the Angun and Mantana discoveries within G11/48 are classified as Development Unclarified.

Portfolio Building Across the E&P Life Cycle

Balanced portfolio with cash flow from production and upside development and exploration potential



STRENGTHS

Balanced and diversified asset portfolio

KrisEnergy's portfolio balances several key elements, including, in particular, the exploration and production life cycle, geography, hydrocarbon mix, fiscal terms and exploration prospects.

The assets in its portfolio span the entire oil and gas exploration and production life cycle. This allows the Issuer to use the cash flow generated from producing assets, namely B8/32, B9A, G10/48 and G11/48, in the Gulf of Thailand and Block 9 onshore Bangladesh, to, subject to realised oil and gas prices, fund maintenance capital expenditure, working capital and its future developments that provide for near-term cash flow generation. KrisEnergy believes that its producing assets provide cash flow and a foundation, which can be leveraged to pursue the progress of other development projects in its portfolio.

The Issuer's portfolio is also diversified from a geographic perspective, across some of the most prospective basins in the Southeast Asian region. Its assets are located across five countries and seven core areas stretching from the Surma Basin in Bangladesh in the west to the Papuan Basin in the east, and from offshore southern China in the north to Indonesia in the south. Thailand, Indonesia and Vietnam are three of the top four oil and gas producing countries in Southeast Asia.

In addition, KrisEnergy's assets are balanced across hydrocarbon mix between crude oil and gas. As of 31 December 2015, the Group's 2P reserves are approximately 29 per cent. crude oil and 71 per cent. gas (33 per cent. crude oil and 67 per cent. gas in light of the Recent Transactions), while its 2C resources are approximately 8 per cent. crude oil and 92 per cent. gas (19 per cent. crude oil and 81 per cent. gas in light of the Recent Transactions). Gas production generally provides cash flow stability as it is sold under long-term contracts. In particular, KrisEnergy's entire share of gas from B8/32 and B9A is sold in Thailand under long-term gas sales agreements with PTT and together with the partners in Block 9 Bangladesh, the produced gas is sold under a long-term gas purchase and sales agreement with Bangladesh Oil, Gas & Minerals Corporation ("**Petrobangla**").

KrisEnergy's balanced portfolio of contract areas in several countries with different taxation regimes and regulations spreads its exposure to political and fiscal risks. Within countries, KrisEnergy's assets are diversified across actual fiscal terms.

All of KrisEnergy's contract areas contain exploration prospects and leads, which will provide potential growth opportunities for the Issuer in the future. Each exploration area has multiple prospects and leads which are independent of one another, allowing it to spread the exploration risk.

Proven track record of acquiring, exploring, developing and operating oil and gas fields

The Group expects to achieve first production for its development assets in the near future, which will increase production, revenue and free cash flow and enhance the overall strength of the Group's balance sheet. For example, development in Block A Aceh has already commenced and KrisEnergy intends to further develop a satellite development in G10/48, develop oilfields in Cambodia Block A and G6/48 between now and 2018 and expects to achieve first gas in Block A Aceh and first oil in Cambodia Block A and G6/48 by 2020.

The success of the Group in developing and operating oil and gas fields is also proven by senior management's track record in growing 2P reserves and production from 32.3 mmboe and 2,916 boepd in 2013 to 105.9 mmboe and 16,833 boepd for the nine months ended 30 September 2016. Senior management also demonstrated its ability to grow production at Pearl Energy where net production increased from approximately 5,000 boepd in 2003 to more than 20,000 boepd in 2008, largely driven by the development of the Jasmine oilfield in the Gulf of Thailand, which first produced oil 17 months after Pearl Energy's acquisition of the contract area and achieved cumulative production of over 17 mmboe in its first three years of operation.

Effective recovery of development and operating costs with strong cash flow generated through the fiscal regimes KrisEnergy operates in and stable cash flow generation from long-term gas sales agreements

The fiscal regimes that KrisEnergy operates in allow it to effectively and efficiently recover its past costs incurred. The assets in KrisEnergy's current portfolio (with the exception of Thailand) are all located in jurisdictions that provide for cost recovery from production under production sharing contracts. The cost recovery mechanism also typically provides a natural hedge against movement in commodity prices and is also typically in priority to the sharing of profit oil.

For example, under KrisEnergy's production sharing contracts in Indonesia, the Group has the right to recover operating costs (as defined in the relevant PSCs), which consist of current year non-capital costs (relating to costs incurred in the current year's production and including the cost of geological and geophysical activity), current year depreciation on capital costs and current year allowed recovery of prior year's unrecovered operating costs. Under KrisEnergy's contract in Cambodia, the Issuer has the right to recover its capital expenditure from current and prior years, up to 90.0 per cent. of production. In Vietnam, KrisEnergy is entitled to recover up to 70.0 per cent. of gross costs. These costs are recovered on a first-in-first-out basis and carried forward to the next succeeding quarters (without interest) until fully recovered. In Bangladesh, KrisEnergy is permitted to recover costs from up to 55.0 per cent. of all liquids and 55.0 per cent. of all gas produced in the calendar year.

In addition, KrisEnergy generates stable cash flows from its long-term gas sales agreements. KrisEnergy sells its entire share of gas from B8/32 & B9A in Thailand under a long-term gas sales agreement with PTT which

expires in December 2027 and together with the partners in Block 9 Bangladesh, sells the gas to Petrobangla under a long-term gas purchase and sales agreement which expires in August 2033. KrisEnergy's gas development in Block A Aceh, onshore Sumatra, is tied into a 13-year gas sales contract and the Issuer is currently negotiating a gas sales agreement for the Lengo gas field in the Bulu PSC, offshore East Java.

Management expertise in Southeast Asia and strong competitive advantage within core area of focus

Each of KrisEnergy's assets is rigorously selected based on in-depth knowledge derived from the management team's long-standing experience within Asian basins. This focus in core areas creates an operating niche for the management and technical teams, which possess a deep understanding of the geology and complexities of the regional basins, long-standing experience with governments and regulatory authorities and deep-seated ties to potential partners in the region. This provides positive operational implications such as the transfer of skills and knowledge, which KrisEnergy believes will offer a competitive advantage in securing the rights to contract areas. Due to this regional expertise, KrisEnergy is approached regularly by government agencies and potential partners with potential business opportunities.

KrisEnergy's focus area stretches from the Surma Basin in Bangladesh to the Papuan Basin in the East and from offshore southern China in the North to Indonesia in the South. Although the vast area spans numerous geographies, the geology is similar across much of the map with the exception of the far eastern flank.

In addition to the experience and track record of management and senior technical staff, KrisEnergy is dedicated to maintaining an on-the-ground presence in the countries in which it has assets. To this end, the Group has offices in Bangladesh, Cambodia, Indonesia, Thailand and Vietnam, in addition to its business development headquarters in Singapore. By maintaining local offices in these countries, KrisEnergy believes that it is able to respond quickly and efficiently to business opportunities that arise in these areas, which provides the Group with significant competitive advantage over many of its peers that maintain their primary offices outside of Asia. Moreover, KrisEnergy largely employs local technical and professional staff in these countries, which the Group believes provides it with valuable knowledge of the regional geology, business culture and regulatory environment.

KrisEnergy intends to continue to leverage its regional experience by focusing its efforts on basins in Southeast Asia, which, due to similarities in regional geology, are considered to stretch from Bangladesh in the west to Papua New Guinea in the east. Continuing to focus primarily on the Group's core region will allow KrisEnergy to maximise the value of its knowledge of the region and provide it with a stable operating base should it decide to pursue opportunities elsewhere.

Well positioned to leverage on the strong demand growth for oil and gas in Asia

According to Wood MacKenzie, the global demand for oil will continue to increase from 31,065 mmboe in 2016 to 31,885 mmboe in 2021, equating to a 0.5 per cent. average annual growth rate. This will largely be driven by demand growth in the Asia-Pacific region, which will surpass all other regions in both volume and growth rate. More specifically, the volumetric demand will increase by 483 mmboe between 2016 and 2021 and the average growth rate in demand for oil in Asia-Pacific is forecast to be 0.9 per cent. per annum from 2016 to 2021. Natural gas is also looking to take on a more prominent role globally, with demand for gas expected to increase from 20,864 mmboe in 2016 to 23,914 mmboe in 2021, which represents an average annual growth rate of 2.8 per cent. This is largely driven by Asia-Pacific, Middle East and North America. In Asia-Pacific alone, the demand for gas is expected to grow at 5.0 per cent. annually from 2016 to 2021. Similar to the Asia-Pacific trend, gas is likely to take a prominent role in Southeast Asia over the next few years. Demand for gas is likely to experience a 2.5 per cent. annual increase from 977 mmboe in 2016 to 1,104 mmboe in 2021. Indonesia, Malaysia and Thailand are the top three drivers of this gas demand

volumetrically. Myanmar is currently the fastest growing gas demand centre, and it is expected that demand will increase at an average annual growth rate of 5.5 per cent. from 2016 to 2021. With its current portfolio of assets, KrisEnergy believes that it is well-positioned to tap into the rising demand for oil and gas in both Asia-Pacific and Southeast Asia.

In the short term, it is estimated that short-term world oil demand will nearly surpass total global supply during 2016. The supply and demand balance is expected to continue to tighten due to a fall in non-OPEC supply and the slow growth of OPEC supply. Based on estimates by Wood Mackenzie, Brent oil prices are likely to be between US\$60/bbl to US\$70/bbl in 2017. In the medium term, a widening of OPEC's spare capacity is expected to cause greater supply of oil and lower oil prices (assuming that OPEC does not cut production to support oil prices). Nevertheless, prices are expected to be approximately US\$85/bbl by 2018 due to OPEC's low spare capacity, which will support oil prices. In the longer term, higher oil prices will cause non-OPEC supply to increase, until it reaches a plateau between 2026 and 2028. It is estimated that the slower rate of growth of demand for oil and the widening of OPEC's spare capacity will cause oil prices to fall to US\$75/bbl in real terms in 2025.

Demand for liquefied natural gas ("LNG") has grown in China and India in 2016 due to rising oil prices and low spot prices. However, slower economic growth and competition from other fuels in the power sector, notably coal, has reduced LNG demand in established Asian markets such as Japan. Strong LNG growth globally will likely lead to LNG suppliers seeking market share in Europe, increasing to 100 mmtpa by 2020 which is a rise of nearly 60 mmtpa from 2015 imports. European LNG spot prices are forecast to be between US\$4.35 per million British thermal units ("mmbtu") to US\$4.72/mmbtu in 2022. Japanese equivalent spot prices are forecast to be between US\$4.35/mmbtu to 5.10/mmbtu in 2022 because Asian LNG spot prices will be priced off Europe throughout the same period. In the long term, it is expected that the rising cost of new supply required to meet rising demand in the Pacific and European markets will push European and Asian prices above US\$8/mmbtu from 2026 onwards. It is likely that Russia will adopt a new target price for its gas in line with alternative sources of supply available to buyers in order to maintain its market share in Europe. It is forecast that Japanese spot prices will trend to US\$11.50/mmbtu by 2035 based on alternative prices in Europe and the breakeven cost of new LNG supply.

Experienced and recognised Controlling Shareholders with expertise that is complementary to KrisEnergy's business and experienced, well-respected field partners

KrisEnergy benefits from the expertise of Keppel and First Reserve, its Controlling Shareholders, who possess strong industry experience, financial backing and business relationships. As of the date of this Information Memorandum, Keppel holds a 40.0 per cent. interest and First Reserve holds a 37.5 per cent. interest in KrisEnergy. Keppel, through its wholly-owned subsidiary, is one of the world's largest offshore marine groups with a global footprint across more than 30 countries. First Reserve is a private equity investment firm with substantial investments in the energy industry. KrisEnergy expects to leverage on its Controlling Shareholders' extensive network of relationships and technologies to capitalise on growth opportunities and strengthen KrisEnergy's execution capabilities.

The Issuer also conducts activities in its licence areas with well-respected global oil and gas players. KrisEnergy's partners include both large-scale national oil companies and international oil companies such as Chevron Global Energy Inc. ("**Chevron**"), Eni, PTT Exploration and Production Company Limited ("**PTTEP**") and Mubadala Petroleum ("**Mubadala**"). These partners bring strong technical and operating capabilities, financial capacity for asset development, respective geographical focus, long-standing relationships with regulators and governments and opportunities for potential further cooperation. Partnering with these companies also helps KrisEnergy ensure a high standard of corporate governance at its non-operated assets. The Issuer's objective is to be the "partner of choice" for such national and international oil companies.

STRATEGY

The upstream oil and gas industry continues to endure one of its most challenging cyclical downturns in decades. Turmoil in the financial markets and severe downward pressure on crude oil prices has created instability and uncertainty throughout the oil and gas industry. As with most upstream oil and gas companies, KrisEnergy's business operations are highly sensitive to Brent crude prices and in response to the adverse macro conditions, KrisEnergy has been decisive in implementing necessary financial strategies with a primary focus on improving production efficiencies, cost reductions and capital expenditure cutbacks and deferrals, which are factors within the control of the Issuer.

In an environment where sustained ambiguity remains around the recovery of oil prices, KrisEnergy intends to continue to adopt prudent financial management practices to mitigate any further erosion in balance sheet strength. Following the completion of the Consent Solicitation Exercise and Preferential Offering, KrisEnergy will continue to devote its financial resources towards maintaining and maximising production efficiencies from its existing producing fields in the Gulf of Thailand and onshore Bangladesh.

Although portfolio review and management is a constant process, KrisEnergy has conducted a thorough portfolio review of its assets with the aim of putting in place a more long-term solution to mitigate the continued business and financial pressures faced by the Group due to prolonged oil price volatility. As a result, the New Business Plan was formed and approved by the Board where KrisEnergy intends to invest in and farm-down selected net present value ("NPV")-positive projects in order to increase future free cash flows (from increases in production of oil and gas) and generate additional liquidity (from the farm-downs), which will ensure that the Group meets all its debt obligations.

KrisEnergy intends to utilise free cash flow from operations, savings from the reduction in debt servicing, proceeds from the Preferential Offering, amounts drawn under the Revolving Credit Facility as well as proceeds from farm-out and asset divestment transactions, towards near-term cash generative developments in the Gulf of Thailand and onshore North Sumatra, Indonesia. KrisEnergy believes that its strategy towards near-term developments will provide incremental production and enhance revenue, free cash flow and liquidity in the coming years, which will support its capital expenditure programs, debt service, as well as debt repayment when such obligations fall due. The Issuer intends to continue to invest in capital expenditure in order to maintain its current production profile (oil and gas assets deplete as a result of production by nature) and to grow production in selected assets in order to increase future free cash flows. To indefinitely defer or even relinquish certain of its projects may be value-destructive for all stakeholders.

Central to KrisEnergy's strategy in the current environment is to shift its financial resources towards development and production activities. Although all of KrisEnergy's assets possess a significant degree of exploration upside, in the current depressed oil price environment, KrisEnergy intends to limit its exploration related activities solely to firm committed expenditures until there is a sustained recovery in the oil markets.

RECENT DEVELOPMENTS

Since the 2015 Summary of Qualified Person's Report:

- the Group increased its Working Interest in Cambodia Block A from 52.25 per cent. to 95.0 per cent. on 7 October 2016 due to the withdrawal of MOECO and GSE;
- pursuant to the withdrawal of Ophir from the Kutai PSC, the Group increased its Working Interest from 54.6 per cent. to 78.0 per cent. The transfer agreement was signed on 11 October 2016 and is pending governmental approvals;

- the Group's Working Interest decreased from 41.6666 per cent. to 15.0 per cent. in Block A Aceh pursuant to a farm-out agreement signed with Medco on 9 November 2016. The farm-out is pending approvals from the Government of Indonesia and the Government of Aceh; and
- the East Muriah PSC expired on 12 November 2016,

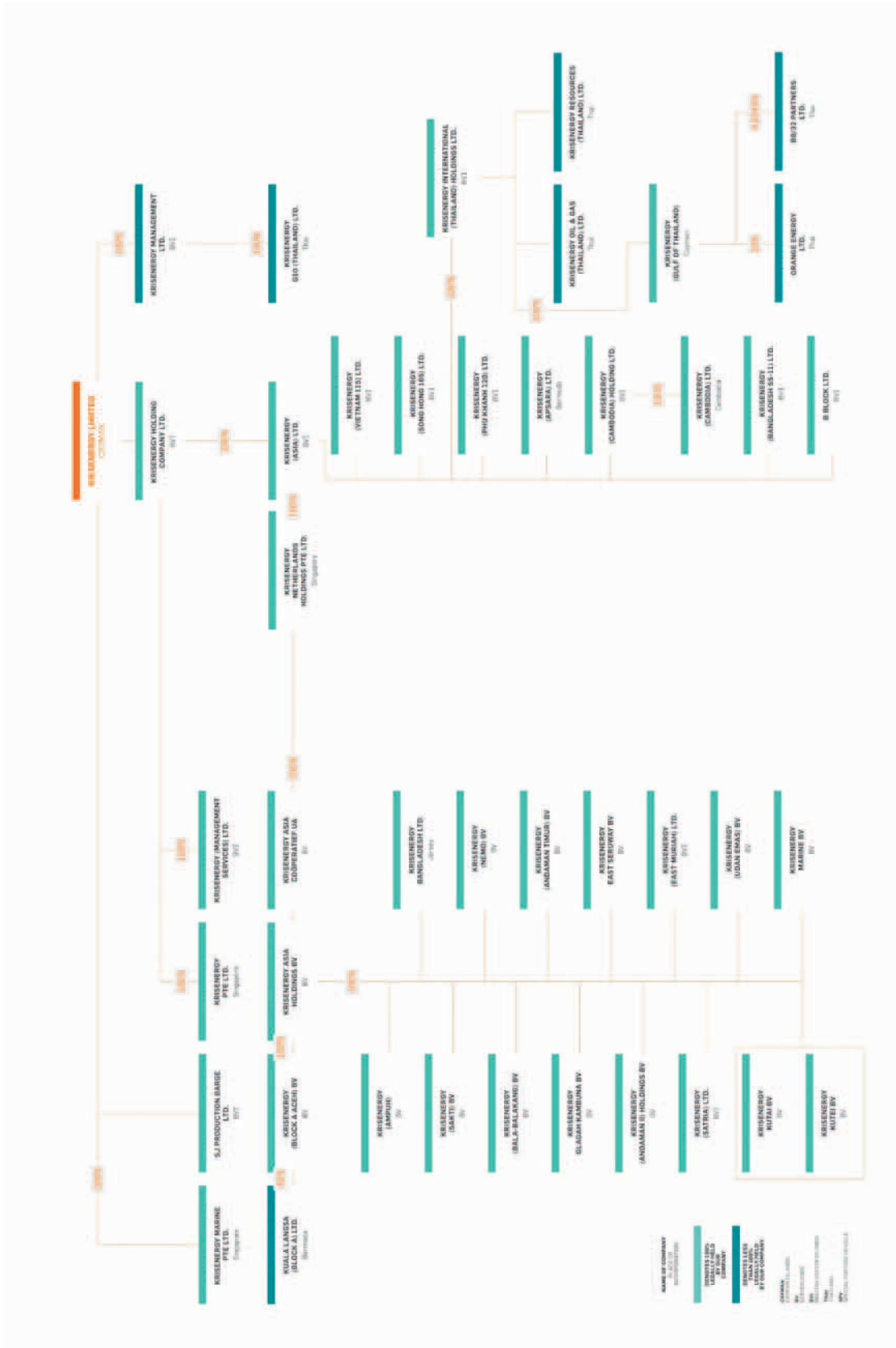
In view of these Recent Transactions, the 2P Reserves and the 2C Resources as of the date of this Information Memorandum is 87.5 mmboe and 67.5 mmboe, respectively.

In October 2016, KrisEnergy's directors approved and adopted the New Business Plan which will focus on improving operational efficiencies, maximising the Group's existing production and progressing its pipeline of development projects (focusing predominantly in the Gulf of Thailand) in order to enhance future production and as a result, free cash flow. Key elements of the New Business Plan include revising operational strategy and portfolio rationalisation. See "*The Proposals*" in the Consent Solicitation Statement for more details.

In order to effectively implement the strategic elements of the New Business Plan, KrisEnergy will require a stable and sustainable capital structure, a short-term reduction in its cash debt service obligations and an enhanced liquidity position. KrisEnergy intends to undertake and implement a comprehensive restructuring plan (the "**Proposed Restructuring Plan**") which it believes, if successful, will provide the Group with a stable and sustainable capital structure, reduce short-term cash debt service obligations and provide greater liquidity and thereby place the Group on a stronger footing in light of the prevailing price volatility and uncertainties in the global oil and gas industry. See "*The Proposals*" in the Consent Solicitation Statement for more details.

GROUP STRUCTURE

The details of the Group structure are as follows.



HISTORY

KrisEnergy is an independent upstream company with oil and gas assets stretching from Bangladesh in the west across Southeast Asia to West Papua, Indonesia. The Issuer was established in 2009 with an aim to build a balanced portfolio of assets comprising production, development, appraisal and exploration. KrisEnergy's activities range across all facets of the exploration and production life cycle from exploration and appraisal to development and production, which is supported by the Issuer's in-house technical team of geoscientists, engineers and operations specialists. To date, KrisEnergy has 18 assets in five countries - Bangladesh, Cambodia, Indonesia, Thailand and Vietnam. KrisEnergy operates 12 of the assets within its current portfolio.

The following timeline summarises key events in its history.

2009

Start-up

In June, First Reserve committed up to US\$500.0 million of equity capital, and certain of the management team, two non-executive directors, an advisor to the Board and an employee also committed at later dates to provide US\$4.2 million of equity capital to fund acquisitions and operations. KrisEnergy was incorporated in October.

Acquisition

Acquisition of 25.0 per cent. Working Interest in each of G10/48 and G11/48 in the Gulf of Thailand.

Operations

Participated in the Group's first drilling program: one exploration well each in G10/48 and G11/48 resulting in an oil discovery and a sub-commercial oil and gas discovery, respectively.

2010

Acquisitions

Grew footprint in Southeast Asia with the acquisition of Working Interests in assets in Cambodia (Cambodia Block A (25.0 per cent.)), Indonesia (Glagah-Kambuna TAC (25.0 per cent.) and Kutai PSC (24.6 per cent.)), Thailand (B8/32 & B9A) (46.0 per cent.) and Vietnam (Block 06/94 (33.3 per cent.), Block 105 (10.0 per cent.) and Block 120 (10.0 per cent.)), B8/32 & B9A and Glagah Kambuna TAC were the Issuer's first producing assets.

Operations

Six exploration wells in G11/48 resulted in four oil and gas discoveries and one oil discovery; five exploration wells in G10/48 resulted in one oil and gas discovery; and two oil discoveries; three exploration wells in Cambodia Block A resulted in two oil discoveries and one oil and gas discovery; two exploration wells in Block 06/94 were unsuccessful; and three exploration wells in the Kutai PSC resulted in two gas discoveries.

Participated in the acquisition of 327 sq. km 3D seismic data in G11/48, 554 sq. km 3D seismic data in G10/48, 1,807 km 2D seismic data in Block 105, 2,021 km 2D seismic data in Block 120 and 2,124 km 2D seismic data in G11/48.

63 development wells were drilled and three new wellhead platforms were put on stream in the B8/32 and B9A production areas.

Offices established in Jakarta, Indonesia and Bangkok, Thailand.

Financing

Entered into a US\$150.0 million loan facility with Standard Bank plc.

2011

Acquisitions

Acquisition of Working Interests and operatorship in two assets in Indonesia: 42.5 per cent. Working Interest in the Bulu PSC offshore East Java and 100.0 per cent. Working Interest in the East Seruway PSC offshore North Sumatra. Increase of Working Interest in the Kutai PSC in Indonesia from 24.6 per cent. to 54.6 per cent. and took over operatorship.

Increase from 10.0 per cent. to 50.0 per cent. Working Interest in Block 105 and Block 120 in Vietnam and took over operatorship of these contract areas.

Awarded 43.0 per cent. and operatorship of the Bala-Balakang PSC (formerly Tanjung Aru PSC) in the Makassar Strait, Indonesia.

Relinquishments

Relinquished Block 06/94 offshore Vietnam.

Operations

Acquired 491 sq. km 3D seismic data in the Kutai PSC.

In B8/32 and B9A, one exploration well resulted in a discovery, 24 development wells were drilled and one wellhead platform was put on stream.

Office established in Ho Chi Minh City, Vietnam.

As of 31 December 2011, KrisEnergy's 2P reserves and 2C resources amounted to 14.4 mmboe and 29.2 mmboe, respectively.

Financing

Issued US\$85.0 million face value 2016 Notes, and entered into the US\$30.0 million 2011 Revolving Credit Facility.

2012

Acquisitions

Awarded 100.0 per cent. of the Udan Emas PSC onshore West Papua.

Acquired a 50.0 per cent. operated Working Interest in the East Muriah PSC offshore East Java.

Farm-out

Farmed out a 25.0 per cent. Working Interest in each of Block 105 and Block 120 offshore, Vietnam.

Operation

The authorities in Thailand approved the Production Area Application (“PAA”) for the Nong Yao oilfield in G11/48. One exploration well in G10/48 and two exploration wells in B8/32 resulted in sub-commercial discoveries.

54 development wells were drilled in B8/32 & B9A.

Acquired 831 sq. km of 3D seismic data in Block 105 and 502 sq. km of 3D seismic data in Block 120.

As of 31 December 2012, KrisEnergy’s 2P reserves and 2C resources amounted to 17.2 mmboe and 40.7 mmboe, respectively.

Corporate

Keppel subscribed for a 20.0 per cent. indirect shareholding in KrisEnergy for US\$115.0 million with an option to acquire an additional 16.0 per cent. from First Reserve.

2013

Acquisitions

Acquired KrisEnergy Bangladesh, which holds a 30.0 per cent. operated Working Interest in Block 9 onshore in Bangladesh.

Operation

Agreed the final investment decision for the Nong Yao oil development in G11/48.

One exploration well in the Kutai PSC encountered gas; one appraisal well in the Bulu PSC successfully tested gas; one exploration well in each of Block 105 and Block 120 resulted in non-commercial gas and oil and gas discoveries, respectively.

In B8/32 & B9A, 57 development wells were drilled and two wellhead platforms were put on stream.

Acquired 948 km 2D seismic data in the East Seruway PSC and 270 sq. km 3D seismic data over the Rossukon oil discovery in G6/48.

As of 31 December 2013, KrisEnergy’s 2P reserves and 2C resources amounted to 32.2 mmboe and 53.9 mmboe, respectively.

Financing

Increased the 2016 Notes from US\$85.0 million to US\$120.0 million and the 2011 Revolving Credit Facility from US\$30.0 million to US\$42.5 million.

Corporate

Completed the IPO on the SGX-ST, raising S\$254.6 million.

Two Non-Executive Independent Directors were appointed. Keppel exercised its option to increase its effective shareholding pre-IPO and subscribed for US\$35.0 million of new Shares in the IPO.

Acquisitions

Acquired a 30.0 per cent. operated Working Interest in G6/48 in the Gulf of Thailand.

Increased Working Interest in G10/48 from 25.0 per cent. to 100.0 per cent. an obtained operatorship of G10/48.

Awarded operatorship and 95.0 per cent. Working Interest of Sakti PSC offshore East Java in Indonesia; 45.0 per cent. Working Interest of SS-11 exploration block, offshore Bangladesh; 100.0 per cent. operated Working Interest in the Block 115 exploration block offshore Vietnam.

Increased Working Interest in Bala-Balakang PSC (formerly known as Tanjung Aru PSC) to 85.0 per cent. due to the withdrawal of Neon Energy (Indonesia) Pty Ltd.

Through the acquisition of Chevron Overseas Petroleum (Cambodia) Limited, KrisEnergy took over operatorship and increased Working Interest in Cambodia Block A to 52.25 per cent.

Increased Working Interests in Block 105 PSC and Block 120 PSC to 33.33 per cent. due to the withdrawal of Neon Energy (Song Hong) Pty Ltd.

Operation

Acquired 1,284 km 2D seismic data in the East Muriah PSC; 502 sq. km 3D seismic data in the Bala-Balakang PSC; and acquired 1,202 km 2D and 401 sq. km 3D seismic data in the Sakti PSC.

One exploration commitment well was drilled in each of G10/48 and G11/48 and encountered non-commercial hydrocarbons.

In B8/32 & B9A, 55 development wells were drilled and one wellhead platform was put on stream and one other restarted production following infill drilling.

As of 31 December 2014, KrisEnergy's 2P reserves and 2C resources amounted to 71.0 mmboe and 136.8 mmboe, respectively

Financing

Redeemed in full the 2016 Notes for US\$126.3 million and cancelled the US\$42.5 million 2011 Revolving Credit Facility.

Entered into the 2014 Revolving Credit Facility in March 2014.

Established the MTN Program in May 2014 and issued the 2017 Notes and 2018 Notes in June and August 2014, respectively.

Corporate

Two Non-Executive Independent Directors were appointed.

2015

Acquisitions / Disposals

Completed the acquisition of the entire issued and paid-up share capital of Premier Oil Sumatra (North) B.V. which held 41.6666 per cent. Working Interest in the Block A Aceh PSC.

Completed the sale of 14.67 per cent. shareholding in KrisEnergy Management Ltd to Palang Sophon Offshore, a wholly-owned entity of Palang Sophon Ltd. (“**Palang Sophon**”), KrisEnergy Management Ltd held 100.0 per cent. in KrisEnergy G10 (Thailand) Ltd, which holds 75.0 per cent. Working Interest of G10/48. The Issuer’s wholly-owned subsidiary, KrisEnergy (Gulf of Thailand) Ltd., holds the remaining 25.0 per cent. Working Interest in G10/48 and the operatorship of G10/48. The transaction reduced KrisEnergy’s effective Working Interest in G10/48 to 89.0 per cent.

Eni Vietnam B.V. transferred a 66.67 per cent. operated Working Interest in Block 105 to KrisEnergy, and the Group thereafter assigned its non-operated 49.0 per cent. Working Interest in Block 105 to Vietnam Oil and Gas Group (“**PetroVietnam**”) in June 2015. KrisEnergy holds a 51.0 per cent. operated Working Interest in Block 105

Operation

Oil production from the Nong Yao field in the G11/48 licence in the Gulf of Thailand commenced from three initial wells on 17 June 2015.

Oil production from the Wassana oilfield in the G10/48 concession in the Gulf of Thailand commenced on 14 August 2015.

52 development wells were drilled in the B8/32 & B9A oil and gas complex in the Gulf of Thailand and one wellhead platform was installed.

Drilled two exploration and two sidetrack wells in G6/48 and one exploration well in G10/48, all of which resulted in oil and gas discoveries. Sub-commercial discovery resulted from an exploration well drilled in the Sakti PSC.

Government approval was received for a PAA for the Rossukon series of discoveries in G6/48.

A gas sales agreement was signed for the Block A Aceh gas development onshore North Sumatra for a daily contracted quantity of 58 billion British thermal unit (“**Btu**”).

The front-end engineering and design contract was awarded for the Lengo gas field development in the Bulu PSC offshore East Java.

Acquired 3,146 km of 2D seismic data in the SS-11 PSC, 575 sq. km of 3D seismic data in Block 120 and completed a 300 km of 2D seismic acquisition program in the Udan Emas PSC.

As of 31 December 2015, KrisEnergy’s 2P reserves and 2C resources amounted to 105.9 mmboe and 109.3 mmboe, respectively.

Financing

KrisEnergy (Asia) Ltd increased the total commitments of the 2014 Revolving Credit Facility to US\$122.0 million.

Completed a renounceable underwritten rights issue and raised net proceeds of S\$164.4 million.

Completed a consent solicitation exercise in connection with the MTN Program, obtaining consent from holders of the 2017 Notes and 2018 Notes to amend the consolidated EBITDAX to consolidated interest expense ratio covenant.

From 1 January 2016 to the Latest Practicable Date

Acquisitions / Disposals

Increased Working Interest in Cambodia Block A from 52.25 per cent. to 95.0 per cent. due to the withdrawal of MOECO and GSE on 7 October 2016.

The agreement to transfer 23.4 per cent. Working Interest from Ophir, due to the withdrawal of Ophir was signed on 11 October 2016 and is pending governmental approvals. Upon completion of the transfer, KrisEnergy's Working Interest will increase from 54.6 per cent. to 78.0 per cent. The block exploration phase will expire on 15 January 2017.

The agreement to transfer 26.6666 per cent. Working Interest in Block A Aceh PSC from KrisEnergy (Block A Aceh) BV to Medco was signed on 9 November 2016 and is pending approvals from the Government of Indonesia and the Government of Aceh. Upon completion of the farm-out, KrisEnergy's Working Interest will decrease from 41.6666 per cent. to 15.0 per cent..

Relinquishments

East Muriah PSC expired on 12 November 2016.

Operation

Development drilling in the Wassana oilfield in G10/48 was completed in January 2016.

In the first nine months of 2016, seven infill wells were drilled in the B8/32 & B9A oil and gas complex.

An engineering procurement and construction contract was awarded for the Block A Aceh gas development onshore North Sumatra.

Drilling of the Bangora-6 development well commenced on 4 September 2016.

Mubadala, the operator of G11/48, completed drilling of four infill wells at the Nong Yao oilfield in September 2016.

Acquired 884 sq. km of 3D seismic data in G10/48 over two sub-areas northwest and southwest of the Wassana oilfield.

Financing

On 24 March 2016, the Issuer extended the Revolving Credit Facility by one year to 24 March 2017.

On or about 28 June 2016, the Revolving Credit Facility was transferred to a single lender, DBS Bank Ltd. and was increased to US\$148.3 million on 11 July 2016.

On 3 November 2016, KrisEnergy entered into an amendment agreement, among others, the RCF Lender to amend certain terms and covenants of the Revolving Credit Facility, including, *inter alia*, the (a) extension of the maturity of the Revolving Credit Facility from March 2017 to June 2018; and (b) provision of a US\$50.0 million short-term bridge upsize for up to six months (the “**Bridge Upsize**”) pending the completion of the Proposed Preferential Offering. The Issuer is currently in negotiation with the RCF Lender to amend and restate the Revolving Credit Facility to, among other things, convert the financial covenants into information undertakings, and permit disposals which have been approved by the board of directors of the Issuer in line with the New Business Plan.

Corporate

Mr Keith Cameron retired and stepped down as the Chief Executive Officer and Executive Director. Mr Jeffrey S. MacDonald, previously an Independent Non-Executive Director, was appointed Interim Chief Executive Officer.

Several changes were also made to the Board with resignations of three Non-Executive Directors and subsequent appointment of two Non-Executive Directors.

Restructuring plan announced. See “*The Proposals*” in the Consent Solicitation Statement.

BUSINESS

Reserves and Resources

NSAI, as the Qualified Person, has prepared a report on KrisEnergy’s reserves and contingent resources as of 31 December 2015 and has reviewed and incorporated only field studies and data that were available up to that date in relation to the assets covered in the reports. For a summary of certain assumptions used in the 2015 Summary of Qualified Person’s Report, see “*Notice to Investors — Certain Reserves and Resources Information*”. You should note that the 2015 Summary of Qualified Person’s Report has calculated estimated reserves and contingent resources under 2007 PRMS standards, which may differ from the standards used by other companies in the industry. See “*Risk Factors — Risks Relating to the Oil and Gas Exploration and Production Industry — Reserve and resource estimates depend on many assumptions that may turn out to be inaccurate*”.

Reserves

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by development and production status.

Proved reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations; probable reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves; and possible reserves are those additional reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than probable reserves. When probabilistic methods are used, there should be a 90.0 per cent. chance that the quantities actually recovered will equal or exceed the 1P reserves estimate, a 50.0 per cent. chance that the quantities actually recovered will equal or exceed the 2P reserves estimate and a 10.0 per cent. chance that the quantities actually recovered will equal or exceed the 3P reserves estimate. See “*Notice to Investors — Presentation of Working Interest*”.

The following table sets forth reserves information regarding its oil and gas assets as of 31 December 2015, which has been extracted without material adjustment from the 2015 Summary of Qualified Person’s Report.

	As of 31 December 2015								
	1P Reserves			2P Reserves			3P Reserves		
	Working Interest			Working Interest			Working Interest		
	Oil	Gas	Total	Oil	Gas	Total	Oil	Gas	Total
(mmbbo)	(bcf)	(mmbboe)	(mmbbo)	(bcf)	(mmbboe)	(mmbbo)	(bcf)	(mmbboe)	
<i>Thailand</i>									
B8/32 & B9A	1.04	6.10	2.05	5.29	30.99	10.46	6.35	38.01	12.68
G6/48.	—	—	—	3.51	—	3.51	4.74	—	4.74
G10/48	10.75	—	10.75	16.67	—	16.67	23.65	—	23.65
G11/48	1.79	—	1.79	2.23	—	2.23	2.69	—	2.69
<i>Bangladesh</i>									
Block 9.	0.18	62.29	10.56	0.29	112.03	18.96	0.34	132.16	22.37
<i>Indonesia</i>									
Bulu	—	—	—	—	152.09	25.35	—	177.80	29.63
Block A Aceh ⁽¹⁾	—	—	—	2.20	159.13	28.73	2.70	157.54	28.96
Total.	13.76	68.39	25.16	30.19	454.24	105.90	40.47	505.52	124.70
<i>Indonesia</i>									
Block A Aceh ⁽¹⁾	—	—	—	(1.41)	(101.84)	(18.38)	(1.73)	(100.83)	(18.53)
Total assuming completion of Recent Transactions.									
	13.76	68.39	25.16	28.78	352.40	87.52	38.74	404.69	106.17

Note:

- (1) The agreement to transfer 26.6666 per cent. Working Interest in Block A Aceh PSC from KrisEnergy (Block A Aceh) BV to Medco was signed on 9 November 2016 and is pending approvals from the Government of Indonesia and the Government of Aceh. Upon completion of the farm-out, KrisEnergy’s Working Interest will decrease from 41.6666 per cent. to 15.0 per cent.

Contingent Resources

Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. In the “low estimate” scenario of contingent resources, the probability that the quantities of contingent resources actually recovered will equal or exceed the estimated amounts is at least 90.0 per cent.; in the “best estimate” scenario of contingent resources, the probability that the quantities of contingent resources actually recovered will equal or exceed the estimated amounts is at least 50.0 per cent.; and in the “high estimate” scenario of contingent resources, the probability that the quantities of contingent resources actually recovered will equal or exceed the estimated amounts is at least 10.0 per cent.

Contingent resources are classified as Development Pending when there is a discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future. The project is seen to have reasonable potential for eventual commercial development, to the extent that further data acquisition (e.g. drilling, seismic data) and/or evaluations are currently ongoing with a view to confirming that the project is commercially viable and providing the basis for selection of an appropriate development plan. The critical contingencies have been identified and are reasonably expected to be resolved within a reasonable time frame. Disappointing appraisal/evaluation results could lead to a re-classification of the project to “On Hold” or “Not Viable” status.

Contingent resources are classified as Development Unclassified when there is a discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay. The project is seen to have potential for eventual commercial development, but further appraisal/evaluation activities are on hold pending the removal of significant contingencies external to the project, or substantial further appraisal and/or evaluation activities are required to clarify the potential for eventual commercial development. Development may be subject to a significant time delay. A change in circumstances such that there is no longer a reasonable expectation that a critical contingency can be removed in the foreseeable future, for example, could lead to a reclassification of the project to “Not Viable” status.

The following table sets forth contingent resources information regarding its oil and gas assets as of 31 December 2015, which has been extracted without material adjustment from the 2015 Summary of Qualified Person's Report.

	As of 31 December 2015								
	1P Reserves			2P Reserves			3P Reserves		
	Working Interest			Working Interest			Working Interest		
	Oil	Gas	Total	Oil	Gas	Total	Oil	Gas	Total
(mmbo)	(bcf)	(mmboe)	(mmbo)	(bcf)	(mmboe)	(mmbo)	(bcf)	(mmboe)	
<i>Bangladesh</i>									
Block 9	0.01	1.82	0.31	0.03	8.30	1.42	0.16	38.69	6.61
<i>Cambodia</i>									
Cambodia Block A ⁽¹⁾	0.47	—	0.47	5.37	—	5.37	9.45	—	9.45
<i>Indonesia</i>									
Block A Aceh ⁽²⁾	0.09	309.46	51.67	0.35	443.81	74.33	1.01	649.69	109.29
East Muriah ⁽³⁾	—	—	—	—	9.85	1.64	—	24.43	4.07
Kutai ⁽⁴⁾	—	—	—	0.05	41.33	6.94	0.08	64.13	10.77
Bala-Balakang	—	—	—	—	93.93	15.66	—	132.44	22.07
<i>Thailand</i>									
G6/48	—	3.44	0.57	—	3.97	0.66	—	4.61	0.77
G10/48	1.20	—	1.20	2.23	—	2.23	4.52	—	4.52
G11/48	0.40	1.11	0.59	0.57	3.34	1.12	5.24	5.87	6.22
Total	2.17	315.84	54.81	8.60	604.54	109.3	20.46	919.86	173.77
<i>Cambodia</i>									
Cambodia Block A ⁽¹⁾	0.39	—	0.39	4.39	—	4.39	7.73	—	7.73
<i>Indonesia</i>									
Block A Aceh ⁽²⁾	(0.05)	(198.05)	(33.06)	(0.23)	(284.03)	(47.57)	(0.64)	(415.79)	(69.94)
East Muriah ⁽³⁾	—	—	—	—	(9.85)	(1.64)	—	(24.43)	(4.07)
Kutai ⁽⁴⁾	—	—	—	0.02	17.71	2.97	0.03	27.48	4.61
Total assuming completion of Recent Transactions	2.51	117.78	22.14	12.78	328.36	67.52	27.58	507.12	112.10

Notes:

- (1) The agreement to transfer 28.5 per cent. Working Interest in Cambodia Block A from MOECO and 14.25 per cent. Working Interest in Cambodia Block A from GSE to KrisEnergy, due to the withdrawal of MOECO and GSE, was signed on 31 August 2016 and completed on 7 October 2016. As of 7 October 2016, KrisEnergy's Working Interest in Cambodia Block A increased from 52.25 per cent. to 95.0 per cent. This 95.0 per cent. Working Interest holding assumes completion of the formal transfer of 5.0 per cent. Working Interest to the relevant government corporation as decided by the Cambodian MME.
- (2) The agreement to transfer 26.6666 per cent. Working Interest in Block A Aceh from KrisEnergy (Block A Aceh) BV to Medco was signed on 9 November 2016 and is pending approvals from the Government of Indonesia and the Government of Aceh. Upon completion of the farm-out, KrisEnergy's Working Interest will decrease from 41.6666 per cent. to 15.0 per cent.
- (3) The East Muriah PSC expired on 12 November 2016.
- (4) The agreement to transfer 23.4 per cent. Working Interest in Kutai PSC from Ophir to KrisEnergy, due to the withdrawal of Ophir was signed on 11 October 2016 and is pending governmental approvals. Upon completion of the transfer, KrisEnergy's Working Interest will increase from 54.6 per cent. to 78.0 per cent.

Internal Controls Over Reserves Estimates

KrisEnergy's policy regarding internal controls over the recording of reserves and resources is structured to objectively and accurately estimate its oil and gas reserves and resource quantities in

compliance with 2007 PRMS standards. The Group's petroleum engineering department reports to the Director of Exploration and Production. The Group's Vice President of Engineering maintains oversight and compliance responsibility for the internal reserves and resource estimate process and provides appropriate data to independent third-party engineers for the annual estimation of year-end reserves and resources.

In addition, KrisEnergy's exploration department comprises other experts, all of whom report to the Director of Exploration and Production and provide input into the internal reserves and resource estimate process. The Vice President Exploration and Vice President Technical are responsible for identifying and assessing the location, quantity and quality of hydrocarbon deposits, ascertaining extraction risks and overseeing the geological and geophysical analysis of the exploration team in its regional offices.

KrisEnergy maintains local engineering and exploration teams on the ground in Indonesia, Thailand and Vietnam, which provides the Group with local expertise regarding basins in these regions and allows efficient evaluation of the technical aspects of these assets and of potential acquisition opportunities.

Production

KrisEnergy's producing assets are the B8/32, B9A, G10/48 and G11/48 contract areas in the Gulf of Thailand and Block 9 onshore Bangladesh. On 11 July 2013, production ceased at the Glagah-Kambuna TAC. The following table sets forth the average daily Working Interest production from each of these concessions for the years ended 31 December 2013, 2014 and 2015 and the nine months ended 30 September 2016.

	<u>For the year ended 31 December</u>			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>9M2016</u>
Oil and liquids production (bopd)				
<i>Bangladesh</i>				
Block 9	4	92	87	85
<i>Indonesia</i>				
Glagah-Kambuna TAC ⁽¹⁾	69	—	—	—
<i>Thailand</i>				
B8/32 & B9A	1,294	1,304	1,216	1,324
Nong Yao, G11/48	—	—	767	2,139
Wassana, G10/48	—	—	1,421	7,237
Oil and liquids production total	<u>1,366</u>	<u>1,396</u>	<u>3,491</u>	<u>10,785</u>
Natural gas production (mmcf/d)				
<i>Bangladesh</i>				
Block 9	2.8	32.3	31.9	29.5
<i>Indonesia</i>				
Glagah-Kambuna TAC ⁽¹⁾	0.8	—	—	—
<i>Thailand</i>				
B8/32 & B9A	5.7	5.0	5.3	6.7
Natural gas production total	<u>9.3</u>	<u>37.3</u>	<u>37.2</u>	<u>36.3</u>
Oil, liquids and gas production total (boepd)	<u>2,916</u>	<u>7,612</u>	<u>9,691</u>	<u>16,833</u>

Note:

- (1) Production ceased at the Glagah-Kambuna TAC on 11 July 2013 and KrisEnergy relinquished its interest in the Glagah-Kambuna TAC on 31 December 2013.

Drilling and Data Acquisition

As part of KrisEnergy's exploration and development process for the contract areas in which the Group has interests, among other things, KrisEnergy participates in the acquisition of geological data relating to its petroleum licences and the drilling of exploration and appraisal wells, as well as development wells. The following table summarises KrisEnergy's exploration and drilling activities for the years ended 31 December 2013, 2014 and 2015 and the nine months ended 30 September 2016.

	Year ended 31 December			
	2013	2014	2015	9M2016
<i>Wells</i>				
Exploration and appraisal wells	4	2	6	1
Development wells	57	55	84	13
<i>Data acquisition</i>				
2D seismic data	948 km	2,486 km	3,446 km	—
3D seismic data	270 sq. km	903 sq. km	575 sq. km	884 sq. km

The number of exploration and development wells KrisEnergy participates in drilling and the amount of seismic data acquisition it undertakes in any particular year varies based upon the status of its projects and the availability of equipment and government and joint-venture partner approval, and as such no trend should be inferred from the annual changes in its drilling and data acquisition activity.

CONTRACT AREAS

Producing Contract Areas

KrisEnergy's producing contract areas are B8/32, B9A, G10/48 and G11/48 in the Gulf of Thailand and Block 9 onshore Bangladesh. On 11 July 2013, production ceased at the Glagah-Kambuna TAC in the Malacca Strait and on 31 December 2013, Glagah-Kambuna TAC was relinquished.

B8/32 & B9A, Gulf of Thailand

Overview

KrisEnergy holds a 4.6345 per cent. non-operated Working Interest in B8/32 & B9A, which was acquired in April 2010 through the purchase of Palang Sophon International Limited (now known as KrisEnergy (Gulf of Thailand) Ltd.) from Palang Sophon Offshore. B8/32 & B9A are oil and gas producing assets covering a combined gross acreage of 2,072 sq. km in the Gulf of Thailand over the northern Pattani Basin where water depths range from 42 metres up to 113 metres. KrisEnergy acquired its interest in B8/32 & B9A in order to provide a stable cash flow that can be used to fund the development of other contract areas as well as future acquisitions.

These fields in the Gulf of Thailand produce from Early Miocene age channel sands. Numerous normal faults provide structural closures for hydrocarbon accumulations. It is not uncommon for an individual well to penetrate more than ten separate reservoirs with a total of more than 200 feet of oil and gas pay in the well.

Chevron operates several producing fields located within B8/32 & B9A. The primary producing area is the Benchamas field area, which commenced development in 1999. Production is processed on separate processing platforms and offloaded to the FSO Benchamas Explorer. Additional producing fields flowing into the Benchamas facilities include Maliwan and North Jarmjuree. The second major producing area is the Tantawan field. Production is processed by the floating production, storage and offloading vessel Tantawan Explorer. The Rajpruek field in B9A is located northeast of Tantawan, and production is processed through the Tantawan complex. A third producing area, Chaba, commenced production in 2009.

The following table summarises KrisEnergy's Working Interest 2P reserves for the years ended 31 December 2013, 2014 and 2015 for B8/32 & B9A and illustrates that the continual drilling process has maintained reserves after production within KrisEnergy's range of expectations for an asset of this nature.

	Year ended 31 December		
	2013	2014	2015
Net Working Interest 2P reserves (<i>mmboe</i>)	12.70	11.20	10.46
Annual net production (<i>mmboe</i>)	0.82	0.78	0.77
2P annual reserves replacement (per cent.) ⁽¹⁾	193	(93)	3
Development wells drilled	57	55	52

Note:

(1) Annual reserves replacement for a given year is calculated as Working Interest 2P reserves at December 31 of that year *minus* Working Interest 2P reserves at 31 December of the prior year divided by Working Interest production for that year.

As at 30 September 2016, there are 42 platforms on stream and there have been on average 263 producing wells. For the first nine months of 2016, gross production rates are approximately 28,516 barrels of oil per day ("**bopd**") and 146 million cubic feet per day ("**mmcf**d").

Reserves and Resources

The following table summarises NSAI's estimates of KrisEnergy's Working Interest reserves in B8/32 & B9A as of 31 December 2015.

	Working Interest		
	Oil	Gas	Total
	(<i>mmbo</i>)	(<i>bcf</i>)	(<i>mmboe</i>)
Reserves			
1P.	1.04	6.10	2.05
2P.	5.29	30.99	10.46
3P.	6.35	38.01	12.68

Sales and Marketing

KrisEnergy has the right and obligation to take gas and oil produced from B8/32 & B9A in kind, in an amount equivalent to its *pro rata* interest in the production from the areas, which is then jointly marketed with the

other participants in the areas. KrisEnergy sells its entire share of gas from B8/32 & B9A under a long-term gas sales agreement with PTT, which, subject to certain termination rights that are in line with industry practices, expires on 31 December 2027. Chevron delivers gas from these contract areas to PTT at agreed delivery points via a floating production, storage and offloading vessel and export pipeline system. Chevron, as operator of the blocks, is required to deliver the sales gas unless it is prevented from doing so due to a *force majeure* event or PTT fails to take the sales gas that has been properly tendered.

The base price in Baht per mmbtu is based on a formula that factors in the price of fuel oil in Singapore, the Thai Baht-to-US dollar exchange rate, the US Producer Price Index and the Thailand wholesale price index for the prior six-month period. Gas prices under the gas sales agreement are calculated at six-month intervals on 1 April and 1 October of each year, and the Thai Baht-to-US dollar exchange rate is adjusted in any month in which it differs by more than 5.0 per cent. from the previously used exchange rate. Subject to certain contingencies, Chevron, as operator of B8/32 & B9A is required to deliver, and PTT is required to accept delivery on a take-or-pay basis, a minimum of 125 mmcf of gas. Sales volumes of up to 145 mmcf receive the normal contract formula price while incremental volumes up to 180 mmcf receive a 5.0 per cent. premium and volumes over 180 mmcf receive a 10.0 per cent. premium. A take-or-pay provision is a term commonly found in gas sales agreements where the buyer is required to either accept delivery of a certain volume of gas or pay the supplier even if it does accept delivery. In the case of any delivery shortfalls in a given month, PTT has the right to take in the following month an amount of gas equal to the shortfall at 25.0 per cent. discount from the normal contract formula price applicable at the time of the shortfall.

For crude oil sales, a marketing team, comprising the operator and its partners, convenes quarterly to review pricing and marketing strategy for the next three-month period. B8/32 & B9A production is a blended crude stream, the price of which is set against various benchmark grades, mainly Dubai Crude. The crude is sold on the spot market and also pursuant to medium-term contracts typically up to one year in length, depending on market conditions.

KrisEnergy derives payment for oil and gas produced in B8/32 & B9A through its shareholding in B8/32 Partners Limited (“**B8/32 Partners**”) and Orange Energy Ltd (“**OEL**”). These entities receive the crude oil and gas sales payments in arrears and make payments for cash calls for expenditure. They also accrue for Thai tax, which is payable twice per annum.

Interests

The following table shows the participants in B8/32 and B9A.

Participant	Interest (per cent.)
KrisEnergy	4.6345
Chevron(operator)	51.66
PTTEP	25.00
MOECO	16.71
PalangSophon	2.00

Chevron operates various production areas within B8/32 & B9A under separate production licences covering the Tantan production area, Benchamas South production area, Maliwan production area, North Jarmjeree production area, North Benchamas production area, Rajpruek production area and Chaba production area.

Shareholders Agreements

Decision making within B8/32 Partners and OEL is governed by shareholders agreements between KrisEnergy and the other shareholders in B8/32 Partners and OEL. Corporate action at B8/32 Partners must be approved by at least two shareholders holding at least 70.0 per cent. of the issued shares or 75.0 per cent. for the special resolution under Thai law and board decisions must be approved by affirmative votes of a director nominated by Chevron and a director nominated by PTTEP and/or MOECO. KrisEnergy is not permitted to freely transfer its shares in B8/32 Partners, but must transfer them in proportion to a change, if any, in KrisEnergy's interest in the Tantawan production area. In OEL, approval by a supermajority of the board of directors, on which KrisEnergy has no seats, is required prior to taking a variety of corporate actions including the declaration and payment of dividends. KrisEnergy is required to fund OEL in proportion to its shareholding therein. KrisEnergy is not permitted to transfer its shares in OEL except to affiliates, through a transfer of its entire shareholding or with unanimous approval of the other shareholders.

Although KrisEnergy has no formal representation on the boards of either B8/32 Partners or OEL, KrisEnergy believes that it has representation in the ultimate decision making process of B8/32 & B9A even though its Working Interest is only 4.6345 per cent. Since KrisEnergy acquired its interest in B8/32 Partners and OEL, it has been invited to attend and informally allowed to vote at all operating committee meetings for B8/32 & B9A. Further, KrisEnergy believes that its interests in realising dividend distributions from these entities generally align with the interests of the other shareholders. Both MOECO and PTTEP hold their entire effective interests in B8/32 and B9A through shareholding in B8/32 Partners and OEL.

G10/48, Gulf of Thailand

Overview

KrisEnergy holds an 89.0 per cent. operated Working Interest in G10/48, which covers 1,783 sq. km in the Gulf of Thailand over the southern section of the Pattani Basin in water depths of up to 60 meters.

KrisEnergy took over as the operator of G10/48 in May 2014 and subsequently in June 2014, the joint-venture partners declared final investment decision for the Wassana oil development. Oil production from the Wassana field commenced on 14 August 2015. The Wassana facilities comprise 13 production wells and one water injection well, the *MOPU Ingenium* mobile offshore production unit (“**MOPU**”) and the *Rubicon Vantage* FSO. Average gross production of the Wassana field in the third quarter of FY2016 was approximately 6,200 bopd). This was lower than in the preceding quarter primarily due to mechanical issues with five wells and declining well productivity. However, well performance has improved following re-perforation work in October 2016 and further works are being considered such as two pumps being replaced with larger capacity pumps during workover activity scheduled in December 2016.

During the development drilling for the Wassana oilfield, additional accumulations of oil were encountered within approximately 10 km from the Wassana facilities. The Group is reviewing the potential of a Wassana satellite development to access these additional volumes. This potential Wassana satellite development contemplates use of a separate MOPU producing to the FSO *Rubicon Vantage* and leveraging off the existing services and equipment within the Wassana facilities. Three additional discoveries — Niramai, Mayura and Rayrai — may also provide potential future development opportunities once more appraisal work is undertaken.

The Department of Mineral Fuels in Thailand (the “**DMF**”) approved the Reservation Area application for G10/48 in May 2016, reducing the acreage size to 1,783 sq. km (including production area) from 4,696 sq. km.

Reserves and Resources

The following table summarises NSAI's estimates of KrisEnergy's Working Interest reserves and contingent resources in G10/48 as of 31 December 2015:

	Working Interest		
	Oil	Gas	Total
	(mmbo)	(bcf)	(mmboe)
Reserves⁽¹⁾			
1P.	10.75	—	10.75
2P.	16.67	—	16.67
3P.	23.65	—	23.65
Contingent resources⁽²⁾			
1C.	1.20	—	1.20
2C.	2.23	—	2.23
3C.	4.52	—	4.52

Notes:

- (1) Those volumes of oil represented as 2P reserves are associated with the Wassana oilfield and the potential Wassana satellite development in the Greater Wassana Area.
- (2) Those volumes of oil represented as 2C resources are associated with the Mayura, Niramai and Rayrai discoveries.

Sales and Marketing

KrisEnergy has the right and obligation to take crude oil produced from G10/48 in kind, in an amount equivalent to its *pro rata* interest in the production, which is then jointly marketed with the other participants in the block. The prices KrisEnergy receives for its crude oil are primarily benchmarked to the price of Dubai crude, and then adjusted for quality, transportation fees and regional price differences. Crude oil from G10/48 is currently sold on a medium-term contract of one year in length. Further sales of crude oil from G10/48 may be sold on the spot market or pursuant to medium-term contracts, depending on market conditions.

Interests

The following table shows the participants in G10/48.

Participant	Interest
	(per cent.)
KrisEnergy (operator).	89.0
Palang Sophon.	11.0

In line with KrisEnergy's requirements under the petroleum licence for G10/48, a process has been launched to seek a Thai participant to farm-in for up to a 10.0 per cent. Working Interest. If such option is exercised, the acquirer must reimburse KrisEnergy for its *pro rata* share of all expenditure incurred from the contract area prior to the acquisition of its Working Interest.

The licence for G10/48 provides for an exploration period of nine years, split into three obligation periods of three years each, the last of which expired on 7 December 2015. The licence for G10/48 also provides for

a petroleum production period of 20 years commencing on the day following expiration of exploration period (being 8 December 2015). The Wassana production area was approved by the DMF on 9 February 2015. The DMF has also approved a reservation area of approximately 1,651 sq. km, comprising areas contiguous and non-contiguous to the Wassana production area, for up to five years from 8 December 2015.

In order to satisfy minimum shareholder requirements in Thailand, two of KrisEnergy's executive officers each own one out of the 100,000 issued shares in the Thai subsidiary that holds the interest in G10/48. They hold these shares as nominees.

G11/48, Gulf of Thailand

Overview

KrisEnergy holds a 22.5 per cent. non-operated Working Interest in G11/48, which is contiguous to G10/48, covering 1,079 sq. km in the Gulf of Thailand over the southern margin of the Pattani Basin and the northwest margin of the Malay Basin in water depths up to 75 metres.

Oil production from the Nong Yao oilfield in G11/48 commenced on 17 June 2015. The field comprises a wellhead processing platform and a minimum facility wellhead platform and 16 development wells with the export of crude oil via an FSO vessel. Four additional infill wells were put on stream in September 2016. Average gross production of the Nong Yao oilfield in the third quarter of FY2016 was approximately 9,000 bopd.

Reserves and Resources

The following table summarises NSAI's estimates of KrisEnergy's Working Interest reserves and contingent resources in G11/48 as of 31 December 2015.

	Working Interest		
	Oil	Gas	Total
	(mmbo)	(bcf)	(mmboe)
<i>Reserves</i> ⁽¹⁾			
1P.	1.79	—	1.79
2P.	2.23	—	2.23
3P.	2.69	—	2.69
<i>Contingent resources</i> ⁽²⁾			
1C.	0.40	1.11	0.59
2C.	0.57	3.34	1.12
3C.	5.24	5.87	6.22

Notes:

(1) Those volumes of oil represented as 2P reserves are associated with the Nong Yao development.

(2) Those volumes of oil and gas represented as 2C resources are associated with the Mantana and Angun discoveries.

Sales and Marketing

KrisEnergy has the right and obligation to take crude oil produced from G11/48 in kind, in an amount equivalent to its *pro rata* interest in the production, which is then jointly marketed with the other participants

in the block. The prices KrisEnergy receives for its crude oil are primarily benchmarked to the price of Dubai crude, and then adjusted for quality, transportation fees and regional price differences. Crude oil from G11/48 is sold on the spot market and also pursuant to medium-term contracts, depending on market conditions. The operator and its partners meet periodically to review pricing and marketing strategy.

Interests

The following table shows the participants in G11/48.

Participant	Interest
	(per cent.)
KrisEnergy	22.5
Mubadala (operator)	67.5
Palang Sophon	10.0

The licence for G11/48 provides for an exploration period of nine years, split into three obligation periods of three years each, the last of which expired on 12 February 2016. The licence for G11/48 also provides for a petroleum production period of 20 years commencing on the day following expiration of exploration period (being 13 February 2016). The Nong Yao production area was approved by DMF on 19 November 2012. The DMF has also approved a reservation area of approximately 1,056 sq. km, comprising areas contiguous and non-contiguous to the Nong Yao production area, for up to five years from 13 February 2016.

In order to satisfy minimum shareholder requirements in Thailand, two of KrisEnergy's executive officers each own one out of the 100,000 issued shares in the Thai subsidiary that holds its interest in G11/48. They hold these shares as nominees.

Block 9, Onshore Bangladesh

Overview

KrisEnergy holds a 30.0 per cent. operated Working Interest in Block 9, through the acquisition of KrisEnergy Bangladesh which completed in December 2013. Approvals for the transaction from Petrobangla and the Bangladesh Government were received in December 2013.

Block 9 covers 1,770 sq. km over the Bangora-Lalmal anticline onshore in Bangladesh, approximately 50 km east of Dhaka. It contains the Bangora gas-producing field and the Lalmal gas accumulation. The Bangora field commenced production in 2006. The field comprises four producing wells with gas processed through the Bangora central processing facility, located in the southern area of the concession in Muradnagar Upazilla in Comilla District. As at the date of this Information Memorandum, drilling of the Bangora-6 development is underway, which will replace one of the existing producing wells when completed. Average gross production at the Bangora field in the first nine months to 30 September 2016 was 98.5 mmcf and 266 barrels of condensate per day. Sales gas is injected directly into the national grid transmission network through a sales gas transfer line. The associated condensate is trucked to nearby refineries.

Gross cumulative gas production as of 31 December 2015 was 334.0 bcf and the NSAI estimate for the gross 2P reserves as of 31 December 2015, was 112.0 bcf of gas and 0.3 barrels of condensate.

In September 2016, the *Bapex Bijoy 10* rig commenced drilling of the Bangora-6 development well in the Block 9. Bangora-6 is located in the Golpanagar site in the northern section of Block 9 and is planned to reach total depth at 3,786 metres (12,421 feet) measured depth, or 3,053 metres (10,016 feet) total vertical depth subsea.

In addition to Block 9 gas production, there exists additional potential including contingent resources and prospective resources within a lead portfolio along the crest and flanks of the anticline. Most of these leads are amplitude-driven showing sand prone geometries. The main risks associated with these leads are considered to be the seal presence in the shallower leads and overpressure in the deeper in leads. KrisEnergy intends to completely review all seismic data in the block to identify future drilling targets.

The following table summarises KrisEnergy's Working Interest 2P reserves for the years ended 31 December 2013, 2014 and 2015 for Block 9.

	Year ended 31 December		
	2013	2014	2015
Net Working Interest 2P reserves (<i>mmboe</i>)	16.20	17.95	18.96
Annual net production (<i>mmboe</i>)	0.17	2.00	1.97
2P annual reserves replacement (per cent.) ⁽¹⁾	— ⁽²⁾	187	151
Development wells drilled	0	0	0

Notes:

- (1) Annual reserves replacement for a given year is calculated as Working Interest 2P reserves at December 31 of that year minus Working Interest 2P reserves at 31 December of the prior year divided by Working Interest production for that year.
- (2) The acquisition of KrisEnergy Bangladesh was completed in December 2013.

Reserves and Resources

The following table summarises NSAI's estimates of KrisEnergy's Working Interest reserves and contingent resources in Block 9 as of 31 December 2015:

	Working Interest		
	Oil	Gas	Total
	(<i>mmbo</i>)	(<i>bcf</i>)	(<i>mmboe</i>)
Reserves⁽¹⁾			
1P.	0.18	62.29	10.56
2P.	0.29	112.03	18.96
3P.	0.34	132.16	22.37
Contingent resources			
1C	0.01	1.82	0.31
2C	0.03	8.30	1.42
3C	0.16	38.69	6.61

Note:

- (1) Those Working Interest volumes of condensate and gas represented as 2P reserves are associated with the Bangora development.

Sales and Marketing

The partners in Block 9 sell the gas under a long-term gas purchase and sales agreement with Petrobangla, which, subject to certain termination rights that are in line with industry practices, expires the earlier of the

end of the production period under the PSC, 26 August 2033 (as may be extended for another five years under the terms of the PSC) or the point where there are no more gas reserves commercially recoverable. The gas is delivered into the national gas distribution grid via the Bakhrabad-Ashuganj pipeline. The gas is metered at the point of entry.

The gas price in US dollars per thousand cubic feet (“**mcf**”) is based on a formula that factors in 75.0 per cent. of the quarterly average benchmark price quotations for high sulphur fuel oil 180 CST FOB Singapore based on a calculated trailing six-month average. The gas price is subject to an equivalent floor gas price of US\$70 per metric tonne of fuel oil and equivalent ceiling price of US\$120 per metric tonne of fuel oil. A discount of 1.0 per cent. is applied to the resulting calculated gas price to arrive at the realised gas price. If the delivered gas fails to meet the quality specifications a 15.0 per cent. discount is applied and there is another further adjustment if the gross heating value of the gas delivered does not meet the 950 Btu/scf specification. The Block 9 PSC partners are required to deliver, and Petrobangla is required to accept, on a take-or-pay basis, no less than 80 mmcf/d with a specified daily contract quantity of 100 mmcf/d. The Block 9 PSC partners must compensate Petrobangla for any shortfall of take-or-pay supply via a cash payment or a credit in the seller’s invoice in the first month of the following contract year. Scheduled outages agreed with Petrobangla for maintenance or approved work programmes are excluded from the calculation.

The entire production of Block 9 condensate is sold under a long-term condensate purchase and sales agreement with Petrobangla, which, subject to certain termination rights that are in line with industry practices, expires the earlier of 26 August 2033 or the point when the condensate is no longer commercially deliverable. The condensate price in US dollars per barrel is based on the average monthly benchmark price quotation for Indonesian Attaka crude on an FOB basis. A discount of 2.0 per cent. is applied to the price to account for transportation losses and metering discrepancies downstream of the delivery point. The condensate from Block 9 is transported via road tankers to the Bakhrabad field facilities owned by Petrobangla, where it is metered and blended with Bakhrabad crude. The condensate storage and loading facility at Bangora is currently being comprehensively upgraded to provide more liquid capacity and streamline loading operations.

As the operator, KrisEnergy generates invoices for payment on a monthly basis and Petrobangla makes payment into a designated offshore bank account.

Interests

The following table shows the participants in Block 9.

Participant	Interest
	(per cent.)
KrisEnergy (operator)	30.0
Niko Exploration (Block 9) Limited	60.0
Bangladesh Petroleum Exploration and Production Company	10.0

The Block 9 PSC expires in 26 August 2033, however a five-year extension to the PSC is possible upon application under the PSC terms, bringing the final expiration date to August 2038.

Contract Areas Near Production

KrisEnergy has three contract areas near production, namely G6/48 in the Gulf of Thailand, and two in Indonesia - Block A Aceh onshore Sumatra, and the Bulu PSC in the east Java Sea.

G6/48, Gulf of Thailand

Overview

In 2014, KrisEnergy acquired a 30.0 per cent. operated Working Interest in G6/48, which covers 371 sq. km in the Gulf of Thailand, north of the G10/48 Wassana oilfield and to the south of the oil and gas producing B8/32 & B9A areas.

G6/48 lies over the Karawake Basin, a small but deep Tertiary sub-basin situated immediately west of the prolific Pattani Basin and partially separated from it by the Dara High, and lies in shallow waters of approximately 60 metres with a shallow target drilling depth of approximately 1,200 metres. The concession contains the Rossukon oil discovery, which was drilled in 2009 by the previous operator. In March and April 2015, KrisEnergy drilled four successful exploration/appraisal wells — Rossukon-2 and Rossukon-3 exploration wells and the Rossukon-2ST and Rossukon-3ST sidetrack wells. Each well intersected net oil and/or gas pay of between 106 feet true vertical depth (“**TVD**”) and 148 feet TVD. Subsequently, a PAA was submitted in June 2015 and approved by the Thai authorities in November 2015 covering an area of 87.74 sq. km. Discussions are ongoing between the joint-venture partners to finalise the development concept for the Rossukon oilfield prior to declaring final investment decision. The Rossukon development is expected to be similar to the G10/48 concept of a single platform with wells producing to a floating, storage and offloading vessel.

Reserves and Resources

The following table summarises NSAI’s estimates of KrisEnergy’s Working Interest reserves and contingent resources in G6/48 as of 31 December 2015.

	Working Interest		
	Oil	Gas	Total
	(mmbo)	(bcf)	(mmboe)
<i>Reserves</i> ⁽¹⁾			
1P.	—	—	—
2P.	3.51	—	3.51
3P.	4.74	—	4.74
<i>Contingent resources</i>			
1C.	—	3.44	0.57
2C.	—	3.97	0.66
3C.	—	4.61	0.77

Note:

(1) Working Interest volumes of oil represented as 2P reserves are associated with the Rossukon development.

Interests

The following table shows the participants in G6/48.

Participant	Interest
	(per cent.)
KrisEnergy (operator)	30.0
Mubadala	30.0
Northern Gulf Petroleum	40.0

The licence for G6/48 provides for an exploration period of nine years, split into three obligation periods of three years each, the last of which expired on 7 January 2016. The licence for G6/48 also provides for a petroleum production period of 20 years commencing on the day following expiration of exploration period (being 7 January 2016). The Rossukon production area was approved by DMF on 16 November 2015. The DMF has also approved a reservation area of approximately 284 sq. km, comprising areas contiguous and non-contiguous to the Rossukon production area, for up to five years from 7 January 2016.

Block A Aceh

Overview

KrisEnergy originally held a 41.6666 per cent. non-operated Working Interest in the Block A Aceh PSC and is currently completing a partial divestment to reduce its Working Interest to 15.0 per cent. On 9 November 2016, KrisEnergy entered into an agreement with the operator, Medco, to farm-out 26.6666 per cent. Working Interest. Completion of this farm-out is subject to the receipt of all government approvals.

Block A Aceh was historically an oil producing area onshore northeast Sumatra. Oil production ceased in 2001 and the current focus is on commercialisation of gas resources; these include accumulations at Alur Siwah for which a plan of development was approved in 2007. The accumulations at Alur Siwah account for 23.0 mmboe of Working Interest 2P reserves. Two other discoveries in the concession — Matang and the high-carbon dioxide Kuala Langsa — have an associated 74.3 mmboe Working Interest 2C resources in the development unclarified category.

The three fields to be initially developed are Alur Rambong, Alur Siwah and Julu Rayeu with the Matang discovery to be appraised and tied into the production facilities at a later date. Sweet gas from Alur Rambong is expected to go into production in 2017, followed by sour gas from Alur Siwah. The Matang field is anticipated to be brought on stream when production from the Alur Siwah field declines from plateau.

The development plan includes the construction of a 63 billion British thermal units per day gas plant for carbon dioxide and hydrogen sulphide removal. Up to 18 wells, involving a combination of new wells and re-entry and completion of existing wells, will be drilled during the development.

In January 2015, the operator, PT. Medco E&P Malaka, signed a gas sales agreement with PT. Pertamina (Persero) for deliveries of piped gas from Block A Aceh for a daily contract quantity of 58 billion Btu with an agreed gas price of US\$9.45 per million Btu and for a total gas volume of 198 trillion Btu. In March 2016, the engineering, procurement and construction contract for the Block A Aceh facilities was awarded and construction has commenced. First gas is expected to be produced in mid-2018.

Reserves and Resources

The following tables summarise NSAI's estimates of KrisEnergy's reserves and contingent resources in Block A Aceh as of 31 December 2015, based on Working Interests of 41.6666 per cent. and 15.0 per cent. (assuming completion of the farm-out to Medco).

Based on 41.6666 per cent. Working Interest

	Working Interest		
	Oil	Gas	Total
	(mmbo)	(bcf)	(mmboe)
Reserves			
1P.	—	—	—
2P.	2.20	159.13	28.73
3P.	2.70	157.54	28.96
Contingent resources			
1C.	0.09	309.46	51.67
2C.	0.35	443.81	74.33
3C.	1.01	649.69	109.29

Based on 15.0 per cent. Working Interest

	Working Interest		
	Oil	Gas	Total
	(mmbo)	(bcf)	(mmboe)
Reserves			
1P.	—	—	—
2P.	0.79	57.29	10.34
3P.	0.97	56.72	10.43
Contingent resources			
1C.	0.03	111.41	18.60
2C.	0.13	159.78	26.76
3C.	0.36	233.90	39.35

Interests

The following table shows the participants in Block A Aceh.

Participant	Interest
	(per cent.)
Medco (operator)	58.33 ⁽¹⁾
KrisEnergy	41.67

Note:

- (1) The agreement to transfer 26.6666 per cent. Working Interest in Block A Aceh from KrisEnergy (Block A Aceh) B.V. to Medco was signed on 9 November 2016 and is pending approvals from the Government of Indonesia and the Government of Aceh. Upon completion of the farm-out, KrisEnergy's Working Interest will decrease from 41.6666 per cent. to 15.0 per cent..

Bulu PSC, East Java Sea

Overview

KrisEnergy holds a 42.5 per cent. operated Working Interest in the Bulu PSC, which lies in the East Java Sea, offshore Java, Indonesia, where water depths are between 50 metres and 60 metres. The original Bulu PSC was awarded in 2003 and covered 3,495 sq. km. Following a series of relinquishments in line with Indonesian licensing regulations, the latest of which was approved on 1 February 2013, the block now covers 697 sq. km in three separate areas, designated as Bulu A, Bulu B and Bulu C.

Of the three separate Bulu areas, Bulu A and B are situated within the East Bawean Trough, whereas Bulu C occurs along the southernmost part of the northeast-southwest trending Bawean Arch and contains the Lengo-1 gas discovery.

In April and May 2013, KrisEnergy drilled the Lengo-2 appraisal well, approximately 3.3 km south of Lengo-1, to delineate the Lengo gas discovery in order to demonstrate sufficient reserves to justify development. The Lengo-2 appraisal well was drilled to a total measured depth of 2,748 feet and encountered gas within the Kujung I reservoir formation. A drill stem test over an interval from 2,415 feet to 2,485 feet flowed 4.3 mmcf/d with a flowing well head pressure (“FWHP”) of 587 psig. A second drill stem test over the interval between 2,415 feet to 2,511 feet flowed 21 mmcf/d with a FWHP of 487 psig with the flow rate limited by equipment. Gas composition includes 20.0 per cent. nitrogen and 13.0 per cent. carbon dioxide.

In late 2014, the Indonesian Government approved KrisEnergy’s plan of development for the Lengo gas field and the Issuer is currently negotiating a gas sales agreement with potential offtakers. The development concept comprises an unmanned wellhead platform with four to five wells located at Lengo and gas evacuation through a 65-km pipeline directly to shore.

Reserves

The following table summarises NSAI’s estimates of KrisEnergy’s Working Interest reserves in the Bulu PSC as of 31 December 2015.

	Working Interest		
	Oil	Gas	Total
	(mmbo)	(bcf)	(mmboe)
<i>Reserves</i>			
1P.	—	—	—
2P.	—	152.09	25.35
3P.	—	177.80	29.63

Interests

The following table shows the participants in the Bulu PSC.

Participant	Interest
	(per cent.)
KrisEnergy (operator)	42.5
AWE Limited (“AWE”) ⁽¹⁾	42.5
PT Satria Energindo	10.0
PT Satria Wijayakusuma	5.0

Note:

- (1) On 5 May 2016, AWE announced that it had concluded an agreement with HyOil Pte Ltd (“HyOil”) to transfer AWE’s entire interest in Bulu PSC (being 42.5 per cent. non-operated Working Interest) to HyOil. The transfer is pending approval from the Government of Indonesia.

As part of various farm-in and farm-out agreements prior to KrisEnergy’s acquisition of its interest in the Bulu PSC, and pursuant to the terms of its purchase of the Bulu PSC from Mubadala in 2011, KrisEnergy is responsible for 50.0 per cent. of a portion of the overall costs and expenses of operating the Bulu PSC until 22 December 2014 (being the day the Indonesian Government provided written approval of the plan of development for the Lengo gas field). KrisEnergy will be entitled to recover the past costs it has incurred in excess of its proportionate share of costs in this contract area from any future oil and gas production.

At the time the first plan of development in relation to the Bulu PSC is approved by the Indonesian Government, the participants under the PSC are obliged to offer a 10.0 per cent. Working Interest in the PSC to an Indonesian Participant designated by the regional government or the Indonesian Government who, in return for which, must reimburse the participants for an amount equal to 10.0 per cent. of the sum of the operating costs, compensation bonus and equipment and services expenses incurred up to the date the option is exercised.

Under the terms of KrisEnergy’s acquisition of the Bulu PSC, KrisEnergy will be required to pay to Mubadala US\$7.5 million within five business days of the date at which the Bulu PSC has been in sustained production for 30 days or at which the Bulu PSC produces 20,000 boe. KrisEnergy will also be required to pay Mubadala US\$1.5 million within five business days of the one-year anniversary of such date.

Contract Areas with Development Pending

KrisEnergy has two contract areas classified as Development Pending, namely Cambodia Block A in the Gulf of Thailand and the Kutai PSC in Indonesia.

Cambodia Block A, Offshore Cambodia

Overview

KrisEnergy holds a 95.0 per cent. operated Working Interest in Cambodia Block A, Offshore Cambodia, assuming completion of the formal transfer of 5.0 per cent. interest to the relevant government corporation as decided by the Cambodian MME. KrisEnergy’s initial 23.75 per cent. Working Interest was acquired from

Chevron in 2010 and subsequently increased to 52.25 per cent. in 2014 when it acquired the additional 28.5 per cent. and operatorship from Chevron. This interest was further increased to 95.0 per cent. on 7 October 2016 when the Cambodian MME approved the transfer of 28.50 per cent. from MOECO and 14.25 per cent. from GSE when both parties withdrew from the block.

Cambodia Block A covers an area of 4,709 sq. km over the Khmer Basin in the Gulf of Thailand, offshore Cambodia in water depths of 50 metres to 80 metres. There has been extensive exploration work on the contract area since it was awarded to the original operator in 2002 resulting in the Apsara oil discovery for which a PPA to develop the resources was submitted to the Cambodian National Petroleum Authority (“CNPA”), the predecessor petroleum regulator to the Cambodian MME, in September 2010 and updated in November 2012. After taking over operatorship in October 2014, KrisEnergy submitted an updated PPA in November 2014. Approval of the PPA by the Cambodian MME and the Cambodian Government is still pending, and KrisEnergy is still in the process of renegotiating terms of the concession with the Cambodian Government.

Cambodia Block A overlays the Khmer Basin, offshore in Cambodian waters lying to the east of the Pattani Trough within the central Gulf of Thailand. It is bounded to the west by the Narathiwat Ridge, which separates it from the Pattani Basin, and to the east by the Khmer High and to the south by the Kim Qui High, separating it from the Malay Basin. Similar to the other basins within the Gulf of Thailand, this basin is also characterised by an early Palaeocene phase of rifting with non-marine and lacustrine deposition, followed by a Neogene thermal subsidence phase with alluvial plain sedimentation.

While Cambodia has some offshore and onshore contract areas under licence to exploration and production companies, it has yet to become an oil and gas producing country. The former operator, Chevron, signed the PSC for Cambodia Block A in March 2002 and there has been substantial geological and geophysical work undertaken as well as exploration and appraisal drilling within the boundaries of the permit. In addition to vintage 2D seismic data, three separate 3D seismic acquisition surveys have been undertaken, recording 865 sq. km in 1994, 548 sq. km in 1995 and 2,648 sq. km in 2003. Seven prospective areas (fields) in Cambodia Block A have been identified as a result of 3D seismic interpretation and exploratory drilling. These prospective areas are complexes of north-south trending fault blocks with multiple stacked reservoirs in individual fault blocks.

Twenty six exploration wells have been drilled within the current outline of Cambodia Block A of which 13 encountered oil with between three feet and 138 feet of net oil pay, eight wells were oil and gas discoveries with between four feet and 89 feet of net oil pay and between three feet and 55 feet of net gas pay, and two wells were gas discoveries with between three feet and 73 feet of gas with high carbon dioxide content.

Since KrisEnergy became a participant in 2010, three exploration wells have been drilled in Cambodia Block A with each well encountering commercial quantities of oil in multiple zones:

- Pimean Akas-3 encountered 73 feet of net oil pay;
- Pimean Akas-5 encountered 83 feet of net oil pay and 55 feet of net gas pay; and
- Pimean Akas-6 encountered 97 feet of net oil pay.

A PPA for the Apsara development area in Cambodia Block A was submitted to the CNPA on 30 September 2010 (and updated on 26 November 2012). A further updated PPA was submitted to the Cambodian MME in November 2014 after KrisEnergy took over operatorship. Final investment decision will be made once approval of the PPA and any associated terms and conditions required by the Cambodian MME and Cambodian Government have been made known to KrisEnergy. This is the first PPA to be evaluated by the

Cambodian MME and Cambodian Government, and KrisEnergy continues to work with the Cambodian MME and Cambodian Government to agree the terms and conditions contained therein. As part of the review and approval process of the Cambodian MME and Cambodian Government, the terms of the petroleum agreement for Cambodia Block A (including its fiscal terms) will be subject to renegotiation. It is unclear when the PPA review and possible petroleum agreement renegotiations will be completed. This uncertainty makes ascertaining the date of the final investment decision difficult. Nonetheless, KrisEnergy has received assurances from the Cambodian MME of a possible conclusion of the PPA and renegotiations by the end of 2016.

Phase 1A of the phased development of Cambodia Block A includes up to 20 development wells from a single minimum facility platform, producing to a production barge with oil storage in a captive FSO vessel. The development concept as detailed in the PPA is similar to other field developments in the Gulf of Thailand, including B8/32 and the Jasmine field in B5/27, which KrisEnergy's management team developed prior to its incorporation.

Production from this initial development phase is anticipated to start approximately 24 months after KrisEnergy reaches a final investment decision. Production is estimated to peak at 10,000 bopd and, according to NSAI's 2C resources estimates, will result in a gross recovery of 8.5 mmbbl from the first platform.

Outside of the immediate development area of Apsara, a further six structural trends have been identified and mapped as a result of 3D seismic interpretation or exploration drilling. Additional future development phases will depend on the performance of the initial platform. Two additional future development phases in the Apsara area on the discoveries to date may involve the installation of up to nine platforms, each with up to 20 wells and producing to the same FSO.

Resources

The following tables summarise NSAI's estimates of KrisEnergy's Working Interest contingent resources in Cambodia Block A as of 31 December 2015, based on Working Interests of 52.25 per cent. and 95.0 per cent..

Based on 52.25 per cent. Working Interest

	Working Interest		
	Oil	Gas	Total
	(mmbbl)	(bcf)	(mmbbl)
<i>Contingent resources</i>			
1C	0.47	—	0.47
2C	5.37	—	5.37
3C	9.45	—	9.45

Based on 95.0 per cent. Working Interest

	Working Interest		
	Oil	Gas	Total
	(mmbo)	(bcf)	(mmboe)
<i>Contingent resources</i>			
1C	0.86	—	0.86
2C	9.76	—	9.76
3C	17.18	—	17.18

Interests

The following table shows the participants in Cambodia Block A.

Participant	Interest
	(per cent.)
KrisEnergy (operator)	95.0 ⁽¹⁾
Government participant	5.0

Note:

(1) The agreement to transfer 28.50 per cent. Working Interest in Cambodia Block A from MOECO and 14.25 per cent. Working Interest in Cambodia Block A from GSE, due to the withdrawal of MOECO and GS, was signed on 31 August 2016 and completed on 7 October 2016. As of completion on 7 October 2016, KrisEnergy's Working Interest in Cambodia Block A increased from 52.25 per cent. to 95.0 per cent. This 95.0 per cent. Working Interest holding assumes completion of the formal transfer of 5.0 per cent. Working Interest to the relevant government corporation as decided by the Cambodian MME.

On 15 November 2011, the CNPA announced its intention to exercise its right to take a 5.0 per cent. Working Interest in the contract area. Assuming completion of the formal transfer of the 5.0 per cent. Working Interest to the relevant government corporation as decided by the Cambodian MME, KrisEnergy's Working Interest in Cambodia Block A will be 95.0 per cent. KrisEnergy is still in negotiations with the Cambodian MME (successor entity to CNPA) regarding the final terms of their acquisition. KrisEnergy expects to be responsible for paying for relevant government corporation's costs in the block until first production. Such carried costs will be reimbursable to KrisEnergy out of the Cambodian MME's share of petroleum if and when Cambodia Block A reaches production.

Kutai PSC, Onshore East Kalimantan & Offshore Makassar Strait

Overview

KrisEnergy holds a 54.6 per cent. operated Working Interest in the Kutai PSC, which is centrally located within the Kutai Basin, offshore Kalimantan in the Mahakam River delta. Pursuant to the withdrawal of Ophir from the Kutai PSC, the Group increased its Working Interest from 54.6 per cent. to 78.0 per cent. The transfer agreement was signed on 11 October 2016 and is pending governmental approvals.

The block comprises three separate areas totalling 944 sq. km following approval of the final relinquishment in January 2015 under the terms of the Indonesian licensing regulations. The Kutai PSC contains the Mangkok and Dambus gas accumulations discovered in 2001 and 2010, respectively, and the Tayum

discovery drilled in 2013. A further exploration well would be required in order to progress the plan of development for submission to the Indonesian authorities. The current development concept entails re-drilling the discovery wells and installing single-well support structures, with production tied back to a platform at an adjacent field.

In December 2012, SKKMigas approved a four-year extension to the exploration period commencing on 16 January 2013 and expiring on 15 January 2017.

Resources

The following tables summarise NSAI's estimates of KrisEnergy's Working Interest contingent resources in the Kutai PSC as of 31 December 2015, based on Working Interests of 54.6 per cent. and 78.0 per cent., assuming completion of the transfer.

Based on 54.6 per cent. Working Interest

	Working Interest		
	Oil	Gas	Total
	(mmbo)	(bcf)	(mmboe)
Contingent resources			
1C	—	—	—
2C	0.05	41.33	6.94
3C	0.08	64.13	10.77

Based on 78.0 per cent. Working Interest

	Working Interest		
	Oil	Gas	Total
	(mmbo)	(bcf)	(mmboe)
Contingent resources			
1C	—	—	—
2C	0.07	59.05	9.91
3C	0.11	91.61	15.38

Interests

The following table shows the participants in the Kutai PSC.

Participant	Interest
	(per cent.)
KrisEnergy (operator)	54.6 ⁽¹⁾
Ophir	23.4 ⁽¹⁾
Orchid Kutai Limited (previously Ephindo Energy)	22.0

Note:

- (1) On 11 October 2016, KrisEnergy concluded an agreement with Ophir to transfer 23.4 per cent. Working Interest from Ophir due to its withdrawal from the block. This transfer is pending government approvals. Upon completion of the transfer, KrisEnergy's Working Interest will increase from 54.6 per cent. to 78.0 per cent.

At the time the first plan of development in relation to the Kutai PSC is approved by the Indonesian Government, the participants under the Kutai PSC are obliged to offer a 10.0 per cent. Working Interest in the Kutai PSC to an Indonesian Participant designated by the regional government or the Indonesian Government who, in return for which, must reimburse the participants for an amount equal to 10.0 per cent. of the sum of the operating costs, compensation bonus and equipment and services expenses incurred up to the date the option is exercised.

Contract Areas with Development Unclarified

KrisEnergy has one contract area, namely the Bala-Balakang PSC (formerly the Tanjung Aru PSC) in the Makassar Strait, Indonesia, containing 2C resources classified as Development Unclarified. In addition, six other contract areas, namely G6/48, G10/48, G11/48, Block A Aceh, Cambodia Block A and Block 9, contain in addition to their other reserves and/or resources, 2C resources related to oil and gas discoveries that require further appraisal and are classified as Development Unclarified.

Bala-Balakang PSC, Makassar Strait

Overview

KrisEnergy holds an 85.0 per cent. operated Working Interest in the Bala-Balakang PSC. In 2015, the Indonesian authorities approved the renaming of the Bala-Balakang PSC, formerly the Tanjung Aru PSC. KrisEnergy's working interest in the Bala-Balakang PSC increased to 85.0 per cent. from 43.0 per cent. in 2015 following the withdrawal of a joint-venture partner, Neon Energy. The Bala-Balakang PSC covers 3,143 sq. km over the offshore southern margin of the Kutai Basin in the Makassar Strait. Water depths in the area range from 20 metres to more than 1,000 metres.

Three exploration wells have been drilled in the current outline of the Bala-Balakang PSC, of which two — Halimun-1 and Papandayan-1 — encountered gas. Work has been undertaken to integrate existing 2D and 3D seismic interpretations and run petrophysical analysis of the wells to review the volumetrics of the discoveries. In March 2014, a 502 sq. km 3D broadband seismic acquisition program was completed. This data has been integrated with the existing geological model and work is underway to map additional prospects and leads.

Resources

The following table summarises NSAI's estimates of KrisEnergy's Working Interest contingent resources in the Bala-Balakang PSC as of 31 December 2015.

	Working Interest		
	Oil	Gas	Total
	(mmbo)	(bcf)	(mmboe)
<i>Contingent resources</i>			
1C	—	—	—
2C	—	93.93	15.66
3C	—	132.44	22.07

Interests

The following table shows the participants in the Bala-Balakang PSC.

Participant	Interest
	(per cent.)
KrisEnergy (operator)	85.0
Natuna Ventures Pte Ltd.	15.0

Exploration Contract Areas

KrisEnergy has a portfolio of seven exploration contract areas in Bangladesh, Indonesia and Vietnam: SS-11 offshore Bangladesh, the East Seruway PSC in the Malacca Strait; the Sakti PSC offshore East Java; the Udan Emas PSC onshore West Papua; and Block 105, Block 115/09 and Block 120, all offshore Vietnam. These assets were acquired or awarded at various stages since the Issuer was established in 2009 during a period when oil prices were rising and were stable at levels above US\$100.0 per barrel for a prolonged period. Given the prevailing depressed commodity environment, the Issuer intends to allocate capital to maximise its operating efficiencies at existing producing fields and development assets. However, the Issuer may undertake technical work on some of its exploration assets in order to be able to quickly resume exploration activities when there is a sustained recovery in oil prices.

SS-11, Offshore Bangladesh

Overview

KrisEnergy holds a 45.0 per cent. non-operated Working Interest in SS-11, which it acquired as one of the original recipients of the PSC from the Bangladesh Government in March 2014. SS-11 covers 4,475 sq. km in the Bay of Bengal over the Bengal Fan, the world's largest submarine fan, approximately 3,000 km long and 1,000 km wide with a maximum thickness of 16.5 km. The majority of the block lies in shallow waters up to 200 metres with the furthest southwest portion extending into water depths up to 1,500 metres. The PSC has an initial five-year term, with an associated work commitment of the acquisition and processing of 1,893 km 2D seismic data and 300 sq. km 3D seismic data and the drilling of one exploration well.

There have been no wells drilled within the current boundary lines of SS-11, although four wells have been drilled immediately to the north and one to the west of the block. All of these wells were drilled between 1969 and 1978 on very loose seismic grids, and consequently were generally poorly located. A 3,146 km 2D seismic acquisition program was completed in SS-11 in January 2016. The data has been processed and interpretation is underway.

Interests

The following table shows the participants in SS-11.

Participant	Interest
	(per cent.)
KrisEnergy	45.0
Santos (operator)	45.0
BAPEX	10.0

East Seruway PSC, Malacca Strait

Overview

KrisEnergy holds a 100.0 per cent. operated Working Interest in the East Seruway PSC, which covers 1,172 sq. km over the North Sumatra Basin where water depths in the Malacca Strait area are between 25 metres and 60 metres.

Exploration activity began in the general area of the East Seruway PSC in the 1960s with a number of 2D seismic surveys acquired through to 1998 by previous operators. From 1974 until 1984, six wells were drilled within the current boundary of the East Seruway PSC: Four of the wells were dry, one well in 1974 encountered gas and condensate, and one well in 1984 tested gas. A 2,142 km 2D seismic acquisition program was completed by the previous operator in 2010. However, at the request of the Government of Indonesia, work was suspended on the contract area pending the resolution of administrative issues between the Government of Indonesia and the provincial authorities in the Aceh province. For the time during which work was suspended, KrisEnergy was given an extension of the obligation period during which the required work program must be completed. Work resumed on the contract area in late 2012 and a 948 km 2D seismic acquisition program was conducted in February 2013, from which 15 prospects and leads have been identified and mapped.

The exploration period expired on 11 June 2016 and the PSC expires on 12 November 2038. An application has been submitted to SKKMigas on 21 April 2016 for a 4-year extension of the exploration period from 12 June 2016 to 11 June 2020, which is pending approval from SKKMigas.

Interests

The following table shows the participant in the East Seruway PSC.

Participant	Interest
	(per cent.)
KrisEnergy (operator)	100.0

At the time the first plan of development in relation to the East Seruway PSC is approved by the Indonesian Government, the participants under the East Seruway PSC are obliged to offer a 10.0 per cent. interest in the East Seruway PSC to an Indonesian Participant designated by the regional government or the Indonesian Government who, in return for which, must reimburse the participants for an amount equal to 10.0 per cent. of the sum of the operating costs, compensation bonus and equipment and services expenses incurred up to the date the option is exercised.

Sakti PSC, East Java Sea

Overview

KrisEnergy holds a 95.0 per cent. operated Working Interest in the Sakti PSC, which the Group acquired as the original recipient of the Sakti PSC from the Indonesian Government in February 2014. The Sakti PSC covers 4,974 sq. km. in the East Java Sea over the western margin of the East Java Basin, Bawean Arch and the Muriah Trough. Water depths in the area are between 50 metres and 60 metres. The block is proximal to the Bulu PSC, which KrisEnergy operates and in which it is currently planning the development of the Lengo gas discovery.

The principal exploration targets in the Sakti PSC are carbonate reefal build-ups of the Upper Oligocene to Lower Miocene Kujung I Unit in addition to Mio-Pliocene clastics.

The Sakti PSC has an initial three-year term and an associated work commitment of 1,200 km 2D and 400 sq. km 3D seismic acquisition and processing, and one exploration well. In the fourth quarter of 2015, KrisEnergy drilled the Mustika-1 exploration well, which encountered gas in the Tuban and Kujung I formations. Initial indications from wireline logs were that the gases had a high carbon dioxide content and therefore were likely to be below the economic threshold for a commercial discovery. The well was plugged and abandoned and a detailed analysis of the well data and gas samples is being undertaken to review the remaining prospects and leads in the Sakti PSC.

Interests

The following table shows the participants in the Sakti PSC.

Participant	Interest (per cent.)
KrisEnergy (operator)	95.0
Golden Heaven Jaya Ltd	5.0

At the time the first plan of development in relation to the Sakti PSC is approved by the Indonesian Government, the participants under the Sakti PSC are obliged to offer a 10.0 per cent. Working Interest in the Sakti PSC to an Indonesian Participant designated by the regional government or the Indonesian Government who, in return for which, must reimburse the participants for an amount equal to 10.0 per cent. of the sum of the operating costs, compensation bonus and equipment and services expenses incurred up to the date the option is exercised.

Udan Emas, Onshore West Papua

Overview

KrisEnergy holds a 100.0 per cent. operated Working Interest in the Udan Emas PSC, which it acquired as the original recipient of the Udan Emas PSC from the Indonesian Government in July 2012. The Udan Emas PSC covers 4,044 sq. km in the neck of the Birds’ Head area onshore West Papua. The contract area lies over the Bintuni Basin.

The general areas in and around Udan Emas have been explored intermittently from the mid-1930s. Geological fieldwork between 1935 and 1960 and exploration drilling in areas outside of the current Udan Emas PSC outline resulted in the discovery of two sub-commercial oilfields (Mogoi and Wasian) in the Bintuni Basin and one sub-commercial discovery (Wiriagar) in the Bomberai peninsula. Since that work, four separate licences have been held over areas that now comprise the Udan Emas PSC, namely the Bintuni PSC, West Lenguru PSC, East Arguni PSC and West Arguni PSC.

In January 2015, KrisEnergy commenced the recording of a 300 km 2D seismic acquisition program, which was completed in June 2015. Work is ongoing to build the geological model from the seismic data, along with 12,210 sq. km of airborne gravity and magnetic data along with samples and measurements of the surface geology.

Interests

The following table shows the participant in the Udan Emas PSC.

Participant	Interest
	(per cent.)
KrisEnergy (operator)	100.0

At the time the first plan of development in relation to the Udan Emas PSC is approved by the Indonesian Government, the participants under the Udan Emas PSC are obliged to offer a 10.0 per cent. Working Interest in the Udan Emas PSC to an Indonesian Participant designated by the regional government or the Indonesian Government who, in return for which, must reimburse the participants for an amount equal to 10.0 per cent. of the sum of the operating costs, compensation bonus and equipment and services expenses incurred up to the date the option is exercised.

Block 105, Offshore Vietnam

Overview

KrisEnergy holds a 51.0 per cent. operated Working Interest in Block 105. In 2015, Eni Vietnam B.V. withdraw from Block 105 and transferred its 66.67 per cent. operated Working Interest in Block 105 to KrisEnergy, and KrisEnergy then assigned its non-operated 49.0 per cent. Working Interest in Block 105 to PetroVietnam. Such assignment includes the back-in right of 20.0 per cent. by PetroVietnam.

Block 105 covers an area of 7,192 sq. km offshore northern Vietnam, overlying the central Song Hong Basin where water depths range from 20 metres to 80 metres. A relinquishment of 20.0 per cent. of the contract area was originally scheduled for 4 February 2014 has been extended till 2 February 2017.

Prior to the drilling of the Cua Lo-1 well in 2013, no wells had been drilled in Block 105. Interpretation of 2D seismic data has proven up two distinct tertiary oil and gas plays with several drillable prospects in each. The contract area is located at the outlet of the extensive Song Ca river system in a favourable position for deposition of quartz-rich sand reservoirs in slope fans and basin floor fan/channel complexes.

Updated mapping using new seismic data, revised seismic interpretation and a new depth conversion scheme, together with nearby drilling results, identified three drillable oil and gas prospects, Song Ca 1, 2 and 3, and one gas prospect, Cua Lo, based on the chance of encountering commercial volumes of oil and/or gas. In addition, six gas leads were identified and mapped.

In 2013, the joint-venture partners drilled the Cua Lo-1 well. The well reached a total depth of 2,867 metres measured depth. Based on log interpretation, several gas bearing sandstone reservoirs were identified. A drill stem test was conducted on a reservoir evaluated with the largest potential within the prospect. Although gas flowed during the test, the poor reservoir deliverability rate combined with high carbon dioxide content suggests that development of the tested reservoir will be unlikely. The well was plugged and abandoned. The Cua Lo-1 well confirmed both the trapping mechanism and the existence of a petroleum system in Block 105 and provided valuable data for deciding the future exploration strategy in the block. The Cua Lo-1 data has been integrated into the geological model and is being reviewed alongside all previous seismic data.

Interests

The following table shows the participants in Block 105.

Participant	Interest
	(per cent.)
KrisEnergy (operator)	51.0
PetroVietnam.	49.0

Any assignment of Working Interest in Block 105 is subject to the pre-emptive right of the PetroVietnam, the right of first refusal of other participants in Block 105 and the Prime Minister of Vietnam's approval.

Block 115, Offshore Vietnam

Overview

KrisEnergy was awarded 100.0 per cent. Working Interest in Block 115 on 20 March 2014 as the original recipient of the block from the Vietnam Government. The exploration block covers an area of 7,382 sq km over the southern portion of the Song Hong Basin offshore central Vietnam where water depths range from 60 metres to 200 metres.

Block 115 is considered under-explored with approximately 3,600 km of 2D seismic data acquired in 1990. No 3D seismic data has been acquired to date. A single well, 115-A-1X was drilled in 1991 and encountered a 310-metre gas column with high carbon dioxide.

KrisEnergy intends to reprocess and then interpret at least 3,000 km of available 2D seismic data, prior to an 850 sq. km 3D seismic acquisition program over the areas that it has identified as being relatively more prospective areas. Reprocessing will be dependent upon the original seismic data and related technical documentation. The PSC has an initial four-year term, which as well as the seismic reprocessing and acquisition, includes a single exploration well.

Interest

The following table shows the participant in Block 115.

Participant	Interest
	(per cent.)
KrisEnergy (operator).	100.0

The concession relating to Block 115 provides the Vietnamese Government with a back-in right of up to 20.0 per cent. of the Working Interest of the contract areas. The Vietnamese Government can exercise these back-in rights within 90 days of the declaration of the first commercial discovery from the relevant contract area.

If the back-in right is exercised, KrisEnergy is entitled to recover the Vietnamese Government affiliate's share of all its expenditures incurred up to the date of the declaration of the first commercial discovery (excluding the bonuses, data fee and the training costs). The Vietnamese Government affiliate pays as a lump sum the Group's proportionate share of the costs incurred during the period from the declaration of the first commercial discovery to the Vietnamese Government giving notice of its intention to exercise its back-in right. The Vietnamese Government's affiliate pays its *pro rata* share of future costs.

Any assignment of Working Interest in Block 115 is subject to the pre-emptive right of PetroVietnam and the Prime Minister of Vietnam's approval.

Block 120, Offshore Vietnam

Overview

KrisEnergy holds a 33.33 per cent. non-operated Working Interest in Block 120. Block 120 extends over 6,839 sq. km offshore northern-central Vietnam where water depths range from 50 metres to 1,100 metres. It lies over the Quang Ngai Graben and the Tri Ton Horst. The graben connects the Song Hong and Qiongdongnan basins in the north, to the Phu Khanh Basin in the south. Up until 2013, only one exploration well, 120-CS-1X, had been drilled in the contract area. An active petroleum system was proven in this well by the discovery of a six metre oil column, overlying 32 metres of oil shows.

Prior to the award of Block 120 to Neon Energy on 23 January 2009, there was a vintage 2D seismic database of approximately 5,500 km. Subsequently, 2,021 km of 2D seismic data was acquired in 2010 and 502 sq. km of 3D seismic data in June 2012.

The seismic data identified tertiary carbonate reefs, fractured granitic basement, sandstones within tilted fault blocks and structural inversion plays. Four drillable prospects were identified, Rua Bien, Ca Lang, Ca Sau and Ca Ngu based on their chance of encountering commercial volumes of oil and/or gas. In addition, nine oil and gas leads were identified and mapped.

The Ca Ngu-1 exploration well was drilled in 2013. The well reached a total depth of 1,290 metres measured depth. Wireline log data confirmed the presence of gas in Pliocene sandstone reservoirs and a 15.2 metre gross hydrocarbon column within the Miocene carbonate reservoir. The well encountered gas and oil volumes in the primary objective. Although the Ca Ngu well did not encounter significant volumes of hydrocarbons, it has confirmed the existence of a petroleum system in the area. Data from the Ca Ngu-1 well has been integrated into the seismic data and is being reviewed to decide the future exploration strategy.

Interest

The following table shows the participants in Block 120.

Participant	Interest
	(per cent.)
KrisEnergy	33.33
Eni (operator)	66.67

The concession relating to Block 120 provides the Vietnamese Government with a back-in right of up to 20.0 per cent. of the Working Interest of the contract areas. The Vietnamese Government can exercise these back-in rights within 90 days of the declaration of the first commercial discovery from the relevant contract area.

If the back-in right is exercised, KrisEnergy is entitled to recover the Vietnamese Government affiliate's share of all its expenditures incurred up to the date of the declaration of the first commercial discovery (excluding the bonuses, data fee and the training costs). The Vietnamese Government affiliate pays as a lump sum the Group's proportionate share of the costs incurred during the period from the declaration of the first commercial discovery to the Vietnamese Government giving notice of its intention to exercise its back-in right. The Vietnamese Government's affiliate pays its *pro rata* share of future costs.

Any assignment of Working Interest in Block 120 is subject to the pre-emptive right of PetroVietnam, the right of first refusal of other participants in Block 120 and the Prime Minister of Vietnam's approval.

Other Activities and Interests

Glagah-Kambuna TAC, Offshore North Sumatra, Indonesia

KrisEnergy held a 25.0 per cent. non-operated Working Interest in the Glagah-Kambuna TAC, which KrisEnergy acquired in January 2010. The Glagah-Kambuna TAC contains the Kambuna gas field in the North Sumatra Basin. Production ceased at the Kambuna gas field on 11 July 2013. The wells were shut in and the operator wound down operations and relinquished the Glagah-Kambuna TAC in 2013. The Glagah-Kambuna TAC accounted for 5.0 per cent. of its overall average daily liquids production and 8.6 per cent. of its overall average daily gas production for the year ended 31 December 2013. The Glagah-Kambuna TAC accounted for 5.8 per cent. of KrisEnergy's revenue in the year ended 31 December 2013.

Joint Study Agreements ("JSA")

From time to time KrisEnergy may participate in JSAs in Indonesia. JSAs are a scheme in Indonesia in which a participant nominates a study area for it to conduct geological and geophysical studies in cooperation with an Indonesian university to determine the prospectivity of the area. KrisEnergy participates in JSAs as a means to collect geological and geophysical data regarding potential contract areas and as a method to acquire such areas.

Fiscal Terms

The petroleum licences in which KrisEnergy has interests contain the terms of its concessions as agreed between the participants and the relevant host government. The economic terms of these licences, commonly known as fiscal terms, vary depending primarily on jurisdiction.

Bangladesh

The following table summarises certain fiscal terms of Block 9 and SS-11.

	<u>Block 9</u>	<u>SS-11</u>
Domestic Market Obligation (“ DMO ”) for oil	With six months’ prior written notice, Petrobangla may require contractor to provide its pro rata share of oil, up to 25.0% of its share of profit oil, for domestic consumption.	With six months’ prior written notice, Petrobangla may require contractor to provide its pro rata share of oil, up to 80.0% of its share of profit oil, for domestic consumption.
DMO price for oil	15.0% discount to fair market value.	15.0% discount to fair market value.
DMO for gas.	Contractor must first offer all its share of gas to Petrobangla and its affiliates. If Petrobangla or its affiliates does not purchase the gas within six months of contractor’s submission of an evaluation report, contractor is free to find a market outlet within Bangladesh.	Contractor must first offer all its share of gas to Petrobangla and its affiliates. If Petrobangla or its affiliates does not purchase the gas within six months of contractor’s submission of an evaluation report, contractor is free to find a market outlet within Bangladesh.
DMO price for gas	Price of gas sold to Petrobangla and its affiliates is set at 75.0% of the average for each calendar quarter of Platt’s Oilgram quotations of High Sulphur Fuel Oil 180 CST, free-on-board (“ FOB ”), Singapore with a floor price of US\$70 per metric tonne and ceiling price of US\$120 per metric tonne. Price of gas sold to Petrobangla is subject to a further 1% discount. Price of gas sold to third parties shall be equal to or greater than the pricing formula described above.	Price of gas sold to Petrobangla and its affiliates is set at 75.0% of the average for each calendar quarter of Asian Petroleum Price Index quotations of High Sulphur Fuel Oil 180 CST, FOB, Singapore with a floor price of US\$100 per metric tonne and ceiling price of US\$200 per metric tonne. Price of gas sold to Petrobangla is subject to a further 1% discount. Price of gas sold to third parties shall be equal to or greater than the pricing formula described above.
Cost recovery limit	Up to 40.0% per calendar year of all oil produced and saved from the contract area and not used in petroleum operations.	Up to 55.0% per calendar year of all oil produced and saved from the contract area and not used in petroleum operations.

	Block 9	SS-11
Oil	Up to 40.0% per calendar year of all oil produced and saved from the contract area and not used in petroleum operations.	Up to 55.0% per calendar year of all oil produced and saved from the contract area and not used in petroleum operations.
Gas	Up to 45.0% per calendar year of all gas produced and saved from the contract area and not used in petroleum operations.	Up to 55.0% per calendar year of all gas produced and saved from the contract area and not used in petroleum operations.

	During cost recovery	After cost recovery	
Profit oil split			
(to contractor)			
Up to 10,000 bopd	33.0%	30.0%	—
Portion over 10,000 and up to 25,000 bopd	30.0%	25.0%	—
Portion over 25,000 and up to 50,000 bopd	25.0%	20.0%	—
Portion over 50,000 and up to 100,000 bopd	20.0%	15.0%	—
Portion over 100,000 bopd	17.0%	10.0%	—
Profit gas split (to contractor)			
Up to 75 mmcf	39.0%	34.0%	45.0%
Portion over 75 and up to 150 mmcf	34.0%	27.5%	40.0%
Portion over 150 and up to 250 mmcf	34.0%	27.5%	35.0%
Portion over 250 and up to 300 mmcf	27.5%	22.0%	30.0%
Portion over 300 and up to 400 mmcf	27.5%	22.0%	30.0%
Portion over 400 and up to 450 mmcf	25.0%	17.5%	25.0%
Portion over 450 and up to 600 mmcf	18.0%	15.0%	25.0%
Portion over 600 mmcf	18.0%	15.0%	20.0%
Profit condensate/liquids			
(to contractor)			
Up to 3,000 boepd	35.0%	30.0%	—
Portion over 3,000 and up to 6,000 boepd	32.0%	27.0%	—
Portion over 6,000 and up to 10,000 boepd	28.0%	25.0%	—
Portion over 10,000 and up to 15,000 boepd	25.0%	20.0%	—
Portion over 15,000 boepd	20.0%	15.0%	—
Profit oil and condensate/liquids			
(to contractor)			
Up to 5,000 boepd	—	—	45.0%
Portion over 5,000 and up to 12,500 boepd	—	—	42.5%
Portion over 12,500 and up to 25,000 boepd	—	—	40.0%
Portion over 25,000 and up to 40,000 boepd	—	—	35.0%
Portion over 40,000 and up to 65,000 boepd	—	—	30.0%
Portion over 65,000 and up to 100,000 boepd	—	—	25.0%
Portion over 100,000 boepd	—	—	20.0%

Production Bonus Payments

	General	General
Within 30 days of first commercial discovery	US\$1,000,000	US\$3,000,000
	Oil	Oil
Upon daily average of 10,000 bopd for 30 consecutive days . . .	US\$1,000,000	US\$ 500,000
Upon daily average of 20,000 bopd for 30 consecutive days . . .	US\$1,000,000	US\$1,000,000
Upon daily average of 30,000 bopd for 30 consecutive days . . .	US\$1,000,000	US\$2,000,000
Upon daily average of 40,000 bopd for 30 consecutive days . . .	US\$2,000,000	US\$2,500,000
Upon daily average of 50,000 bopd for 30 consecutive days . . .	US\$2,000,000	US\$3,000,000
Upon daily average of 100,000 bopd for 30 consecutive days . .	US\$2,000,000	US\$4,000,000
Upon daily average of 75 mmcf for 30 consecutive days	US\$1,000,000	US\$ 500,000
Upon daily average of 150 mmcf for 30 consecutive days . . .	US\$1,000,000	US\$1,000,000
Upon daily average of 225 mmcf for 30 consecutive days . . .	US\$1,000,000	US\$2,000,000
Upon daily average of 300 mmcf for 30 consecutive days . . .	US\$2,000,000	US\$2,500,000
Upon daily average of 375 mmcf for 30 consecutive days . . .	US\$2,000,000	US\$3,000,000
Upon daily average of 450 mmcf for 30 consecutive days . . .	—	US\$4,000,000
Upon daily average of 600 mmcf for 30 consecutive days . . .	US\$5,000,000	US\$6,000,000
Income tax	All Bangladesh income tax levied on petroleum operations are borne and discharged by Petrobangla.	Petrobangla will not bear and discharge income tax levied on the contractor's petroleum operations
Bangladesh Participation Option	None.	None.
Contract expiry date.	26 August 2033 ⁽¹⁾	Initial exploration period expires 11 March 2019 ⁽²⁾

Notes:

- (1) The contract may be extended for up to an additional five years on terms and conditions to be mutually agreed between Petrobangla and KrisEnergy.
- (2) The exploration period may be extended for up to an additional three years. In the event of commercial discovery, the production period shall be 25 years (for gas), subject to a possible extension of up to an additional five years on terms and conditions to be mutually agreed between us and Petrobangla.

Cambodia

The following table summarises certain fiscal terms of Cambodia Block A.

	<u>Cambodia Block A</u>	
Royalty	12.5% of production	
Cost recovery petroleum	90.0% of production	
Allocation of remaining oil (to contractor)	1-10,000 bopd	58.0%
(average annual production)	in excess of 10,000-25,000 bopd	53.0%
	in excess of 25,000-50,000 bopd	48.0%
	Over 50,000 bopd	38.0%
Allocation of remaining gas (to contractor)	65.0%	
Income Tax (not payable on the royalty petroleum or cost recovery petroleum).	25.0% for five years from first profit and then 30.0% thereafter.	
Production bonus payment	None.	
Annual surface rental fee	US\$500 per sq. km of unrelinquished production area and up to US\$40 per sq. km of unrelinquished exploration area.	
MME option	5.0% exercised on 15 November 2011 and completion to conclude upon effective date of production permit.	
Concession expiry date	The Petroleum Agreement shall remain in full force and effect pending the Cambodian Government's approval of the PPA for the block. Upon approval of the PPA, the production permit will be for 30 years from the date of first commercial production.	

KrisEnergy is permitted under the petroleum agreement for Cambodia Block A to recover its proportionate share of certain costs associated with operating Cambodia Block A. Specifically, KrisEnergy is entitled to take cost recovery petroleum equivalent in value to certain of its exploration, development, production, general and administrative and overhead costs, up to 90.0 per cent. of the post-royalty petroleum in any given year.

The Cambodian MME and Cambodian Government are currently reviewing the updated PPA submitted in November 2014. As part of the review and approval process by the Cambodian MME and Cambodian Government, the petroleum agreement for Cambodia Block A may be subject to renegotiation. As such, it is uncertain whether the terms provided in the table above are the fiscal terms that will be in place once Cambodia Block A reaches development or production. It is unclear when the PPA review and possible petroleum agreement negotiations will be completed. Nonetheless, KrisEnergy has received assurances from the Cambodian MME of a possible conclusion of the PPA and renegotiations by end of 2016.

Indonesia

The following table summarises certain fiscal terms of the Block A Aceh, Bulu PSC, the East Seruway PSC, the Kutai PSC, the Sakti PSC, the Bala-Balakang PSC and the Udang Emas PSC.

	Block A		East			Bala	
	Aceh	Bulu	Seruway	Kutai	Sakti	Balakang	Udan Emas
First tranche petroleum (oil and gas) (as a % of total petroleum production) ⁽¹⁾	20.0%	10.0%	20.0%	10.0%	20.0%	20.0%	20.0%
Effective tax rate ⁽²⁾	40.0%	44.0%	44.0%	44.0%	44.0%	44.0%	44.0%
DMO for oil ⁽³⁾	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
DMO for gas ⁽³⁾	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
DMO price for oil (as a % of market price)	15.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
DMO price for gas (as a % of market price)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Pre-tax profit oil split ⁽⁴⁾ (to contractor)	25.0%	35.7%	26.8%	35.8%	41.7%	58.3%	58.3%
Pre-tax profit gas split ⁽⁴⁾ (to contractor)	58.3%	62.5%	53.6%	53.6%	58.3%	66.7%	66.7%
Production bonus payments upon cumulative production having reached⁽⁶⁾							
25 mmboe	US\$1.0 million	—	US\$1.0 million	US\$1.0 million	US\$1.0 million	US\$1.0 million	US\$1.0 million
50 mmboe.	US\$2.0 million	US\$0.5 million	US\$1.0 million	US\$2.0 million	US\$1.5 million	US\$1.5 million	US\$1.5 million
75 mmboe.	—	US\$1.0 million	US\$1.0 million	US\$3.0 million	US\$2.0 million	US\$2.0 million	US\$2.0 million
100 mmboe	US\$4.0 million	—	—	—	—	—	—
125 mmboe	—	US\$2.0 million	—	—	—	—	—
Indonesian participation option	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Aceh participation option	10.0%	—	—	—	—	—	—
Local community fund contribution	1.0% of gross revenue	—	—	—	—	—	—
Contract expiry date	The exploration period expires once exploration work ceases for a continuous period of two year or such longer period determined by SKKMigas. PSC expires 31 August 2031	The exploration period expired on 13 October 2013. PSC expires 13 October 2033	The exploration period expired on 11 June 2016 ⁽⁷⁾ . PSC expires 12 November 2038	The exploration period expires 15 January 2017. PSC expires 15 January 2037	The exploration period expires 25 February 2020. PSC expires 25 February 2044	The exploration period expires 18 December 2017. PSC expires 18 December 2041	The exploration period expires 19 July 2018. PSC expires 19 July 2042

Notes:

- (1) SKKMigas has the right to take all of the first tranche petroleum under the Bulu PSC and Kutai PSC before any deduction for operating costs and available investment credits. The first tranche petroleum in the East Seruway PSC, Sakti PSC, Bala-Balakang PSC and Udan Emas PSC is split between SKKMigas and the participants in the same proportion as the pre-tax oil and gas split above. Operating costs are not recoverable from the participants' share of first tranche petroleum, and the first tranche petroleum is subject to taxation.
- (2) Effective tax rate of 44.0 per cent. comprises corporate tax rate of 30.0 per cent. and dividend withholding tax rate of 20.0 per cent..
- (3) DMO is the obligation of a contractor to a PSC to supply to the Indonesian market a proportion of its entitlement from oil and gas production in the PSC at a specified price. The DMO for oil in each case starts 60 months after the first delivery of crude oil.
- (4) The percentage of oil or natural gas, as applicable, produced from a contract area that the contractor is entitled to take and receive after deducting the first tranche petroleum and any petroleum sold to recover the contractor's permitted operating costs.
- (5) KrisEnergy is entitled to claim an investment credit of up to its *pro rata* share (55.0 per cent.) of the capital investment cost directly required for developing gas production facilities.
- (6) Production bonus payments are payments due from the contractor under the terms of a PSC to the Indonesian Government upon cumulative production from the PSC having reached certain specified thresholds. In each case, six mmbtu of gas is deemed equivalent to one barrel of oil.
- (7) An application has been submitted to SKKMigas on 21 April 2016 for a 4-year extension of the exploration period from 12 June 2016 to 11 June 2020, which is pending approval from SKKMigas.

Under the terms of each of the PSCs, KrisEnergy is entitled to recover all of its operating costs (as defined in the PSC) out of the sales proceeds of crude oil taking into account the principles established by the Indonesian Tax Office. KrisEnergy is also required to employ qualified Indonesian personnel for labour and staff positions including administrative and executive management positions.

In Indonesia, the contractor generally has the right to recover its costs, defined as "Operating Costs" in each PSC and Technical Assistance Contract, against available revenues generated by the PSC. Operating Costs consist of current year noncapital costs, current year depreciation on capital costs and current year allowed recovery of prior year's unrecovered operating costs. Non-capital costs relate to costs incurred with respect to current year's operations, the cost of geological and geophysical activity and the intangible costs of drilling exploration, delineation and development wells. Capital costs include expenditures for items which have useful lives in excess of one year, and are depreciated commencing in the year the asset is placed into service at rates which vary depending on the type of asset. Exploration and production costs are "ring-fenced", meaning that expenditures in nonproducing or under-producing PSCs cannot be offset against revenues from other PSCs. However, within any one PSC, these unrecovered costs can be carried forward to future years for cost recovery purposes.

After commercial production of oil commences, the contractor will typically have a domestic market obligation to account for a portion, not generally exceeding approximately 25.0 per cent. of the oil produced from the contract area, at a specific price.

Post cost-recovery, SKKMigas (formerly, BP Migas) is entitled to a specified profit share of oil production (after-tax profit share is typically between 65.0 per cent. to 85.0 per cent. to SKKMigas) and of gas production (after-tax profit share is typically 25.0 per cent. to 40.0 per cent. to SKKMigas). Under the PSC, SKKMigas (formerly, BP Migas) is also entitled to take and receive each year petroleum equal to 10.0 per cent. of the total production from each year (the "**First Tranche Petroleum**"), before any deduction for recovery of operating costs, investment credits and handling of production.

Thailand

The following table summarises certain fiscal terms of B8/32, B9A, G10/48, G11/48 and G6/48.

	B9A	B8/32, G10/48, G11/48 and G6/48	
Royalty (as a % of the value of petroleum sold or disposed in each month) ⁽¹⁾	12.5%	0-60,000 barrels	5.0%
		60,000-150,000 barrels	6.25%
		150,000-300,000 barrels	10.0%
		300,000-600,000 barrels	12.5%
		Over 600,000 barrels	15.0%
Income tax rate	50.0%	50.0%	
Annual surface reservation fee	THB4000 per sq. km per year	None	
Special remuneratory benefit.	None	Payable at the end of each fiscal year in various rates based on the profit earned during the year, up to a maximum payment of 75.0% of the profit earned.	

		B8/32	G10/48	G11/48	G6/48
Production bonus Fully payment ⁽²⁾ discharged	Fully discharged	Fully discharged	US\$500,000 payable within 30 days from the day the total production from the contract area first averages 20,000 boepd for 30 consecutive days	US\$500,000 payable within 30 days from the day the total production from the contract area first averages 20,000 boepd for 30 consecutive days	US\$300,000 payable within 30 days from the day the total production from the contract area first averages 10,000 boepd for 90 consecutive days
Thai participant option	None	None	10.0%	10.0%	None
Concession expiry date ⁽³⁾ .	16 July 2041	Tantawan: 31 July 2020 Benchamas South and Pakarong: 31 July 2020 Maliwan: 31 July 2020 North Jarmjuree: 31 July 2020 North Benchamas: 31 July 2020 Chaba: 31 July 2020	Exploration period expires 7 December 2015 ⁽⁴⁾ Wassana: 7 December 2035	Exploration period expires 12 February 2016 ⁽⁵⁾ Nong Yao: 12 February 2036	Exploration period expires 7 January 2016 ⁽⁶⁾ Rossukon: 7 January 2036

Notes:

- (1) For purposes of calculating the royalty payable, 10 mmbtu of gas is deemed equivalent to one barrel of crude oil. For B9A, the royalty may also be paid in kind with a volume of petroleum equivalent in value to one seventh the value of the petroleum sold or disposed of in each month. For B8/32, G6/48, G10/48 and G11/48, the royalty may also be paid in kind with a volume of petroleum equivalent in value to the amount of the royalty payable in the table above, with the petroleum delivered as payment included as petroleum sold or disposed of in the calculation. The following uses of petroleum are exempted from the royalty: (a) petroleum delivered as payment of royalty in kind; (b) petroleum produced and used in Thailand in its natural state for analyses, tests and in the conduct of petroleum exploration, production, conservation or transportation; (c) petroleum used or exported for analyses and tests; (d) gas transferred without consideration to other concessionaires for the purpose of conservation of petroleum resource; and (e) gas flared unavoidably in connection with petroleum production operations.
- (2) 6 mmbtu of gas is deemed equivalent to one barrel of crude oil for purposes of calculating the production per day in connection with the production bonus payment.
- (3) The production area licences may be extended up to 10 years with the consent of the Department of Mineral Fuels.
- (4) This exploration period does not include an additional exploration period of up to five years from 8 December 2015 for the reservation area of approximately 1,651 sq. km, comprising areas contiguous and non-contiguous to the Wassana production area.
- (5) This exploration period does not include an additional exploration period of up to five years from 13 February 2016 for the reservation area of approximately 1,056 sq. km, comprising areas contiguous and non-contiguous to the Nong Yao production area.
- (6) This exploration period does not include an additional exploration period of up to five years from 7 January 2016 for the reservation area of approximately 284 sq. km, comprising areas contiguous and non-contiguous to the Rossukon production area.

In addition to the above, the petroleum concessions provide the Thai Government with certain privileges. In relation to B8/32, the Thai Government has a right of first refusal to purchase oil and gas produced from the field. The cost which the Thai Government must pay for oil and gas is subject to a cap, which for oil is calculated based on a formula incorporating the yield of refined products obtained from the oil using the hydroskimming method, the average price of those products in Singapore and the aggregate refiner's cost and gross refinery margin, and for gas is determined as agreed upon by the operator and the Petroleum Committee in accordance with Section 58 of the Petroleum Act B.E. 2514. For B9A, the operator is required to give priority to local vessels for the transportation of petroleum supplies and equipment in Thailand and provide a scholarship to be granted to officers. For B8/32, G6/48, G10/48 and G11/48, the concessionaire must give preference to the use of local contractors, materials and equipment available in Thailand with regard to transport vehicles, road construction and other matters related to petroleum operations. Further, the concessionaire must spend a minimum of a sum ranging from US\$20,000 to US\$150,000 per year for the training of Department of Mineral Fuels personnel and the acquisition of technical and scientific literature, data and instruments for the Department of Mineral Fuels.

Special Remuneratory benefit (“**SRB**”) is a unique form of tax on “windfall profits” or annual additional petroleum profits, arising from substantial increases in the price of petroleum, or very low-cost discoveries. SRB is calculated annually on a block-by-block basis and varies from year-to-year, depending on the revenue per one meter of well drilled in a given year. SRB will not apply unless capital expenditures have been recovered in full.

The SRB will be calculated annually, and will be calculated on a block-by-block basis.

If the concessionaire has “Petroleum Profit for the Year”, calculated based on related annual income per one meter of well, the SRB is calculated at the following rates, subject to a ceiling of 75.0 per cent. of Petroleum Profit for the Year.

Rated Annual Income Per One Meter of Well	SRB
Up to Baht 4,800	Zero
Baht 4,800 to 14,400	1.0% per each Baht 240 increment
Baht 14,400 to 33,600	1.0% per each Baht 960 increment
Over Baht 33,600	1.0% per each Baht 3,840 increment

In order to determine “Rated Annual Income per One Meter of Well”:

1. calculate annual Petroleum Income for the year, and adjust for inflation and exchange rates;
2. calculate the accumulated total meters of all wells (exploration wells, appraisal wells, production wells, etc.) drilled during the period of the concession; and

Rated Annual Income per One Meter of Well = Adjusted Annual Petroleum Income *divided by* (Total depth of all wells + GSF)

”GSF” means “Geological Stability Factor”, which shall be fixed for each geological region of Thailand, and shall not be less than 150,000 meters. The number will increase in areas where drilling is more difficult.

Vietnam

The following table summarises certain fiscal terms of Blocks 105, 115 and 120.

	Block 105	Block 115	Block 120
Royalty on oil			
0-20,000 bopd	6.0%	7.0%	4.0%
Over 20,000-50,000 bopd	8.0%	9.0%	6.0%
Over 50,000-75,000 bopd	10.0%	11.0%	8.0%
Over 75,000-100,000 bopd	12.0%	13.0%	10.0%
Over 100,000-150,000 bopd	17.0%	18.0%	15.0%
Over 150,000 bopd	22.0%	23.0%	20.0%
Royalty on gas			
0-5 mmcf	1.0%	0.0%	0.0%
Over 5-10 mmcf	3.0%	3.0%	3.0%
Over 10 mmcf	6.0%	6.0%	6.0%
Cost recovery limit ⁽¹⁾	70.0% of gross reserves	70.0% of gross reserves	70.0% of gross reserves

	Block 105	Block 115	Block 120
Pre-tax profit oil split (to contractor)			
0-20,000 bopd	75.0%	75.0%	40.0%
Over 20,000-50,000 bopd	70.0%	70.0%	35.0%
Over 50,000-75,000 bopd	65.0%	65.0%	30.0%
Over 75,000-100,000 bopd	60.0%	60.0%	25.0%
Over 100,000-150,000 bopd	55.0%	55.0%	20.0%
Over 150,000 bopd	50.0%	50.0%	15.0%
Pre-tax profit gas split (to contractor)			
0 to 5 mmcf	77.0%	77.0%	50.0%
Over 5 to 10 mmcf	70.0%	70.0%	47.5%
Over 10 to 15 mmcf	60.0%	60.0%	45.0%
Over 15 mmcf	50.0%	50.0%	42.5%
Over 20 mmcf	50.0%	50.0%	40.0%
Income tax			
During the first 12 months	0.0%	32.0%	0.0%
During the second 12 months	16.0%	32.0%	16.0%
After the second 12 months	32.0%	32.0%	32.0%
Oil export duty	10.0%	10.0%	4.0%
Production bonus payments			
General			
Within 30 days of first commercial discovery	US\$1,000,000	US\$1,000,000	US\$ 2,000,000
Within 30 days of first commercial production	US\$1,000,000	US\$1,000,000	US\$ 2,000,000
Oil			
Upon 20,000 bopd for 30 consecutive days	US\$1,000,000	US\$1,000,000	US\$ 2,000,000
Upon 50,000 bopd for 30 consecutive days	US\$2,000,000	US\$2,000,000	US\$ 3,000,000
Upon 75,000 bopd for 30 consecutive days	US\$3,000,000	US\$3,000,000	US\$ 5,000,000
Upon 100,000 bopd for 30 consecutive days	US\$4,000,000	US\$4,000,000	US\$ 7,000,000
Upon 150,000 for 30 consecutive days bopd	US\$5,000,000	US\$5,000,000	US\$10,000,000
Gas			
Upon 5 mmcf for 30 consecutive days	US\$1,000,000	US\$1,000,000	US\$ 2,000,000
Upon 10 mmcf for 30 consecutive days	US\$1,000,000	US\$1,000,000	US\$ 3,000,000
Upon 15 mmcf for 30 consecutive days	US\$1,000,000	US\$1,000,000	US\$ 4,000,000
PetroVietnam option	20.0%	20.0%	20.0%
Expiry date	The phase one exploration period expires 2 February 2017	The phase one exploration period expires 30 March 2018	The phase two exploration period expires 22 January 2017

Note:

- (1) The contractor is entitled to recover its costs out of net production. The costs are recovered on a first-in-first-out basis and carried forward to the next succeeding quarter (without interest) until fully recovered. There is no depreciation of capital costs. The cost recovery limit is the maximum percentage of hydrocarbons which is permitted to be allocated to cost recovery.

Unrecovered and Sunk Cost Pools

Under a PSC environment, the contractor's revenue entitlements include a component that provides the contractor with the right to recover eligible operating and capital costs that the contractor has incurred. Unrecovered cost pools are the outstanding balances of recoverable costs that the contractor is entitled to receive from future revenue streams, these balances occur when eligible expenditures are greater than revenue streams.

In the case of KrisEnergy's contract areas in Thailand (which is not a PSC environment), the sunk cost pools goes towards carried forward tax losses which could be offset against future revenues from petroleum production.

The following table shows KrisEnergy's Working Interest (excluding the Recent Transactions) in the unaudited unrecovered and sunk cost pools for each contract area in which KrisEnergy has an interest. These costs are unaudited and subject to audit by the respective host government and the non-operator participants.

Country	Asset	Classification	Unaudited Working Interest amount as of 30 September 2016
			(US\$ thousands)
Bangladesh	Block 9	Unrecovered cost pool	—
Bangladesh	SS-11	Unrecovered cost pool	3,389
Cambodia	Cambodia Block A	Unrecovered cost pool	179,720 ⁽¹⁾
Indonesia	Bulu PSC	Unrecovered cost pool	42,744
Indonesia	Block A Aceh	Unrecovered cost pool	105,474 ⁽²⁾
Indonesia	East Seruway PSC	Unrecovered cost pool	10,454
Indonesia	Kutai PSC	Unrecovered cost pool	50,364 ⁽³⁾
Indonesia	Bala-Balakang PSC	Unrecovered cost pool	10,516
Indonesia	Udan Emas PSC	Unrecovered cost pool	31,651
Indonesia	Sakti PSC	Unrecovered cost pool	16,764
Thailand	B8/32	Sunk cost pool	—
Thailand	B9A	Sunk cost pool	—
Thailand	G6/48	Sunk cost pool	13,575
Thailand	G10/48	Sunk cost pool	258,800
Thailand	G11/48	Sunk cost pool	66,931
Vietnam	Block 105 PSC	Unrecovered cost pool	46,268
Vietnam	Block 115 PSC	Unrecovered cost pool	2,391
Vietnam	Block 120 PSC	Unrecovered cost pool	34,528
Total			<u>873,568</u>

Notes:

- (1) Cambodia Block A calculated based on 95 per cent. working interest.
- (2) Block A Aceh calculated based on 41.6666 per cent. of working interest.
- (3) Kutai calculated based on 54.6 per cent. of working interest.

Joint Operating Agreements

All of the contract areas in which KrisEnergy participates (other than the East Seruway PSC and Udan Emas PSC in Indonesia, in which KrisEnergy holds 100.0 per cent. interests) operate under the terms of JOAs to which all of the participants in the relevant contract area are party (although B8/32 and B9A operate under JOAs as well, because KrisEnergy holds its interest in these contract areas through its minority interests in B8/32 Partners and OEL, KrisEnergy is not a party to the JOAs for these contract areas). Under these agreements, the operator carries out the day-to-day operations of the contract areas including, among others, tasks such as preparing and submitting a proposed work programme and budget, acquiring the relevant permits and licences and procuring necessary insurance. The relevant operator operates these contract areas under the direction of an operating committee consisting of one nominee from each party to the JOA. The operating committee is responsible for strategic decision making at these contract areas and generally makes decisions regarding, among others, minimum work obligations, whether to drill, deepen, test, sidetrack, plug back, complete or explore, appraise and develop wells, development plans and production programmes, whether to abandon, construct, purchase or lease equipment, work programmes and budgets and whether a discovery is commercial. Each nominee on the operating committee has total votes in proportion to the nominating party's interest in the relevant contract area. Decisions of the operating committee can be made by votes of the operating committee ranging from a simple majority for routine decisions to super majorities or unanimous requirements in the case of important decisions. Generally, to be approved, votes must include votes by nominees from at least two non-affiliated parties.

The operators also maintain a joint account for the participants in the contract area, generally denominated in US dollars, in which the operator charges to the account expenses related to operating the contract area and credits to the account revenue received in connection with operating the contract area. For operating the contract areas, the operators may charge to the joint account their direct costs and expenditures incurred in connection with joint operations conducted, as well as indirect costs representing the cost of general assistance and support services it and its affiliate provide. The participants in each contract area must provide the relevant operator with monthly cash calls equivalent to their proportionate interest in the estimated monthly expense of operating the contract area.

Petroleum operations other than operations pursuant to an approved development plan can be conducted unilaterally by any participant in a contract area as an exclusive operation. To undertake an exclusive operation, such an operation has to be properly proposed to the other parties to the contract area, who then have the ability to consent or not consent to the operation. All parties that consent to the operation will bear the costs of and own the interests in the operation in proportion to their respective participating interests. Non-consenting parties bear no costs and have no rights in relation to the operation.

MARKETING ACTIVITIES AND CUSTOMERS

For a description of KrisEnergy's sales and marketing in connection with these contract areas, see "*Description Of The Group—Contract Areas—Producing Contract Areas—B8/32 and B9A, Gulf of Thailand—Sales and Marketing*", "*Description Of The Group—Contract Areas—Producing Contract Areas—G10/48, Gulf of Thailand—Sales and Marketing*", "*Description Of The Group—Contract Areas—Producing Contract Areas—G11/48, Gulf of Thailand—Sales and Marketing*" and "*Description Of The Group—Contract Areas—Producing Contract Areas—Block 9, Onshore Bangladesh—Sales and Marketing*". The relevant operator of each of KrisEnergy's contract areas is responsible for marketing all jointly marketed products.

Although Petrobangla and PTT contributed 100.0 per cent. to the Issuer's revenues for each of the years ended 31 December 2013(1), 2014, 2015 and the first nine months of 2016, in line with its accounting policy for joint operations (in the case of Block 9 and G10/48) and its accounting policy for a party to a joint arrangement (in the case of B8/32, B9A and G11/48), KrisEnergy recognises its Working Interest share of the sale of oil and gas in its financial statements from the joint interest accounts issued to it by the operators of the contract areas. As KrisEnergy is not the operator of B8/32, B9A and G11/48, and in line with industry practice, it is not provided with a breakdown of its share of revenue by customer from these concessions, nor does it have the means to obtain such information.

Note:

- (1) Gas and condensate sales from Glagah-Kambuna TAC to PT Perusahaan Listrik Negara ("PLN") and PT Pertiwi Nusantara Resources ("PNR") and Pertamina contributed to the Issuer's revenues for the year ended 31 December 2013. Gas and condensate production from Glagah-Kambuna TAC ceased on 11 July 2013 and the block was relinquished on 31 December 2013

INSURANCE

Insurance policies for a contract area are typically procured by the relevant operator on behalf of the joint-operations participants and maintained for the benefit of the joint account under the relevant JOA with the exception of general liability risks, which is procured individually. For those blocks that KrisEnergy operates, its policy is to maintain insurance arrangements that comply with the insurance requirements of the jurisdictions in which it operates, currently Bangladesh, Cambodian, Indonesian and Thai law. In line with this policy, KrisEnergy's insurance (including that which the operators of the assets in which it has interests are required to maintain pursuant to the terms of relevant laws and the relevant JOA) currently includes coverage relating to damage cause by fire, lightning or explosion to properties, physical loss or damage to project property works, damage to drilling rigs and equipment, cost of well control, seepage, pollution, clean-up and contamination, re-drilling and restoration, damage in respect of cargo conveyance of materials, comprehensive general liability, and coverage for damage caused by earthquake and volcanic eruptions, windstorms, tornadoes, cyclones, hurricanes and similar storms. In addition, KrisEnergy's insurance also provides coverage for personal accident and medical health. In Vietnam, KrisEnergy maintains the requisite social and health coverage for employees working at its office. The Directors undertake regular review of the insurance adequacy on an annual basis and believe that the existing insurance coverage is adequate. Further, KrisEnergy believes that its existing insurance coverage is generally in line with international and industry standards in the countries where it operates. However, industry standards with respect to insurance coverage in Southeast Asia may differ from that which investors may be accustomed in other regions. See "*Risk Factors — Risks Relating to the Group — The Group's insurance coverage may not cover all types of possible losses and may be insufficient to cover certain losses*".

COMPETITION

The oil and gas industry is highly competitive in the search for, and acquisition of, assets, resources and licences, the procurement of rigs and other production equipment, the production and marketing of oil and gas and in the recruitment and employment of qualified personnel. The primary areas in which KrisEnergy encounters substantial competition are in locating and acquiring desirable acreage for its drilling and development operations, locating and acquiring attractive contract areas, and obtaining equipment for drilling operations. In addition, KrisEnergy competes with oil and gas companies in the bidding for exploration and production licences that are made available by governments or are for sale by third parties. In some jurisdictions in Southeast Asia, such as Malaysia, competitive bidding is the predominant method for acquiring contract areas. There is also competition between producers of oil and gas and other industries producing alternative energy and fuel.

Although KrisEnergy competes with companies engaged in oil and gas activities within Southeast Asia, it also engages in joint operations with many of these companies through its farm-in, farm-out and resource sharing arrangements, which presents it with opportunities to collaborate for the procurement of acreage, resources and equipment.

KrisEnergy competes with a substantial number of other companies that have greater resources than it does. Many of these companies explore for, produce and market oil and gas, carry on refining operations and market the resulting products on a worldwide basis. Such competitors include national oil and gas companies, major oil and gas companies and independent oil and gas companies.

EMPLOYEES

The following tables summarise the number of employees by location as of 31 December 2013, 2014 and 2015 and 30 September 2016.

Employees by Geographical Location

	As of 31 December			As of 30 September
	2013	2014	2015	2016
Singapore	33	41	43	38
Bangladesh	74	83	80	74
Cambodia	2	7	10	10
Indonesia	39	51	56	29
Thailand	8	34	42	35
Vietnam	8	8	8	8
Total	164	224	239	194

The increase in the number of KrisEnergy’s employees from 31 December 2013 to 31 December 2015 was in line with the general expansion of the Group’s activities.

The decrease in the number of KrisEnergy’s employees from 31 December 2015 to 30 September 2016 was in line with its focus on cutting costs through a combination of reductions, including a reduction in employee headcount across its Group.

LEGAL PROCEEDINGS

From time to time KrisEnergy and/or its subsidiaries and joint operations are party to, and its properties are the subject of, litigation, arbitration or administrative proceedings. However, KrisEnergy is not and has not been, and none of its subsidiaries or joint operations is or has been, a party to, nor has its property been the subject of, any legal or arbitration proceedings, including those which are pending or known to be contemplated, which it believes may have or which have had during the 12 months immediately preceding the date of Information Memorandum, a material adverse effect on its financial position or profitability, and, insofar as KrisEnergy is aware, no such legal or arbitration proceedings are pending or threatened.

In connection with the Group’s acquisition of a 30.0 per cent. operated Working Interest in Block 9 onshore in Bangladesh in 2013, the Group signed a sale and purchase agreement with Tullow Oil International Limited (“**Tullow**”) to acquire all of the outstanding shares in KrisEnergy Bangladesh Limited (formerly known as Tullow Bangladesh Ltd) (“**KrisEnergy Bangladesh**”). As the operator of Block 9, KrisEnergy

Bangladesh had on 3 February 2013 successfully obtained judgement from the High Court of Bangladesh against the Commissioner of Taxes of Bangladesh for a tax assessment confirming the deductibility of up to US\$118.63 million in respect of past expenditure in Block 9 (the “**Bangladesh Tax Dispute**”). Based on the prevailing Bangladesh corporate income tax rate of 37.5 per cent., the Bangladesh Tax Dispute presents a potential tax liability of around US\$44.49 million excluding late interests and penalties. Although the decision of the High Court of Bangladesh was given in favour of KrisEnergy Bangladesh, an appeal to the Appellate Division of the Supreme Court of Bangladesh was filed by the Commissioner of Taxes of Bangladesh on 2 June 2013. The appeal to challenge the decision of the High Court of Bangladesh in favour of KrisEnergy Bangladesh is due to be heard in the last quarter of 2016. Should the appeal be delayed or the appeal judgement be contested, the ultimate outcome may not be determined until the legal process is complete, which may take many years. Under the terms of the Block 9 Production Sharing Contract, Bangladesh Oil, Gas & Minerals Corporation (“**Petrobangla**”), which among its functions acts as the Bangladesh petroleum public sector statutory and regulatory body, is liable to pay properly assessed income tax on behalf of Block 9 Contractor parties.

In this connection, the purchaser of KrisEnergy Bangladesh, KrisEnergy Asia Holdings BV, a wholly-owned subsidiary of the Issuer, and the vendor, Tullow had on 8 April 2013 entered into a tax deed for which Tullow shall indemnify KrisEnergy Asia Holdings BV as to any tax, claims or losses arising from the Bangladesh Tax Dispute, whether before or following the completion of the acquisition of KrisEnergy Bangladesh. In addition, Tullow Oil plc, the ultimate parent of Tullow and an international oil and gas company listed on the London Stock Exchange plc, has provided a deed of guarantee dated 8 April 2013 guaranteeing all obligations of Tullow, including that under the tax deed.

Based on Indonesian Regulation No. PER-11/PJ/2012, which came into force on 20 April 2012, the Directorate General of Tax in Indonesia calculated land and building tax (“**LBT**”) for applicable production sharing contract areas in assessment years 2012-2014 based on a broad interpretation of “area” as the taxable object to mean the entire PSC area. The tax position was later clarified by Indonesian Regulation No. PER-45/PJ/2013 (“**PER-45**”), which came into force on 1 January 2014, such that the taxable object may be land and/or buildings within an area used for an oil, gas or geothermal mining business (and not the entire area). PER-45 further clarified that areas on which exploration activities were carried out would not attract the LBT. However, notwithstanding the clarifications provided in PER-45, existing assessments (for years 2012-2014) were not automatically readjusted but were instead required to be appealed to the Indonesian Tax Court.

Two of KrisEnergy’s Indonesian blocks, Udan Emas PSC and Bala-Balakang PSC, held by KrisEnergy (Udan Emas) B.V. and KrisEnergy (Bala-Balakang) B.V. respectively have received LBT assessments for the years 2012-2014 (6 assessments in all). KrisEnergy is appealing all of these assessments. Three of the appeals were dismissed on technical grounds by the Indonesian Tax Court and have been appealed to the Indonesian Supreme Court. KrisEnergy is currently awaiting their decision. Two of the appeals have been heard by the Indonesian Tax Court and we are awaiting a decision. One of the appeals is still being heard by the Tax Court. If all appeals are lost, the potential total tax liability is around USD5.3 million excluding late interests and penalties.

ENVIRONMENTAL, HEALTH, SAFETY AND SECURITY MATTERS

KrisEnergy is committed to upholding procedures to protect the environment and enforce EHSS mechanisms through accountability at all levels, suitable policies, feedback and full compliance by each employee and contractor to all policies KrisEnergy develops. The Issuer requires adherence to these policies as they are crucial elements for the sustainable development and continued success.

The purpose of KrisEnergy's EHSS policies is to provide overall direction for its EHSMS. EHSMS is a company-wide system consisting of environment, health and safety management systems, standards and procedures, which detail the requirements for effective environmental, personal and process safety practices that supplements KrisEnergy's EHSS policies. The policies demonstrate KrisEnergy's commitment to strive for EHSS performance improvement and provide a framework for setting the overall EHSS objectives against which KrisEnergy's performance is ultimately measured.

The Chief Executive Officer is responsible for approving, endorsing and signing policy documents and providing the necessary support to achieve the requirements of the EHSS policies. The Vice President Operations is responsible for the general management of EHSS policies, including the development and maintenance of draft policies and an annual review of those policies.

As of 2016, as part of the EHSMS, in the Dhaka, Jakarta and Singapore offices and Bangladesh operations, KrisEnergy has achieved the OHSAS 18001 (an internationally recognised Occupation Health and Safety management standard) and ISO 14001 certification (an internationally recognised environmental management standard) from SGS International Certification Services accredited by the Swiss Accreditation Service and the United Kingdom Accreditation Service respectively. It is KrisEnergy's intention to undertake the auditing and certification processes at all of its offices and operations in the near future. All of KrisEnergy's EHSS policies and procedures are compliant with the OHSAS 18001 and ISO 14001 requirements.

Each of KrisEnergy's subsidiaries, employees and direct contractors are made aware of and are required to comply with all of its EHSS policies, procedures and processes as well as applicable host country laws, regulations and requirements governing environmental protection and related issues. In a case where no host country regulations exist or a regulation is inadequate, KrisEnergy will employ KrisEnergy's subsidiaries conduct all aspects of petroleum exploration and production operations. Each subsidiary complies with KrisEnergy's corporate environmental policies and local environmental regulations in the planning of operational activities to minimise their impact on the environment and to conserve natural resources. KrisEnergy's subsidiaries are also responsible for communication of its activities to concerned individuals and groups and continuous improvement of activities via performance monitoring, audits, feedback and training.

Mandatory adherence to these key principles ensures that each of the subsidiaries' employees and contractors are aware of and fulfil their EHSS responsibilities in all operational and business activities. All contracting companies and individuals are required to comply with their own EHSS policies as well as those of the Issuer. KrisEnergy will not knowingly conduct business or contract with individuals or companies who cannot comply with its EHSS requirements.

ANTI-BRIBERY AND ANTI-CORRUPTION

KrisEnergy has issued policies and implemented internal procedures and measures designed to ensure compliance with applicable anti-bribery and anti-corruption laws and regulations, including the Foreign Corrupt Practices Act and the UK Bribery Act. As part of the compliance programme, employees receive regular briefings and annual training on the code of conduct and associated policies and expected standards of behaviour. All directors and employees undergo, at a minimum, training that deals with fraud and corruption risks and receive briefings as needed in each office. The training and briefings are repeated annually as part of the ongoing compliance programme.

Consistent with KrisEnergy's commitment to good governance, measures have been for its contractors, suppliers' agents and partners to be familiar with KrisEnergy's policies and act in accordance with its policies.

CORPORATE SOCIAL RESPONSIBILITY

Although KrisEnergy's activities are mostly conducted offshore, it recognises that its activities are likely to affect nearby communities. KrisEnergy takes its responsibilities towards local communities seriously and is committed to ensuring that the impact is positive. The Issuer believes that education empowers people, therefore it supports various educational programmes across Southeast Asia, and charities which specifically focus on the needs and development of children. Over the last three years, the Issuer has provided financial support to an Australian trust which runs orphanages in Cambodia, a scholarship programme for impoverished girls to attend school in Thailand and several primary schools in Vietnam. Where appropriate, community development programmes are planned in consultation with local communities and authorities to provide practical and sustainable results. Throughout the years, KrisEnergy has supported several educational programmes throughout Southeast Asia and contributed to the welfare and development of children and teenagers. KrisEnergy's contributions included educational sponsorships, mentoring and supporting students in social entrepreneurship initiatives, financial and equipment donations to orphanages and donations for disaster relief.

INTELLECTUAL PROPERTY

KrisEnergy licenses from various host governments and third-party data providers digital geological and well data comprising in the aggregate over 1.5 million sq. km of seismic data throughout the entire Southeast Asia region from Myanmar in the west to Papua New Guinea in the east. The data includes base maps showing existing wells, fields and contract boundaries, seismic and well data, topographic and hydrographic basins, surface geology and regionally compiled basement structure. KrisEnergy uses this data to aid in its evaluation of opportunities and its exploration efforts. Its business and profitability are not dependent on and it does not have any registered trademark or patent or any material intellectual property rights other than its data licences.

RESEARCH AND DEVELOPMENT

The nature of KrisEnergy's business does not require it to carry out research and development, and KrisEnergy has not carried out any significant research and development in the last three fiscal years.

SEASONALITY

Seasonal weather conditions can limit the Group's exploration, drilling and production activities and other oil and gas operations in certain areas. KrisEnergy typically does not experience and has not experienced any other significant seasonality in its business in the last three fiscal years.

APPENDIX 5

RISK FACTORS RELATING TO THE GROUP

Note to Shareholders: This Appendix 5 is extracted from Annex C (Information Memorandum in respect of the New Notes) of the Consent Solicitation Statement (the “Preliminary Information Memorandum”) and any defined terms used herein shall have the meanings as ascribed to them in the Preliminary Information Memorandum. The information set out in this Appendix 5 is also subject to finalisation in the final information memorandum.

The following summarises some of the principal risks and uncertainties that may arise in connection with an investment in the New Notes. It should be read in conjunction with all of the other information contained in the Information Memorandum including the risk factors referred to in the Consent Solicitation Statement. Additional risks and uncertainties not presently known to the Issuer or that the Issuer currently deems immaterial may become material and have a material adverse effect on the business, financial condition, results of the operations or prospects of the Group and cause the value of the New Notes to decline. This Information Memorandum also contains forward-looking statements, which necessarily involve risks and uncertainties of their own. Actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors and circumstances, including the risks and uncertainties described herein and other factors outside of the Issuer’s control. Moreover, if and to the extent that any of the risks described below materialise, they may occur in combination with other risks which would compound the adverse effect of such risks on the Issuer’s business activities, financial condition, results of operations and prospects.

The risk factors set out in this part of the Information Memorandum are not, and are not intended to be, exhaustive and investors should make their own assessment, and where they are uncertain, take appropriate professional advice, in respect of any dealings with the Group.

The sequence in which the risk factors are presented below is not indicative of their likelihood of occurrence or of the potential magnitude of their financial consequences.

Risks Relating to the Group

The Group is and may continue to be negatively affected by continued uncertainty in the global commodity and financial markets.

The Group is an independent upstream oil and gas company focused on the exploration, appraisal, development and production of oil and gas reserves and resources in Asia. Fluctuations in oil prices will have an immediate impact on the Group’s revenue, which is derived from the sale of crude oil, liquids and gas. Following the establishment of the MTN Program, there has been, and continues to be, significant fluctuations in the price of crude oil. The average monthly price of Dubai crude oil, a relevant benchmark in Asia, ranged from US\$27.00 per barrel (“bbl”) to US\$46.55/bbl from September 2015 to September 2016 and the average monthly price of Brent crude ranged from US\$31.92/bbl to US\$49.29/bbl from September 2015 to September 2016, and achieved a 13-year low slightly below US\$28.00/bbl in January 2016. While there has been an uptick in oil prices from 13-year lows at the beginning of 2016, the markets remain uncertain. Such conditions have adversely impacted, and continue to present risks for the oil and gas and offshore marine sectors. These conditions have similarly impacted the Group and the Group’s results of operations, financial condition and prospects. This, in turn, has affected the Issuer’s traditional strategy of financing investments in projects through an optimal funding mix of operating cash flow and debt and equity

financing. Access to financial markets is impeded by such factors and the Group's ability to obtain funding or to refinance its indebtedness on commercially reasonable terms and in a timely manner. Such prolonged uncertainty in the global commodity and financial markets will and may continue to adversely affect the Group's business, results of operations, financial condition and prospects.

The Group has previously incurred and may continue to incur losses in its results of operations.

The Group has previously incurred and may continue to incur losses in its results of operations. There are substantial risks, uncertainties, expenses and difficulties to which the Group's business is subject. The Issuer's ability to make scheduled payments on, or to refinance its obligations with respect to, its indebtedness will depend on its financial and operating performance. There can be no assurance that it will generate sufficient cash flow from operations, which could impact its ability to sustain operations, bring operations to a point where it is able to make full use of its rights to cost recovery petroleum or obtain any additional funds it may require in the future to satisfy requirements beyond its current committed capital expenditure. The Group cannot be certain that it will successfully develop and implement its new business plan approved and adopted by KrisEnergy's directors in October 2016 (the "**New Business Plan**") or that it will successfully address the risks that face its business.

The Group's leverage and debt service obligations could materially and adversely affect the Group's business.

The Issuer expects that the Revolving Credit Facility, the Bridge Upsize, the Zero Coupon Secured Notes and the security documents to be entered into in connection with the Revolving Credit Facility and the Zero Coupon Secured Notes will impose significant operating and financial restrictions on the Issuer and other members of the Group.

The degree to which the Group is leveraged and the restrictions imposed on the Group could have important consequences to its business and holders of the New Notes offered hereby, including, but not limited to:

- making it difficult for the Group to satisfy its obligations with respect to the New Notes or other indebtedness;
- increasing the Group's vulnerability to, and reducing its flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of the Group's cash flow from operations to the repayment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow. In addition, as the interest rates under the Revolving Credit Facility are floating rates, the interest costs could rise significantly in the future, thereby increasing the Group's interest expenses associated with these obligations;
- limiting the Group's ability to obtain additional financing to fund working capital, capital expenditures, debt service requirements, business ventures, or other general corporate purposes;
- limiting the Group's flexibility in planning for, or reacting to, changes in its business and the competitive environment and the industry in which the Group does business; and
- placing the Group at a competitive disadvantage as compared to its competitors, to the extent that its competitors are not as highly leveraged.

These consequences could have a material adverse effect on the Group's business, liquidity, prospects, financial condition and results of operations and the Issuer's ability to satisfy its obligations under the New Notes.

The terms under the Revolving Credit Facility, the terms and conditions of the Zero Coupon Secured Notes to be issued by the Issuer pursuant to the Proposed Preferential Offering (as defined herein) and the terms and conditions of the New Notes may restrict the Group's ability to dispose of assets. Although there are carve-outs provided for in these asset disposal restrictions of the Group's various debt obligations, such carve-outs may not always be applicable. Further, even if such disposal was allowed, proceeds from such disposal may not be adequate to meet any debt service obligations then due. The Group's inability to generate sufficient cash flows to satisfy its debt service obligations, or to refinance its indebtedness on commercially reasonable terms and in a timely manner, could have a material adverse effect on its business, results of operations, financial condition and future prospects.

There may be a doubt about the Group's ability to continue as a going concern.

There cannot be any assurance that the Issuer or the Group will be able to continue as a going concern. The Issuer's unaudited consolidated financial statements for the third quarter ended 30 September 2016 have been prepared on the assumption that the Issuer will continue as a going concern. If the Issuer is unable to successfully carry out its restructuring plan, there cannot be any assurance that the Issuer's auditor will issue an unqualified audit report on the Issuer's consolidated financial statements for the financial year ending 31 December 2016 or in the future, or that the audit report will not raise substantial doubt regarding the Issuer's or the Group's ability to continue as a going concern.

The Group's earnings and cash flow may be insufficient to satisfy its debt obligations.

If the Group is unable to generate sufficient cash flow and capital resources to satisfy its debt obligations or other liquidity needs, it may have to undertake alternative financing plans, such as refinancing or restructuring debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. There is no assurance that any refinancing would be possible, that any assets could be sold or, if sold, of the timing of the sales and the amount of proceeds that may be realised from those sales, or that the Group could obtain additional financing on acceptable terms, or at all. In the absence of such operating results and resources, the Group could face substantial liquidity problems and might be required to dispose of material assets or operations to meet its debt service and other obligations.

It may be expensive and logistically burdensome to discontinue operations should economic, physical or other conditions subsequently deteriorate.

Once the Group has an interest in an established oil or gas development and/or production operation in a particular location, it may be expensive and logistically burdensome to discontinue such operation should economic, physical or other conditions subsequently deteriorate. This is due to, among other reasons, the significant capital investment required in connection with oil and gas development and production, the nature of the contractual arrangements with government authorities in the relevant jurisdictions, and significant decommissioning costs. For example, the Issuer and/or its joint venture partners are required to commit to long-term contractual obligations with service providers pursuant to the development and production phases and in a volatile oil price environment, the Issuer will be unable to discontinue operations without incurring significant financial penalties, which will have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Additionally, because oil and gas assets in general are relatively illiquid, and would be even more so should the circumstances in the relevant jurisdiction deteriorate, the Group's ability to promptly sell its assets or

businesses in the event it were to discontinue operations in a particular jurisdiction may be limited. No assurance can be given that the Group will be able to sell any asset for the price or on terms it sets, or that any price or other terms offered by a prospective purchaser would be acceptable to it. It is also not possible to predict with certainty the length of time that could be needed to find purchasers for its assets, if at all, and to complete the disposal of assets in times of political, economic, financial or investment uncertainty.

The Group has incurred impairments on its producing assets and may incur further impairments in the future.

As a result of the continual decline in oil prices, the Issuer incurred impairments on its producing assets as at 31 December 2015. Following stress testing of the Issuer's portfolio under various oil price sensitivities, the Issuer recorded impairments over its Thai producing assets of US\$69.9 million and, as a result of a lowering of near- and medium-term price assumptions, the Issuer wrote-down US\$17.7 million on crude oil inventory as at 31 December 2015. With continued volatility in the prices of crude oil and natural gas, the Issuer may continue to incur further impairments on its producing assets in the future.

The Group cannot accurately predict its future decommissioning liabilities.

The Group has assumed certain obligations in respect of the decommissioning of its fields and related infrastructure. These liabilities are derived from legislative and regulatory requirements concerning the decommissioning of wells and production facilities and require the Group to make provision for and/or underwrite the liabilities relating to such decommissioning. Although the Group's accounts make a provision for such decommissioning costs, there can be no assurance that the costs of decommissioning will not exceed the amount of the long-term provision set aside to cover such decommissioning costs. In addition, local or national governments may require decommissioning to be carried out in circumstances where there is no express obligation to do so, which may result in higher decommissioning costs than the Group expected at the time when the Group made provisions. It is therefore difficult to forecast accurately the costs that the Group will incur in satisfying its decommissioning obligations and the Group may have to draw on funds from other sources to bear such costs. Any significant increase in the actual or estimated decommissioning costs that it incurs could have a material adverse effect on its business, results of operations, financial condition and future prospects.

Derivative transactions could result in financial losses or could reduce the Group's earnings.

To achieve more predictable cash flows and reduce the Group's exposure to adverse fluctuations in oil prices, the Group may enter into derivative instrument contracts from time to time. Accordingly, the Group's earnings may fluctuate as a result of changes in the fair value of the Group's derivative instruments. Derivative instruments also expose the Group to the risk of financial loss in some circumstances, including when the counterparty to the derivative instrument defaults on its contractual obligations or there is an increase in the differential between the underlying price in the derivative instrument and actual prices received. The use of derivatives may, in some cases, require the posting of cash collateral with counterparties. If the Group enters into derivative instruments that require cash collateral and commodity prices or interest rates change in a manner adverse to the Group thereby requiring it to post the cash collateral, the Group's cash may be reduced, which could limit its ability to fund capital expenditures. Future collateral requirements will depend on arrangements with the Group's counterparties, volatility in oil prices and interest rates.

The Group may not be able to successfully implement its business and restructuring plan.

The successful implementation of the Group's New Business Plan depends on, amongst other things, movements in oil and gas prices, ability to rationalise the Group's select assets within its portfolio, ability to progress and execute developments on time and within budget and maintenance of existing production from the Group's portfolio.

If the Group's restructuring plan is not successfully implemented, the Group may have to seek other third-party financing in the future, and its ability to arrange for such financing will depend on numerous factors, including general economic and capital market conditions, interest rates, credit availability from other lenders, investor confidence in the Group and the political and economic conditions in the region. There can be no assurance that such additional financing, either on a short-term or long-term basis, will be available to the Group in the future or, if available, such financing would be obtained on favourable terms.

The Group conducts some of its operations through joint operations and has limited control over the activities in contract areas that the Group does not operate.

The Group has entered into joint operations in respect of certain of the Group's assets, and the Group's joint-venture partners operate a number of the contract areas in which the Group has an interest, including some of the Group's primary producing assets. Under the terms of the relevant joint operating agreement ("JOA"), the Group is only entitled to receive information relating to petroleum operations from its joint operation partners, and may therefore be unable to obtain all of the information that would be necessary in order for the Group to ascertain whether the operator fully complies with relevant laws and the terms of the JOA. The information that is available to the Group in respect of these contract areas is therefore limited to information which would generally be available to minority stakeholders and the Group would not, amongst other things, be in a position to determine if the operator has obtained all necessary licences and approvals and complied with all requirements in these contract areas. As a non-operator, the Group has limited control over certain decisions related to activities at these areas, which could affect the Group's business, results of operations, financial condition and prospects.

Decisions over which the Group may have limited control include, amongst others:

- the timing and amount of capital expenditures;
- the timing and level of exploration activities;
- final investment decisions;
- the timing of initiating the drilling and completing of wells;
- the extent of operating costs;
- the level of ongoing production;
- health and safety, environmental and other regulatory compliance practices;
- the procurement of insurance; and
- the prices at which and customers to whom products are sold.

It is possible that the Group's interests and those of its joint-venture partners will not always be aligned, resulting in, among other things, possible project delays, additional costs or disagreements.

Moreover, the Group's joint-venture partners must obtain any applicable licence or related agreement pursuant to which the Group operates, in addition to JOAs or other arrangements governing the Group's relationship with the joint-venture partners and comply with all requirements thereto. The Group may suffer unexpected costs or other losses if a joint-venture partner does not meet the obligations under the licence or related agreement or the agreements governing the Group's relationship with them or if such violations lead to fines, penalties, restrictions, withdrawal of licences and termination of the agreements under which the Group operates. In some instances, the Group may be jointly and severally liable for required payments pursuant to the terms of the petroleum licences in which the Group has interests. The Group may also be subject to claims by the Group's joint-venture partners regarding potential non-compliance with the Group's obligations.

In the event that any of the Group's joint-venture partners becomes insolvent or otherwise unable to pay their debts as they fall due, the Group may be required to pay its proportionate share of the unpaid debts, and licences or agreements awarded to such joint-venture partners may revert to the relevant government authority who will then reallocate the licence. In addition, according to the terms of some of the Group's petroleum licences, the Group may not always be able to choose its partners in the event that one of its partners assigns their interest to another party. As the Group typically either shares an undivided interest with its partners (at the fields where the Group has a participation interest) or has a contractual right to production with no participation interest, it relies on its partners or other entities as licence holders. Although the Group anticipates that the relevant government authority may permit it to continue operations at a field during a reallocation process, there can be no assurance that the Group will be able to continue operations pursuant to these reclaimed licences or that any transition related to the reallocation of a licence would not materially disrupt its operations or development and production schedule. In a reallocation process, the other joint-venture partners who are not insolvent will have the right to acquire the Working Interest of the insolvent joint-venture partner. If none of the other joint-venture partners acquires the insolvent joint-venture partner's Working Interest, the relevant government authority may step in to either acquire the Working Interest through a state-owned oil company or direct that the Working Interest be transferred to an operator designated by the said government authority. The occurrence of any of the situations described above could have a material adverse effect on the Group's business, results of operations, financial condition and future prospects.

The 3Q2016 financial information contained in this Information Memorandum is unreviewed and unaudited.

The 3Q2016 financial information contained in this Information Memorandum has not been audited or reviewed by an independent registered public accounting firm. An audit or review of the Group's 3Q2016 financial statements by a public accountant could result in material changes to such financial statements.

Any acquisitions of or farm-ins to new assets, or divestments of or farm-outs of existing assets, that the Group pursues may not receive governmental approval.

The acquisition or divestment of interests in contract areas, either through corporate acquisitions/ divestments or farm-in/farm-out transactions, typically requires regulatory approval from the host country in which the contract area is located. There can be no assurance that the Group will receive the requisite approvals to complete any corporate acquisition/divestment or farm-in/farm-out that it proposes to undertake. Prior to receiving regulatory approval, the Group is unable to formally undertake a variety of actions that participants in a contract area are typically able to undertake, such as making investment decisions, submitting work programs and budgets and assuming operatorship of a contract area. Failure to obtain any requisite regulatory approval, or delays or increased costs in obtaining such regulatory approval, could materially adversely affect the Group's business, results of operations, financial condition and future prospects.

The Group is controlled by Keppel Corporation Limited (“Keppel”) and First Reserve Fund XII, L.P. and FR XII-A Parallel Vehicle, L.P. (“First Reserve”) and their interests may conflict with the interests of other holders of the Issuer’s securities.

The Group is controlled by Keppel and First Reserve (together, the “**Controlling Shareholders**”) and as a result, the Controlling Shareholders have significant influence over the election of the Group’s directors, the approval of a merger or sale of substantially all of the Group’s assets, the affairs and policies of the Group and the approval of most other actions requiring the authorisation of its shareholders. The interests of the Controlling Shareholders may conflict with the interests of other holders of the Issuer’s securities and control of a majority of the Shares by the Controlling Shareholders could delay, defer or prevent a future take-over or a change in control of the Issuer and could make some transactions more difficult or impossible to complete without the support of the Controlling Shareholders. There is no assurance that the Controlling Shareholders will act in the interests of the Issuer or other holders of the Issuer’s securities, or that any differences of interest will be resolved in favour of the Issuer or other holders of the Issuer’s securities.

The Group depends on certain key customers for sales of its oil and gas.

The Group has entered into agreements with its customers in relation to the sale and supply of its oil and gas for its producing contract areas and is therefore subject to the risk of delayed offtakers or payment for delivered production volumes or default. In certain cases, a customer, either pursuant to contractual arrangements or as a result of geographic, infrastructure or other constraints or factors, is in practice the sole potential purchaser of the Group’s production output in a contract area. This is particularly the case for sales of the Group’s gas, as sales and transportation of gas are dependent upon the availability of transmission and other infrastructure facilities to supply the gas the Group produces to end users. The absence of alternative purchasers for the gas the Group produces may expose it to offtake and production delays as gas is typically not stored given its low density and must be sold soon after its extraction. To the extent the Group’s customers reduce the volumes of oil and/or gas that they purchase from it and are not replaced by new customers or the market prices for oil and/or gas decline in the Group’s market areas, the Group’s revenues could decline. In addition, the Group may be exposed to other adverse contractual terms, which could have a material adverse effect on its business, results of operations, financial condition and prospects.

The Group’s insurance coverage may not cover all types of possible losses and may be insufficient to cover certain losses.

The Group’s operations are subject to various risks inherent in exploration, development and production activities. However, the insurance industry is not yet fully developed in the countries in which the Group operates, and many forms of insurance protection common in other more developed countries are not yet available in these countries on comparable terms, such as key-person or onshore terrorism insurance. The Group’s insurance (including that of the operators of contract areas in which the Group participates) currently includes coverage for damage to or loss of the majority of the Group’s production facilities, loss of production income (to a limited extent), insurance for out-of-control wells (including coverage of pollution and environmental damage caused thereby), mandatory third-party liability coverage (including employer’s liability insurance), tanker pollution coverage, and directors and officers liability insurance, in each case subject to deductibles, exclusions and limitations. The Group does not carry key-person, onshore terrorism or sabotage insurance.

Moreover, the operator of each of the contract areas in which the Group participates is responsible for obtaining insurance on behalf of the joint operation participants in accordance with the terms of the applicable JOA. Accordingly, the Group is subject to risks associated with its reliance on its joint operations partners’ procurement of insurance.

There can be no assurance that any insurance proceeds the Group receives would be sufficient to cover expenses relating to insured losses or liabilities. Moreover, depending on the severity of the damage, the Group may not be able to rebuild damaged property in a timely manner or at all. The Group is also subject to the risk of increased premiums or deductibles, reduced coverage, and additional or expanded exclusions in connection with its existing insurance policies and those of operators of those assets that the Group does not currently operate. The Group may suffer material losses from uninsurable or uninsured risks or insufficient insurance coverage, which could have a material adverse effect on its business, results of operations, financial condition and prospects.

From time to time, the Group may be involved in legal, regulatory and other proceedings arising out of its operations, and may incur substantial costs arising therefrom.

From time to time the Group is, and in the future may continue to be, involved in disputes with various parties involved in the development and lease of its facilities, including customers, contractors, suppliers and construction workers. These disputes may lead to legal or other proceedings and may result in substantial costs, delays in its development schedule, and the diversion of resources and management's attention, regardless of the outcome. If the Group were to fail to win these disputes, the Group may incur substantial losses and face significant liabilities. Further, even if the Group were to win these disputes, the Group may suffer harm to its reputation, which could materially affect its prospects and future growth.

The Group may be subject to regulatory action in the course of its operations, which may subject it to administrative proceedings and unfavourable decisions that could result in penalties and/or delayed construction of new logistics facilities. In such cases, the Group's results of operations and cash flow could be materially and adversely affected.

The Group may continue to incur substantially more debt in the future, including at the level of its subsidiaries, which may make it difficult for the Group to service its debt, including the New Notes.

The Issuer and its subsidiaries may be able to incur substantial additional indebtedness in the future, including secured indebtedness. Although the terms under the Revolving Credit Facility, the terms and conditions of the Zero Coupon Secured Notes to be issued by the Issuer pursuant to the Proposed Preferential Offering and the terms and conditions of the New Notes contain restrictions governing the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions and the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. If the Issuer or its subsidiaries incur new debt or other obligations, the related risks that the Group faces, as described in “— *The Group's leverage and debt service obligations could materially and adversely affect the Group's business*” and elsewhere in these “*Risk Factors*”, could increase.

The Group may not be able to repay or refinance the debt outstanding under the Revolving Credit Facility and there could be a default under the terms of the Revolving Credit Facility.

All amounts borrowed under the Revolving Credit Facility together with any other amounts (including accrued interest) then outstanding are due on 30 June 2018, unless the maturity date is extended. See “*Material Indebtedness*”. If the Issuer is unable to repay or refinance the Revolving Credit Facility in a timely manner, the Issuer could be in default under the terms of the Revolving Credit Facility. In the event of such default, there could be a cross-default under the terms of its other debt facilities, including the Notes, and the lenders of such debt facilities could terminate their commitments to lend to the Issuer or its subsidiaries, accelerate repayment of the debt and declare all amounts due and payable, terminate the agreements or

(subject to the terms of the intercreditor agreement to be entered into between the Issuer, the trustee for the holders of the Zero Coupon Secured Notes and certain other parties to the Revolving Credit Facility (including a common security agent) (the “**Intercreditor Agreement**”) enforce the relevant security, as the case may be.

Risks Relating to the Oil and Gas Exploration and Production Industry

The Group’s business, revenues and cash flows may fluctuate with changes in oil and gas prices.

The Group’s business and revenues are substantially dependent upon the prevailing prices of oil and gas. Historically, the markets for oil and gas have been volatile and they may continue to experience volatility in the future. In particular, crude oil prices have been historically highly volatile. The Group can give no assurance as to the level of oil prices in the future. It is impossible to predict accurately further crude oil price movements. There have recently been significant fluctuations in the prices of crude oil and natural gas. In particular, crude oil prices have been and are expected to continue to be volatile. The average monthly price of Dubai Crude ranged from US\$27.00/bbl to US\$46.55/bbl from September 2015 to September 2016 and the average monthly price of Brent crude oil ranged from US\$31.92/bbl to US\$49.29/bbl from September 2015 to September 2016.

The price the Group receives for its oil and gas will depend on changes in the supply of, and demand for, oil and gas in the global markets, market uncertainty and a variety of additional factors that are beyond its control, including, *inter alia*, the following:

- political conditions, including embargoes, in or affecting oil or gas producing regions generally and particularly in the Middle East and Russia;
- the ability of the Organisation of the Petroleum Exporting Countries and other hydrocarbon producing nations to influence production levels and prices;
- the level of global oil and gas exploration and production activity;
- changes in domestic and foreign government regulations;
- technological advances affecting energy consumption;
- type, quality and chemical composition of its hydrocarbons;
- the price and availability of alternative fuels;
- weather conditions and natural disasters;
- changes in the economic sharing arrangements for revenues between the host governments of the countries where the Group has operations and the Group, such as “windfall profit taxes”;
- speculative activities by those who buy and sell oil and gas on the world markets;
- exchange rate fluctuations; and
- unexpected events beyond the Group’s control.

Lower oil and gas prices may not only decrease the Group's revenues on a per unit basis but also may reduce the amount of oil and gas that the Group can produce commercially or may reduce the economic viability of the production levels of specific wells or of projects planned or in development to the extent that production costs exceed anticipated income from such production. Lower prices may also negatively impact the value and even quantum of the Group's reserves, because the measure of the Group's reserves depends upon its ability to commercially exploit any underlying petroleum quantities. A decline in oil or gas prices may materially and adversely affect the Group's future business, results of operations, financial condition, liquidity or ability to finance planned capital expenditures.

The Group faces exploration, development and production risks.

The Group faces a variety of risks related to the exploration, development and production of hydrocarbon products as well as operational, geophysical, financial and regulatory risks. The results of exploration, development and production are uncertain and, therefore, oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not achieve sufficient revenues to return a positive cash flow after taking into account drilling, development, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of costs associated with drilling, completion or other aspects of operations. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and adverse field operating conditions may affect production from successful wells. These conditions may include, amongst other things, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. Production delays and declines from normal field operating conditions may occur, and may adversely affect revenue and cash flow levels.

The Group's oil and gas exploration, appraisal, development and production operations involve risks including blowouts, oil spills and fires (each of which could result in damage to, or destruction of, wells, production facilities or other property, injury to persons or environmental pollution), geological uncertainties (such as unusual or unexpected rock formations and abnormal pressures, which may result in dry wells), failure to produce oil or gas in commercial quantities or an inability to fully produce discovered reserves.

Offshore operations are also subject to hazards inherent in marine operations, such as capsizing, sinking, grounding, collision and damage from severe weather conditions or damage to pipelines, platforms, facilities and subsea facilities from trawlers, anchors and vessels, storms, strong currents, and risks and hazards resulting from navigational difficulties. These hazards could result in substantial losses to the Group due to injury and loss of life, severe damage to, or destruction of, property and equipment, pollution and other environmental damage or suspension of operations, and the Group may be exposed to substantial liability in connection with any of these hazards. These risks may individually or collectively diminish the returns the Group obtains in relation to any discovery or even the ability to realise any value from the discovery at all, which may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The occurrence of a significant event that is not fully insured, or the insolvency of the Group's insurers, could have an adverse effect on the Group's business, results of operations, financial condition or prospects.

Reserve and resource estimates depend on many assumptions that may turn out to be inaccurate.

The process of estimating hydrocarbon quantities is complex, requiring interpretations of available technical data and many assumptions made in a particular hydrocarbon price environment. Any significant deviations from these interpretations, prices or assumptions could materially affect the estimated quantities of hydrocarbons reported. The uncertainties inherent in estimating quantities of hydrocarbons include, *inter alia*, the following:

- variable factors and assumptions such as historical production from the Group's contract areas;
- the quality and quantity of technical and economic data;
- the prevailing oil and natural gas prices applicable to the Group's production;
- drilling and operating expenses, capital expenditures, taxes and the availability of funds, both debt and equity;
- the assumed effects of regulations by governmental agencies and future operating costs;
- the production performance of the Group's reserves; and
- extensive engineering, geological and geophysical judgements.

Understanding of the subsurface conditions is based on the Group's interpretation of the best data available but due to the inherent uncertainty of such interpretation, the Group may reach incorrect conclusions. The Group's reserves and contingent resources data represents estimates only and represents quantities estimated at a given point in time. Many of the factors, assumptions and variables involved in estimating hydrocarbon volumes are beyond the Group's control and may prove incorrect over time. Estimates of the commercially recoverable hydrocarbon volumes attributable to any particular contract area, classification of such hydrocarbon volumes based on risk of recovery and estimates of future net revenues expected, prepared by different persons at different times, may vary substantially. In the event that actual production with respect to these hydrocarbons volumes is lower than these estimates and/or actual future prices are materially lower, the Group's revenue and therefore its results of operations and financial condition will be adversely affected.

The uncertainties inherent in estimating oil and gas resources and reserves are generally greater for areas where there have been limited historic hydrocarbon exploration, such as in the case of contingent resource estimates, which are derived from the interpretation of seismic and other geoscientific data and, where appropriate, drilling results. Such interpretation and estimates of the amounts of oil and gas resources are subjective and the results of drilling, testing and production subsequent to the date of any particular estimate may result in substantial revisions to the original interpretation and estimates, including the recoverability and commerciality of the reserves and resources.

The Group may need to obtain external debt and equity financing to support growth, undertake acquisitions of new contract areas or to develop new projects. Accordingly, the Group's ability to obtain bank financing depends, to a certain extent, on the value of the Group's proved and probable reserves. Any revisions to hydrocarbon volume estimates may have an effect on the Group's current and future banking facilities. Furthermore, any revisions may also have an effect on the book value of the contract areas recorded in the Group's financial statements. In the event that the Group's reserves are assessed to be lower than previously recorded, the Group's business, results of operations, financial condition and prospects may be adversely affected.

The Group's use of 2D and 3D seismic data is subject to interpretation and may not accurately identify the presence of oil and gas.

Seismic data is a method used to determine the depth and orientation of subsurface rock formations. Seismic data is generated by applying a source of energy, such as vibrations, to the surface of the ground and capturing the reflected sound waves to create two-dimensional (“**2D**”) “lines” or three-dimensional (“**3D**”) grids, the latter of which provide more accurate subsurface maps. Even when properly used and interpreted, 2D and 3D seismic data and visualisation techniques are only tools used to assist geoscientists in identifying subsurface structures and hydrocarbon indicators and do not enable geoscientists to know whether hydrocarbons are, in fact, present in those structures or the amount of hydrocarbons. The Group employs 3D seismic technology with respect to certain of its projects. In addition, the use of 3D seismic and other advanced technologies requires greater pre-drilling expenditures than traditional drilling strategies, and the Group could incur greater drilling and exploration expenses as a result of such expenditures, which may result in a reduction in its returns. Moreover, the Group’s drilling activities may not be successful or economical, and the Group’s overall drilling success rate, or its drilling success rate for activities in a particular area, could decline.

A number of the contract areas in which the Group holds interests are unproven and may never be developed.

A number of the contract areas in which the Group holds interests are unproven and undeveloped. The Group would require significant capital to prove and develop such contract areas before they may become productive, and even if the Group had such capital, the Group may not succeed in proving or developing all of its contract areas. Estimates of oil and gas reserves in the subsurface are made by inferring subsurface conditions from limited surface data such as seismic data, and wells that penetrate only a small fraction of potential and actual reservoirs. Such inferences are, by their nature, uncertain and while such uncertainties can be reduced by additional seismic data or the drilling of further wells, they cannot be eliminated. Accordingly, there is no way to predict in advance of drilling and testing whether any particular prospect will yield oil or gas in sufficient quantities to recover drilling or completion costs or to be commercially viable. The use of seismic data and other technologies and the study of producing fields in the same area will not enable the Group to know conclusively prior to drilling whether oil or gas will be present or, if present, whether oil or gas will be present in quantities that would be commercially viable to recover. Due to the inherent uncertainties associated with drilling for oil and gas, some or all of these contract areas may never be successfully drilled and developed, and the exploration and production results in respect of certain of the Group’s contract areas have not been as successful as anticipated. If the Group is successful in its drilling and development efforts, the Group would require significant capital to drill and develop its contract areas and it could take several years for a significant portion of the Group’s unproven contract areas to be developed and generate positive cash flow.

The Group relies on access to necessary equipment and transportation systems from independent third-party providers.

Oil and gas exploration and development activities are dependent upon the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for limited equipment such as drilling rigs, or access restrictions on such equipment, may affect the availability of, and access to, such equipment. Failure by the Group or its contractors to secure necessary equipment could have a material adverse effect on the Group’s business, results of operations, financial condition and prospects.

The Group contracts or leases services and capital equipment from third-party providers and will continue to do so. While there is an excess availability and capacity for such equipment and services currently, there is no assurance that this situation will continue. If the Group is unable to obtain the equipment and services that it needs, this could result in a delay or restriction in the Group's projects and adversely affect the feasibility and profitability of such projects, and therefore have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group and its offtakers rely, and any future offtakers will rely, upon transportation systems, including systems owned and operated by third parties which may become unavailable. The Group may be unable to access the transportation systems it uses currently or alternative transportation systems. Further, the Group's offtakers could become subject to increased tariffs imposed by government regulators or the third-party operators or owners of the transportation systems available for the transport of the Group's oil and gas which could result in decreased offtaker demand and downward pricing pressure.

Moreover, the Group is subject to drilling and other exploration commitments under the terms of a number of its contract areas, and if, for any reason, the Group is unable to obtain the equipment or services necessary to fully perform its commitments, the Group may face penalties or the possible loss of some of its rights and interests in such contract areas, which may have a material adverse effect on its business, results of operations, financial condition and prospects.

Additionally, importation of certain equipment and chemicals for drilling, exploration and production requires licences of the relevant governmental agencies which may cause unexpected delay and substantial costs.

The Group relies on the discovery and development of additional reserves to replace its produced reserves.

The Group must continually acquire, explore for or develop new hydrocarbon reserves to replace those produced and sold. If the Group is unsuccessful in locating and developing or acquiring new reserves, its existing reserves (and hence production) will decline over time due to depletion by production. The Group's ability to achieve this objective depends, in part, on its level of success in discovering or acquiring additional oil and gas reserves, its further exploration and development of its existing reserves base, and the raising of capital to fund its portion of exploration or development costs. Such exploration and development activities expose it to a number of risks, including competition from other interested purchasers who may have larger financial resources than it does; unidentified historical or future liabilities of the operations that it may acquire; the inability to receive accurate and timely information about these operations in order to make informed investment decisions; problems in integrating acquired operations; as well as the geological risk that commercially recoverable reserves will not be discovered. Exploration, development and the acquisition of reserves are capital intensive. If the Group is not successful in exploring for or developing new reserves, or acquiring contract areas containing proved plus probable reserves, its total proved plus probable reserves will decline, which will adversely affect its business, results of operations, financial condition and prospects.

The Group may face unanticipated increased or incremental costs.

The oil and gas industry is capital intensive. To implement the Group's business strategy, it has invested, and continues to invest, in drilling and exploration activities and infrastructure. The Group's expenditures on such projects may be subject to unexpected problems, costs and delays, and the economic results and the actual costs of these projects may differ significantly from the Group's current estimates.

The Group relies on suppliers and contractors to provide materials and services in conducting its exploration and production activities. Any competitive pressures on its suppliers and contractors, or substantial increases

in the worldwide prices of commodities, such as steel, could result in a material increase of costs for the materials and services required to conduct its business. The cost increases may be the result of inflationary pressures. Future increases could have a material adverse effect on its operating income, cash flows and borrowing capacity and may require a reduction in the carrying value of its contract areas, its planned level of spending for exploration and development and the level of its reserves, which depends upon its ability to commercially exploit any underlying petroleum quantities. Prices for materials and services which the Group requires to conduct its business may not be sustained at levels that enable it to operate profitably. The Group may also need to incur various unanticipated costs, such as those associated with personnel, transportation, government taxes and compliance with environmental and safety requirements. An increase in any of these costs could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The expected levels of energy demand in Southeast Asia may not materialise.

Substantially all of the Group's existing assets are located in Southeast Asia. If economic growth in Southeast Asia does not continue or declines, or if all or part of the region enters into a recession, demand for oil and gas in the region and the prices of oil and gas in the region are likely to decline. As the Group's hydrocarbon sales are made in Southeast Asia, its revenues and results of operations will be materially adversely affected if it is unable to find alternative markets. Even if it is successful in finding alternative markets outside of Southeast Asia, it may incur higher costs of sales as a result of, among other things, higher transportation expenses and additional import/export tariffs and taxes, and the pricing of oil and gas may be lower outside of Southeast Asia. Consequently, a decline in the actual or anticipated levels of energy demand in Southeast Asia may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group's business development may require external financing and its ability to obtain such financing is uncertain.

The Group may need to obtain external debt and equity financing, through public or private financing, or farm-out certain contract areas to support growth, to acquire new contract areas or to develop new projects. Moreover, the Group is subject to drilling and other exploration commitments under the terms of the Group's contract areas, and if, for any reason, it is unable to fully fund its drilling budget and fails to satisfy its commitments, it may face penalties or the possible loss of some of its rights and interests in prospects. The Issuer's ability to finance its capital expenditure plans is subject to a number of risks, contingencies and other factors, some of which are beyond its control. Among other things, any significant decrease in the prices or demand for oil or gas, or adverse developments in the Asian and international equity capital or credit markets, may be significant barriers to raising financing and may significantly increase the overall cost of its funds. Moreover, the Group may not be successful in its ordinary course business strategy of farming out interests in its contract areas in order to reduce its exploration and development expenditures, which could result in it requiring more capital resources than otherwise anticipated.

There is no assurance that additional funding, if needed, will be available on acceptable terms, or at all. If adequate funding is not available to the Group on terms acceptable, or at all, this will materially and adversely affect its ability to fund the development and expansion of its business. The Group's inability to obtain sufficient funding for operations or development plans could adversely affect its business, results of operations, financial condition and prospects.

The Group operates in a competitive environment.

The oil and gas industry is highly competitive. Key areas in respect of which the Group faces competition include:

- acquisition of exploration and production licences through bidding processes run by governmental authorities;
- alternative energy sources that may compete with or reduce demand for oil and gas;
- acquisition of other companies that may already own licences or existing hydrocarbon assets;
- engagement of third-party service providers whose capacity to provide key services may be limited;
- entering into commercial arrangements with customers; and
- purchase of capital equipment that may be scarce.

The Group competes with oil and gas companies that possess greater technical, physical and financial resources, longer operating histories and larger teams of technical and professional staff. Many of these competitors not only explore for and produce oil and gas, but also carry on refining operations and market hydrocarbon and other products on an international basis. These competitors may be able to pay more for producing oil and gas contract areas and exploratory prospects and to evaluate, bid for and purchase a greater number of contract areas and prospects than the Group's financial or personnel resources permit. This may result in higher than anticipated prices for the acquisition of licences or assets, the hiring by competitors of key management or operatives and/or restrictions on the availability of equipment or services.

If the Group is unsuccessful in identifying suitable contract areas or continuing satisfactory relationships with its partners and competing against other companies, its business, results of operations, financial condition and prospects could be materially adversely affected.

The Group is subject to environmental regulations and risks.

The oil and gas industry is subject to laws and regulations relating to environmental and safety matters in the exploration for and the development and production of hydrocarbons. Many of the environmental laws and regulations applicable to the countries where the Group operates are significantly less developed than those in certain developed market economies. The Group incurs, and expects to continue to incur, substantial capital and operating costs in order to comply with increasingly complex health, safety and environmental laws and regulations. New laws and regulations, the imposition of tougher licensing requirements, increasingly strict enforcement of, or new interpretations of, existing laws, regulations and licences, or the discovery of previously unknown contamination may require further expenditures to:

- modify operations;
- install pollution control equipment;
- perform site clean ups;
- curtail or cease certain operations;

- cease operations temporarily or permanently; or
- pay fees or fines or make other payments for pollution, discharges or other breaches of environmental requirements.

These factors may lead to delayed or reduced exploration, development or production activity as well as increased costs.

Furthermore, the discharge of oil, gas or other pollutants into the air, soil or water, whether inadvertent or otherwise, may give rise to liabilities to the governments of the countries in which the Group operates and to third parties, and may require the Group to incur costs to remedy such discharge. The terms of licences or permissions may include even more stringent environmental and/or health and safety requirements. In certain cases, severe environmental damage could give rise to financial liabilities that exceed the value of the Group's assets. Further, there is a risk that, in the event that the Group does incur costs to remedy any such discharges, such costs would exceed the value of the Group's assets or insurance coverage.

Risks Relating to the Jurisdictions in which the Group Operates

The Group is subject to government regulations relating to the oil and gas industry and the procurement of relevant government permits, licences and approvals.

The Group's operations are subject to licences, regulations and approvals for the exploration, development, construction, operation, production, marketing, pricing, transportation and storage of oil and gas. The governments of the countries in which the Group operates have exercised and continue to exercise significant influence over their respective oil and gas industries. In certain developing countries, petroleum companies have faced the risks of expropriation or nationalisation, breach, abrogation or renegotiation of project agreements, application to such companies of laws and regulations from which they were intended to be exempt, denials of required permits and approvals, increases in royalty rates and taxes that were intended to be stable, application of exchange or capital controls, and other risks. Any government action (such as a change in oil and/or gas pricing policy or taxation rules or practice, or renegotiation or nullification of existing concession contracts or oil and gas exploration policy, laws or practice) could have a material adverse effect on the Group. Sovereign or regional governments could also require the Group to grant to them larger shares of oil and gas or revenues than previously agreed to, or postpone or review projects, nationalise assets, or make changes to laws, rules, regulations or policies, in each case, which could adversely affect the Group's business, prospects, financial condition and results of operations. Possible future changes in the government, major policy shifts or increased security arrangements in the countries in which the Group operates could have to varying degrees an adverse effect on the value of the Group's investments. These factors could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group is currently awaiting certain government permits, licences and approvals in relation to its Working Interests in contract areas, exploration plans and/or development plans in a number of contract areas. There can be no assurance that the Group will receive the necessary permits, licences and approvals in a timely fashion or at all or that such permits, licences or approvals will not contain onerous restrictions or conditions. The implementation of the Group's exploration and/or development plans in contract areas is subject to receiving the necessary government permits, licences and approvals, and failure to obtain, or a delay in obtaining, such permits, licences and approvals, or the subsequent revocation of such permits, licences and approvals, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Once commercial production is established and/or exploration success is achieved in a contract area, the Group may be required under the terms of its licence to apply for contract extensions

from time to time to provide adequate time to explore and develop the relevant contract area. Approvals of such extensions are based on the fulfilment of work programs. In the event that the Group is not able to fulfil a work program's obligations in respect of a contract area or is in breach of the terms of the licence, the host government might not grant extensions on the terms of these contract areas.

For example, in Cambodia, the regulatory infrastructure applicable to upstream oil and gas opportunities is still relatively new and in development. There are no producing contract areas or contract areas in development in Cambodia, and so regulations governing contract areas at those stages are as yet untested, as are the relationships between contractual terms provided in petroleum agreements to which the Cambodian Ministry of Mines and Energy (the successor agency to the Cambodian National Petroleum Authority) is a party and prevailing laws and regulations. Cambodia Block A is pending the approval from the Cambodian Ministry of Mines and Energy of the Production Permit Application ("PPA") for the development of Cambodia Block A, and there is no certainty as to when, if ever, such approval will be forthcoming. As part of the review and approval process by the Cambodian Ministry of Mines and Energy, the petroleum agreement for Cambodia Block A is currently being renegotiated. It is unclear when the PPA review and petroleum agreement negotiations will be completed. Similarly, due to the unclear relationship between petroleum contracts and petroleum laws and regulations in Cambodia, there is some uncertainty as to whether some of the terms of the petroleum agreement are in compliance with, or will be enforceable under, prevailing laws. Such terms may also be subject to renegotiation at the request of the Cambodian Ministry of Mines and Energy and/or the Royal Government of Cambodia. As such, it is uncertain whether the terms provided in the petroleum agreement and the PPA, including the fiscal terms, are the terms that will be in place once Cambodia Block A reaches development or production. Any protracted negotiations in relation to Cambodia Block A will delay the date of final investment decision, which may limit the Issuer's ability to develop Cambodia Block A in the near future, or at all. Moreover, any renegotiation of the fiscal or other terms of the petroleum agreement or PPA in relation to Cambodia Block A may adversely impact the Group's business results of operations, cash flows, financial condition and prospects.

There is no assurance that the governments of the countries in which the Group operates will not postpone or review projects or will not make any changes to government policies, in each case which could adversely affect the Group's business, results of operations, financial position and prospects.

The countries in which the Group operates face political, economic, fiscal, legal, regulatory and social uncertainties.

The Group's operations are exposed to the political, economic, fiscal, legal, regulatory and social environment of the countries in which it operates. The Group's business involves a high degree of risk, which a combination of experience, knowledge and careful evaluation may not overcome. These risks include, but are not limited to, civil strife or labour unrest, armed conflict, limitations or price controls on oil exports and limitations or the imposition of tariffs or duties on imports of certain goods.

Exploration and development activities in developing countries may require protracted negotiations with host governments, national oil companies and third parties and may be subject to economic and political considerations such as the risks of war, community disturbances, criminal activities (such as oil or gas theft), expropriation, nationalisation, renegotiation, forced change or nullification of existing contracts or royalty rates, unenforceability of contractual rights, foreign ownership controls or approvals, protests, changing taxation policies or interpretations, adverse changes to laws (whether of general application or otherwise) or the interpretation thereof, foreign exchange restrictions, inflation, changing political conditions, the death or incapacitation of political leaders, local currency devaluation, currency controls, and foreign governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Any of the factors detailed above or similar factors could have a material adverse effect on the Group's business, results of operations or

financial condition. If disputes arise in connection with the Group's operations in developing countries, the Group may be subject to the exclusive jurisdiction of foreign courts or foreign arbitration tribunals or may not be successful in subjecting foreign persons, especially foreign oil ministries and national oil companies, to the jurisdiction of courts in other countries. Further, the Group may also be adversely affected by increased action by non-governmental organisations opposing to the oil and gas exploration and production industry.

There are risks associated with emerging and developing markets generally.

The disruptions experienced in the international and domestic capital markets have led to reduced liquidity and increased credit risk premiums for certain market participants and have resulted in a reduction of available financing. Companies located in countries with emerging markets, such as those in Southeast Asia where the Group operates, may be particularly susceptible to these disruptions and reductions in the availability of credit or increases in financing costs, which could result in them experiencing financial difficulty. In addition, the availability of credit to entities operating within the emerging and developing markets is significantly influenced by levels of investor confidence in such markets as a whole and as such any factors that impact market confidence including a decrease in credit ratings, state or central bank intervention in a market or terrorist activity and conflict, could affect the price or availability of funding for entities within any of these markets.

Since the onset of the global economic crisis in 2007, certain emerging market economies have been, and may continue to be, adversely affected by market downturns and economic slowdowns elsewhere in the world. As has happened in the past, financial problems outside countries with emerging or developing economies, or an increase in the perceived risks associated with investing in such economies could dampen foreign investment in and adversely affect the economies of these countries. Investments in emerging markets are therefore subject to greater risks than more developed markets, including in some cases significant legal, fiscal, economic and political risks.

The countries in which the Group operates may suffer from governmental or business corruption.

The Group operates and conducts business in countries which some perceive as having potentially more corrupt governmental and business environments compared to certain developed countries. Corrupt action against the Group could have a material adverse effect on the Group's business, results of operations and financial condition. In spite of the Group's best efforts, it may not be possible for the Group to detect or prevent every instance of fraud, bribery and corruption in every jurisdiction in which the Group's employees, agents, subcontractors or joint-venture partners are located. The Group may therefore be subject to civil and criminal penalties and to reputational damage. Instances of fraud, bribery and corruption, and violations of laws and regulations in the jurisdictions in which the Group operates, could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Tax disputes relating to operations at Block 9 could expose the Group to liabilities.

In 2013, the Group signed a sale and purchase agreement with Tullow Oil International Limited ("**Tullow**") to acquire all of the outstanding shares in KrisEnergy Bangladesh Limited (formerly known as Tullow Bangladesh Ltd) which holds 30.0 per cent. operated Working Interest in Block 9 onshore in Bangladesh ("**KrisEnergy Bangladesh**"). As the operator of Block 9, KrisEnergy Bangladesh had on 3 February 2013 successfully obtained judgement from the High Court of Bangladesh against the Commissioner of Taxes of Bangladesh for a tax assessment confirming the deductibility of up to US\$118.63 million in respect of past expenditure in Block 9 (the "**Bangladesh Tax Dispute**"). Based on the prevailing Bangladesh corporate income tax rate of 37.5 per cent., the Bangladesh Tax Dispute presents a potential tax liability of around US\$44.49 million excluding late interests and penalties. Although the decision of the High Court of Bangladesh was given in favour of KrisEnergy Bangladesh, an appeal to the Appellate Division of the

Supreme Court of Bangladesh was filed by the Commissioner of Taxes of Bangladesh on 2 June 2013. The appeal to challenge the decision of the High Court of Bangladesh in favour of KrisEnergy Bangladesh is due to be heard in the last quarter of 2016. Should the appeal be delayed or the appeal judgement be contested, the ultimate outcome may not be determined until the legal process is complete, which may take many years. Under the terms of the Block 9 Production Sharing Contract, Bangladesh Oil, Gas & Minerals Corporation (“**Petrobangla**”), which among its functions acts as the Bangladesh petroleum public sector statutory and regulatory body, is liable to pay properly assessed income tax on behalf of Block 9 Contractor parties.

In this connection, the purchaser of KrisEnergy Bangladesh, KrisEnergy Asia Holdings BV, a wholly-owned subsidiary of the Issuer, and the vendor, Tullow, had on 8 April 2013 entered into a tax deed for which Tullow shall indemnify KrisEnergy Asia Holdings BV as to any tax, claims or losses arising from the Bangladesh Tax Dispute, whether before or following the completion of the acquisition of KrisEnergy Bangladesh. In addition, Tullow Oil plc, the ultimate parent of Tullow and an international oil and gas company listed on the London Stock Exchange plc, has provided a deed of guarantee dated 8 April 2013 guaranteeing all obligations of Tullow, including that under the tax deed. However, in the event that Tullow or Tullow Oil plc, as the case may be, is unable to make good the indemnity if it is triggered under the tax deed or deed of guarantee, as the case may be, KrisEnergy Bangladesh may be exposed to any tax, claims or losses arising from the Bangladesh Tax Dispute, and this may in turn have a material adverse effect on the Group’s consolidated financial position, results of operations or cash flows.

Possible unitisation or similar arrangement relating to Bangora/Srikail.

In July 2012, Bangladesh Petroleum Exploration and Production Company Limited (“**Bapex**”) announced a potentially significant gas discovery, with reserves publicised at 300 bcf, in Srikail, a ring fenced area within Block 9, operated by Bapex. Bapex may be able to access reserves in Block 9 from the Srikail field or may allege that Block 9 (in which Bapex is also a partner) is wrongfully taking its reserves. The Block 9 joint venture may equally allege that Bapex is accessing Block 9 reserves from Srikail. Petrobangla has previously requested that Bapex and the Block 9 partners discuss the situation and inform Petrobangla of the outcome of discussions. To date, Bapex has not engaged with the Block 9 partners in concluding any agreement on the matter. Any dispute with Bapex affecting Block 9 could adversely affect the Group’s business and prospects.

A portion of Block 120 may be affected by border disputes between China and Vietnam.

China asserts territorial sovereignty over a large portion of the South China Sea, including certain portions near mainland Vietnam over which Vietnam also asserts territorial sovereignty. There is a certain portion of the eastern flank of Block 120 which China may assert to be within its maritime border but is considered by the Vietnamese Government to be within its territorial waters.

While the Group has historically limited its activity in Block 120 to the portion of the contract area over which there is no territorial dispute and has, in 2015, relinquished 20.0 per cent. of the contract area of which a portion may be affected by border disputes, there can be no assurance that the territorial dispute between Vietnam and China will not affect the Group’s activities in the disputed portion of Block 120. Due to the volatile nature of the dispute over the South China Sea, it may not be possible for the Group to contract for ships or other equipment to conduct activities in the disputed part of Block 120, or to do so on terms which the Group considers acceptable. Further, it is possible that Vietnam will relinquish sovereignty to the disputed portion of Block 120, voluntarily or otherwise, which may require the Group to forfeit or renegotiate its petroleum licence over the disputed portion of Block 120. Any territorial dispute affecting Block 120 could adversely affect the Group’s business and prospects.

Some of the countries in which the Group operates suffer from terrorism and militant activity.

The Group operates and conducts business in some countries which have experienced terrorist and militant activity. There can be no assurance that further terrorist acts will not occur in the future. The fear of terrorist actions, either against the Group's properties or generally, could have an adverse effect on the Group's ability to adequately staff and/or manage its operations or could substantially increase the costs of doing so. Any future terrorist acts in the countries in which the Group operates, or neighbouring countries in Southeast Asia, could destabilise those countries and increase internal divisions within their governments, and might result in concerns about stability in the region and negatively affect investors' confidence. Violent acts arising from and leading to instability and unrest have in the past had, and could continue to have, a material adverse effect on investment and confidence in, and the performance of, the economies in Southeast Asia, and in turn on the Group's business. Any terrorist attack, including those targeting the Group's properties, could interrupt parts of the Group's business and materially and adversely affect the Group's business, results of operations, financial condition and prospects.

Some of the areas in which the Group operates lack physical infrastructure or contain physical infrastructure in poor condition.

Physical infrastructure in some areas of the countries in which the Group operates is obsolete or non-existent and in certain respects has not been adequately funded and maintained. In some areas, oil and gas pipelines are particularly affected. Breakdowns or failures of any part of the physical infrastructure in the areas where the Group operates may disrupt the Group's normal business activity, cause the Group to suspend operations or result in environmental damage to the surrounding areas which could increase the cost of operations and expose the Group to environmental liability. Further deterioration of the physical infrastructure in the areas where the Group operates may disrupt the transportation of goods and supplies, increase operational costs of doing business in these areas and generally interrupt business operations, any or all of which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The interpretation and application of laws and regulations in the jurisdictions in which the Group operates involves uncertainty.

The courts in the jurisdictions in which the Group operates may offer less certainty as to the judicial outcome or a more protracted judicial process than is the case in more established economies. Businesses can become involved in lengthy court cases over simple issues when rulings are not clearly defined, and the poor drafting of laws and excessive delays in the legal process for resolving issues or disputes compound such problems. Accordingly, the Group could face risks such as: (i) effective legal redress in the courts of such jurisdictions being more difficult to obtain, including in respect of a breach of law or regulation, or in an ownership dispute, (ii) a higher degree of discretion on the part of governmental authorities and therefore less certainty, (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations, (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions, or (v) relative inexperience or unpredictability of the judiciary and courts in such matters.

Enforcement of laws in some of the jurisdictions in which the Group operates may depend on and be subject to the interpretation placed upon such laws by the relevant local authority, and such authority may adopt an interpretation of an aspect of local law which differs from the advice that has been given to the Group by local legal counsel or even previously by the relevant local authority itself. Furthermore, there is limited or no relevant case law providing guidance on how courts would interpret such laws and the application of such laws to the Group's contracts, joint operations, licences, licence applications or other arrangements.

Moreover, in Indonesia, regional autonomy is a sensitive political subject. Laws and regulations have changed the regulatory environment by decentralising certain regulatory and other authority from the central Indonesian Government to regional (i.e., provincial and/or local) governments. The process of devolving authority to regional governments is ongoing, and while the regulations on regional autonomy, as well as various sector-specific laws (including Oil and Gas Law No. 22 of 2001 of the Republic of Indonesia), have set out the divisions of authority between the central Indonesian Government and the regional governments, the implementation of such regulations has been erratic, causing the scope of devolved authority to be uncertain. Although the central Indonesian Government has made efforts in the regulatory sector to curb overreaching by regional governments, jurisdictional uncertainty is expected to continue for the foreseeable future. One consequence of this uncertainty is that the powers of the licensing authorities in Indonesia are not completely transparent or clearly delineated. It is unclear whether the rights granted by the Indonesian Government at the central, provincial and local levels conflict with one another, or whether the application of regulatory powers will be consistent.

There can be no assurance that unfavourable interpretation or application of the laws in the jurisdictions in which the Group operates will not adversely affect the Group's contracts, joint operations, licences, licence applications or other arrangements. In certain jurisdictions, the commitment of local businesses, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be less certain and more susceptible to revision or cancellation, and legal redress may be uncertain or delayed. If the existing body of laws and regulations in the countries in which the Group operates are interpreted or applied, or relevant discretions exercised, in an inconsistent manner by the courts or applicable regulatory bodies, this could result in ambiguities, inconsistencies and anomalies in the enforcement of such laws and regulations, which in turn could hinder the Group's long-term planning efforts and may create uncertainties in the Group's operating environment, and may adversely affect the Group's business, results of operations, financial condition and prospects.

The Group may be subject to sovereign immunity risk in the countries in which it operates.

All of the countries in which the Group operates have constitutions and laws which entrench and vest all of the rights over their natural resources in the state, including oil and gas resources, which are regarded as sovereign state assets. These countries have also established state-owned entities which enter into commercial contracts with oil and gas exploration and production companies in relation to the exploration, development and production of oil and gas resources. Accordingly, the natural resources discovered within a contract area are ultimately owned by the state and the exploration and production company only has contractual rights of exploration, development and production. As the Group's contracts are with state-owned entities, in the event of a dispute, any of these state-owned entities may be able to invoke the principles of sovereign immunity. The invocation of such immunity may limit the Group's ability to enforce its rights, which in turn adversely affects the Group's business, results of operations, financial condition and prospects.

The Group may be subject to changes in taxation in the countries in which it operates.

The Group is subject to taxation in various countries and is faced with increasingly complex tax laws. The amount of tax the Group pays could increase as a result of changes in, or new interpretations of, these laws, which could have a material adverse effect on the Group's liquidity and results of operations. During periods of high profitability in the oil and gas industry, there are often calls for increased or windfall taxes on oil and gas revenue. Taxes have increased or been imposed in the past and may increase or be imposed again in the future. In addition, taxing authorities could review and question the Group's tax returns leading to additional taxes and penalties which could be material.

Certain changes to Indonesian tax laws may adversely affect the Group. The Group has interests in seven PSCs in Indonesia. On 20 December 2010, the Indonesian Government enacted Government Regulation 79/2010 (“**GR 79/2010**”), which changes the regime governing cost recovery under PSCs and the taxation of oil and gas activities. GR 79/2010 generally applies to PSCs entered into after 20 December 2010. PSCs entered into before 20 December 2010 will continue to be governed by the regulations prevailing at the time such PSCs were executed, unless it is determined that such PSCs have not expressly or sufficiently provided for the areas mentioned in the list below, in which case the provisions of GR 79/2010 will apply and such PSCs must be adjusted within three months of the effective date of GR 79/2010 (being 20 December 2010). It is not yet clear who will make such determinations or how they will be made.

The transitional provisions in GR 79/2010 list eight areas that make GR 79/2010 applicable to PSCs entered into before 20 December 2010 including:

- government share, requirements for cost recovery and the norms for claiming operating non-allowable costs;
- the appointment of independent third parties to carry out financial and technical verifications;
- the issuance of income tax assessments;
- the exemption of customs duty and import tax on the importation of goods used during exploitation and exploration activities;
- contractor’s tax in the form of oil and gas from the contractor’s share; and
- income from outside the PSC in the form of uplifts and/or the transfer of PSC interests.

Further, with the issue of Indonesian Regulation No. PER-11/PJ/2012 (“**PER-11**”), which came into force on 20 April 2012, the Directorate General of Tax in Indonesia introduced a broader interpretation of “area” as the taxable object to mean the entire PSC area. The tax position was later clarified by Indonesian Regulation No. PER-45/PJ/2013 (“**PER-45**”), which came into force on 1 January 2014, such that the taxable object may be land and/or buildings within an area used for an oil, gas or geothermal mining business (and not the entire area). PER-45 further clarified that areas on which exploration activities were carried out would not attract the LBT. Notwithstanding the clarifications provided in PER-45, it remains unclear how the Indonesian regulatory authority or tax courts will determine tariffs based on the new scope of determining “area”, especially for tax assessments done during the period between PER-11 and PER-45.

Changes to any of the above areas may result in higher taxes and operating costs in Indonesia, which could have a material adverse effect on the Group’s business, results of operations, financial condition and prospects.

Natural disasters in certain of the countries in which the Group operates could disrupt the economy of such countries and the Group’s business.

The Group’s operations, including its drilling and other exploration activities and the transport and other logistics on which it is dependent, may be adversely affected and severely disrupted by climatic or geophysical conditions. For example, in 2013, typhoons occurring offshore of Vietnam caused widespread destruction in Southeast Asia and resulted in severe delays in the Group’s exploration drilling in Vietnam. Natural disasters or adverse conditions may occur in those geographical areas in which the Group operates, including severe weather, tsunamis, typhoons, cyclones, tropical storms, earthquakes, floods, volcanic eruptions, excessive rainfall and droughts as well as power outages or other events beyond the Group’s control. In recent years, several particularly destructive natural disasters have occurred in Southeast Asia. A

significant earthquake or other geological disturbance or natural disaster in more populated cities and financial centres could severely disrupt that country's economy and undermine investor confidence and have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

APPENDIX 6 MATERIAL INDEBTEDNESS

Note to Shareholders: This Appendix 6 is extracted from Annex C (Information Memorandum in respect of the New Notes) of the Consent Solicitation Statement (the “Preliminary Information Memorandum”) and any defined terms used herein shall have the meanings as ascribed to them in the Preliminary Information Memorandum. The information set out in this Appendix 6 is also subject to finalisation in the final information memorandum.

The following summaries of the material terms of the Revolving Credit Facility, Zero Coupon Secured Notes and Unsecured Term Loans do not purport to be complete and is subject to, and qualified in their entirety by reference to, the definitive underlying documents once in final and agreed form.

Revolving Credit Facility

In March 2014, KrisEnergy (Asia) Ltd, the Issuer’s wholly-owned subsidiary (the “**RCF Borrower**”), entered into a US\$100.0 million revolving credit facility with HSBC as the lender. The original two year term of the facility has been extended previously and the current maturity date is 30 June 2018. All of the commitments under the facility and participations in loans made under the facility were transferred to DBS Bank Ltd (the “**RCF Lender**”) pursuant to transfer certificates dated on or about 28 June 2016. The facility was increased to US\$148.3 million in July 2016.

November 2016 Bridge Upsize

The facility amount was further increased in November 2016 by US\$50.0 million (the “**Bridge Commitments**”). The Bridge Commitments are available for a period of six months and will be automatically cancelled at the end of this period or, if earlier, at the time(s) of receipt by any member of the Group of the gross proceeds of any funds raising (subject to certain exceptions including, without limitation, the proceeds of certain permitted disposals, permitted financial indebtedness, permitted loans and permitted transactions, a “**Funds Raising**”). It is expected that the utilisations under the Bridge Commitments will be repaid, and the Bridge Commitments cancelled, using the proceeds from the Funds Raising pursuant to the issuance of the Zero Coupon Secured Notes. Of the Bridge Commitments, US\$15.0 million was utilised on 8 November 2016 and US\$35.0 million may only be utilised following the satisfaction (or waiver by the RCF Lender) of certain conditions precedent (additional to those applicable to all loans requested under the facility) (the “**Additional Bridge CPs**”). The Additional Bridge CPs include, among other things: (i) a requirement that KrisEnergy (Apsara) Ltd and KrisEnergy (Cambodia) Holding Ltd (the “**Additional CBA Obligors**”) accede to the facility agreement as guarantors and that security is granted over all of the issued shares in each of them and over certain accounts held by them (the “**CBA Security**”); (ii) a requirement to provide supplemental security reflecting the existing security package outlined below; and (iii) a requirement to provide evidence that the Extraordinary Resolutions proposed in respect of each series of the Existing Notes in each Notes Exchange have been duly passed or are otherwise irrevocable. The Additional Bridge CPs have not yet been satisfied and, pursuant to the terms on which the Bridge Commitments have been made available, are required to be satisfied by 19 December 2016 or such later date as the RCF Lender may agree.

In addition to the Additional Bridge CPs, it has been agreed with the RCF Lender that the following additional security will be granted to secure the Revolving Credit Facility:

- i. security over the shares in each of:
 - a. KrisEnergy (Phu Khanh 120) Ltd;

- b. KrisEnergy (Vietnam 115) Ltd;
- c. KrisEnergy (Song Hong 105) Ltd;
- d. KrisEnergy (Bangladesh SS-11) Ltd;
- e. KrisEnergy East Seruway B.V.;
- f. KrisEnergy (Bala-Balakang) B.V.;
- g. KrisEnergy (Sakti) B.V.; and
- h. KrisEnergy (Udan Emas) B.V.,

(together, the “**Additional Security Providers**”); and

- ii. security over certain accounts held by the Additional Security Providers,

(together with the CBA Security, the “**Additional Security**”).

Intercreditor Agreement

It is intended that the security under the Revolving Credit Facility (including the Additional Security) will secure both the Revolving Credit Facility on a first ranking basis and the Zero Coupon Secured Notes on a second ranking basis. The priority of payments as between the Group’s secured creditors will be governed by an intercreditor agreement to be entered into on or before the issuance of the Zero Coupon Secured Notes. The priority of payments as between the Group’s secured creditors will be governed by an intercreditor agreement to be entered into on or before the issuance of the Zero Coupon Secured Notes which will provide, among other things, (i) that the security which secures the Group’s obligations under the Revolving Credit Facility on a first ranking basis may, until such time as the Revolving Credit Facility has been discharged in full, only be enforced by the common security agent following instructions to this effect from the agent under the Revolving Credit Facility and, thereafter, on the instructions of the trustee for the Zero Coupon Secured Notes and (2) that the security which secures the Issuer’s obligations under the Zero Coupon Secured Notes on a first ranking basis may only be enforced by the common security agent following instructions to this effect from the trustee for the Zero Coupon Secured Notes.

Additional Proposed Amendments

The Issuer is currently in discussions with the RCF Lender to make certain other commercial changes to the facility, in particular to some of the more onerous provisions which were included in connection with the amendment and restatement of the Revolving Credit Facility in March 2016. The proposed changes include (without limitation):

- i. express permission for the Group to enter into disposals and divestments which have been approved by the Issuer’s board of directors in line with the New Business Plan;
- ii. the conversion of the financial covenants in the facility into information undertakings (i.e. so that breach of those financial covenants will not result in a default under the facility);
- iii. the removal of the requirement to reduce the Total Commitments to US\$55.0 million on or before 31 July 2016;

- iv. the removal of the requirement to maintain a minimum available liquidity level and a minimum cash balance;
- v. the removal of the requirement to maintain compliance with a minimum loans to reserves ratios; and
- vi. the removal of the requirement to complete capital raisings in a minimum amount of US\$150.0 million by 30 November 2016,

together, the “**Proposed Amendments**”.

The Proposed Amendments set out in paragraphs (iii) to (vi) above (as well as the leverage ratio) have been conditionally waived in anticipation of completion of the amendment and restatement of the facility to reflect these proposed changes (among other things).

Other terms

Since July 2016, the purpose and amount of all new loans requested under the facility (excluding rollover loans) have required the approval of a transition committee consisting of no less than four of the Issuer’s directors.

The facility bears interest at a rate of 2.6 per cent. per annum (in respect of utilisations of the Bridge Commitments) and 5.2 per cent. per annum (in respect of utilisations of commitments other than the Bridge Commitments), in each case above LIBOR.

Purpose

The RCF Borrower is required to apply all amounts that it borrows under the facility towards (a) paying fees, costs and expenses incurred in connection with the facility; and (b) the general corporate purposes and working capital requirements of the Borrower Group (as defined below) (including onlending to the Group for their general corporate purposes to the extent the same is provided for in the then most recent model delivered to the RCF Lender).

Prepayment

The RCF Borrower may, by giving five business days’ prior notice, prepay in whole or in part (if in part, in a minimum amount of US\$5.0 million and in integral multiples of US\$1.0 million) the outstanding amount under the facility without premium or penalty other than funding breakage costs for prepayments occurring other than at the end of an interest period. The available commitments of any lender for whom it becomes illegal to fund, issue or maintain its participation in any utilisation of the facility will be immediately cancelled, and all of that lender’s participations in outstanding loans will be payable on the last day of the relevant interest period or, if earlier, on the last day of any applicable grace period under law. If there is a change of control, the lender(s) may, subject to a negotiation period of not more than ten days, declare the outstanding loans immediately due and payable. A change of control event under the facility occurs when any person or group of persons, acting in concert, directly or indirectly gains control over the Issuer, which is defined as: (i) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to (A) cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a general meeting of the Issuer; (B) appoint or remove all, or the majority, of the directors or other equivalent officers of the Issuer; or (C) give directions with respect to the operating and financial policies of the Issuer with which the directors or other equivalent officers of the Issuer are obliged to comply; or (ii) the holding beneficially of more than 50 per cent. of the issued share capital of the Issuer (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital).

The RCF Borrower also has the right to prepay a lender to whom it is required to make increased gross-up payments or who makes a claim under the tax indemnity or increased costs provisions or who is a defaulting lender (being, a lender who, among other things, fails to fund its participation in a loan or becomes insolvent). The RCF Borrower is also required to prepay the facility using the proceeds of any capital raising (being, in summary, the raising of funds by any member of the Group by way of the issuance of shares, any option or other right to acquire shares or any other means which would be treated as equity under IFRS (a “**Capital Raising**”). To the extent that the gross proceeds of any Capital Raisings from time to time exceed US\$100.0 million, the RCF Borrower is required to prepay utilisations of the facility by the lesser of (i) 25 per cent. of the amount by which those proceeds exceed (in aggregate) US\$100.0 million and (ii) the amount required to reduce all outstanding utilisations at the relevant time to US\$30.0 million (subject to certain exceptions).

Financial covenants

The RCF Borrower shall ensure that:

- a. on each of 31 March, 30 June, 30 September and 31 December, the borrower group under the facility, being each of the Existing Obligors (as defined below) other than the Issuer (the “**Borrower Group**”), has a ratio of consolidated total debt to consolidated EBITDAX for a period of 12 months ending on that date that does not exceed 3.75 to 1; and
- b. (i) on each of 31 March, 30 June, 30 September and 31 December and the last day of any calendar month in which Capital Raising proceeds are received, available liquidity for each of the twelve successive calendar month periods following such date exceeds total expenditure for each such calendar month by at least US\$15.0 million (or its equivalent); and (ii) at all times the aggregate amount standing to the credit of the Collection Accounts is no less than US\$15.0 million (or its equivalent).

(As referred to above, these requirements have been conditionally waived).

The Issuer is required to ensure that on each of 31 March, 30 June, 30 September and 31 December, the consolidated total debt of the Group does not exceed the consolidated equity of the Group.

As mentioned above, the financial covenants are intended to be converted to information undertakings as part of the Proposed Amendments.

No member of the Borrower Group may make any Distributions (as defined in the Revolving Credit Facility Agreement), including dividends or distributions on its share capital and any repayments of principal or payments of interest or other amounts on shareholder loans, if on the last date of the most recent financial quarter the ratio of consolidated EBITDAX for the Borrower Group to net finance charges of the Borrower Group for the period of 12 months ending on that date is less than 2.25:1 and, in any event, only to the extent that such payment is permitted to be made from the relevant obligor’s accounts under the facility agreement. The Issuer may not make any Distributions without the prior written consent of the RCF Lender.

General undertakings

The facility contains customary operating and financial covenants, subject to certain agreed exceptions, including covenants restricting the ability of the RCF Borrower and each guarantor (and, in certain circumstances, the subsidiaries of such parties and/or the Issuer) to, among other things:

- create security (this only applies to the Issuer in respect of the shares it holds in KrisEnergy Holding Company Ltd and any financial indebtedness extended by it to any obligor);

- sell, lease, transfer or dispose of assets (this does not apply to the Issuer);
- merge or consolidate with other companies (this does not apply to the Issuer);
- make a substantial change to the general nature of its business (this does apply to the Issuer);
- incur indebtedness (this does apply to the Issuer, subject to exceptions); and
- make loans or issue guarantees (this does not apply to the Issuer).

Events of default

The facility sets out certain events of default, the occurrence of which would allow the lender(s) to accelerate all outstanding loans and cancel their commitments and/or declare that all or part of the utilisations and other amounts outstanding are immediately due and payable and/or (subject to the terms of the Intercreditor Agreement) enforce the relevant security. The events of default include, among other events and subject in certain cases to grace periods, thresholds and other qualifications:

- payment default;
- change in ownership of an obligor (other than the Issuer);
- breach of representations and warranties, general covenants, information covenants, financial covenants and other obligations;
- bankruptcy, insolvency, expropriation, audit qualification, cessation of business, insolvency proceedings, creditors' process or analogous events in relation to the obligors;
- cross default with any other indebtedness of the Group;
- any of the facility documents becoming ineffective or unlawful or being repudiated;
- delisting or suspension from trading on the SGX-ST for a continuous period exceeding 20 market days of our shares; and
- any event or circumstance occurs which the majority lenders reasonably believe has or is reasonably likely to have a material adverse effect.

Security and Guarantees

The facility is or will be secured and guaranteed by:

- security over the shares of KrisEnergy (Asia) Ltd, KrisEnergy Holding Company Ltd, KrisEnergy International (Thailand) Holdings Ltd, KrisEnergy (Satria) Ltd, KrisEnergy Asia Coöperatief UA, KrisEnergy Asia Holdings B.V., KrisEnergy (Gulf of Thailand) Ltd., KrisEnergy Bangladesh Limited, KrisEnergy (Block A Aceh) B.V., KrisEnergy Netherlands Holdings Pte Ltd, KrisEnergy Management Ltd (and, together with the Issuer, the “**Existing Obligors**”). The Additional Bridge CPs include a requirement that the Additional CBA Obligors accede to the facility agreement as guarantors and that security is granted over all of the issued shares in each of them. The Additional CBA Obligors are also required to grant security over certain accounts held by each of them. Security will be granted over all of the issued shares in each of the Additional Security Providers and each of the Additional Security Providers will be granting security over certain accounts held by each of them;

- (b) security over the shares held by KrisEnergy (Gulf of Thailand) Ltd in Orange Energy Limited and B8/32 Partners Limited;
- (c) “all asset security” over the present and future assets and rights of the Existing Obligors (except the Issuer and except for each of KrisEnergy Satria Ltd, KrisEnergy (Block A Aceh) B.V. and KrisEnergy Management Ltd, who have each granted an assignment of their rights under certain intercompany loans and account security);
- (d) assignment by the Existing Obligors and certain other members of the group of their present and future claims under intercompany loans;
- (e) account charges over certain accounts held by certain Existing Obligors, as well as KrisEnergy Pte Ltd and KrisEnergy G10 (Thailand) Ltd; and
- (f) unconditional and irrevocable guarantees of payment from each of the Existing Obligors. As noted above, the Additional Bridge CPs include a requirement that the Additional CBA Obligors accede to the facility agreement as guarantors and each of the Additional CBA Obligors will thereby grant unconditional and irrevocable guarantees of payment.

The Zero Coupon Secured Notes

Pursuant to the Preferential Offering, the Issuer will issue up to S\$140 million of Zero Coupon Secured Notes. See “*The Proposals — Background, reasons for and benefits of the Proposals*” of the Consent Solicitation Statement.

Interest

The Zero Coupon Secured Notes will not bear any interest.

Covenants

The Zero Coupon Secured Notes will have the benefit of the same covenants as the New Notes, except that the terms and conditions of the New Notes restrict the ability of the Issuer to redeem, repurchase, defease or otherwise retire for value the Zero Coupon Secured Notes prior to the Maturity Dates of the New Notes.

Security

The Zero Coupon Secured Notes will benefit from (a) first ranking security over the shares of SJ Production Barge Ltd and (if applicable) an account charge over certain accounts held by SJ Production Barge Ltd (together, the “**Notes Security**”) and (b) second ranking security over the security granted or to be granted in favour of the Revolving Credit Facility, including:

- (i) security over the shares of KrisEnergy (Asia) Ltd, KrisEnergy Holding Company Ltd, KrisEnergy International (Thailand) Holdings Ltd, KrisEnergy (Satria) Ltd, KrisEnergy Asia Coöperatief UA, KrisEnergy Asia Holdings B.V., KrisEnergy (Gulf of Thailand) Ltd., KrisEnergy Bangladesh Limited, KrisEnergy (Block A Aceh) B.V., KrisEnergy Netherlands Holdings Pte Ltd, KrisEnergy Management Ltd (and, together with the Issuer, the “**Existing Obligors**”);
- (ii) security over the shares in KrisEnergy (Apsara) Ltd, KrisEnergy (Cambodia) Holding Ltd, KrisEnergy (Phu Khanh 120) Ltd, KrisEnergy (Vietnam 115) Ltd, KrisEnergy (Song Hong 105) Ltd, KrisEnergy (Bangladesh SS-11) Ltd, KrisEnergy East Seruway B.V., KrisEnergy (Bala-Balakang) B.V., KrisEnergy (Sakti) B.V. and KrisEnergy (Udan Emas) B.V. (the “**Additional Entities**”);

- (iii) security over the shares held by KrisEnergy (Gulf of Thailand) Ltd in Orange Energy Limited and B8/32 Partners Limited;
 - (iv) “all asset security” over the present and future assets and rights of the Existing Obligors (except the Issuer and except for each of KrisEnergy Satria Ltd, KrisEnergy (Block A Aceh) B.V. and KrisEnergy Management Ltd, who have each granted an assignment of their rights under certain intercompany loans and account security);
 - (v) assignment by the Existing Obligors and certain other members of the group of their present and future claims under intercompany loans; and
 - (vi) account charges over certain accounts held by certain Existing Obligors and certain Additional Entities as well as KrisEnergy Pte Ltd and KrisEnergy G10 (Thailand) Ltd,
- (together, the “**RCF Security**”).

It is intended that (a) the Notes Security will secure the Zero Coupon Secured Notes only on a first ranking basis and (b) the RCF Security will secure both the Revolving Credit Facility on a first ranking basis and the Zero Coupon Secured Notes on a second ranking basis. The priority of payments as between the Group’s secured creditors will be governed by an intercreditor agreement to be entered into on or before the issuance of the Zero Coupon Secured Notes which will provide, among other things, (i) that the security which secures the Group’s obligations under the Revolving Credit Facility on a first ranking basis may, until such time as the Revolving Credit Facility has been discharged in full, only be enforced by the common security agent following instructions to this effect from the agent under the Revolving Credit Facility and, thereafter, on the instructions of the trustee for the Zero Coupon Secured Notes and (2) that the security which secures the Issuer’s obligations under the Zero Coupon Secured Notes on a first ranking basis may only be enforced by the common security agent following instructions to this effect from the trustee for the Zero Coupon Secured Notes.

Events of Default

The terms and conditions of the Zero Coupon Secured Notes provide for the same events of default as the Events of Default under the terms and conditions of the Notes (with certain updates to reflect the secured nature of the instrument).

Unsecured Term Loans

Pursuant to the Swap Restructuring, the Issuer is in discussions with the Swap Banks to enter into the Unsecured Term Loans with the Swap Banks in an amount approximately equal to the mark-to-market loss resulting from unwinding the Swap Transactions. See “*The Proposals — Background, reasons for and benefits of the Proposals*” and “*Risk Factors — Elements of the Proposed Restructuring Plan may change after the date of this Consent Solicitation Statement and/or following the Meetings of each series of Notes*” of the Consent Solicitation Statement.

Interest

The proposed applicable interest rate is 4 per cent. per annum above LIBOR, payable in cash.

Covenants

The current proposal is for the Unsecured Term Loans to have the benefit of the same covenants as the New Notes.

Security

The current proposal is for the Unsecured Term Loans to be unsecured.

Events of Default

The current proposal is for the Unsecured Term Loans to provide for the same events of default as the Events of Default under the terms and conditions of the New Notes.

APPENDIX 7 INDUSTRY REPORT

Note to Shareholders: This Appendix 7 is extracted from Annex C (Information Memorandum in respect of the New Notes) of the Consent Solicitation Statement (the “Preliminary Information Memorandum”) and any defined terms used herein shall have the meanings as ascribed to them in the Preliminary Information Memorandum. The information set out in this Appendix 7 is also subject to finalisation in the final information memorandum.

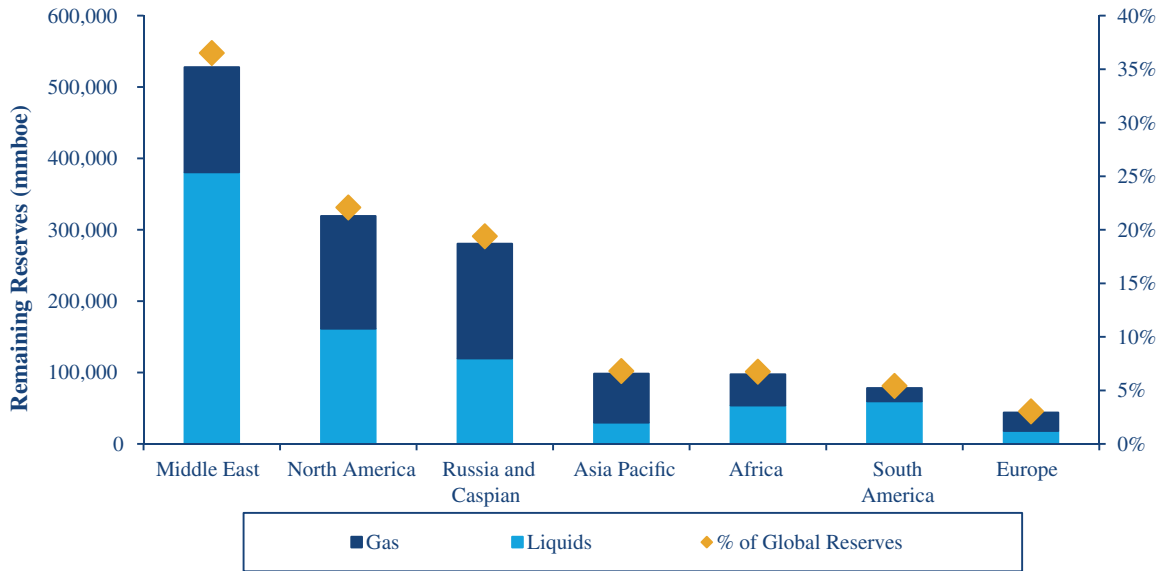
I. Global Oil and Gas Market Overview

Global and regional reserves¹

Global reserves by region

Wood Mackenzie estimates total global commercial oil and gas reserves at approximately 1,446 billion boe² (as of Q1 2016A), with the Middle East region accounting for 37% of the total, followed by North America (22%), Russia & Caspian (19%), and Asia Pacific (7%).

Commercial Oil and Gas Reserves by Region



Source: Wood Mackenzie

Global oil and gas demand

Crude oil demand by region

Global oil demand has risen since 2011A, with Wood Mackenzie projecting oil demand to continue increasing from 31,065 mmboe in 2016F to 31,855 mmboe in 2021F, equating to a 0.5% average annual growth rate.

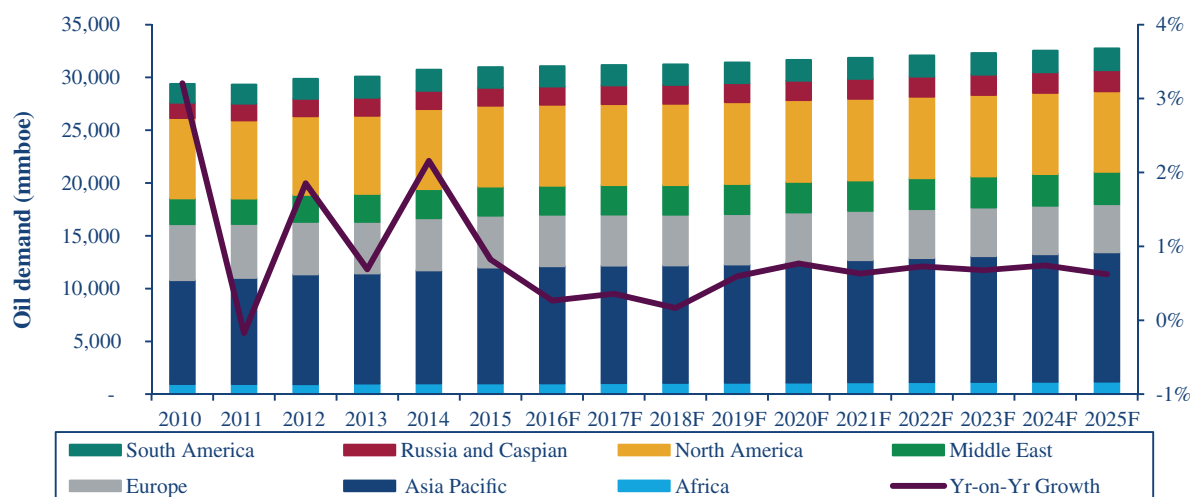
¹ Using Wood Mackenzie’s methodology, commercial reserves are broadly equivalent to proven and probable reserves. In particular, Wood Mackenzie considers commercial reserves to be fields which are currently in production, under development or regarded as probable developments. Fields under development are fields where the development plan has been approved by the government authorities and the field participants have made the final investment decision for the project to proceed. Probable developments are discoveries where reserve estimates have been sufficiently proved-up and any development plan would be economically viable. Wood Mackenzie would expect probable developments to be either on-stream or under development within a five-year timescale.

² This includes both conventional and unconventional commercial reserves such as shale gas, tight oil, and oil sands.

Despite demand cooling in Europe (where oil demand actually declines over the next five years), development in the rest of the world looks set to drive continued demand growth, albeit at a slower pace than in previous years. Wood Mackenzie expects that the volumetric demand for oil in Asia Pacific will surpass the total increase in demand from the rest of the regions, with 483 mmboe of additional demand expected between 2016F to 2021F, or an average annual growth rate of 0.9%. This demand is underpinned increased transport demand in China and India. The implications for Asia Pacific include a continued (and growing) dependence on imported oil and regional governments focusing on increasing domestic supply.

In Wood Mackenzie’s view, oil demand in South East Asia is on an overall upward trend, with demand expected to reach 2,310 mmboe in 2021F, a 2.0% average annual increase from 2016F. Indonesia is the largest market for oil in South East Asia, driven by transport requirements, although Brunei will be the fastest growing oil consumer through 2021F, with an average annual 40.6% growth rate, followed by Cambodia and Vietnam at 4.5% and 4.1%, respectively.

Crude Oil Demand by Region, 2010A-2025F



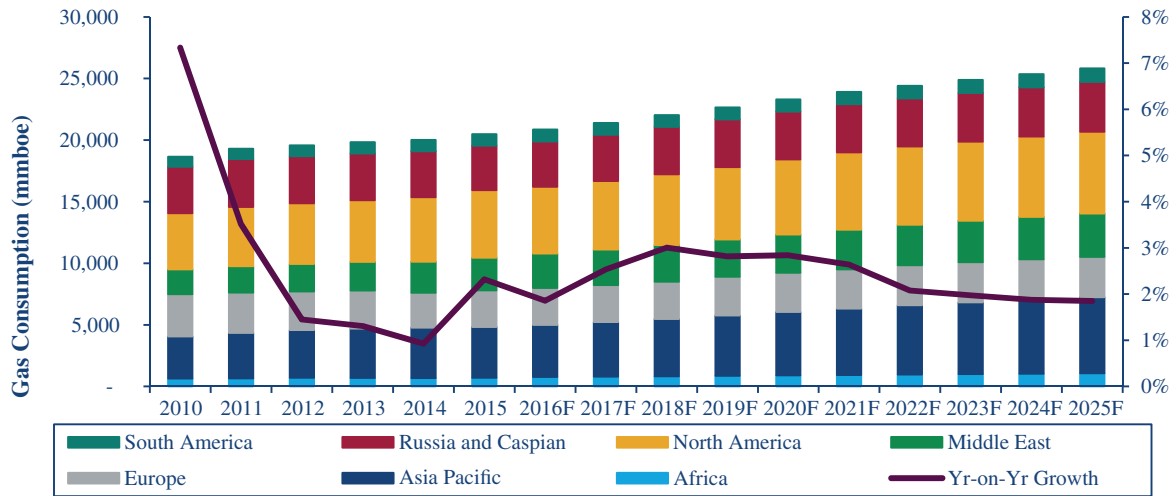
Source: Wood Mackenzie

Gas demand by region

In Wood Mackenzie’s view, gas looks set to take on a greater role globally, with gas demand expected to steadily increase into the future, from 20,864 mmboe (119 tcf) in 2016F to 23,914 mmboe (136 tcf) in 2021F, equating to an average annual growth rate of 2.8%. The main regions that contribute to this rise (volumetrically) are Asia Pacific, North America, and the Middle East with gas demand in Asia Pacific growing at an average of 5.0% per year between 2016F and 2021F. The Chinese gas market remains the largest driver for Asia gas demand growth, although the forecast has been slightly lowered recently. Wood Mackenzie still expects the Chinese gas market to increase by over 360 bcm between 2015A and 2035F (vs. 420 bcm in H2 2015 forecast), with gas penetration increasing from 5% to 11% over the same period.

Gas looks set to take on greater importance for South East Asia in the coming years, as Wood Mackenzie expects the region to see an average 2.5% annual increase in regional gas demand from 977 mmboe (5,551 bcf) in 2016F to 1,104 mmboe (6,272 bcf) in 2021F. Malaysia, Thailand, and Indonesia are the top three drivers of this gas demand volumetrically; Myanmar is the fastest growing gas demand center through 2021F with an 5.5% average annual growth rate.

Gas Consumption by Region, 2010A-2025F



Source: Wood Mackenzie

Global oil and gas production

Crude oil production by region

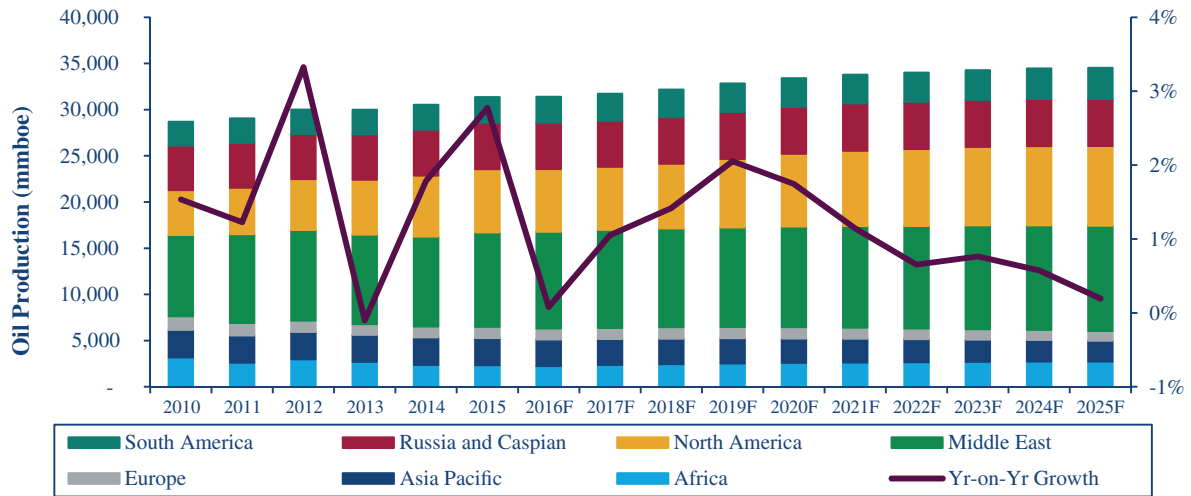
Based on Wood Mackenzie estimates, global oil production is set to rise from 31,398 mmboe in 2016F to 33,793 mmboe in 2021F, at an average annual growth rate of 1.2%. This is led by the projected growth in production in North America, the Middle East, and South America.

US tight oil production is forecast to rise from 4.1 million b/d in 2016F to 6.6 million b/d in 2020F, showing resilience in the face of a prolonged lower oil price environment. Growth is expected to stabilise at around 8.5 million b/d from 2025F. Tight oil plays outside North America are forecast to contribute around 1.2 million b/d by 2025F, with the bulk of production growth expected in the next decade.

In Asia Pacific, oil production between 2016F and 2021F is set decline at an average annual rate of 2.2%, as the region’s current producing fields mature and smaller oil discoveries are made.

Wood Mackenzie projects oil production in South East Asia to decline between 2016F and 2021F, from 898 mmboe to 738 mmboe. While Indonesia is the largest oil market and has the largest reserves base in South East Asia, it is expected to experience the steepest decline in production in the region; Malaysia is expected to replace Indonesia as South East Asia’s largest oil producer in 2017F. Other countries in the region are also expected to see a drop in oil production, including Thailand and Vietnam.

Crude Oil Production by Region, 2010A-2025F



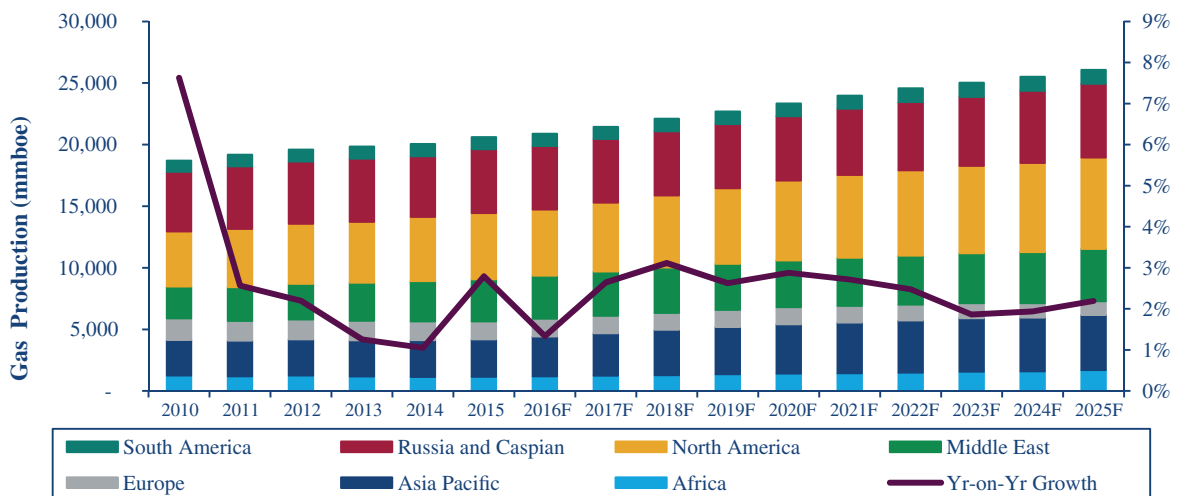
Source: Wood Mackenzie

Gas production by region

Wood Mackenzie expects a 2.6% average annual increase in global gas production, from 20,892 mmboe (119 tcf) in 2016F to 23,980 mmboe (136 tcf) in 2021F. While the North America and Russia

& Caspian regions are expected to maintain their positions as the leading producers of gas globally, Asia Pacific is expected to grow its gas production at an annual average rate of 5.2% between 2016F and 2021F, outperforming other regions. This production growth is driven by increases in Chinese (conventional and unconventional) and Australian (LNG) output; however gas production in South East Asia is also on the rise. Malaysia in particular is projected to significantly increase its gas production rate from 2016F to 2021F, with an average annual growth rate of 3.6%. Regionally, gas production will increase at an average annual rate of 0.8% through 2021F, with growth also coming from Thailand (1.7%), Myanmar (1.4%), Brunei (0.9%), and Philippines (0.7%), offsetting declines in Indonesia (-1.6%) and Vietnam (-2.8%).

Gas Production by Region, 2010A-2025F



Source: Wood Mackenzie

II. Crude Oil and Natural Gas Pricing

Crude oil pricing

Key global benchmarks: Oil Outlook

By the end of 2014A, oil prices were falling steeply and continued doing so in January 2016A. This was due to the continuing impact of strong non-OPEC and OPEC supply growth during 2015A. Supply outpaced demand every quarter in 2015A and then in January 2016A, sanctions were lifted against Iran causing increases in Iran's production. Fears about weak economic growth in China and the US were also predominant at the beginning of the year, helping to drive Brent prices to their likely lowest level for 2016A, on 20 January, of \$26 per barrel.

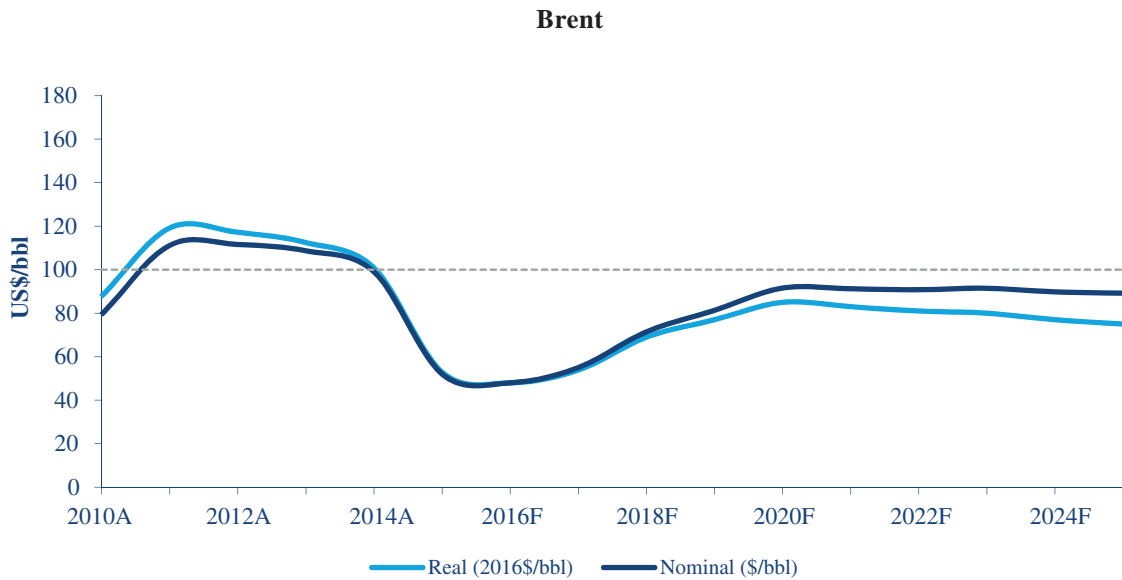
In the short term, Wood Mackenzie's Brent price outlook is driven by a tightening global supply-demand balance. By Q4 2016, our short term forecasts show world oil demand will nearly surpass total global supply. During 2017F, the tightening in the supply and demand balance is expected to continue because non-OPEC supply will again fall year-on-year and OPEC supply growth is forecast to slow. In H2 2017, two quarters in a row of implied stock draws will support oil prices into the \$60-\$70 per barrel range.

In the medium term (2018F-2020F), Wood Mackenzie's methodology relies more on the crude oil capacity of OPEC and the comparison with the call on OPEC. When there is a widening of OPEC spare capacity, it indicates ample supply and weaker oil prices. For the entire period, we assume no action by OPEC to cut production to support prices. How far oil prices weaken when there is growth in spare capacity is partly determined by our modelling and analysis of breakeven prices for marginal sources of supply. From 2018F oil prices rise to \$85 per barrel annual average for Brent in 2020F. OPEC spare capacity is relatively low and is expected to support prices. It is expected that it is only after 2018F that US oil production will start to grow again. However, Wood Mackenzie expects that non-OPEC production will take longer to recover because the slowdown in this period is due to the longer lead times for sanctioning and executing conventional projects.

Longer term (2020F-2025F), due to the effect on supply and demand from current low prices, we expect Brent to average \$85 per barrel in real terms in 2020F. With these higher prices, non-OPEC supply will grow until it reaches a plateau from 2026F-2028F. With a slow rate of oil demand growth OPEC spare productive capacity will widen out to an estimated nearly 6 million b/d in 2025F and prices will fall from \$85 per barrel in 2020F for Brent to \$75 per barrel (real) in 2025F and hold there in 2026F.

The forecast reflects the assumption that there will be continuity in this period of OPEC following a policy of vying for market share, with no attempt to cut output to support oil prices while there is excess supply. Also, due to the lower rate of oil demand growth, the higher cost sources of supply we had included in our long term forecast previously are not needed until later in the decade and we have adjusted the prices through 2025F lower to reflect this.

Historical and forecast crude oil pricing



Source: 2010A-2015A historical data— Thomson Datastream; 2016F-2025F forecast— Wood Mackenzie.

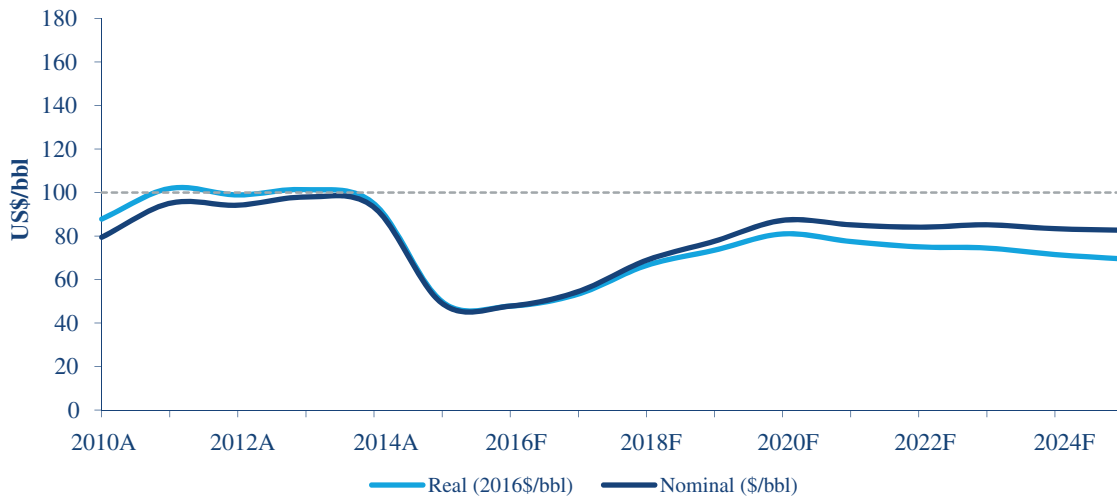
Brent-West Texas Intermediate (“WTI”) Differential

There have been significant changes in the US oil markets since our last long-term update. The ban on the US crude oil exports has been lifted and US onshore crude oil supply has continued to decline. Low oil prices and lower US onshore crude oil supply has given the pipeline infrastructure an opportunity to catch-up. Now, most of the key oil producing plays in the US have surplus pipeline takeaway capacity. In some cases, pipeline tariffs have been temporarily reduced in a bid to secure more throughput. Declining US onshore supply amidst lower tariffs and surplus takeaway capacity have exerted a narrowing impact on Brent-WTI in 2016A. Looking ahead:

- We forecast the Brent-WTI differential will widen as US onshore oil supply recovers and reaches new highs
- We expect US crude oil exports will rise substantially as US oil supply grows
- We expect the role of Bakken crude-by-rail to be challenged in the near-term as new pipelines start-up

In the long-term we forecast crude oil supply will outstrip known pipeline takeaway capacity in basins like the Permian. More pipelines will need to be developed otherwise there could be a call on more expensive crude-by-rail. It is reasonable to anticipate that additional pipeline capacity will be added, particularly in the corridor from the Permian to the Gulf Coast. However, our analysis is based on known infrastructure projects.

WTI



Source: 2010A-2015A historical data— Thomson Datastream; 2016F-2025F forecast— Wood Mackenzie

Brent-Dubai differential

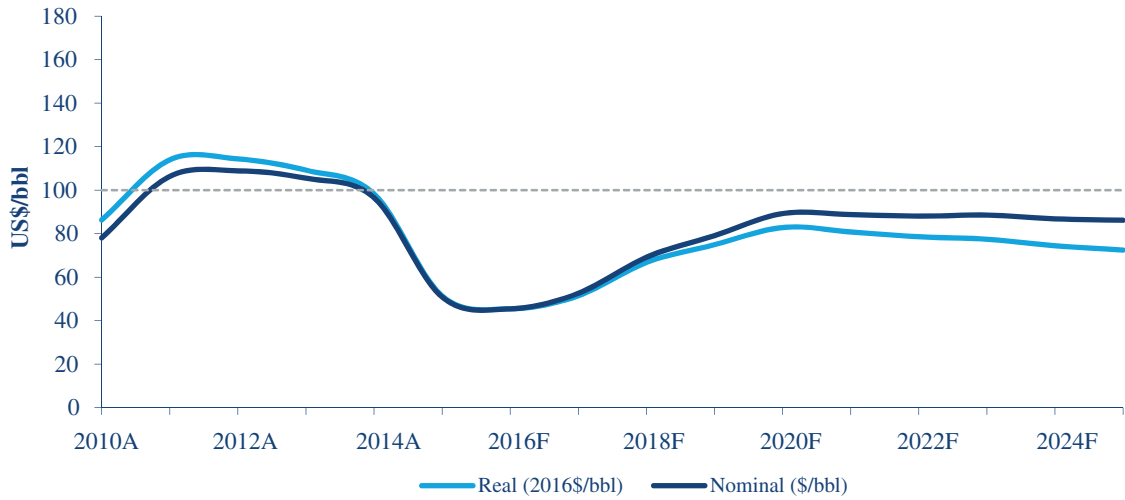
The Brent-Dubai differential narrowed in 2015A, reflecting lower outright crude prices. Normally a difference in crude prices stems from different densities of the two crudes with Dubai being heavier and typically pricing at a discount to Brent. However, there were also some unexpected market developments with Dubai at times trading at a strong premium to Brent. This reflected some oversupply of crude in the Atlantic Basin but there were also unusual trading patterns by some market participants which distorted the spread. From its widest differential in 2011A, at \$4.89/bbl, the gap has narrowed to \$1.14/bbl in 2015A.

The value of Dubai has been undermined somewhat in 2016A by the ample supply of medium and heavy crudes, as the crude supply demand balance tightens, this should have a supportive effect on Dubai values versus Brent.

Our long-term forecast for the Brent-Dubai differential is based on the relative refined value of the two crudes using our long term products price forecast. Throughout the forecast period, we expect that refineries will invest in increasing their capacity to upgrade heavier more sour crudes into higher value light products. These investments in coking and hydrocracking capacity are set to support the value of heavier more sour crudes relative to lighter sweet crudes.

We forecast that demand for high sulphur fuel oil will increase more quickly than supply and this will result in strong fuel oil crack spreads which supports the relative value of Dubai versus Brent. Our forecast is that the Brent-Dubai differential will remain relatively tight throughout the forecast period due to strong fuel oil cracks. However, this is offset by rising outright prices which tend to result in wider differentials and so the differential widens slightly in the longer term.

Dubai

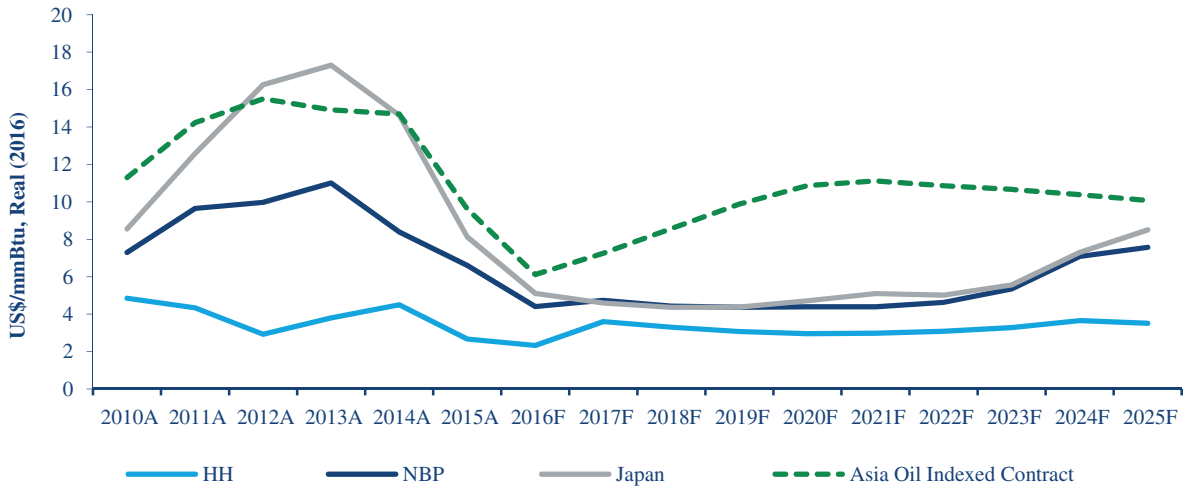


Source: 2010A-2015A historical data— Thomson Datastream; 2016F-2025F forecast— Wood Mackenzie

Natural gas pricing

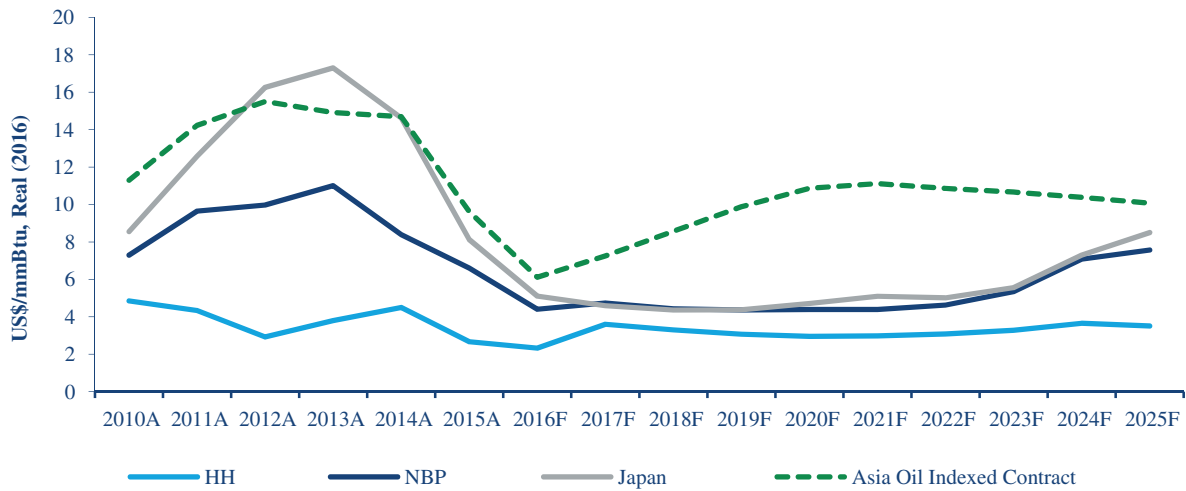
Overview of regional pricing dynamics

Global Gas Spot Prices (real 2016 terms)



Source: 2010A-2015A Oil Indices— Thomson Datastream, 2010A-2015A NBP— Argus, Others and all forecast 2016F-2025F— Wood Mackenzie

Global Gas Spot Prices (nominal terms)



Source: 2010A-2015A Oil Indices— Thomson Datastream, 2010A-2015A NBP— Argus, Others and all forecast 2016F-2025F— Wood Mackenzie

Wood Mackenzie forecasts a “lower for longer” outlook for LNG spot pricing, both in the Atlantic and Pacific. Wood Mackenzie believes that a significant tipping point has been reached, whereby Russia is now incentivised to pursue market share in Europe. This is due to a combination of greater LNG supply availability to Europe, lower coal prices and a higher US gas price.

Chinese and Indian LNG demand has grown in 2016A helped by rising oil prices and low spot prices. This reinforces our positive view of medium-term LNG demand growth in both countries. Growing LNG imports in Egypt and Pakistan have benefited from plug and play FSRU connectivity. And while emerging LNG markets present upside potential, most require market/downstream development and will take time.

The combination of slower economic growth and competition from other fuels in the power sector, notably coal, has reduced LNG demand growth expectations in established Asian markets, particularly Japan. A lower LNG demand outlook ex-Europe and strong LNG supply growth globally sets the scene for more LNG volumes seeking market in Europe, potentially increasing to 100 mmtpa by 2020F, a rise of nearly 60 mmtpa from 2015A imports (equivalent to over 80 bcm or 8 bcf/d).

Wood Mackenzie’s coal price forecast to 2020F has reduced below US\$55/tonne. As a result, gas spot prices of US\$4.50/mmbtu are capable of displacing coal volumes equivalent to only an additional 10 bcm (1 bcf/d) of gas demand in Europe. At European prices of US\$4.50/mmbtu and US gas prices forecast in excess of US\$3/mmbtu for much of the next 5 years, the differential necessary to sustain the exports of LNG from the US to Europe will be threatened at times. We expect US gas prices to rise from their current levels of around US\$2/mmbtu due to the combination of structural demand growth and limits to the availability of low cost gas.

Wood Mackenzie assumes that Russia's European pipe export strategy is one that maximises profit. Until recently, our analysis showed this was achieved by Russia accommodating rising LNG imports in Europe through backing out its own pipe gas and supporting spot prices. However, the combination of greater LNG supply availability to Europe, lower coal prices and a higher US gas price outlook has changed that. Our global gas modelling now shows that Russia is unable to influence prices to a level that compensates for lower exports in the medium term, and instead Russia is incentivised to compete for market share. Consequently we anticipate that Russian pipe exports to Europe will remain in the 155-165 bcm range over the next 5 years.

With US LNG at the margin in Europe, at prices higher than the bulk of coal to gas switching, the scene is set for lower cost Russian pipe gas displacing US LNG, forcing the shut-in of some US LNG export capacity at times. In some forthcoming summers, when seasonal demand is low and market space for LNG imports limited, Atlantic price differentials could settle at 70 cents, supportive of only the most cost efficient US LNG plants and of those offtakers with sunk regas capacity in Europe. While in the winter, Atlantic price differentials will be higher, a level more supportive of a wider range of plants and offtakers. Our analysis suggests that average utilisation of total US LNG capacity could be around 70% through 2020F, reducing the availability of LNG to Europe.

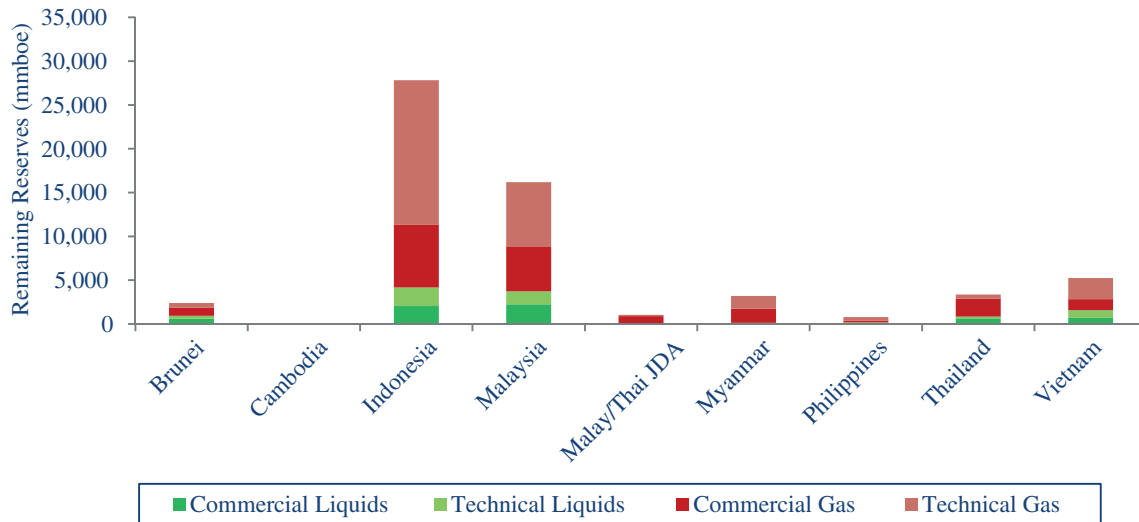
European spot prices through this period therefore risk being set by US gas prices, subject to the cost of routing LNG to Europe. We forecast annualised European spot prices at between US\$4.35-4.75/mmbtu through 2022F. Asian LNG spot prices, which will be priced off Europe through the same period, will also ultimately be set by Henry Hub. We forecast annualised Japan equivalent spot prices at between US\$4.35-5.10/mmbtu through 2022F.

Longer-term the rising cost of new supply required to meet demand in Pacific and European markets will push European and Asian prices above US\$8/mmbtu from 2026F. Henry Hub prices will rise above US\$4/mmbtu from 2028F and over US\$5/mmbtu by 2032F. Russia will adopt a new target price for its gas in line with the life cycle cost of the alternative sources of supply available to buyers and still maintain its markets share in Europe. The NBP prices will rise to US\$9.50/mmbtu by 2030F and towards US\$11/mmbtu by 2035F. The Japanese spot price will trend to US\$11.50/mmbtu by 2035F, based on alternative prices in Europe — with US LNG being the pivotal supplier - and also on the breakeven cost of new LNG supply.

III. South East Asia Regional Oil and Gas Market Overview

Reserves and resources by country³

Commercial and Technical Oil and Gas Reserves by Country (2016A)



Source: Wood Mackenzie

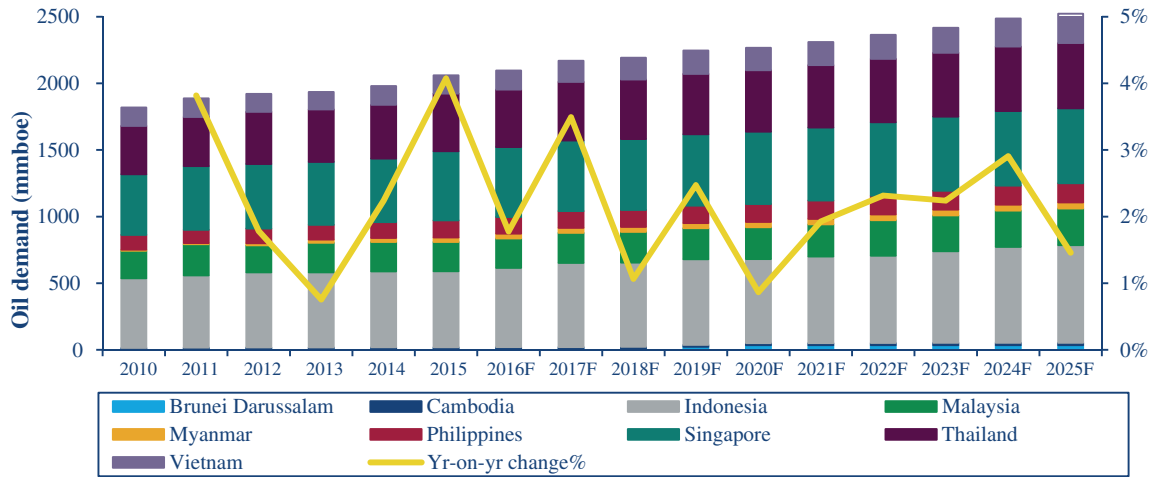
As of Wood Mackenzie’s latest estimates from Q1 2016A, the South East Asian region holds about 60,121 mmboe of commercial and technical oil and gas reserves³. The bulk of the reserves are located in Indonesia and Malaysia, which contribute 27,820 mmboe (46%) and 16,196 mmboe (27%) to the regional total, respectively. In South East Asia, 81% of commercial and technical reserves are gas, demonstrating the strong regional bias toward gas.

³ Technical reserves are defined as reserves that have been discovered but are currently not considered commercial. This may be due for example to low levels of recoverable reserves, perceived technical difficulties with a development, low product quality or the lack of available markets (e.g. ‘stranded gas’ deposits).

Demand and production (historical and forecast)

Crude oil demand

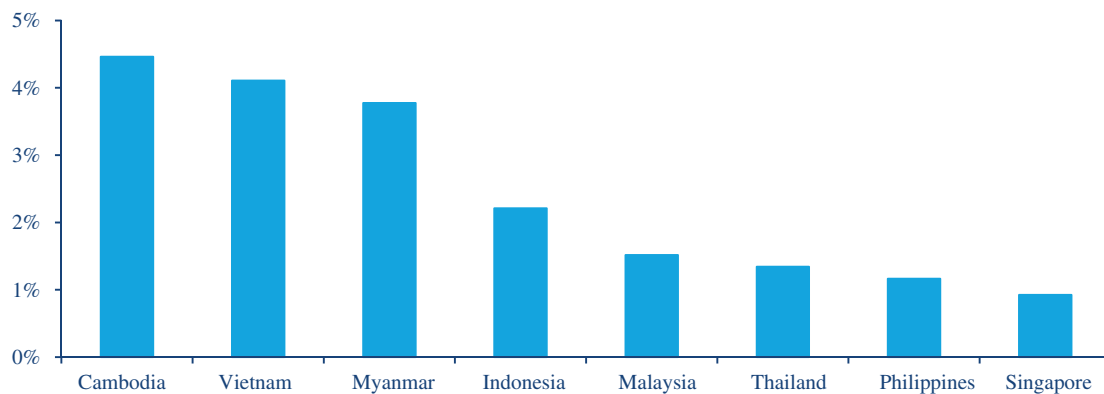
South East Asia Oil Demand, 2010A-2025F



Source: Wood Mackenzie

In Wood Mackenzie’s view, total primary oil demand (including bunkers/stocks and refining losses/gains) in South East Asia is on an overall upward trend, with demand expected to reach 2,310 mmboe in 2021F, a 2.0% average annual increase from 2016F. Indonesia is the largest market for oil in South East Asia, driven by transport requirements, although Brunei will be the fastest growing oil consumer through 2020F, with an average annual 40.6% growth rate, followed by Cambodia and Vietnam at 4.5% and 4.1%, respectively.

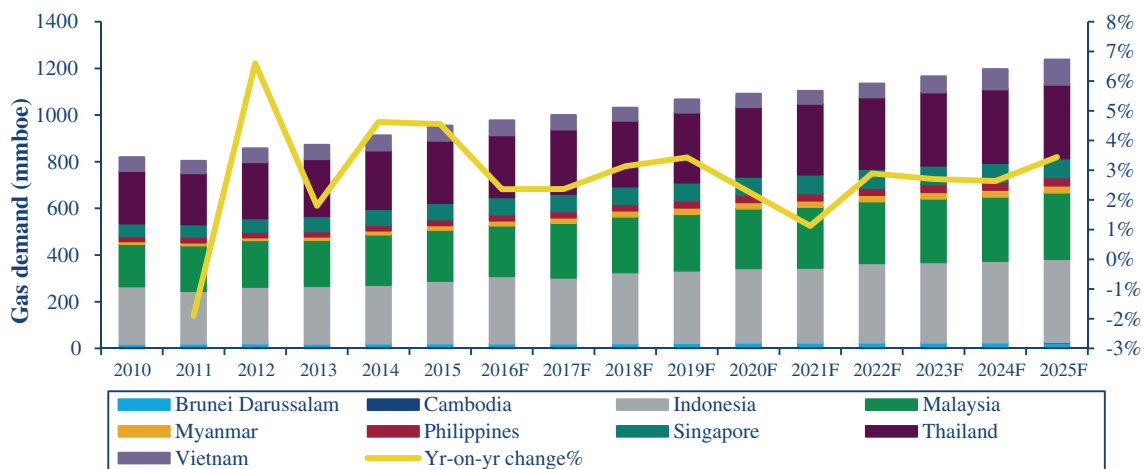
Average Annual Increase in Oil Demand by Country, 2016F-2021F



Source: Wood Mackenzie

Not shown is Brunei’s average annual increase of 41%, which is comparatively high due to the recently announced integrated refinery and petrochemicals complex at Pulau Muara Besar expected to be built by 2020.

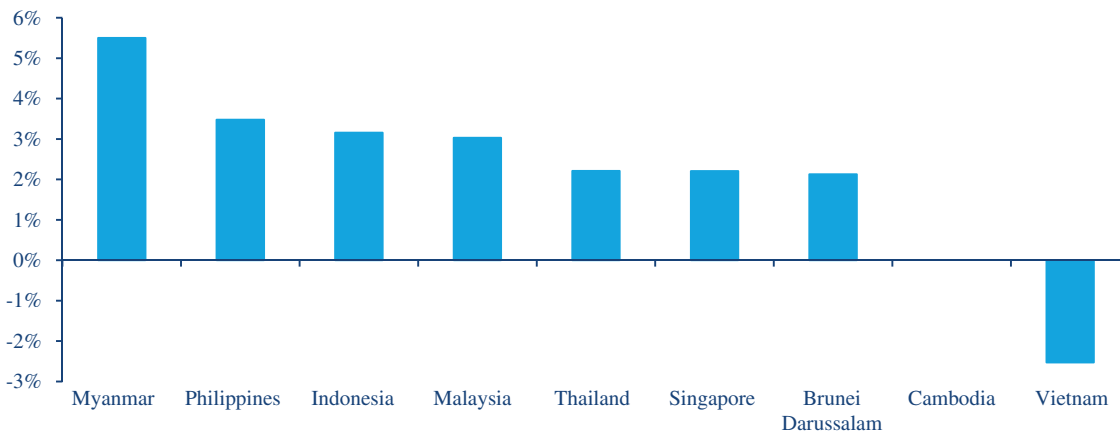
South East Asia Gas Demand, 2010A-2025F



Source: Wood Mackenzie

Gas takes on greater importance for South East Asia in the coming years, as Wood Mackenzie expects the region to see an average 2.5% annual increase in regional gas demand from 977 mmboe (5,551 bcf) in 2016F to 1,104 mmboe (6,272 bcf) in 2021F. Malaysia, Thailand, and Indonesia are the top three drivers of this gas demand volumetrically; Myanmar is the fastest growing gas demand center through 2021F with an 5.5% average annual growth rate.

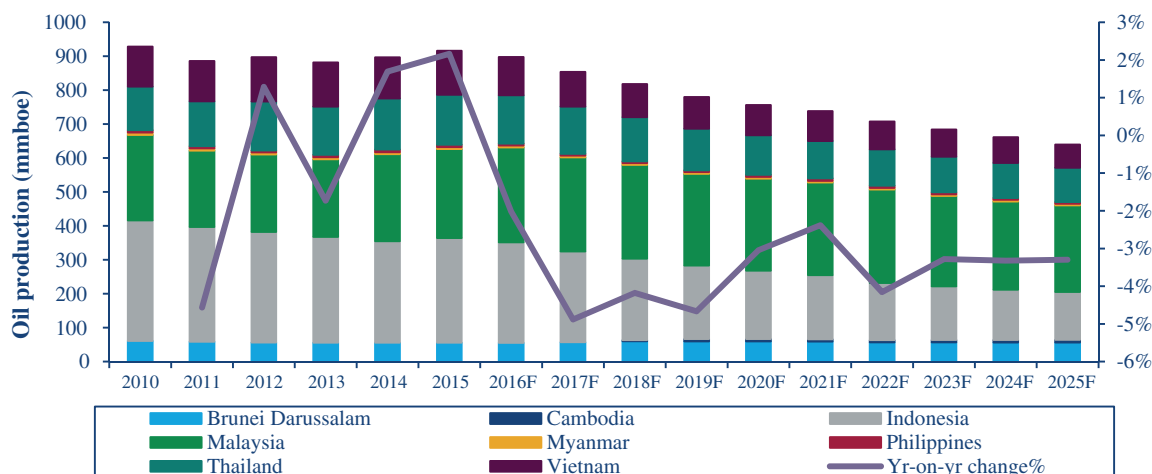
Average Annual Increase in Gas Demand by Country, 2016F-2021F



Source: Wood Mackenzie

Crude oil production

South East Asia Oil Production, 2010A-2025F

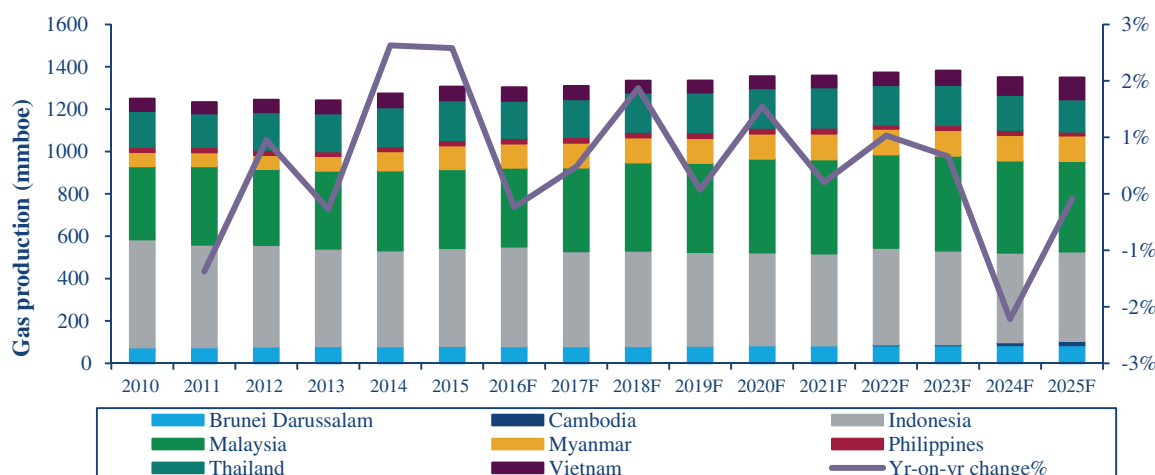


Source: Wood Mackenzie

Wood Mackenzie projects oil production in South East Asia to decline between 2016F and 2021F, from 898 mmboe to 738 mmboe. While Indonesia is the largest oil market and has the largest reserves base in South East Asia, it is expected to experience the steepest decline in production in the region; Malaysia is expected to replace Indonesia as South East Asia’s largest oil producer in 2017F. Other countries in the region are also expected to see a drop in oil production, including Thailand and Vietnam.

Gas production

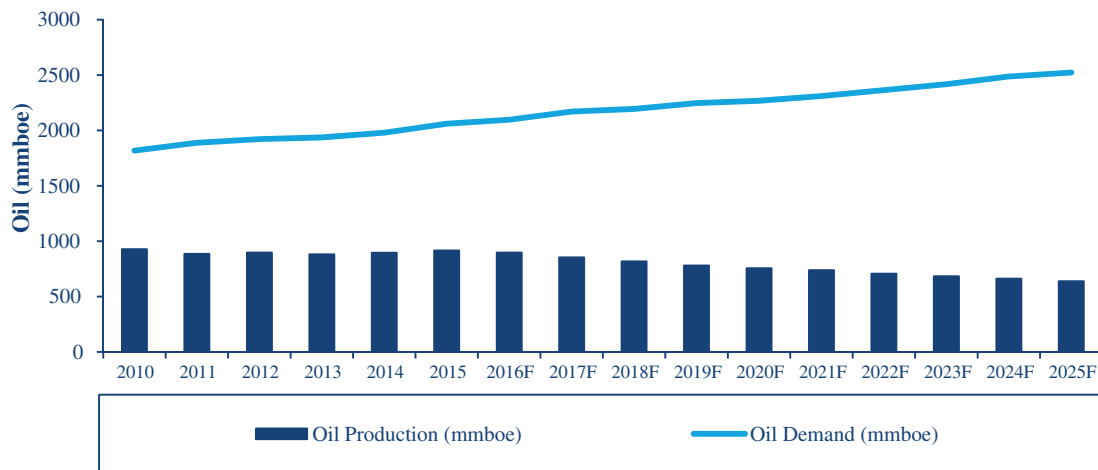
South East Asia Gas Production, 2010A-2025F



Source: Wood Mackenzie

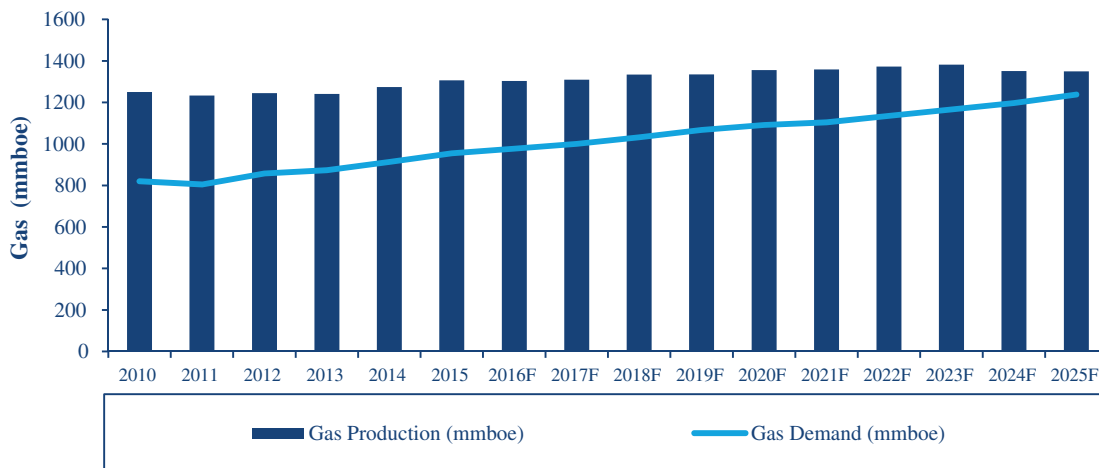
Gas production in South East Asia is on the rise. Malaysia in particular is projected to significantly increase its gas production rate from 2016F to 2021F, with an average annual growth rate of 3.6%. Regionally, gas production will increase at an average annual rate of 0.8% through 2021F, with growth also coming from Thailand (1.7%), Myanmar (1.4%), Brunei (0.9%), and Philippines (0.7%), offsetting declines in Indonesia (-1.6%) and Vietnam (-2.8%).

South East Asia Oil Supply-Demand, 2010A-2025F



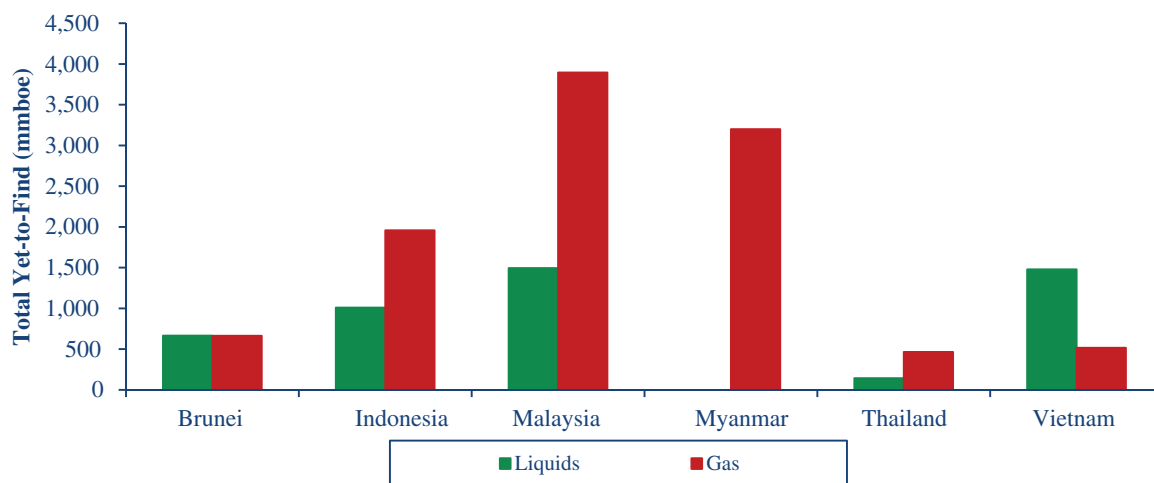
Source: Wood Mackenzie

South East Asia Gas Supply-Demand, 2010A-2025F



Source: Wood Mackenzie

Yet-to-Find Commercial and Technical Reserve Volumes



Source: Wood Mackenzie

Based on Wood Mackenzie’s projections, the total yet-to-find (“YTF”) volume in South East Asia is 15,490 mmboe, of which 4,791 mmboe (31%) is liquids and 10,699 mmboe (61 tcf, 69%) is gas.⁴

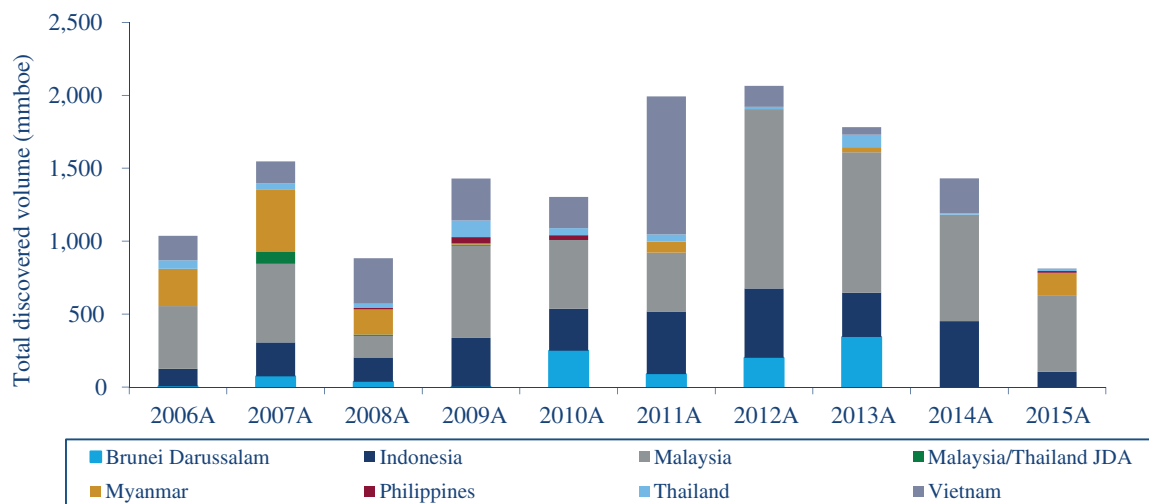
Malaysia, Myanmar and Indonesia are highly prospective for gas reserves, while Malaysia and Vietnam have the highest YTF liquids volumes at 1,494 mmboe and 1,478 mmboe, respectively.

⁴ Wood Mackenzie bases its YTF resource on the potential from the discovery of conventional oil and gas new fields. Unconventional resource potential is excluded from the scope of reporting, as is the potential from upgrades and extensions on existing discoveries. Wood Mackenzie uses a projected creaming curve to derive the assumption of YTF potential in a basin. The curve is generated using best fit of a hyperbolic trend to historic data on cumulative reserves by cumulative exploration wells. The curve’s trajectory is also an assumption of reserves that will be discovered per exploration well. The overall basin YTF assumption is constrained by Wood Mackenzie’s forecast of exploration well numbers to 2030F. This YTF assumption is intended to be a broadly realistic input to Wood Mackenzie’s future economics evaluation, and is not a substitute for a geologically-constrained resource assessment. Basin coverage excludes Cambodia.

Exploration discoveries by country

In recent years, the region has seen a mixed trend in discovered volumes, with an average 1,428 mmboe discovered per year since 2006A.

**Discovered Volume by Country, 2006A-2015A
(Commercial and Technical Reserves)**

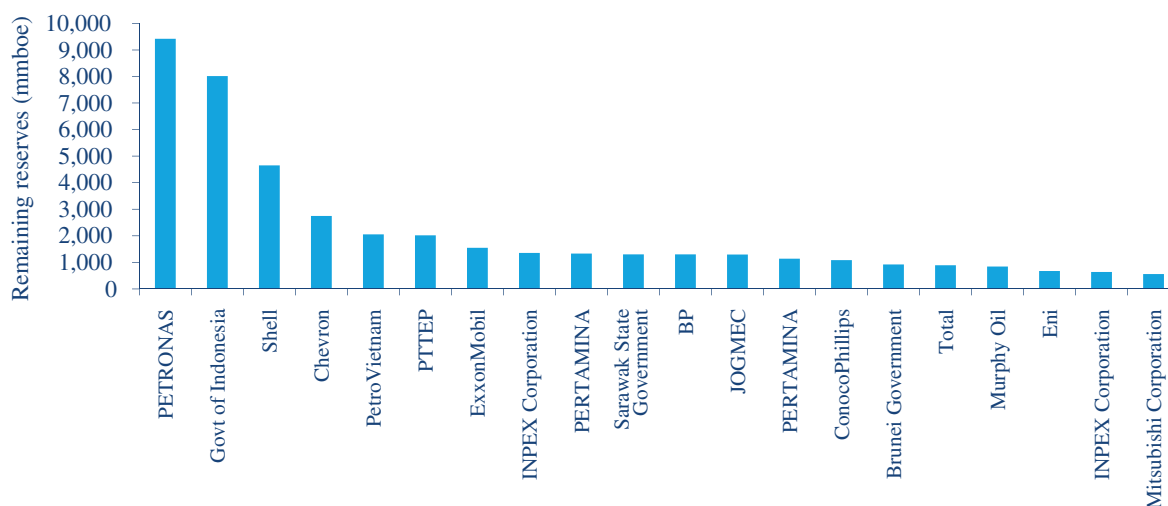


Source: Wood Mackenzie

On a country basis, Malaysia has had the largest volumes discovered between 2006A and 2015A, with 6,060 mmboe of commercial and technical reserves. Indonesia is second highest, with 2,907 mmboe, with Vietnam following with 2,514 mmboe of commercial and technical reserves added since 2006A.

Major players active in the region

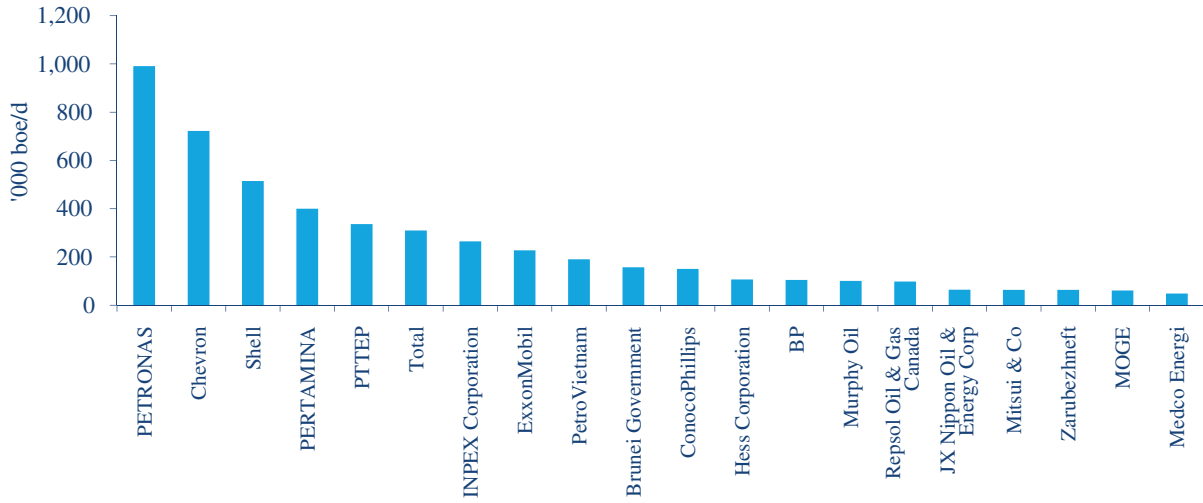
Oil and Gas Reserves in South East Asia by Company, 2016A (Commercial and Technical Reserves)



Source: Wood Mackenzie

Based on total remaining reserves as estimated by Wood Mackenzie at Q1 2016, the top three players in South East Asia are Petronas, the Government of Indonesia, and Shell. Petronas has about double the remaining reserves of Shell in the region.

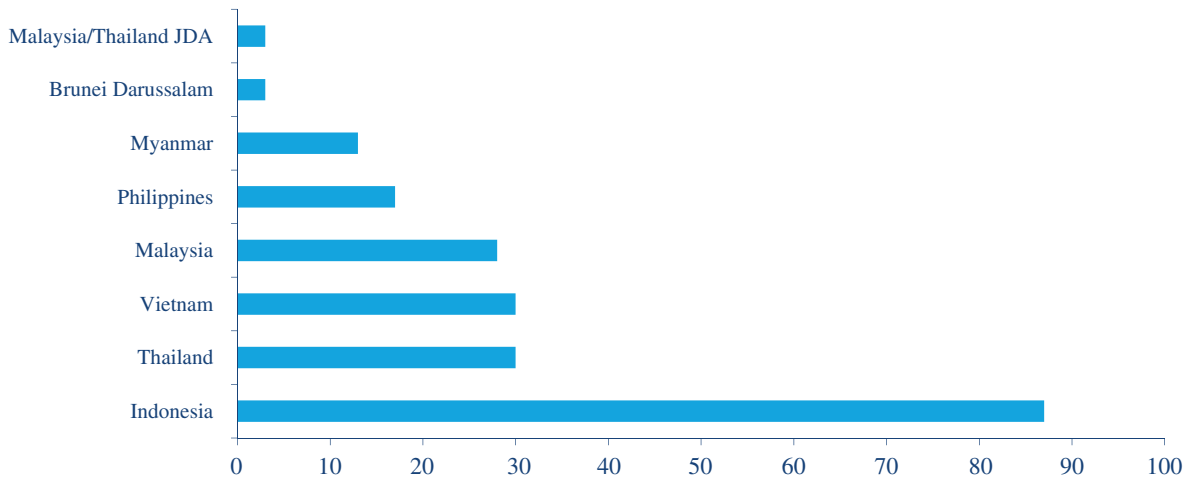
Average WI Production in South East Asia 2011A-2015A



Source: Wood Mackenzie

In terms of production, Petronas, Chevron and Shell are the largest companies in the region, based on the average working interest production in South East Asia from 2011A-2015A. Petronas averaged approximately 991,000 boe/d, as compared to Chevron’s 722,000 boe/d and Shell’s 515,000 boe/d over the period.

Number of Producing Companies by Country, 2011A-2015A

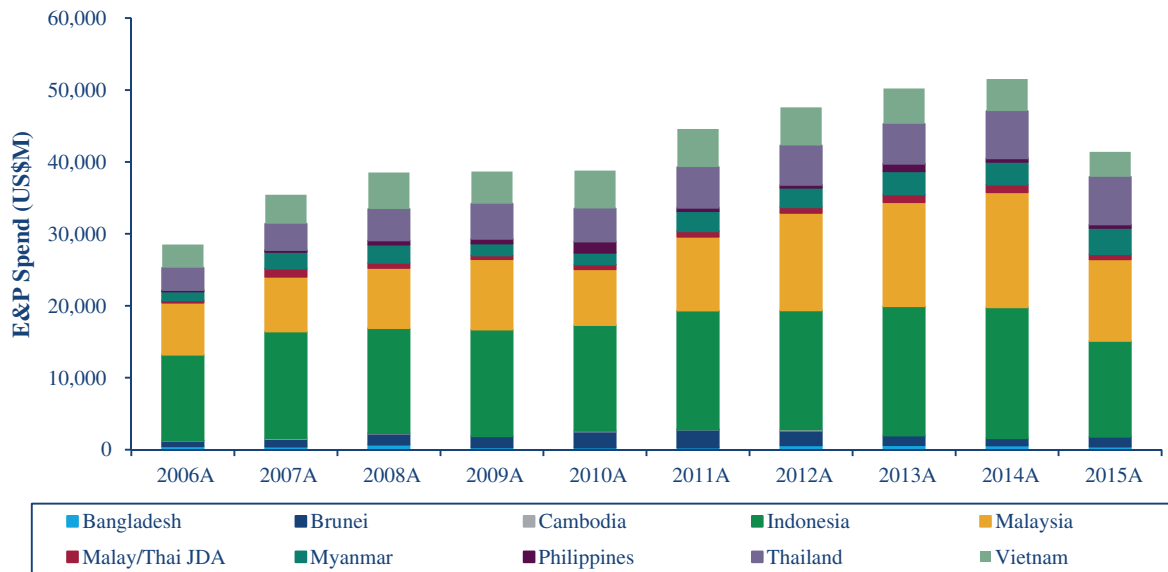


Source: Wood Mackenzie

On a country basis, Indonesia has by far the largest number of companies producing oil and gas. Between 2011A — 2015A, 87 producers (National Oil Companies, Majors, Independents, and Others) were active in Indonesia, compared to 30 in Vietnam in Thailand.

E&P expenditure

E&P Spend by Country, 2006A-2015A



Source: Wood Mackenzie

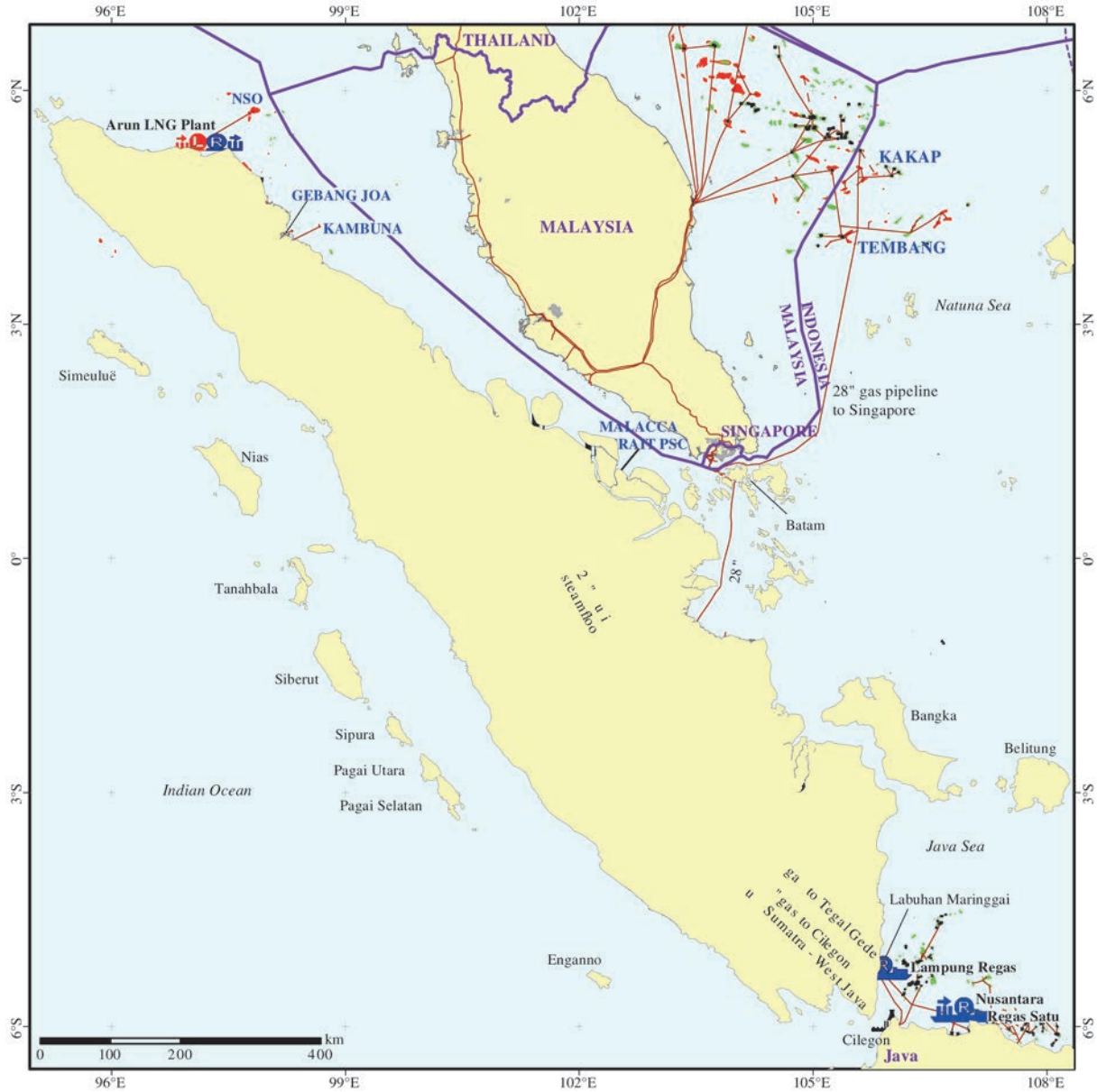
According to Wood Mackenzie estimates, E&P expenditure has increased by more than 45% in the past 10 years (on a nominal basis) from US\$28,034 million in 2006A to US\$40,971 million in 2015A. The top two countries by E&P spend in 2015A are Indonesia (US\$13,332 million) and Malaysia (US\$11,345 million). The oil price decline in mid 2014, and continuing throughout 2015, had a significant negative impact on E&P spend in the region in 2015A, decreasing by 20% year-on-year.

In estimating the overall E&P expenditure, Wood Mackenzie includes the exploration spend, capital expenditure and operating expenditure associated with each country.

IV. Overview of Oil and Gas Industry for Selected Countries

Indonesia

Overview

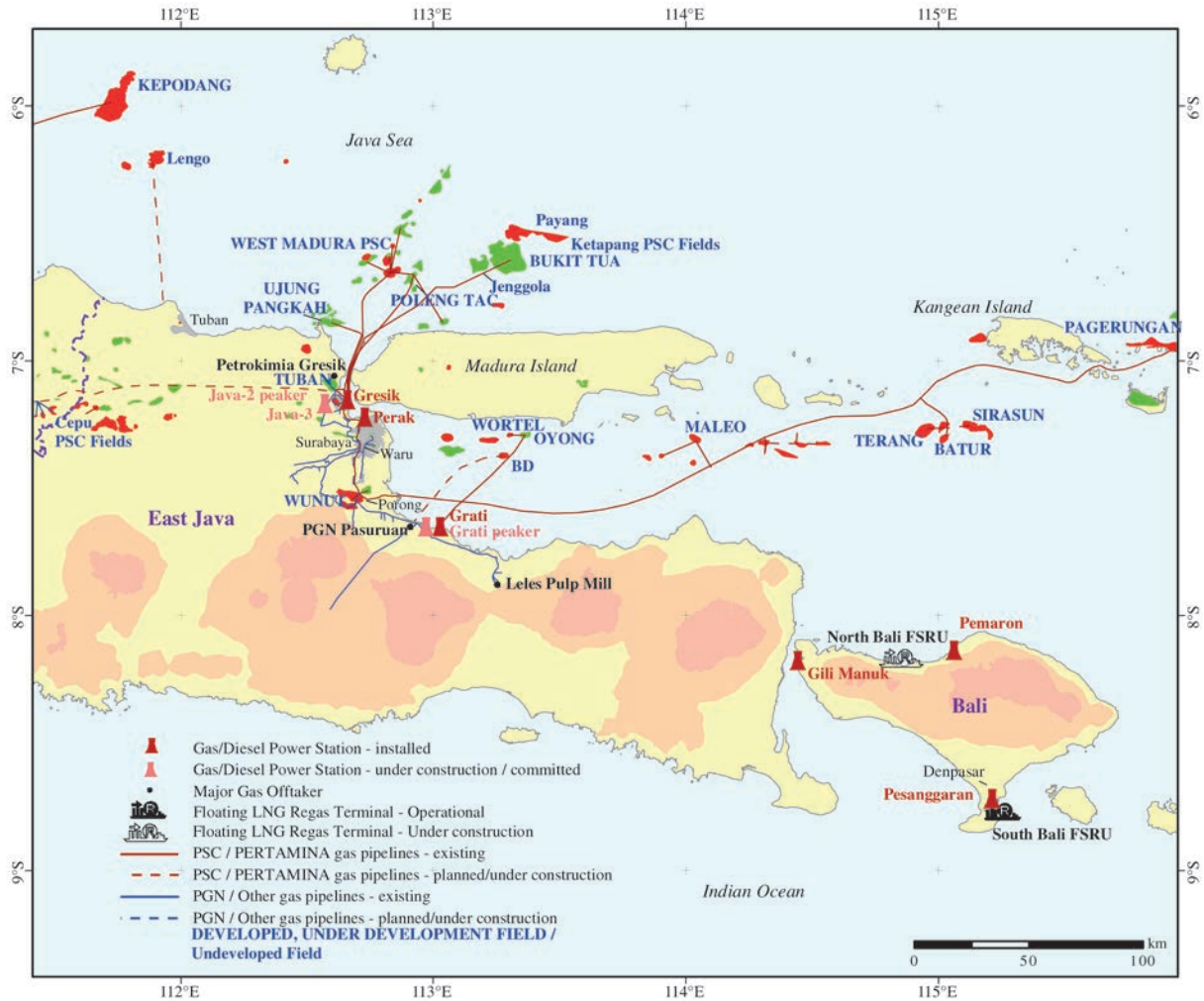


Source: Wood Mackenzie

Indonesia is South-Eastern Asia's largest oil and gas producer, and also has the highest remaining commercial reserves, estimated at 9.2 billion boe. Indonesia's growing economy is driving higher domestic demand for energy, but oil production is declining, and several major gas developments are facing project delays.

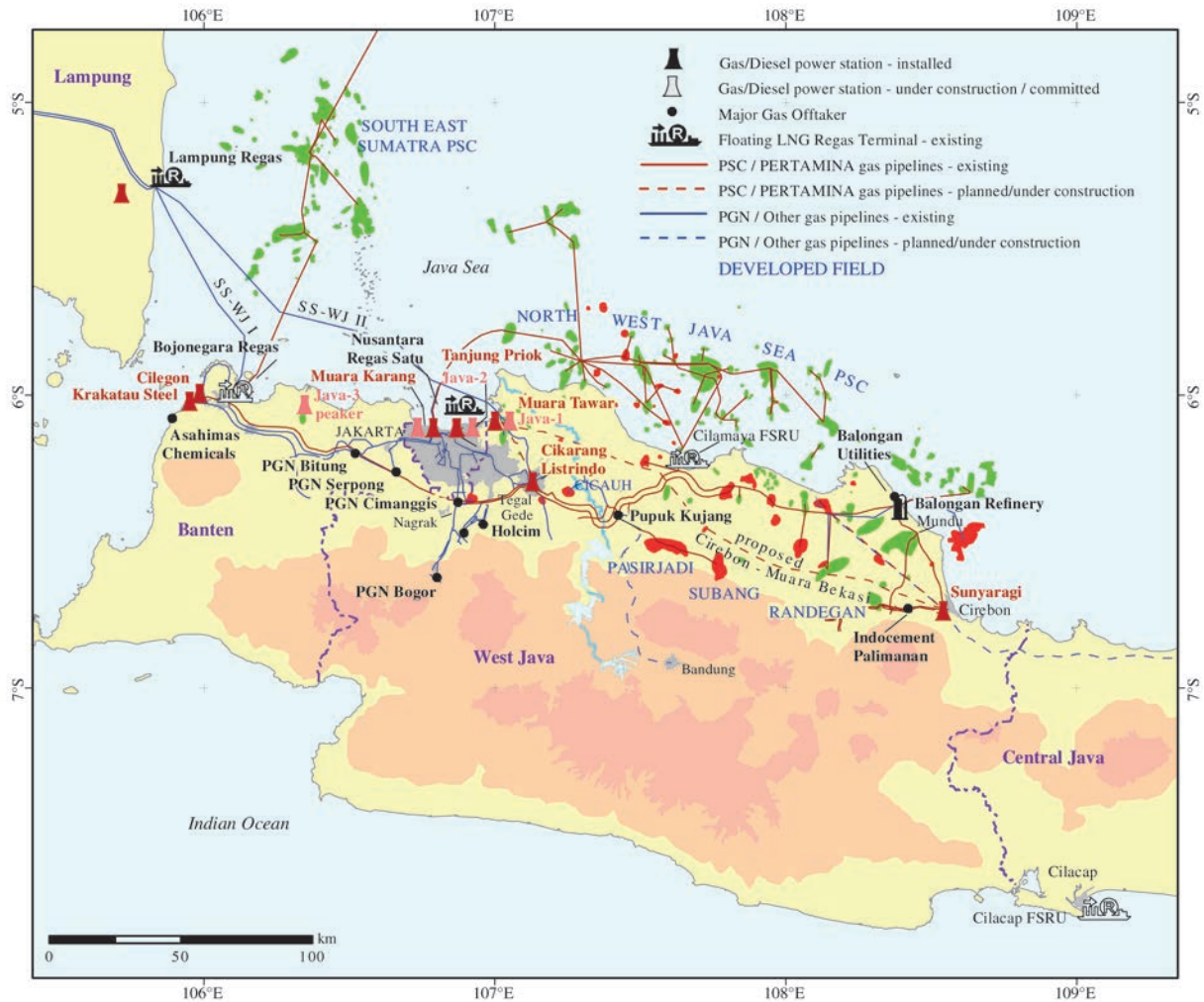
The majority of oil and gas production is sourced from the well-explored basins of Sumatra, Java and East Kalimantan. Given the maturity of the core producing areas within these regions, the country must increasingly rely on the development of smaller and more challenging fields to meet its requirements.

Exploration and development activity has been negatively impacted by regulatory and fiscal uncertainty, with the 2012 dissolution of BPMIGAS and recent series of negative regulations affecting investor confidence. The Indonesian government is proposing incentives and revising some of the negative regulations, in hopes of increasing exploration activity and reversing the production decline.



Source: Wood Mackenzie

Exploration in Indonesia has underperformed over the last decade, and a lack of major success has contributed to a lack of significant development projects on the horizon. While exploration potential remains in Indonesia's more remote and frontier basins, attracting continued investment will be vital if Indonesia is to maximise the recovery of its remaining oil and gas resources.

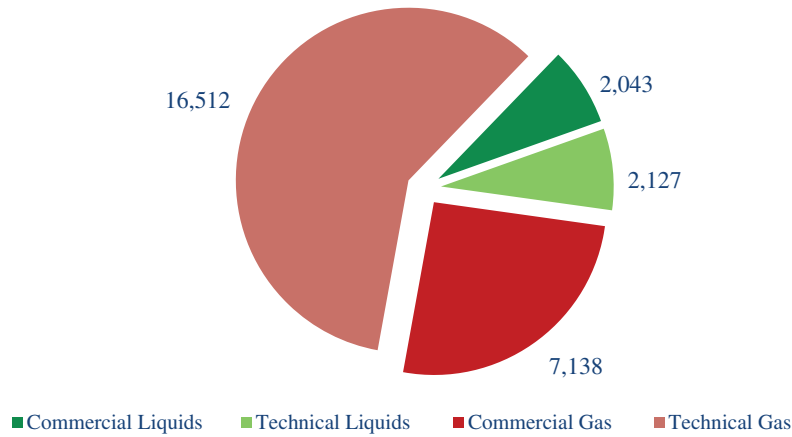


Source: Wood Mackenzie

Oil and gas reserves/resources

Indonesia has 27,820 mmbbl of remaining commercial and technical oil and gas reserves. Gas accounts for a significant portion of Indonesia's petroleum reserves (contributing 85% on a commercial and technical basis), and continues to be a primary energy source for Indonesia. The largest remaining gas reserves in Indonesia are in Sumatra, West Papua, Natuna Sea and East Kalimantan.

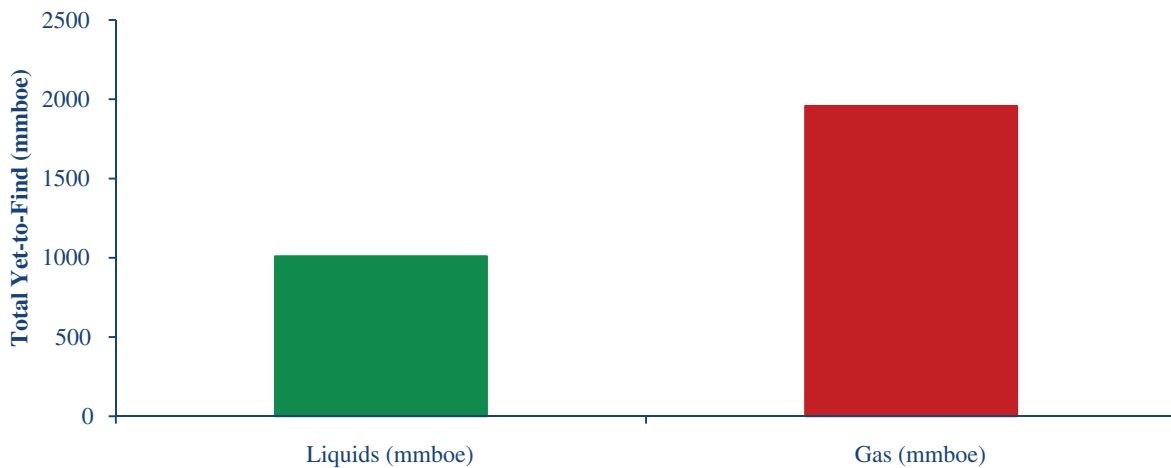
Indonesia Commercial and Technical Oil and Gas Reserves (mmboe)



Source: Wood Mackenzie

Prospectivity and recent discoveries

Indonesia Yet-to-Find Commercial and Technical Reserve Volumes



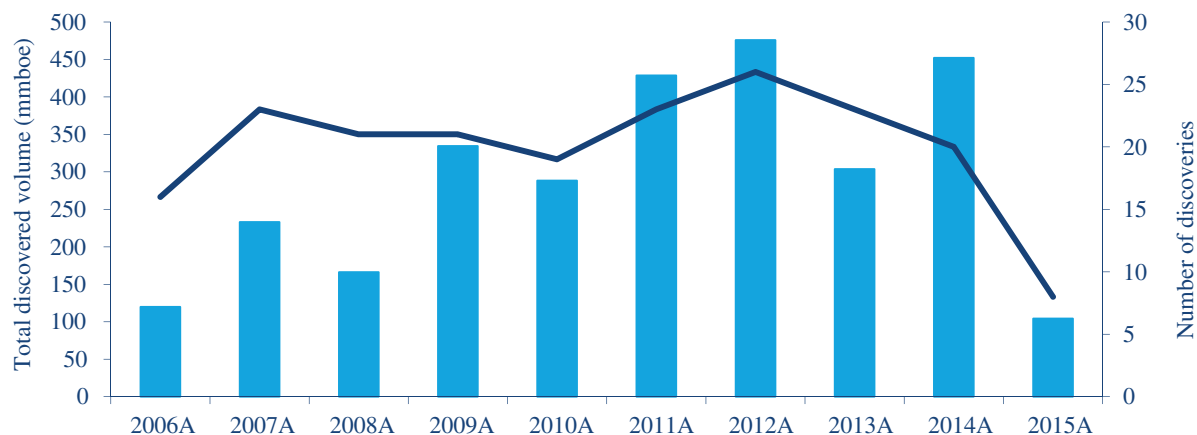
Source: Wood Mackenzie

Indonesia is viewed by many as having considerable remaining oil and gas potential, with Wood Mackenzie estimating about 2,968 mmboe of total YTF reserves. This is anticipated to be in the eastern basins, where large areas, both onshore and offshore, remain relatively unexplored. The major problem faced by potential explorers in these basins is the sheer size and remoteness of the areas to be explored. This, in combination with the lack of infrastructure and the harshness of the terrain (many of the prospective onshore areas are in remote jungle regions), makes the logistics of petroleum exploration very difficult.

In the last 10 years, the country has seen between 8 to 26 fields discovered per year. The volumes discovered each year has varied considerably, with 2012A seeing a high of 476 mmboe added (mainly from the Asap field in the Bintuni basin and Jangkrik North East field in the Kutei basin). Overall, there has been 2,907 mmboe of discovered commercial and technical volumes from 2006A-2015A.

Indonesia’s coal bas methane (“CBM”) resource potential is estimated in the range of 36 tcf, located in the Barito (9.7 tcf), Kutei (11.1 tcf), and South Sumatra (15.2 tcf). However, there are no material commercial CBM operations to date in Indonesia, and these estimates remain highly uncertain until further exploration and appraisal work is completed.

Indonesia Recent Discoveries, 2006A-2015A



Source: Wood Mackenzie

Historical and forecast oil and gas demand and production

Oil production and demand

Indonesia has been a net importer of oil since 2004A. Indonesian oil production has been in decline since the turn of the decade, as smaller new oil developments have struggled to replace output from the mature, legacy fields such as the giant Minas and Duri fields in central Sumatra that lie at the heart of the nation’s liquids output. In the absence of recent discoveries, oil production is forecast to decline from 813,000 b/d in 2016F to 387,000 b/d in 2025F. Future liquids output will increasingly rely on new EOR investment in existing fields, many of these being licenses that are due to expire soon with no certainty of extension for existing contractors.

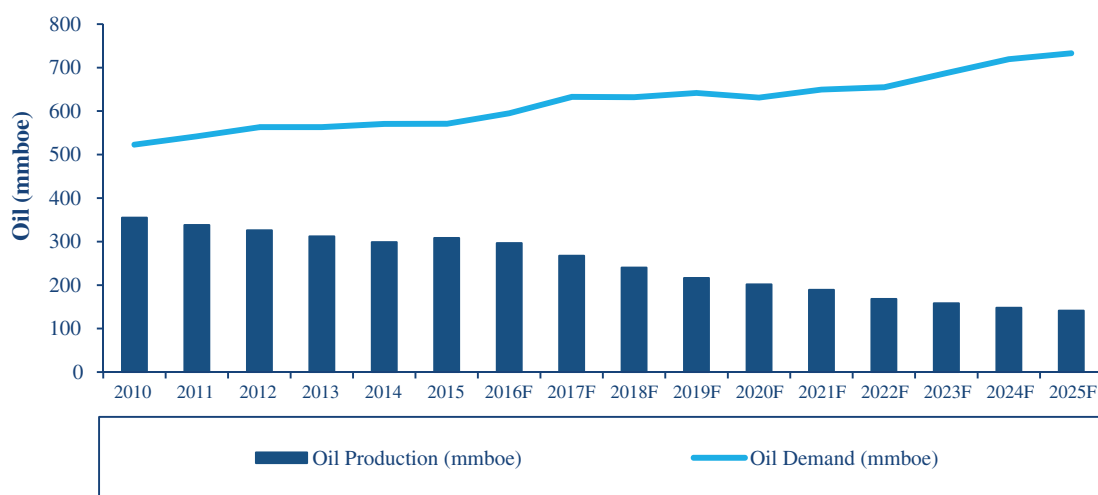
Significant efforts have been undertaken by many operators over the last two decades to add reserves in existing Indonesian fields. Large enhanced oil recovery projects such as the Duri steamflood have had substantial impact (several hundred million barrels) on increasing the level of recoverable reserves from mature producing fields. With the progress of technology, there is potential for further increases in recovery from a number of important producing areas, especially onshore Sumatra. One example comes from a polymer-flooding project which is being trialled on the giant Minas fields.

Further development of Pertamina’s fields, especially in Sumatra and Java provides significant potential for reserves growth, albeit relatively unquantifiable. Pertamina has historically been constrained in terms of capital and access to technology and there is a perception that many of its operated concession areas remain under-exploited. The company is now seeking to engage international companies to assist in the exploration and development of a number of its producing areas. Should these efforts be successful, there could be an appreciable impact on Indonesian production in the post-2020F period.

In terms of demand, growth averaged 6.1% a year between 2010 and 2012 primarily due strong transport demand. However, Indonesia’s oil-use profile flattened from 2013 to 2015, as price reforms for gasoline and diesel/gasoil put a temporary dampener on transport sector demand. Even amid the tumble in crude oil prices and the government’s downward adjustment of prices in January 2016, retail prices remain some 25% (diesel) to 50% (gasoline) higher compared to pre-reform levels back in 2012. Poor mining sector demand for diesel/gasoil in 2014/2015 also contribute to a weaker demand outlook.

Looking ahead, Indonesia total product demand is forecast to grow from 1.6 million b/d in 2015 to 2.7 million b/d in 2035, at a compound annual growth rate of 2.5%. Transportation demand accounts around 73% of the demand increase (with road transport alone accounting for 63% of growth), petrochemical feedstock demand represents another 12% of the increase, with moderate growth expected from the residential and industrial sectors.

Indonesia Oil Supply-Demand, 2010A-2025F



Source: Wood Mackenzie

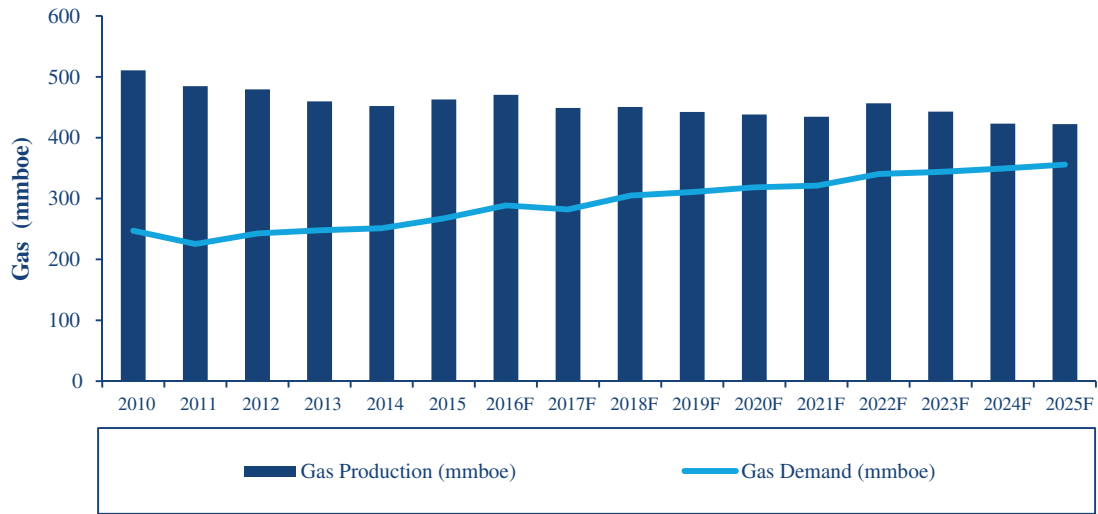
Gas production and demand

Overall gas output in Indonesia increased significantly when the Tangguh LNG facility in West Papua started commercial production in mid-2009A. Output from the venture ramped up to plateau rate of 1.2 bcf/d in 2012A. In the future, new supply will be brought onstream from developments within the Jambi Merang, Kangean, Madura Strait, Muriah and North Sumatra Block A PSCs. But these smaller developments will only partially offset declining output from North Sumatra, associated with the aging Arun LNG plant, and falling output from many of the PSCs in East Kalimantan that feed into the Bontang LNG facility. Longer-term LNG projects such as Chevron’s Indonesia Deepwater Development, Eni’s Muara Bakau and INPEX’ Abadi LNG scheme may add new sources of supply.

The overall progress of the CBM development in Indonesia is slower than expected, with no additional blocks awarded in 2013A. 62 CBM blocks have been awarded across the country, but only around 15% have active exploration. Wood Mackenzie considers shale gas in Indonesia too nascent to include in supply forecasts.

Currently contracted production from Indonesia is equally split between the domestic market and exports, at a ratio of 48%:52% respectively. In 2010A the split was 40%:60%. This decline in exports share of supply is set to continue, as the market grows and new supply struggles to adequately replace falling production.

Indonesia Gas Supply-Demand, 2010A-2025F



Source: Wood Mackenzie

Wood Mackenzie forecasts strong gas demand growth from power generation in the next five years. Gas demand from the power sector will grow robustly from 2016 to 2021, driven by LNG regas projects in West Java and North Sumatra, and new piped gas supply projects in Central and East Java. Several gas-fired power plant projects are expected to be commissioned within the next five years, providing a strong growth on the demand side. From 2021, we expect to start seeing the completion of around 13 GW new coal-fired power capacity in Java Island, together with the 3 GW Sumatra - Java HVDC link, which will cause a decline in gas demand until 2025.

Industries and fertilisers are the key demand drivers for the non-power sector. Increased industrial activities and new fertiliser production facilities will drive gas demand growth in the short to medium term. Further upside above our base-case forecast is possible, with speculative demand coming from new smelters and refinery projects. The mineral ore export ban will eventually see the development of new domestic smelters and processing facilities, while new grass root refineries could be built in Bontang (East Kalimantan) and Tuban (East Java).

Indicative crude oil and natural gas pricing

Liquids Pricing

Traditionally, Indonesia followed the OPEC line when pricing its crude for export, via an official Government Selling Price. In March 1989A, the new Indonesian Crude Price (“ICP”) formula was introduced and was calculated as a 52-week historic average of the Asian Petroleum Price Index (“APPI”) for the Minas, Tapis, Dubai, Oman and Gippsland crudes.

In October 1999A, the formula for calculating the ICP was changed. It was calculated as 40% of the month’s average of Platts’ price assessments, 40% of the month’s average of Rim Intelligence (“RIM”) assessments and 20% of the month’s average of the APPI assessments. This was changed again in 2007A, with the weight of APPI assessments reduced to 5% and Platts and RIM increased to 47.5% each. In 2008A, the Indonesian government removed APPI assessments all together, and derived ICP prices from 50% of the month’s average of Platts’ price assessments, and 50% of the month’s average of RIM assessments. In July 2016A, the Indonesian government switched the ICP to a dated Brent formula.

Natural Gas Pricing

Gas exported as LNG is usually priced on a cost, insurance and freight (CIF) basis or free on board (FOB) basis. The gas price for each individual LNG contract is different. However, they are intrinsically indexed to average export crude prices excluding the premium crudes. Although the vast majority is sold on long-term contracts, a spot market has evolved. The prices for LNG exported from Arun and Bontang are similar, with only slight differentials reflecting the longer distance from Arun to Japan. Tangguh LNG pricing is slightly lower given its different contract structuring - please see the relevant asset analysis for further details.

Prices for gas exported to Malaysia and Singapore are linked to high sulphur fuel oil prices as quoted on the Singapore market.

Domestic gas has historically realised lower value with prices fixed (i.e. flat in nominal terms) for the duration of the contract. However, more recent gas sales contracts incorporate linkages to the Indonesian Crude Price and/or other escalation components, such as ammonia prices. Recently, gas prices for contracts supplying to Java and Sumatra have been revised upwards.

Domestic demand, pricing tension and domestic market obligation (“DMO”)

Gas prices in Indonesia are negotiated on a bilateral basis between the producers and the gas aggregators or end-users. However, contracts are subject to approval from SKKMIGAS, which have sought to keep prices low.

In 2012, a number of gas contracts were renegotiated with approval from the regulator. This led to a doubling of pipeline gas prices from around US\$2-3/mmbtu to US\$5-6/mmbtu. For new gas production, operators are able to achieve prices in the range of US\$6-8/mmbtu.

Gas prices continued to increase further. We have seen an upward trend in the prices of more recent gas contracts. The Gundih-Tambak Lorok contract was signed at US\$7.4/mmbtu with 2% annual escalation. More recently, North Sumatra Block A signed a contract with Pertamina at US\$9.4/mmbtu (flat nominal).

As a result, consumer prices have increased. PGN raised its selling prices from US\$6.9/mmbtu to US\$9.2/mmbtu in West Java after securing the government’s approval. This took place in two phases, in September 2012 and April 2013. Higher costs for the more recent development is understood to be the key driver behind the price increase. Although piped gas price increases will not continue indefinitely because prices of competing fuels such as LNG, coal and oil products will set the boundary.

The fertiliser sector has also seen a marked increase in prices. New contracts range between US\$5.0-7.5/mmbtu. In East Kalimantan, the Kaltim fertiliser plant is buying gas from the Sebuku PSC at US\$6.72/mmbtu with an upside to gas prices depending on the international ammonia price.

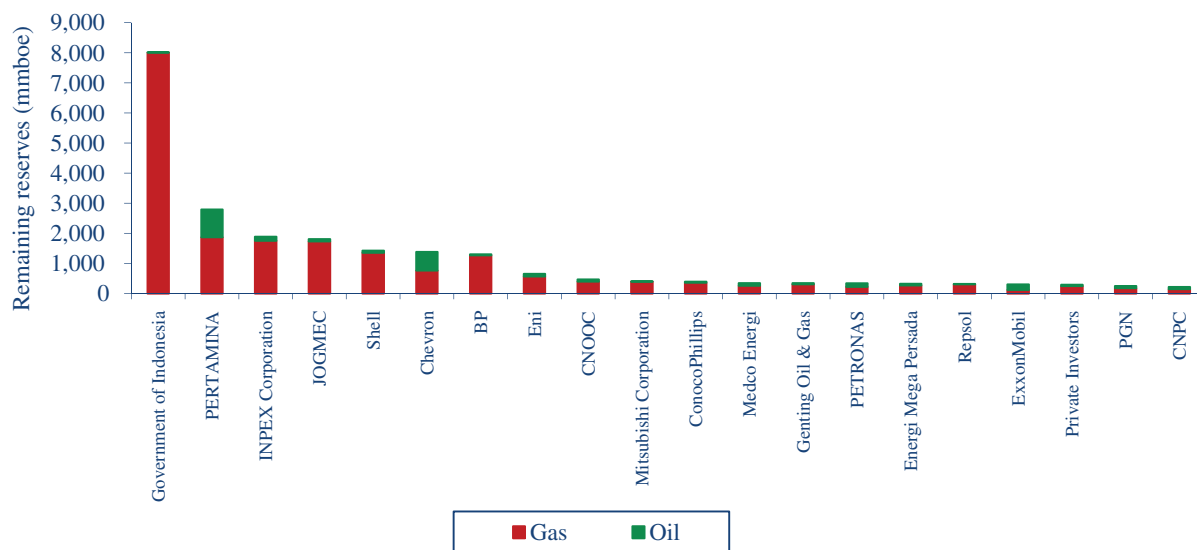
Although the government has allowed gas prices to rise in the power, fertiliser and industrial sectors, small consumers in the transport sector are protected to promote the NGV growth. Gas sold to the transport sector through PERTAMINA is capped at \$4.72/mmbtu. Gas prices for city gas residential users are set at US\$9-15/mmbtu depending on the consumption size.

In May 2016, the government released Presidential Regulation no. 40/2016 on the reference gas price for industrial buyers. Under the regulation, reference gas price for particular industries is set at US\$ 6/mmbtu. Higher prices above this level are still possible at the energy ministry’s discretion. Currently, the price reduction only applies to targeted industrial consumers: fertiliser, petrochemical, oleochemical, steel, ceramics, glass and rubber gloves manufacturers. The government is in the process of implementing the changes, and seeks to maintain the revenues for upstream operators by reducing the government take from the impacted PSCs.

The 2001 Oil & Gas Law requires upstream operators to provide at least 25% of production to fulfil domestic needs. As the domestic market obligation (DMO) is implemented on a case-by-case basis, this creates uncertainties for developers. As they are uncertain what proportion will be allocated domestically and some projects may have to supply up to 100% sales to the local market.

Major players active in the country

Oil and Gas Reserves in Indonesia by Company, 2016A
(Commercial and Technical Reserves)



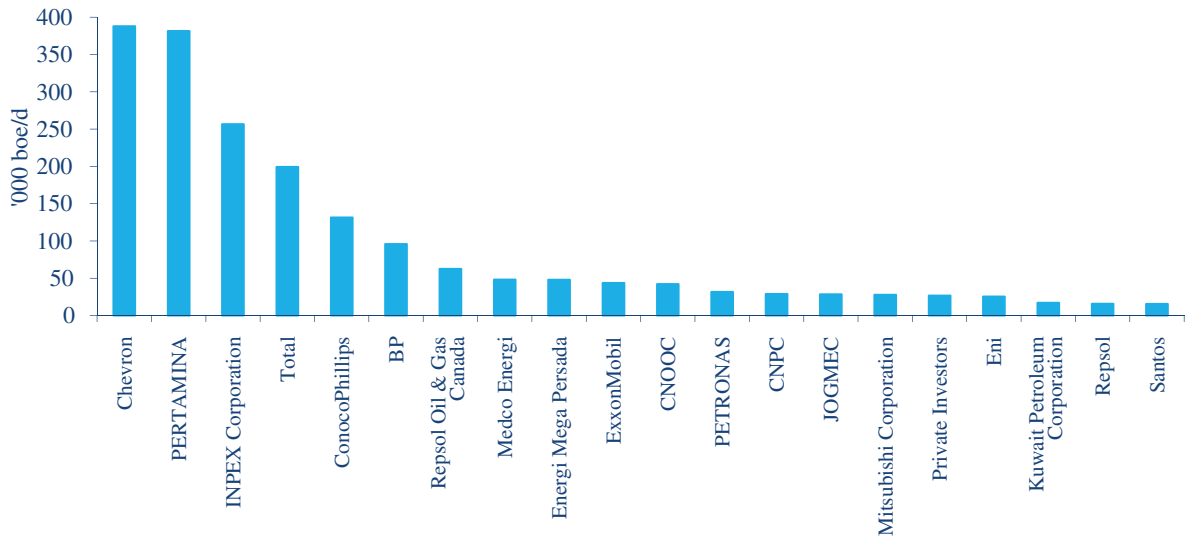
Source: Wood Mackenzie

Top 20 companies shown

Indonesia has one of the most diverse upstream industries of any country in the world, with over 200 active PSC participants of varying capability and size. In terms of remaining reserves and production, the top 20 companies include US and European majors (Chevron, BP, ConocoPhillips, ExxonMobil), Indonesian independents (Medco Energi and Energi Mega Persada), international independents (Repsol) and oil companies from Japan (INPEX, JOGMEC, Mitsubishi), China (CNOOC), and Indonesia’s own state player (PERTAMINA).

Chevron is the leading producer in Indonesia with 338,064 boe/d of average working interest production from 2011-2015. This is driven by its operatorship of the CPI Area, which includes the large Minas and Duri oil developments. Other major players include INPEX and Total, which have significant production through the Offshore Mahakam PSC that supplies the majority of the gas feedstock into the Bontang LNG facility; this is now operated by PERTAMINA which increases its production capacity as well.

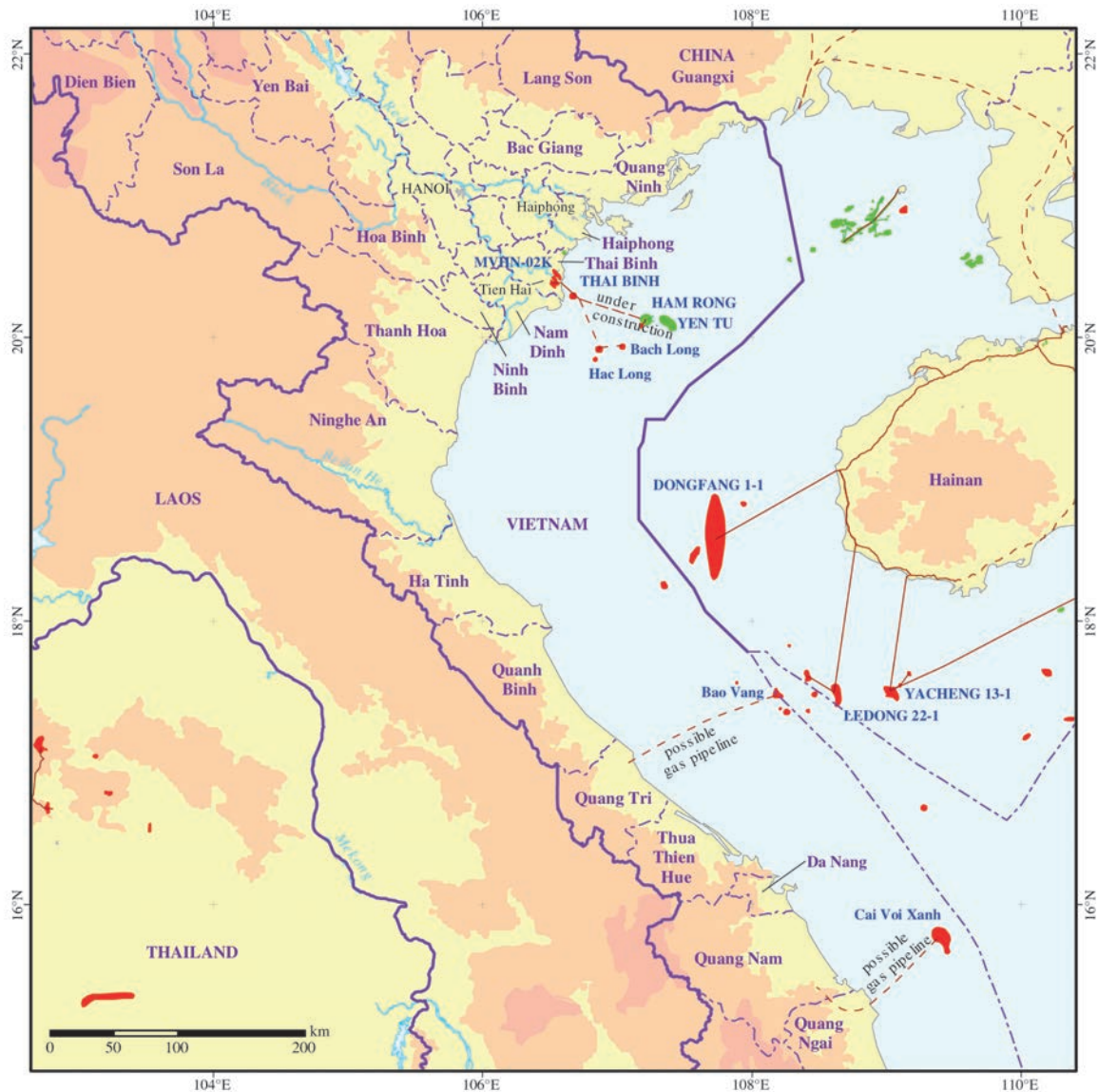
Indonesia Average WI Production 2011A-2015A by Company



Source: Wood Mackenzie
 Top 20 companies shown

Vietnam

Overview



Source: Wood Mackenzie

Vietnam has two core producing regions, the Cuu Long and Nam Con Son basins, both located off the country's south coast.

The Cuu Long Basin, located nearer to the shore, contains the giant Bach Ho oilfield, which is now in terminal decline, plus a number of other oilfields. Gas from nearby developments is routed through the Bach Ho gas facilities and piped onshore to market. The Nam Con Son Basin is mostly gas-prone, and is home to the Lan Tay/Lan Do project, which supplies around half of Vietnam's gas.

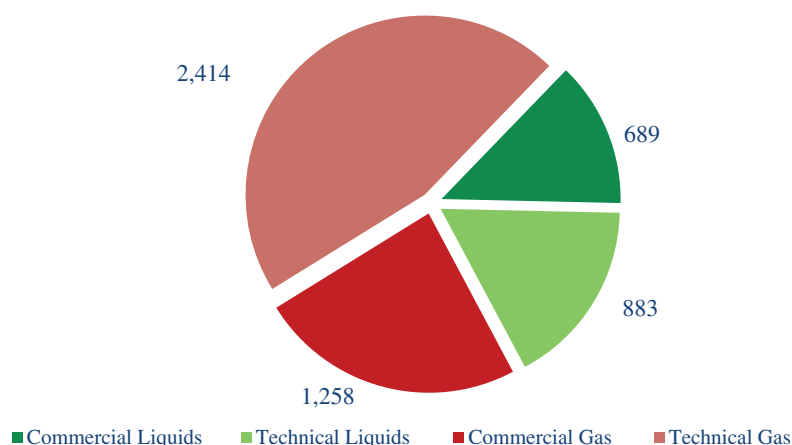
A number of new oilfields have been developed in recent years, predominantly by smaller players. There are also two large gas developments which will have a key impact on the country’s medium-long-term gas production: the PetroVietnam-operated Hai Thach/Moc Tinh in the Nam Con Son Basin was brought onstream in August 2013, and the Block B project in the Malay Basin, which may be developed in the 2024 timeframe, which is now operated by PetroVietnam.

As part of plans to develop the centre of the country, the Dung Quat refinery was commissioned in early-2010. To secure long-term gas supplies, Vietnam is currently considering building a LNG regasification terminal in the south of the country.

Oil and gas reserves/resources

The majority of oil reserves in Vietnam have been discovered in the Cuu Long Basin. The basin is generally oil-prone, with some associated gas. Bach Ho, the first and largest oil and gas producing field in the basin, has been in production since 1986. The Rang Dong, Su Tu Den and Ruby fields, with total 2P reserves of over 500 million barrels of oil, are some of the key fields that have come onstream in the last 10 years. Recent discoveries such as the Te Giac Trang and Ca Ngu Vang fields in Blocks 9-2 and 16-1, and Su Tu Vang and Su Tu Trang in Block 15-1, are expected to offset the production decline from Bach Ho.

Vietnam Commercial and Technical Oil and Gas Reserves (mmboe)



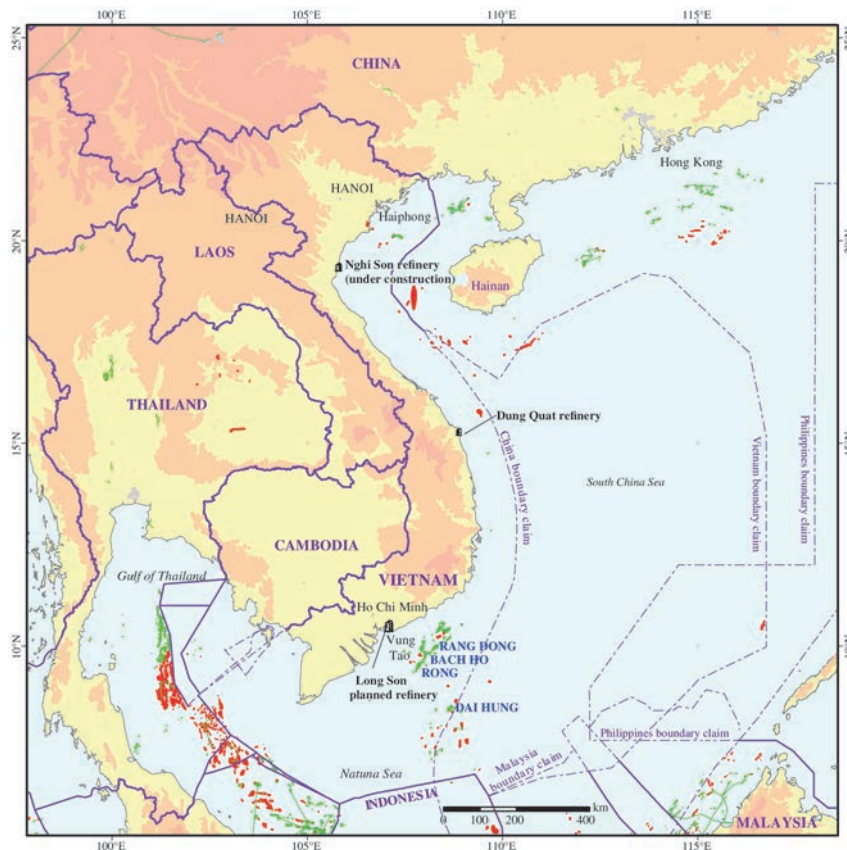
Source: Wood Mackenzie

The majority of Vietnam’s non-associated gas reserves can be found in the Nam Con Son Basin. Arguably the country’s most significant offshore gas finds to date are the TNK-BP-operated Lan Tay/Lan Do fields in Block 06-1. Recoverable gas reserves from the block are estimated to be in the region of 2.44 tcf. Large gas discoveries have also been made in the KNOC-operated Block 11-2 and Blocks 5-2 and 5-3 (Hai Tach/Moc Tinh), which were relinquished by BP in early-2009. With a growing gas market in south Vietnam, Wood Mackenzie expects other gas reserves in the basin to be developed in the near to medium term. The Nam Con Son Basin also has oil potential, as proved by the Dai Hung, Chim Sao, Dua and Ca Rong Do discoveries. Dai Hung started oil production in 1994. Chim Sao was brought onstream in October 2011, and Dua began production in February 2014.

The Malay Basin can broadly be divided into the southern oil and associated gas fields and the northern fields which are generally gas-prone. Chevron has made several large discoveries in the basin including the Kim Long, Ca Voi and Ac Quy fields. The reserve potential of these fields is estimated at around 3.8 tcf, and first commercial gas sales are expected around 2024. Repsol’s Cai Nuoc field in Block 46, and PetroVietnam’s Song Doc oilfield in Block 46/02 are the only two producing fields in the basin.

In the frontier Phu Khanh Basin, Eni made an oil discovery in 2009 at the Great Shark field but no development plans are in place. Drilling activity has been marginal with only three wells drilled to date.

The Song Hong Basin has been more explored and is home of Exxon Mobil's Ca Voi Xanh field, a 5 tcf gas discovery made in 2011. In 2010, Vietgazprom discovered the Bao Vang gas field which is believed to hold 600 bcf of gas. Finally in late 2015, Petronas Carigali put onstream the 300 bcf Thai Binh gas field located at the North of the basin, Another number of small gas discoveries or gas shows have been encountered in the basin like KrisEnergy's Cualo, Vietgazprom's Bao Dang, PetroVietnam's Hac Long, Bach Long and Hong Long grouping in Blocks 103&107.



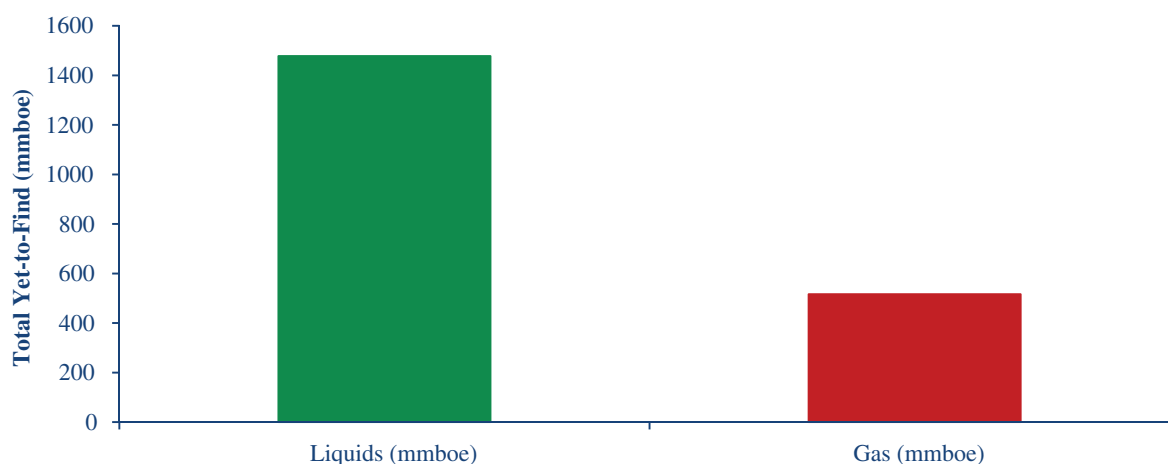
Source: Wood Mackenzie

Gas remains relatively unexploited compared to liquids. The start-up of the Lan Tay field, and the commissioning of the Nam Con Son (Lan Tay to Dinh Co) pipeline, marked a major step in the development of Vietnamese gas.

Recent developments include the construction of the gas gathering infrastructure in the Thai Binh/Ham Rong region, the completion of phase one of the Nam Con Son Pipeline 2 (NSCP2) project and the completion of the Dai Hung gas collection project.

Prospectivity and recent discoveries

Vietnam Yet-to-Find Commercial and Technical Reserve Volumes

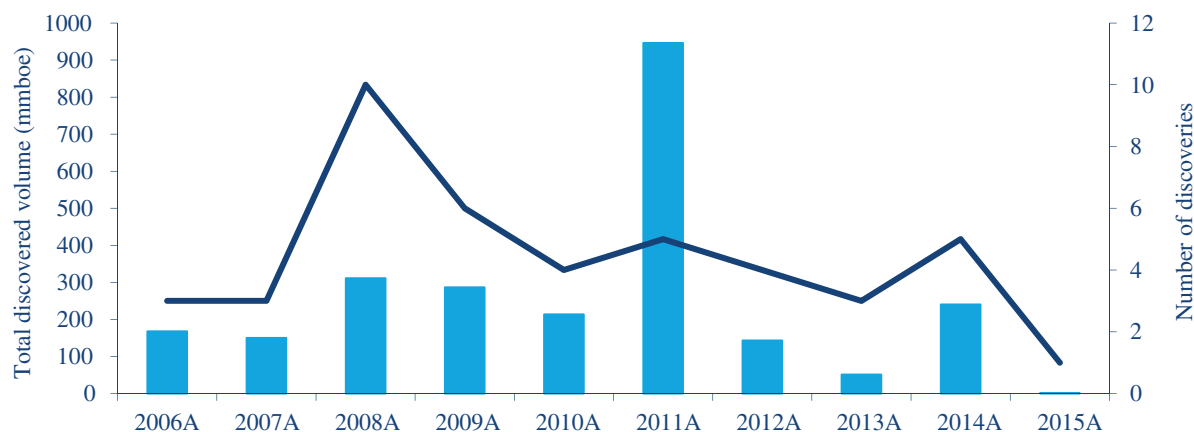


Source: Wood Mackenzie

Vietnam has considerable remaining oil and gas potential, with Wood Mackenzie estimating about 1,995 mmboe of total YTF reserves, mostly liquid (74%).

Over the last 10 years, Vietnam has seen between one to ten discoveries per year, ranging from total discovered volumes of 2 mmboe in 2015A to a high of 946 mmboe in 2011A. Over the entire period, 2,514 mmboe were discovered, from 44 discoveries.

Vietnam Recent Discoveries, 2006A-2015A



Source: Wood Mackenzie

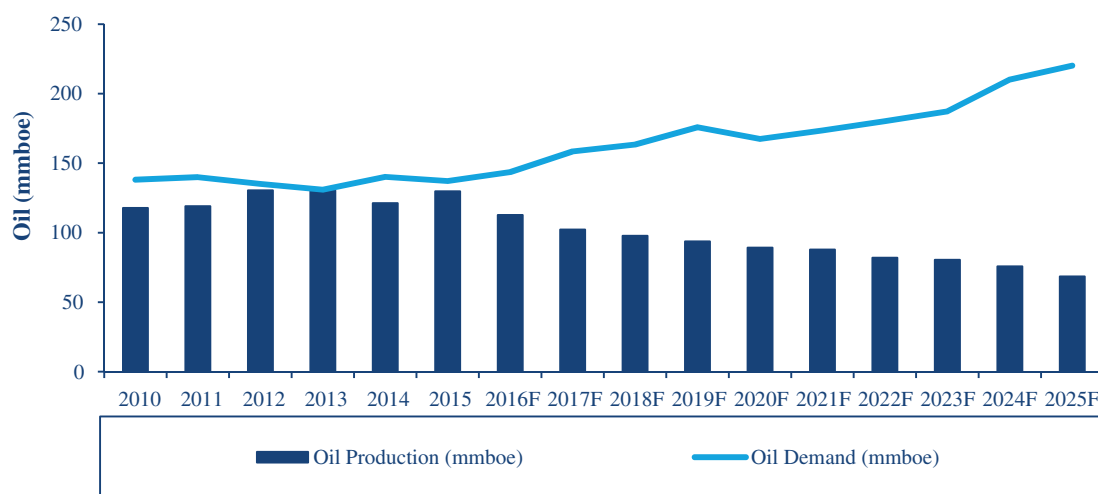
Historical and forecast oil and gas demand and production

Vietnam started oil production in June 1986, when Vietsovpetro brought the Bach Ho field onstream. Production from the field averaged around 800 b/d in 1986 and grew to an estimated peak of 285,000 b/d in 2002. Dai Hung, Rong, Ruby and Rang Dong were all brought onstream in the 1990s and contributed to rising liquids production at that time. Since then, many of these fields have begun to decline.

Production started from the Su Tu Den field in 2003, and peak daily production of around 79,000 b/d was achieved in 2004. However, field output declined fairly rapidly soon after. New oil production began from the Song Doc, Phuong Dong, Ca Ngu Vang and Su Tu Vang fields during the latter half of 2008, leading to an increase in liquids production in 2009. Nonetheless the impact of these new fields has been muted by the accelerated decline of the mature Rang Dong field and poorer than expected performance from Su Tu Vang.

Output peaked at 318,000 b/d in 2015 following production ramp-up from Su Tu Nau & Su Tu Vang NE (Block 15-1) and Chim Sao & Dua (Block 12W) fields. Ca Rong Do development is expected to be onstream in 2020. However, lack of any other new developments would see production falling below 300,000 b/d in 2016.

Vietnam Oil Supply-Demand, 2010A-2025F



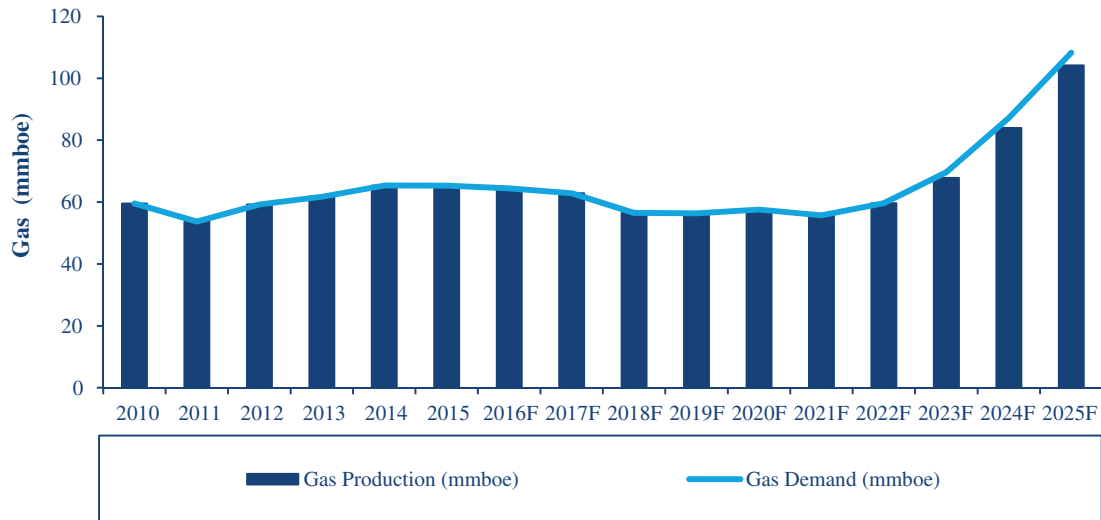
Source: Wood Mackenzie

Vietnam’s gas production has risen steadily over the years, when the Bach Ho field began supply to the Ba Ria power plant. Rates increased further in 2002 following the construction of the 399 kilometre Nam Con Son pipeline from the Lan Tay field to Dinh Co. The spare capacity of this line has allowed for nearby gas fields to be developed and tied in.

A proposal for a new 350 kilometre pipeline to landfall at Dinh Co was approved in 2011. In May 2014, the Russia-Vietnam JV, Vietsoyppetro, signed an EPC contract for the phase one of Nam Con Son Pipeline 2 (NSCP2) project with PetroVietnam Gas (PV Gas), which is a 155-kilometer, 26-inch pipeline from Thien Ung field to Bach Ho’s central processing facilities. The first phase of the construction of the NSCP2 was completed in December 2015 and Dai Hung is the first field to feed into this new pipeline. Other nearby fields such as Thien Ung, Su Tu Trang, Sao Vang and Dai Nguyet are expected to follow in the coming years via phases two and three.

Gas prices in Vietnam have historically been very low, which has hampered development of gas fields. Although there have been signs of prices rising, the Block B project continues to be stalled by gas price negotiations. In June 2015, PetroVietnam acquired all of Chevron’s Vietnamese interests in Block 52/97, Block 48&95 & B and the Kim Long pipeline for an undisclosed amount. This deal could potentially accelerate the development of the Block B gas project. However, it is likely PetroVietnam would seek a new partner before progressing to FID stage. We anticipate first sales gas will be achieved in 2024 at the earliest.

Vietnam Gas Supply-Demand, 2010A-2025F



Source: Wood Mackenzie

Indicative crude oil and natural gas pricing

Liquids Pricing

Liquids price is generally at a premium to that of benchmark Brent Crude on the world market. All crude sold to third parties is valued at the net realised price, at the point of delivery received by contractor.

Natural Gas Pricing

The gas price used for fiscal purposes is the realised sales price.

Gas from the Block 46 (Cai Nuoc) PSC and the PM3 CAA area, a portion of which is currently supplied to Vietnam, is sold at a price which is linked to the price of Medium Sulphur Fuel Oil (MSFO) in Singapore. Other gas currently sold to domestic users in Vietnam is not linked to any index.

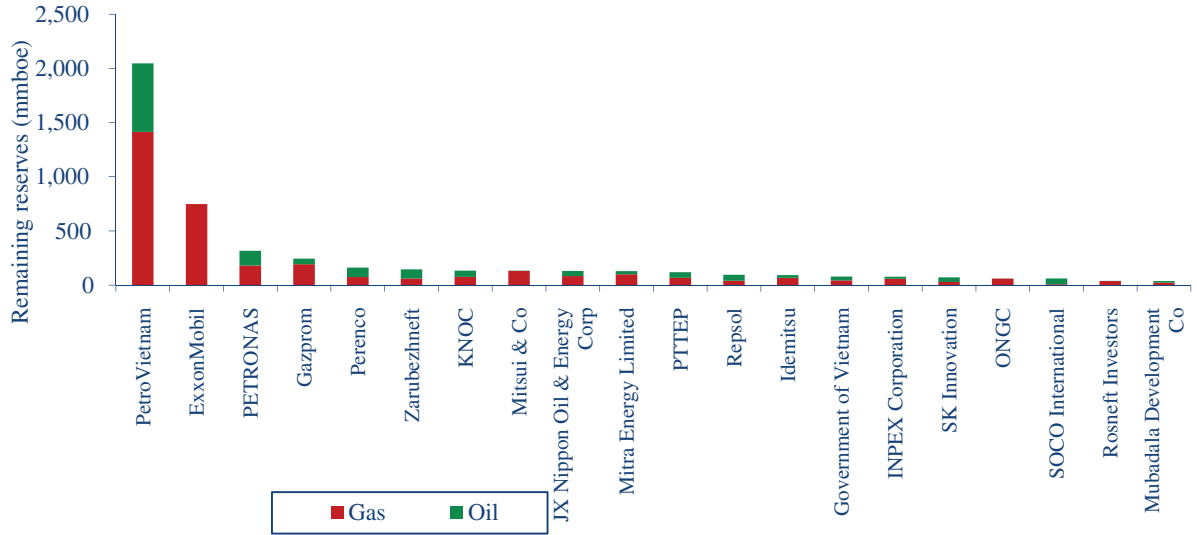
The Block B project in the Malay Basin has stalled over disputes around the upstream gas price. Associated gas in Vietnam receives a nominal fee of around US\$1-1.50/mcf.

Domestic demand, pricing tension and domestic market obligation (“DMO”)

From the 2014 draft decree on Petroleum, it states that “In case of necessity, at the request of the Government of Vietnam, the Contractor is obliged to sell a portion or all of its natural gas on the basis of agreements in gas development and production projects.” LNG and piped gas exports are unlikely to be sanctioned due to domestic demands.

Major players active in the country

**Oil and Gas Reserves in Vietnam by Company, 2016A
(Commercial and Technical Reserves)**

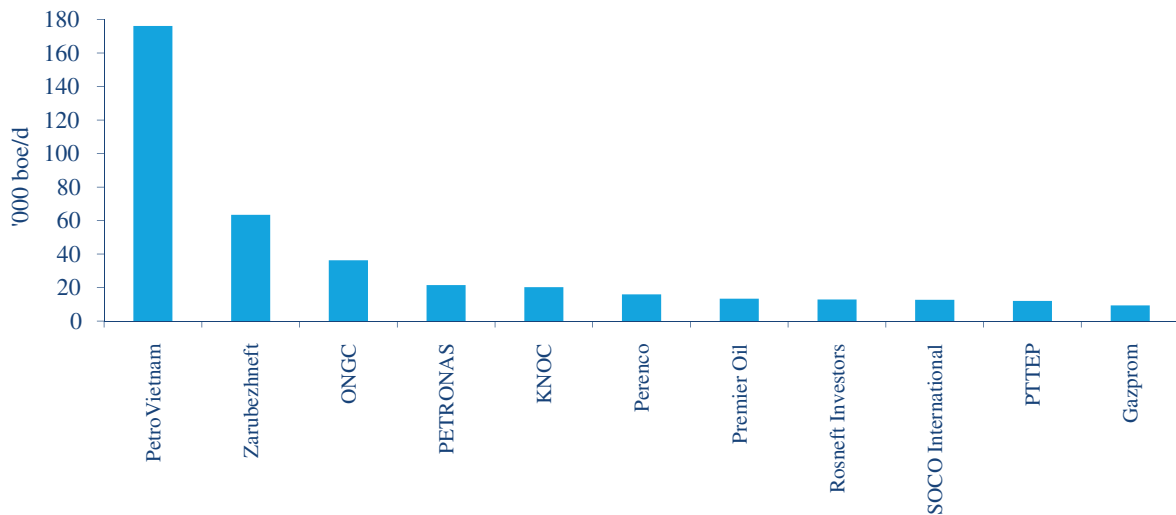


Source: Wood Mackenzie

Top 20 companies shown

State oil company PetroVietnam is the dominant player in the country, having stakes in all projects. Vietsovpetro, a JV between PetroVietnam and Russia’s Zarubezhneft, has a large commercial asset with Block 09-1 (Bach Ho/Rong). ONGC operates the Block 06-1 (Lan Tay/Lan Do) fields, Petronas has a sizeable technical reserves portfolio across the country, while Perenco has a large volume of technical reserves in the Cuu Long Basin, acquired through its purchase of ConocoPhillips’ assets in 2011.

Vietnam Average WI Production 2011A-2015A by Company

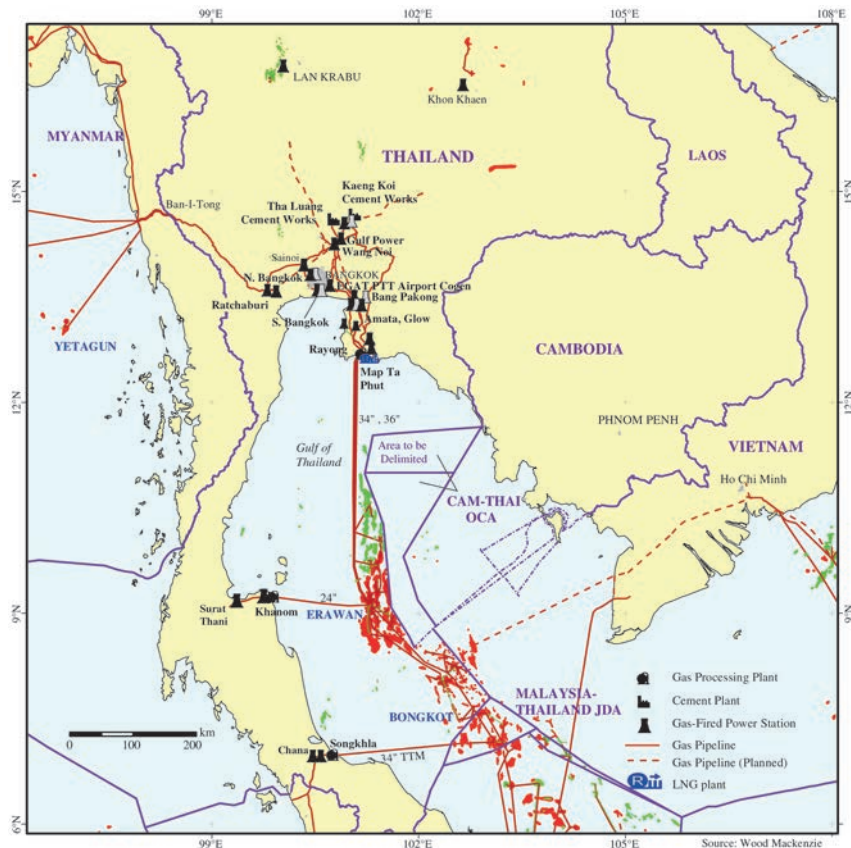


Source: Wood Mackenzie

Top 20 companies shown

Thailand

Overview



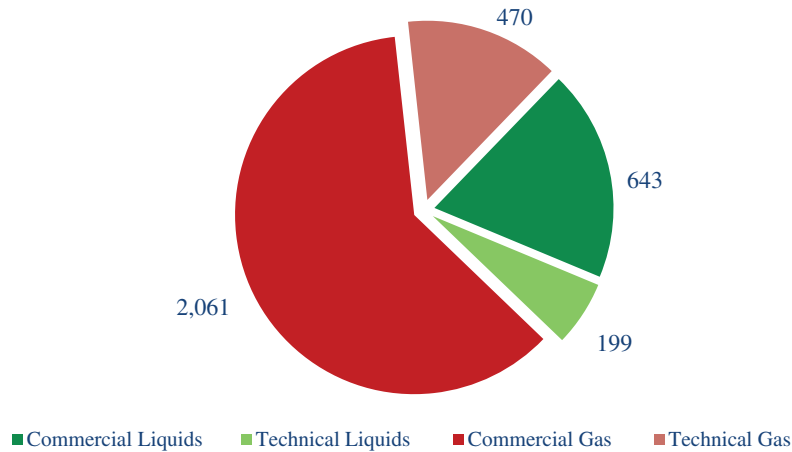
Thailand's upstream oil and gas production is predominately sourced from two offshore areas in the Gulf of Thailand: the Pattani basin and the Malay basin. The fractured nature of the offshore geology means no one field or area dominates reserves or output - instead the majority of production is provided by thousands of separate (but relatively heterogenous) reservoirs spread across the two basins.

Oil and gas reserves/resources

To date, the bulk of Thailand's petroleum reserves have been discovered offshore in the Gulf of Thailand. Although the Gulf is now a relatively mature area, it still contains the vast majority of the country's remaining reserves.

The continuing importance of gas as a primary energy source is shown in the following chart. On an oil equivalent basis, gas accounts for almost three-quarters of the country's remaining petroleum reserves.

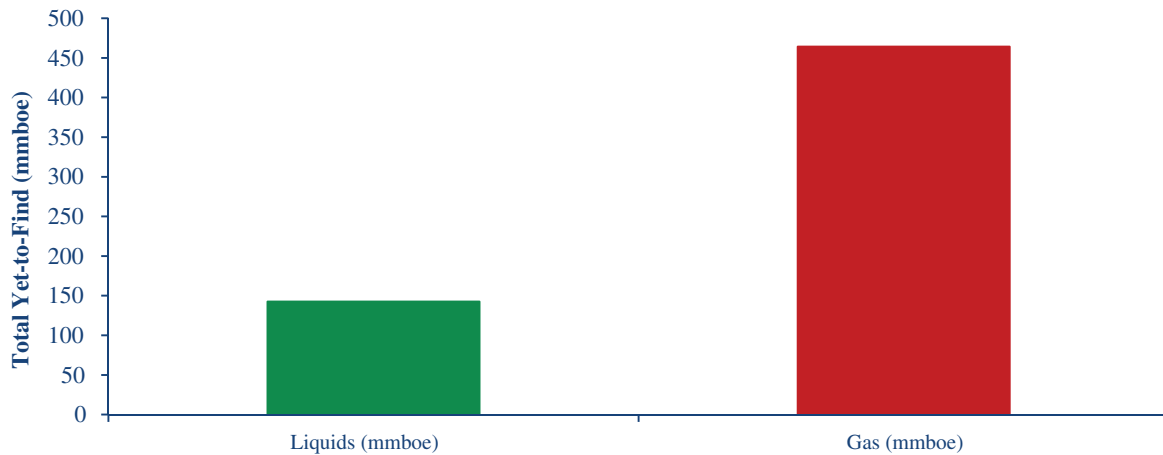
Thailand Commercial and Technical Oil and Gas Reserves (mmboe)



Source: Wood Mackenzie
 Remaining reserves as of Q1 2016

Prospectivity and recent discoveries

Thailand Yet-to-Find Commercial and Technical Reserve Volumes



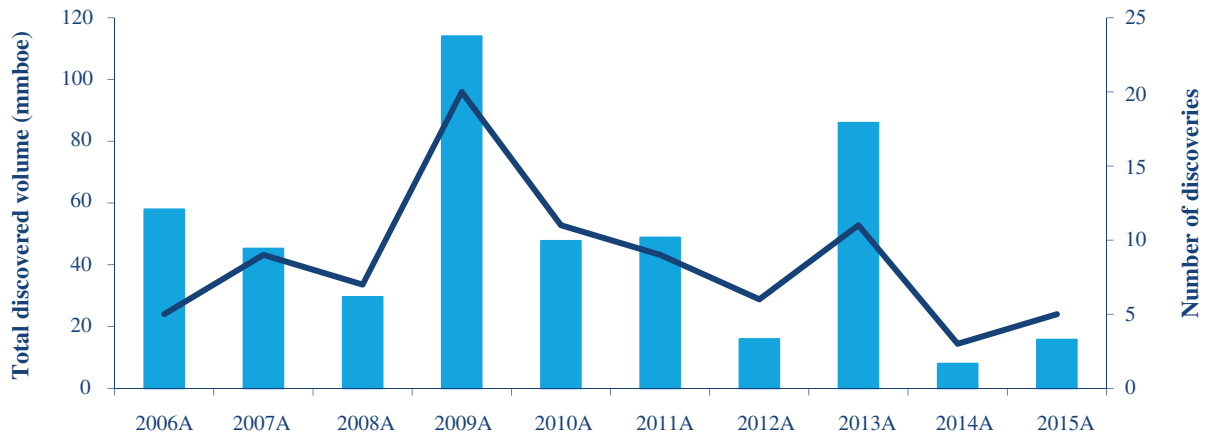
Source: Wood Mackenzie

Much of Thailand's yet-to-find potential lies in gas reserves, with Wood Mackenzie estimating 464 mmboe of gas potential, compared to 143 mmboe of liquids.

Thailand has also seen a string of recent discoveries. With at least three discoveries a year since 2006A, the country saw a high of 20 discoveries made in 2009A. Despite the number of discoveries, sizes have tended to be smaller. The 114 mmboe discovered in 2009A from 20 discoveries was the peak in the last 10 years, contributing to a total of 469 mmboe discovered in the entire period.

Many of the recent finds have been near-field step-out discoveries, adding small incremental volumes.

Thailand Recent Discoveries, 2006A-2015A



Source: Wood Mackenzie

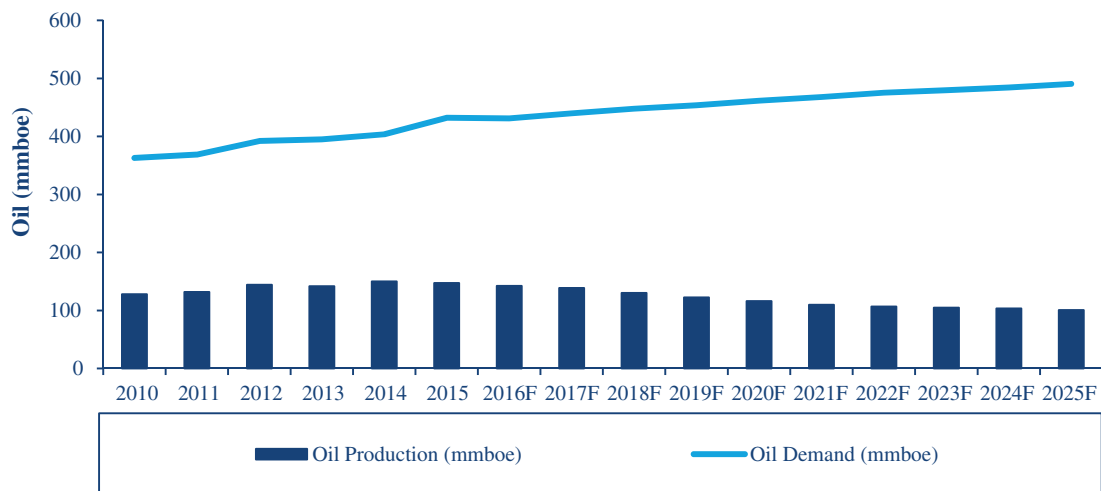
Historical and forecast oil and gas demand and production

In terms of oil production, Thailand's largest onshore oil producing field has been the Sirikit Area, operated by PTTEP. Current development work is expected to maintain oil production from the Sirikit Area above 20,000 b/d until 2020.

Thailand's liquid output (including condensate) is forecast to peak in 2016 at 265,000 b/d, and will remain above 200,000 b/d until 2018. The two largest liquid producing areas are the Chevron-operated B8/32 and Contract 3 areas, with condensate volumes expected to increase in 2014 as gas output ramps up. Elsewhere liquid production is supplemented by the onshore Sirikit Area (S1), and CEPSA's Songkhla development in G5/43. Mubadala's G1/48 (Manora) project will add further production from 2014.

Longer-term, liquid production is forecast to decline in line with falling output from the main gas producing fields in the Pattani and Malay basins.

Thailand Oil Supply-Demand, 2010A-2025F



Source: Wood Mackenzie

In the last decade Thailand's domestic gas demand has grown strongly. In 2003, a number of sales agreements for the supply of domestic gas were signed. Incremental supply was secured from existing suppliers such as Unocal's B12/27 concession, and in January 2004, a Gas Sales Agreement was signed for the supply of gas from PTTEP's Arthit fields. This was the first new source of gas to be contracted to the Thai market since early-2000. In addition, Unocal secured a Heads of Agreement for the supply of additional gas from Contract Areas 1, 2 and 3, in 2006. The HoA was converted into a full GSA in 2007 and a 10-year extension to the concession agreements was secured. Supply from Arthit started in April 2008, via the third Gulf of Thailand gas trunk line.

To date, the vast majority of Thailand's gas output has come from the Gulf of Thailand, where production started in 1981 from Unocal's Erawan field. Chevron acquired Unocal in August 2005, and became Thailand's premier gas producer.

The largest producing onshore gas field is the Hess-operated Sinphuhorm, which in 2016 is estimated to have sales output of 110 mmcf/d. Thailand is also supplied gas from the Malaysia-Thailand JDA, from both the CPOC-operated B-17 block and the CTOC operated A-18 block. A-18 and B-17 are expected to supply 400 mmcf/d and 270 mmcf/d, respectively. The sales agreements for A-18 and B-17 have an option to increase supply if demand and reserves allow. First production from the Malaysia-Thailand JDA was achieved in 2008.

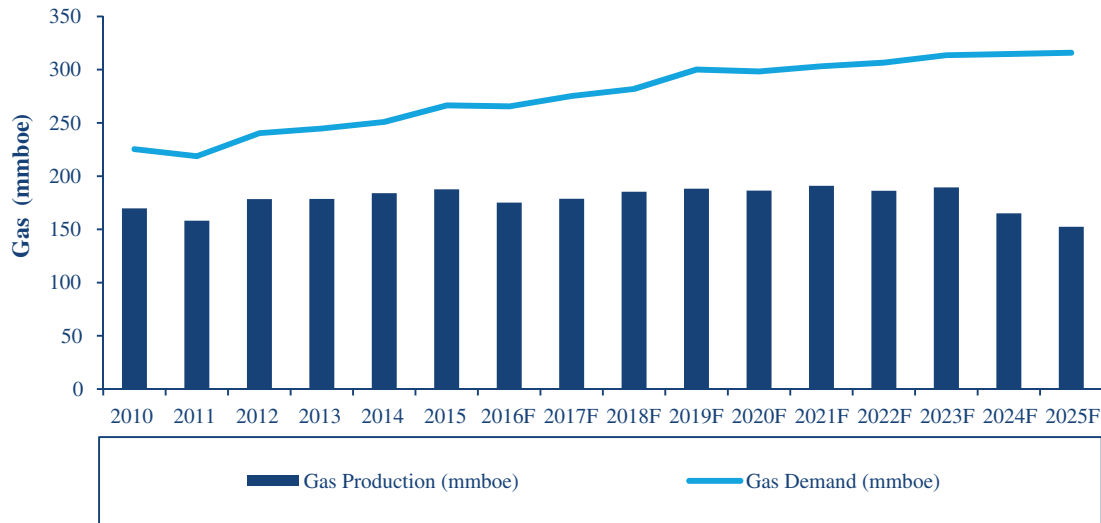
To meet growing demand, Thailand's domestic gas supply has been augmented by imported gas from Myanmar and the Malaysia-Thailand JDA. Since the inception of the LNG regas terminal in 2011, LNG imports augment the domestic and piped gas supply. As there are limited options for supply, Thailand will need to seek cooperation with Cambodia to develop the Overlapping Claims Area.

In recent years, two major projects have been brought onstream to increase the supply of gas to Thailand's domestic market. Chevron's Platong II project began commercial production in October 2011, whilst PTTEP's Bongkot South development began production in April 2012. These projects will increase supply capacity by 420 mmcf/d and 320 mmcf/d respectively.

In the medium term, Thailand will need to contract for more LNG to reduce its vulnerability and diversify its supply sources. PTT has signed the first long term LNG contract with QatarGas for a 20-year LNG volume from 2015 onwards. It recently secured approvals to purchase LNG from Shell and BP, with both companies supplying one million tonne of LNG each for up to 20 years. In addition, PTT is supplementing the long-term volumes with quarterly tenders to buy short-term LNG from the international market.

The LNG regasification terminal has an initial capacity of five million tonnes per annum, and is located at Map Ta Phut, south of Bangkok. An expansion plan would see capacity double by 2017. A third phase, approved by PTT's board of directors, could add another five million tonnes, but there are currently no firm dates.

Thailand Gas Supply-Demand, 2010A-2025F



Source: Wood Mackenzie

Indicative crude oil and natural gas pricing

Liquids Pricing

Oil is sold at a price referenced to local crudes (e.g. Tapis) or baskets of crude (e.g. Oman blend, Ardjuna and Minas).

Condensate pricing is based on an average of a basket of five crudes and condensates (Berri, Murbau, Seria Light, North West Shelf, Tapis) posted in Singapore, usually at a discount of between 5% and 9%.

Natural Gas Pricing

Gas sold in Thailand is generally sold at a price dictated by a formula contained within the gas sales agreement. Details of these formulae remain confidential and vary between individual GSAs and suppliers. The formulae reference a variety of indices, the most common of which are as follows:

- A basket of Medium Sulphur Fuel Oils from Singapore
- The Wholesale Price Index in Thailand
- The US Index of Export Prices
- The Producer Price of Oilfield Machinery and Tools Index
- The Baht/US\$ Exchange Rate
- The Inflation Rate
- Fluctuations in Foreign Currency Exchange Rates

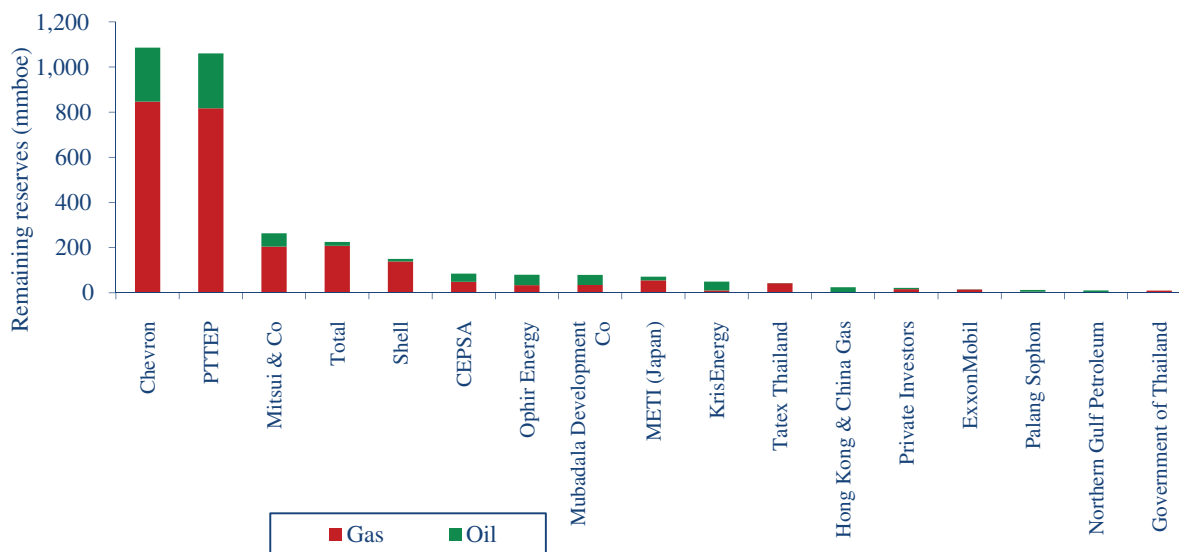
Individual formula may reference only one or a number of these indices. To account for variance of the indices referenced, gas prices are generally adjusted every six months or every year, depending on the terms of the contract. In some cases, the GSA allows for more frequent adjustment in the event that certain indices and factors on which the price is based fluctuate outside a given range.

Domestic demand, pricing tension and domestic market obligation (“DMO”)

While the Thai contracts do not require a DMO supply, under the terms of the Petroleum Act, should the government determine that Thailand requires additional oil supply, concessionaires “may be required to supply petroleum of suitable quality for the purpose of having an adequate supply of petroleum for the demand in Thailand ... each concessionaire shall be required to supply such petroleum in the ratio that his petroleum production bears to total petroleum production in Thailand as shown in the last six months.” Where it is deemed a matter of “national security”, the government can temporarily prohibit the export of all or part of petroleum produced.

Major players active in the country

Oil and Gas Reserves in Thailand by Company, 2016A
(Commercial and Technical Reserves)

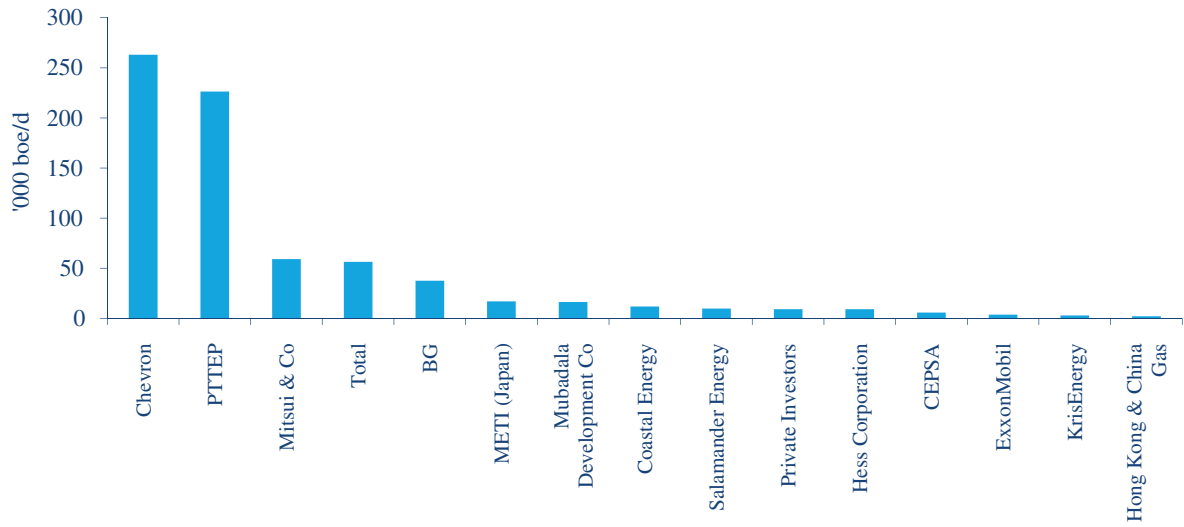


Source: Wood Mackenzie

Only top companies shown

Thailand’s upstream industry is dominated by two operators - Chevron and state company PTTEP. They manage the largest gas, oil and condensate projects in the country, with MOECO, Total and BG (now Shell) predominately in non-operated roles. PTTEP operates the Sinphuhorm onshore gas project.

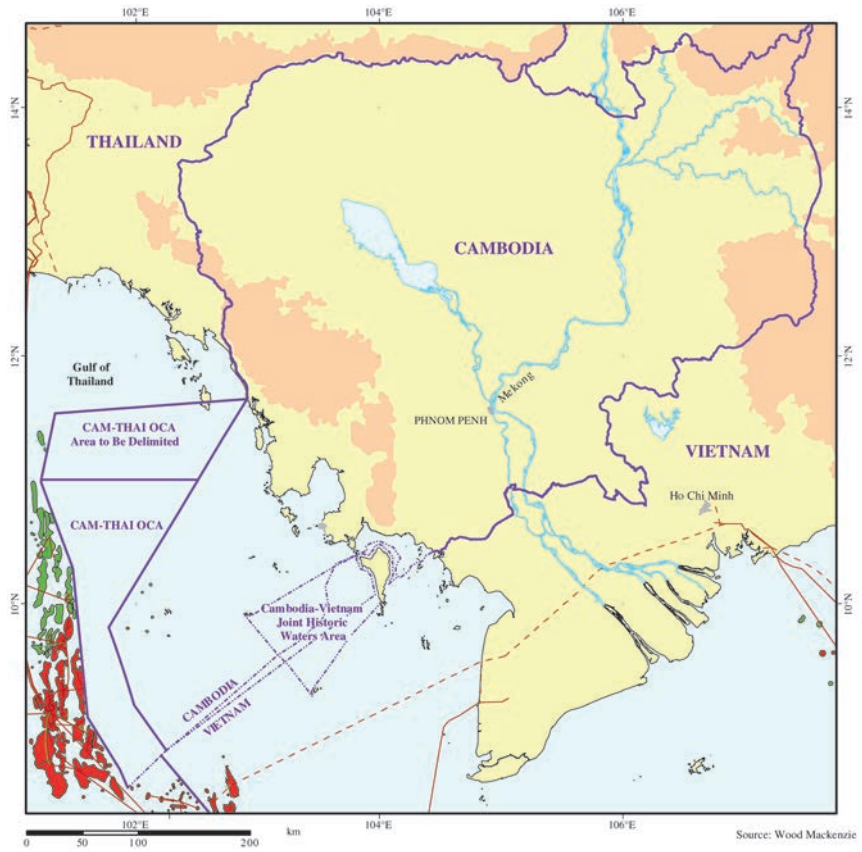
Thailand Average WI Production 2011A-2015A by Company



Source: Wood Mackenzie
Top 15 companies shown

Cambodia

Overview



The Cambodian upstream industry is still in its infancy compared to the majority of its South East Asian neighbours. The greatest potential is thought to exist in the disputed Overlapping Claims Area (OCA) between Thailand and Cambodia, which could hold up to 11 tcf of gas and over a billion barrels of liquids. However, exploration is on-hold pending resolution of the OCA issue.

Interest in Cambodia's undisputed offshore waters slowly gained momentum following a series of small oil discoveries made by Chevron in Block A in 2004 and 2006. Exploration acreage was acquired by companies such as PTTEP, Medco Energi, Lundin Petroleum and CNOOC. However, the wells drilled so far have mostly not been successful, and some of these PSCs have since been relinquished. In 2016, the Cambodian authorities revoked blocks B, D and F as the companies failed to meet their exploration and financial obligations as set in the petroleum agreement.

The Block A oil project will be Cambodia's first upstream project, and is expected onstream in Q3 2019. The project had previously been stalled by ongoing uncertainty over petroleum taxation. However, KrisEnergy took over operatorship in October 2014, and Wood Mackenzie expects that FID will be taken by late-2016. The country's onshore acreage remains largely unexplored, due to a lack of available data and logistical issues, such as poor infrastructure, access and unexploded war-time ordinance and land-mines. The Cambodian authorities have indicated they intend to open up a licensing round for 19 onshore and six offshore blocks in the near future.

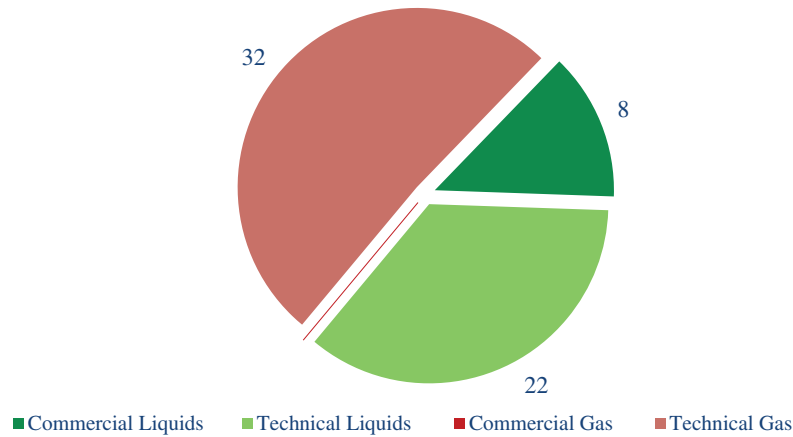
Oil and gas reserves/resources

No commercial oil or gas reserves have been proven in Cambodia to-date, although the Chevron discoveries in Block A are likely to be confirmed as commercial in the future. The results of Chevron's recent appraisal drilling have not been released and Wood Mackenzie continues to categorise reserves in the Pimean Akas, Sirey Sambat, Pisnuka, Sovann Phum and Mealdey discoveries as non-commercial at the current time, with tentative estimates of 9 million barrels, 8 million barrels, 5 million barrels, 5 million barrels and 200 bcf, respectively. Original oil in place reserves on the block were independently certified at 672 million boe in 2011. However, reservoir performance and recovery levels remain unknown for Block A.

CNPA estimates based on basin level analysis, suggest that Blocks A-F could cumulatively contain up to three tcf of gas and 400 million barrels of crude. These figures remain speculative and appraisal results from Block A and other PSCs will provide a more substantiated view of the potential in the offshore areas.

The CNPA estimates that the OCA contains undetermined quantities of oil and condensate and up to 11 tcf of gas, although again this is subject to uncertainty.

Cambodia Commercial and Technical Oil and Gas Reserves (mmboe)



Source: Wood Mackenzie
 Remaining reserves as of Q1 2016

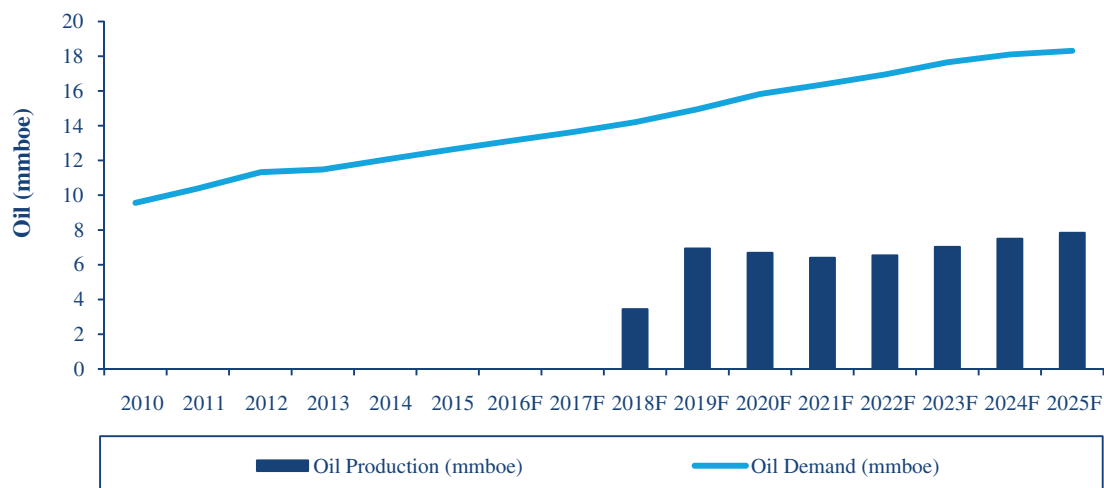
Prospectivity and recent discoveries

Cambodia’s prospectivity is yet to be proven, with the last discoveries made in 2004A (3 discoveries) and 2005A (2 discoveries), totalling 62 mmboe. No commercial or technical discoveries have been made in the past 10 years.

Historical and forecast oil and gas demand and production

There is currently no oil or gas production in Cambodia, with some oil production expected to start in 2018F. KrisEnergy’s Block A project offer the best potential for near-to-medium term oil production, while the Mealdey discovery offers the best potential for near to medium term gas production.

Cambodia Oil Supply-Demand, 2010A-2025F



Source: Wood Mackenzie

Indicative crude oil and natural gas pricing

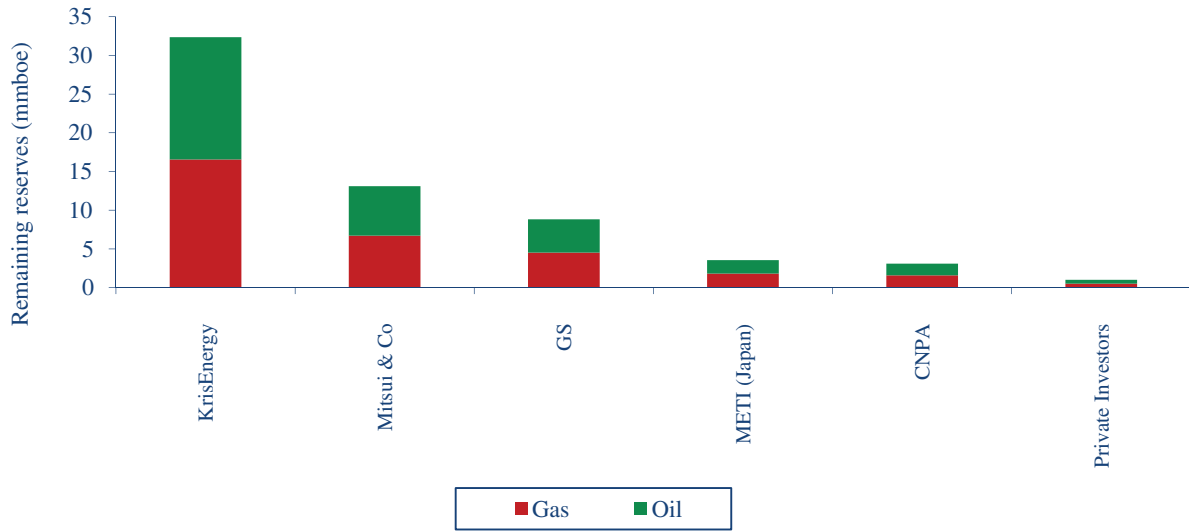
Liquids and natural gas pricing in Cambodia is based on forecast oil and gas prices which would apply for any future development.

Domestic demand, pricing tension and domestic market obligation (“DMO”)

The Government of Cambodia with one calendar quarter’s notice has the right to require the contractor to sell its proportion of net petroleum output to the Ministry in order to meet internal demand in the country.

Major players active in the country

**Oil and Gas Reserves in Cambodia by Company, 2016A
(Commercial and Technical Reserves)**



Source: Wood Mackenzie

Most of the reserves currently held by companies active in Cambodia relate to the Block A project, with KrisEnergy as operator.

Bangladesh

Overview



Source: Wood Mackenzie

Bangladesh's hydrocarbon industry is dominated by natural gas, which provides its main source of energy. However, in recent years, demand for gas has grown significantly faster than supply, leaving the country facing an energy shortfall. The state oil and gas company, Petrobangla, is the dominant producer in the country, but severe funding issues have constrained its ability to fully explore and develop its position.

Chevron is the main international player in Bangladesh, operating the Bibiyana, Jalalabad and Moulavi Bazar fields, which provide almost 60% of the country's gas production. Since 2013, the company has invested in enhancement projects at Bibiyana and Jalalabad which has increased combined output to nearly 1.5 bcf/d.

In mid-2011, Petrobangla signed a contract with ConocoPhillips to explore two deepwater blocks awarded to the company during the 2008 licensing round. However, ConocoPhillips relinquished these blocks as part of global deepwater retrenchment.

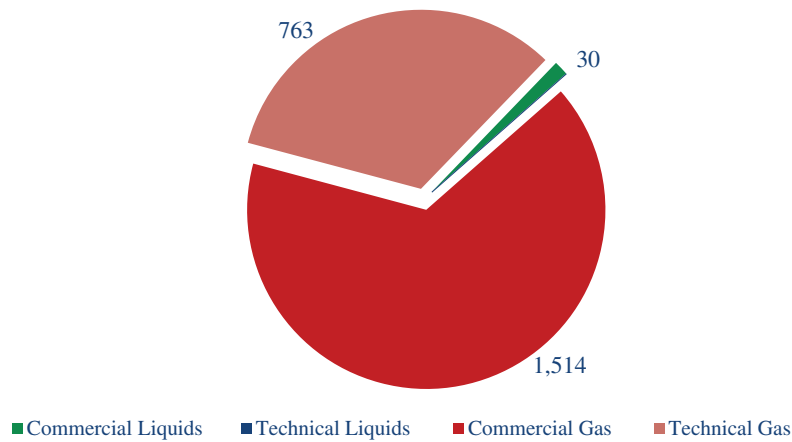
In November 2012, Bangladesh launched an offshore licensing round which received a dismal response with only three shallow water blocks awarded initially. The bid submission period was extended after which one more block was awarded. The deepwater blocks received no bids and Petrobangla offered those with revised terms in late-2013. A Statoil-ConocoPhillips partnership bid on three of the blocks. Eventually, ConocoPhillips exited the consortium and no contract was signed.

In early-2016, the government invited direct offers for these three blocks via the Speedy Supply of Power and Energy Act. Daewoo submitted a bid for one of the blocks and we expect a contract to be signed before the end of the year. Furthermore, in September 2016, the blocks relinquished by ConocoPhillips and one shallow water block (SS-10) were also offered up via the same route with Statoil, Daewoo and KrisEnergy filing an expression of interest.

Oil and gas reserves/resources

Bangladesh’s reserves are dominated by gas, however, liquids reserves were boosted by the discovery of the Bibiyana gas/condensate field where we estimate potential recoverable condensate reserves of 26 million barrels.

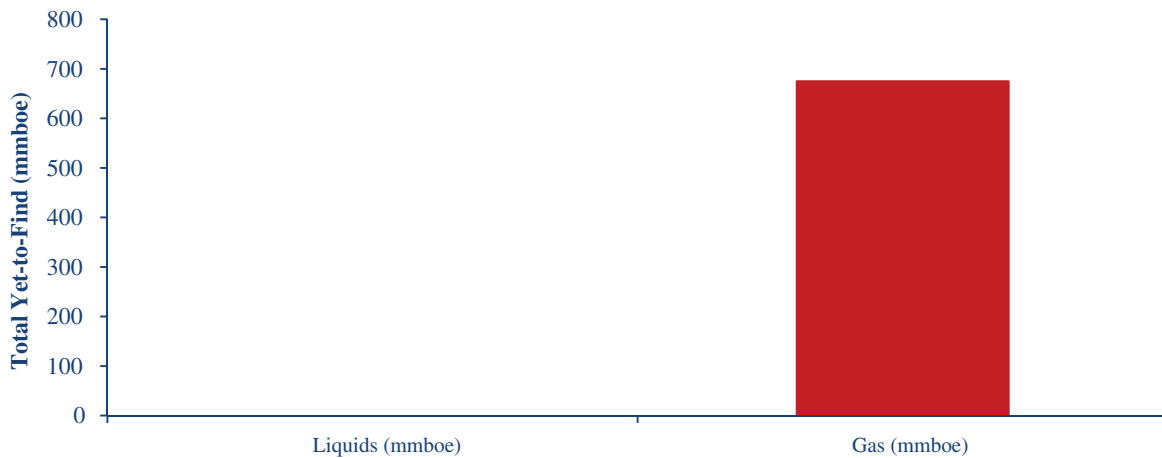
Bangladesh Commercial and Technical Oil and Gas Reserves (mmboe)



Source: Wood Mackenzie
 Remaining reserves as of Q1 2016

Prospectivity and recent discoveries

Bangladesh Yet-to-Find Commercial and Technical Reserve Volumes

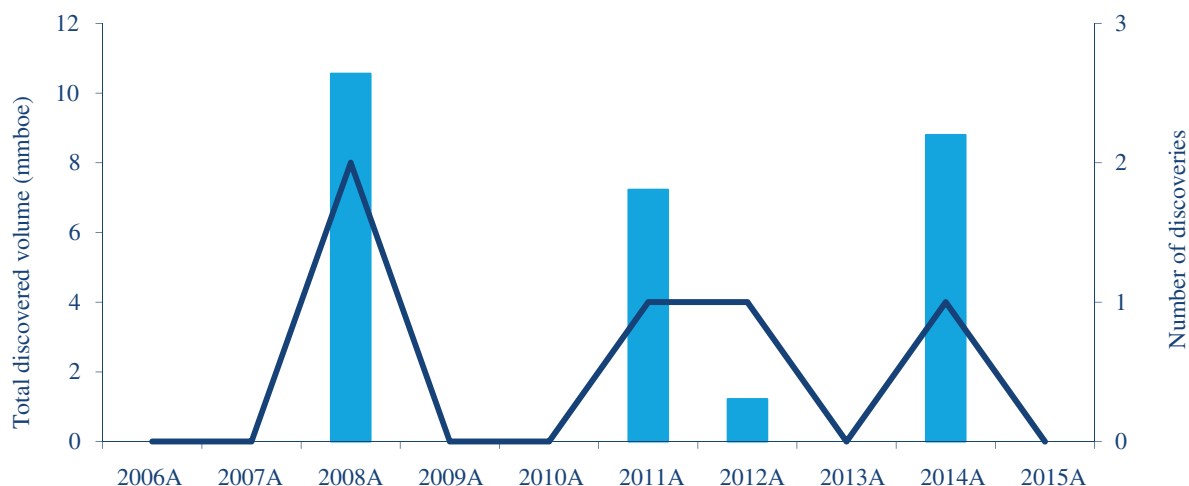


Source: Wood Mackenzie

Gas makes up all the potential yet-to-find volume in Bangladesh, with Wood Mackenzie estimating 675 mmboe of gas potential.

The country’s history of discoveries has been relatively limited, with 2 discoveries in 2008A, and 1 discovery made in the years 2011A, 2012A, and 2014A. Total discovered volumes in 2008A was 11 mmboe, with a total of 28 mmboe of commercial and technical oil and gas discovered in the last 10 years.

Bangladesh Recent Discoveries, 2006A-2015A



Source: Wood Mackenzie

Historical and forecast oil and gas demand and production

The only oil production in Bangladesh occurred between 1987 and 1994, when the Sylhet (Haripur) field produced an average of 200 b/d of waxy, low sulphur, 28°API oil from the Sylhet-7 well. The pipeline from Sylhet-7 waxed up and production ceased in July 1994, with the field having produced 550,000 barrels of oil. It is understood that there are no plans to bring Sylhet-7 back onstream.

As a result of the high methane content of the majority of Bangladesh’s gas fields, associated condensate production has remained at a proportionately low level. Total liquids production remained fairly flat during the early 1990s at between 1,000 and 2,000 b/d.

Gas production in Bangladesh started in 1960 when the Chattak field was brought onstream and has been steadily rising. Until 1998, Petrobangla had retained exclusive responsibility for all hydrocarbon production in Bangladesh, operating 15 gas fields via its two subsidiaries, Sylhet Gas Fields Limited (SGFL) and Bangladesh Gas Fields Company Limited (BGFCL). Petrobangla’s monopoly ended when Cairn brought the Sangu field onstream in June 1998. The Sangu field cease producing in 3Q 2013 as volumes reached sub-commercial levels.

Feni and Fenchuganj began production in 2004. Feni previously produced gas under Petrobangla operatorship but was shut-in during 1998. Niko took over in 2003 and began production from the field in November 2004, at a rate of 20 mmcfd. BAPEX brought the Fenchuganj field onstream in May 2004, at a rate of just under 25 mmcfd.

In April 2005, Chevron brought the Moulavi Bazar field onstream at a rate of around 70 mmcf. Production was ramped up to 110 mmcf in July 2005. Following the commissioning of the Bibiyana field in March 2007, production from Moulavi Bazar was reduced on account of compression constraints

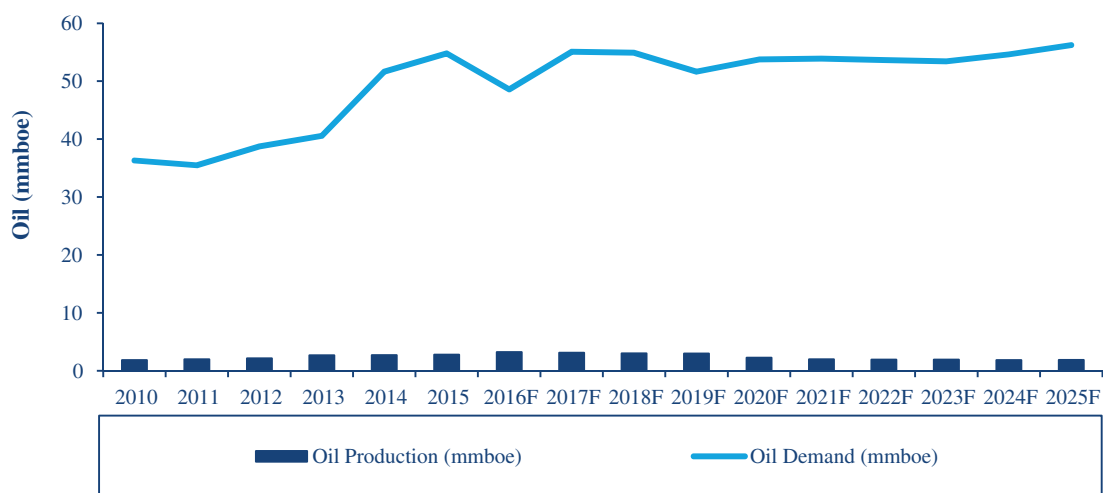
The Bangora field achieved first production in May 2006, when the Bangora-1 exploration well began producing 30-40 mmcf on a long term test. Production was then increased to 60 mmcf in November 2006 when Bangora-2 was brought onstream, and to 70 mmcf in May 2007 when Bangora-5 was tied-in. In April 2009, following the work-over of the Bangora-3 well, production increased to 120 mmcf. The field is currently producing from four wells, Bangora-1, 2, 3 and 5. KrisEnergy announced in April 2013 that it had acquired this asset from operator Tullow. The company began development drilling in the field in 2016 to maintain output around 100 mmcf.

Petrobangla operates 17 fields in Bangladesh, through its three subsidiaries, Bangladesh Gas Fields Company Limited (BGFCL), Sylhet Gas Fields Limited (SGFL), and Bangladesh Petroleum Exploration and Production Company Limited (BAPEX). Thirteen of these fields are currently producing. However, many Petrobangla-operated fields are mature and in decline and the company has been unsuccessful in adding new reserves through exploration, due to financial constraints in the past and but more recently due to poor geology

Chevron, now the largest producer in Bangladesh, successfully increased production at the Bibiyana field to 1,200 mmcf by 2015 after completion of the Bibiyana enhancement project. The Bibiyana field is now the swing producer in Bangladesh and will supply the rise in Bangladeshi gas demand going forward. Output was also increased to over 200 mmcf from the Jalalabad field after a successful drilling project in 2015.

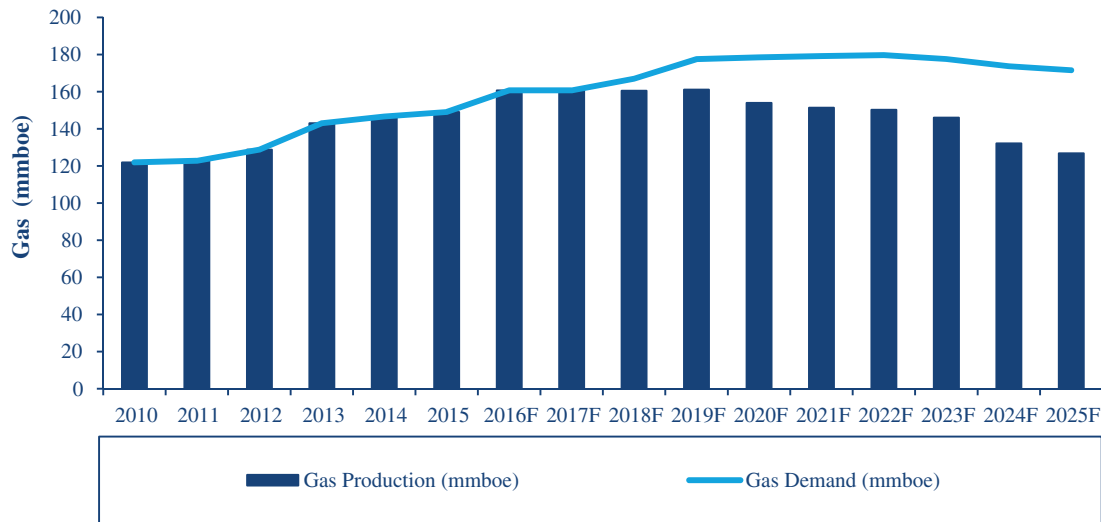
Post-2017, we expect Bangladesh’s gas production to enter into decline, unless large scale development work is carried out at currently onstream and discovered fields.

Bangladesh Oil Supply-Demand, 2010A-2025F



Source: Wood Mackenzie

Bangladesh Gas Supply-Demand, 2010A-2025F



Source: Wood Mackenzie

Indicative crude oil and natural gas pricing

Liquids Pricing

The value of oil/condensate from each production area is determined on the basis of market value comparable to the Asia Pacific Petroleum Price Index (APPI). The price of locally produced LPG is linked to the international price of kerosene on a BTU basis.

Natural Gas Pricing

For the upstream companies, there is no fixed gas purchase price. In the 1990s, Cairn and Occidental were involved in protracted negotiations over the price that Petrobangla would pay. Under the 1993 Petroleum Policy, the pricing for associated gas is on a cost plus basis. For non-associated onshore gas, the price is indexed to 75% of the price of High Sulphur Fuel Oil (HSFO) 180 CST f.o.b. Singapore, less negotiated discounts. Offshore gas pricing is 25% higher than for onshore, equivalent to 93.75% HSFO, again less negotiated discounts.

Floor and ceiling prices for HSFO, negotiable by PSC, are applied to ensure price competitiveness of domestic gas. Under the 1997 Model PSC, the floor and ceiling prices for HSFO were set at US\$70/tonne and US\$120/tonne respectively (equivalent to around US\$1.31/mcf and US\$2.25/mcf onshore and around US\$1.73/mcf and US\$2.97/mcf offshore, with the above linkage index considered).

Under the 2008 Model PSC, offshore gas pricing for Type-A blocks was unchanged from the 1997 Model PSC. However, the price for Type-B blocks was indexed to 100% of HSFO.

In 2009, Cairn announced that it has been given the rights to freely market gas from its Block 16 (non-Sangu areas) with the buyers.

Under the 2012 PSC, gas prices remained linked to high sulphur fuel oil (HSFO), but with the floor and ceiling increased to US\$100/Mt and US\$200/Mt. Assuming a 100% linkage, this generates a ceiling gas price of US\$5.00/mcf for a shallow block, which compares favourably to the US\$4.22/mcf offered in 2008 round.

Gas from deepwater blocks received a 110% linkage to the cap resulting in a price of US\$5.50/mcf (compared to US\$4.50/mcf in 2008). However, a muted response to the round forced Petrobangla to revise the deepwater price terms. Under this revised model the ceiling was fixed at US\$220/Mt resulting in a price of US\$6.05/mcf.

The price for each calendar quarter is calculated based on the arithmetic average of the daily APPI price quotations, for the six months ending on the last day of the second month preceding the quarter.

Sales of gas to Petrobangla are invoiced monthly with payments made within 45 days from the issue of invoice.

Domestic demand, pricing tension and domestic market obligation (“DMO”)

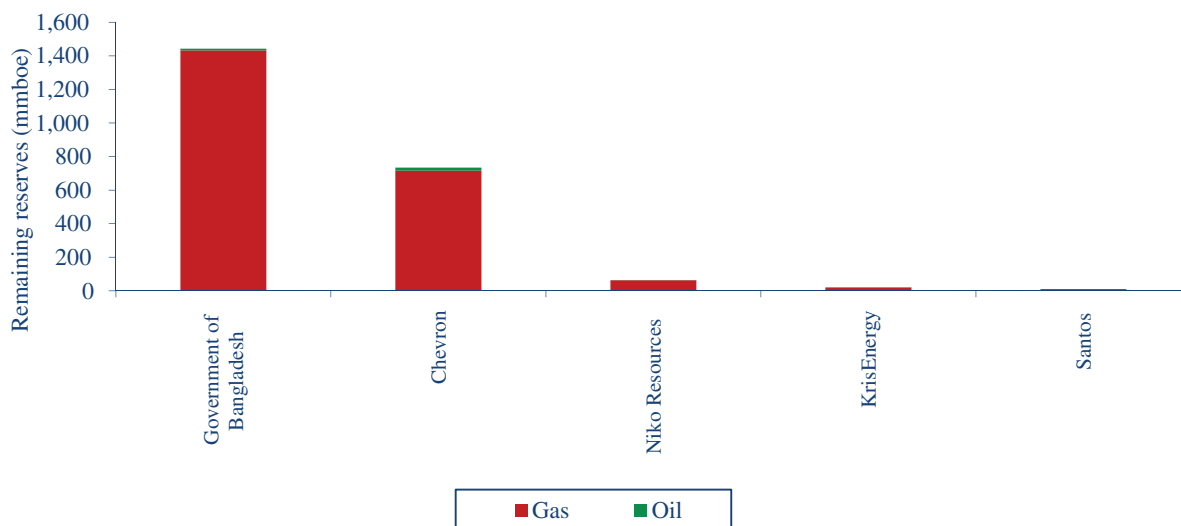
Under the revised 2012 terms for deepwater blocks, contractors will be able to sell half of their volumes directly to third parties without Petrobanglas’ right of first refusal, and contractors are also prohibited from exporting gas. Other than this, Bangladesh does not apply DMOs, and gas producing companies will be assured a market outlet within reasonable time of a discovery being declared commercial. If an indication of an outlet is not provided by the government within 12 months, the producer is free to find a market outlet within Bangladesh.

The contractor may export natural gas in the form of LNG, subject to negotiation with the government.

Petrobangla will compensate the contractor for relinquishment of rights for the ‘Required Volume’ of discovered and appraised natural gas located west of the Padma-Jamuna Rivers, up to a maximum of 1 tcf. The Required Volume is the minimum volume estimated to be economically recoverable for domestic use.

Major players active in the country

**Oil and Gas Reserves in Bangladesh by Company, 2016A
(Commercial and Technical Reserves)**



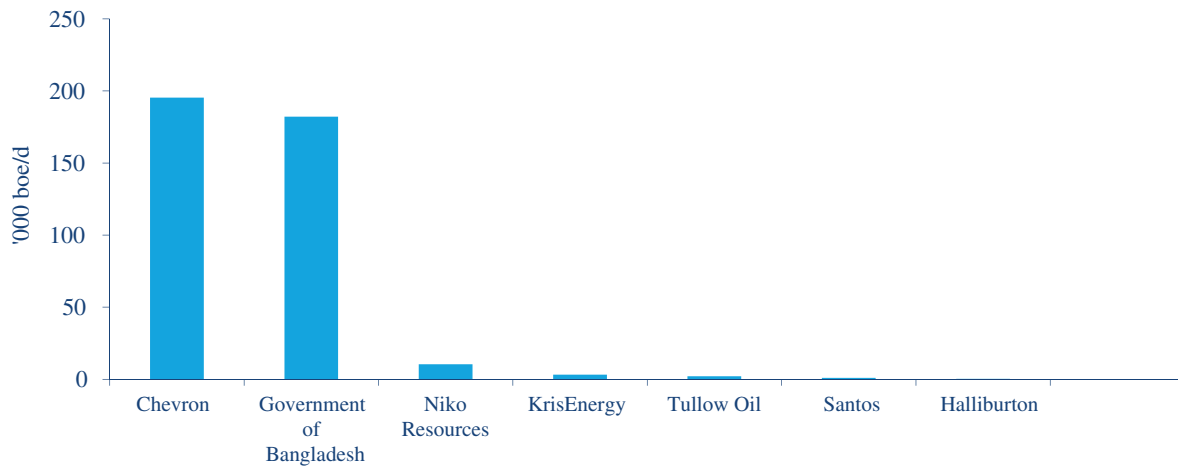
Source: Wood Mackenzie

Bangladesh’s oil and gas industry is dominated by state company Petrobangla and its subsidiaries. Chevron also holds a key position, through its operatorship of the Bibiyana, Moulavi Bazar and Jalalabad gas fields, acquired via its 2005 acquisition of Unocal. However, Chevron’s entire position in Bangladesh is up for sale as part of a wider divestment initiative with several companies reportedly interested, including Petrobangla.

Several other international companies hold reserves in the country, although on a much smaller scale. Niko Resources operates the Feni and Chattak fields, under a joint venture agreement with Petrobangla subsidiary Bangladesh Petroleum Exploration and Production Company (BAPEX). It also holds reserves in the Bangora field, operated by KrisEnergy. In October 2010, Cairn Energy announced that it had sold its interest in Bangladesh to Santos, marking Cairn’s departure from Bangladesh. Santos’ only producing assets, the Sangu Area fields, ceased production in 3Q 2013. Petrobangla also holds considerable technical gas reserves, which remain undeveloped due to a lack of funding.

Santos continues to maintain a presence due via its interest in the SS-11 block, awarded under the 2012 bid round. The company is partnered by KrisEnergy and BAPEX. An ONGC Videsh and Oil India consortium was also awarded two blocks during the round. Daewoo is expected to sign a deal before the year end for one of the blocks offered under the Speed Supply of Power and Energy Act.

Bangladesh Average WI Production 2011A-2015A by Company



Source: Wood Mackenzie

APPENDIX 8
**RISK FACTORS RELATING TO THE PREFERENTIAL OFFERING,
THE NOTES, THE WARRANTS AND/OR THE NEW SHARES**

Note to Shareholders: The information in this Appendix 8 is subject to finalisation of the terms and conditions of the Notes and such information may be updated or changed in the Offering Memorandum.

Noteholders may be structurally subordinated to the Company's Subsidiaries' third-party indebtedness and obligations

The Notes will be obligations of the Company exclusively and not of any of its Subsidiaries. The Company conducts substantially all of its operations, including all of its producing assets, through its Subsidiaries. The Company's Subsidiaries are separate legal entities that have no obligation to pay any amounts due under the Notes or to make any funds available therefore, whether by dividends, loans or other payments. Except to the extent the Company is a creditor with recognised claims against its Subsidiaries, all claims of third-party creditors (including trade creditors) of the Company's Subsidiaries will have priority with respect to the assets of such Subsidiaries over the claims of its creditors, including Noteholders. Consequently, the Notes will be structurally subordinated to all existing and future liabilities of any of the Company's Subsidiaries and any Subsidiaries that the Group may in the future acquire or establish, including all amounts outstanding under the Revolving Credit Facility.

The proceeds realised from a sale of the Note Security Assets may not be sufficient for the Noteholders to recover all amounts due on the Notes

The Notes are to be secured by Security Interests on the Note Security Assets (as defined below). The Note Security includes (a) a first ranking security interest over the shares of SJ Production Barge Ltd and (if applicable) a first ranking account charge over certain account(s) held by SJ Production Barge Ltd; and (b) a junior ranking security interest over the assets secured or to be secured from time to time under the RCF Security.

If the Company fails for whatever reason to redeem or pay principal or any such amount due on the Notes, the Noteholders will have to rely on the enforcement of the Note Security and the sale of the assets which are from time to time subject to the Note Security (the "**Note Security Assets**") for the repayment of any amounts due on the Notes. Given in particular that some of the Note Security Assets will be secured by a junior ranking security interest, the proceeds from the enforcement of the Note Security may not be sufficient to satisfy the Company's obligations under the Notes.

The ability of the Common Security Agent to foreclose on the Note Security upon the occurrence of an event of default under the Notes or otherwise, will be subject in certain instances to perfection and priority issues. Although procedures will be undertaken to support the validity and enforceability of the Security Interests, there is no assurance that the Common Security Agent or the Note Trustee (acting on behalf of the Noteholders) will be able to enforce the Security Interest. In addition, the Intercreditor Agreement will provide, among other things, that the Note Security which secures the Group's obligations under the Revolving Credit Facility on a first ranking basis may, until such time as the Revolving Credit Facility has been discharged in full, only be enforced by the Common Security Agent following instructions to this effect from the RCF Agent (and not from the Note Trustee).

The amount of the proceeds realised from a sale of the Note Security Assets will depend on a number of factors, including market and economic conditions, the market value of the Note Security Assets at the time

of enforcement, the jurisdiction in which the enforcement action or sale is completed, the condition of the Note Security Assets, and the Common Security Agent's (or its agent's) ability to dispose of the Note Security Assets to a willing purchaser. An appraisal of the Note Security Assets has not been prepared in connection with the Preferential Offering.

Any proceeds from the sale of the Note Security Assets may also be subject to certain transfer taxes and/or transaction costs and expenses. Furthermore, the net amounts realized from the enforcement of any security will be subject to payment of the prior-ranking fees and expenses in accordance with the Note Security Documents and, with respect to the Note Security which will secure the Group's obligations under the Revolving Credit Facility on a first ranking basis, to repayment of the Group's obligations under the Revolving Credit Facility. Each of these factors could reduce the likelihood of an enforcement action and/or reduce the amount of any proceeds from an enforcement action. Accordingly, there is no assurance that the proceeds of any sale of the Note Security Assets following an event of default under of the Notes would be sufficient to satisfy, or would not be substantially less than, amounts due and payable on the Notes. By their nature, some or all of the Note Security Assets may be illiquid and may have no readily ascertainable market value. Likewise, there is no assurance that the Note Security Assets will be saleable or, if saleable, that there will not be substantial delays in its liquidation.

The security will not be granted directly to the Noteholders

The security for the Company's obligations under the Notes to be executed pursuant to the provisions of the Note Security Documents has not been and will not be granted directly to the Noteholders. Such security will only been granted in favour of the Common Security Agent. As a consequence, Noteholders will not have direct security and will not be entitled to directly take enforcement action in respect of the security for the Notes. However, the Note Trustee acting on behalf of the Noteholders may pursue a course of action through the Common Security Agent or its agent, who is expected to agree to apply any proceeds of enforcement on such security towards such obligations.

There may not be an active or liquid market for the Notes or the Warrants

There is no assurance that there will be an active or liquid market for the Notes or the Warrants because prior to the Preferential Offering, there has been no public market for the Notes or the Warrants.

Following the listing and quotation of the Notes and the Warrants on the SGX-ST, the Company is unable to predict the extent to which a trading market will develop, if at all, or how liquid that market may become. Any secondary market activities may not be continuous or regular and the value of the Notes and the Warrants may fluctuate for various reasons over which the Company has no control. Therefore, you may not be able to sell your Notes or Warrants easily or at prices that will provide you with a yield comparable to similar investments that have a developed secondary market. Liquidity may have a severely adverse effect on the market value of Notes and Warrants. Although the issue of additional Notes or Warrants may increase the liquidity of the Notes and Warrants, there can be no assurance that the issue in the market of such additional Notes and Warrants will not adversely affect the price of such Notes and Warrants. Further, the demand for the Notes or Warrants, their respective price fluctuations as well as trading volume may vary from that of the Shares.

Accordingly, the subscription or purchase of the Notes and the Warrants is suitable only for investors who can bear the risks associated with a lack of liquidity in the Notes and the Warrants and the financial and other risks associated with an investment in the Notes and the Warrants.

The market price of the Notes, Warrants and the New Shares (upon listing) may be volatile

The market price of the Notes, the Warrants and the New Shares (upon listing) may be volatile and could be subject to fluctuations in response to the variations in the Company's operating results. In addition, there is no assurance that the market price of the Notes, the Warrants and the New Shares (upon listing) will not fluctuate significantly and rapidly as a result of the following factors, some of which are beyond the Group's control:

- (i) positive or negative publicity relating to any of the Company's Substantial Shareholders or Directors;
- (ii) success or failure of the Group's management team in implementing business and growth strategies;
- (iii) gain or loss of an important business relationship or contract;
- (iv) variation of the Group's operating results;
- (v) announcements by the Group or its competitors of significant contracts, acquisitions, strategic alliances, partnerships, joint ventures, capital commitments or new products or services offered by the Group or its competitors;
- (vi) changes in securities analysts' estimates of the Group's financial performance;
- (vii) changes in analysts' recommendations or perceptions;
- (viii) additions or departures of key personnel;
- (ix) developments affecting the Group, its customers or competitors;
- (x) fluctuations in general stock market prices and trading volume;
- (xi) changes in market valuations and share prices of companies with similar businesses as the Group;
- (xii) changes in accounting policies;
- (xiii) involvement in litigation or other legal proceedings or processes;
- (xiv) changes or uncertainty in the political, economic and regulatory environment in the markets that the Group operates; and
- (xv) other events or factors described in this Circular or to be described in the Offering Memorandum.

Accordingly, any of, or a combination of two or more of, the above factors may lead to fluctuations in the price of the Notes, the Warrants and the New Shares (upon listing) that may result in losses to investors. There is also no assurance that the market price for the New Shares will be above the Exercise Price after the Preferential Offering.

In the event that the Warrants are not exercised by the end of the Exercise Period, they will expire and become worthless

The Warrants have an Exercise Period of 84 months commencing on and including the date of issue of the Warrants. In the event that the Warrants are not exercised by the end of the Exercise Period, they will expire and be worthless to the Warrant holders.

Future proceeds from the Warrants may not be realised

Warrantholders have the option but no obligation to exercise the Warrants. Accordingly, there is no assurance that any of the Warrants will be exercised within the Exercise Period or that any future proceeds from the Warrants will be realised from the exercise of all of the Warrants within the Exercise Period.

The listing of the Warrants is subject to a sufficient spread of holdings

In the event that permission is not granted by the SGX-ST for the listing of and quotation for the Warrants on the Main Board of the SGX-ST due to an insufficient spread of holdings of the Warrants to provide for an orderly market in the trading of the Warrants, the Company shall nevertheless proceed and complete the Preferential Offering. In such an event, the Warrantholders will not be able to trade their Warrants on the SGX-ST.

Shareholders will suffer dilution of their percentage of ownership of the Shares if they do not or are not able to subscribe for Notes with Warrants

If any Shareholder does not accept his provisional allotments and the Notes with Warrants are subscribed for by other investors in the Preferential Offering, his proportionate voting and ownership interest will be reduced on exercise of the Warrants and issue of the New Shares. The percentage that such Shareholder's Shares represent of the Company's enlarged share capital after exercise of the Warrants and issue of the New Shares will also be diluted. If all the Warrants are exercised and assuming no adjustments to the number of Warrants pursuant to the terms and conditions of the Warrants as set out in the Deed Poll, the Company will issue up to 1,255,183,632 New Shares, representing approximately 84 per cent. of the total number of issued Shares as at the Latest Practicable Date. The magnitude of the reduction of a Shareholder's percentage ownership will depend upon the number of Warrants ultimately exercised.

Warrantholders may suffer dilution in their investment in the Warrants

The Exercise Period for the Warrants commences on the date of the issue of the Warrants and expires at 5.00 p.m. on the Expiration Date. From the issue date of the Warrants up to the Expiration Date, the Group's working capital requirements, financing plans and capital expenditure needs may vary from those presently expected. If the Group does not meet its goals with respect to revenues, or if costs are higher than anticipated or if there are changes to its current financing plans, substantial additional funds may be required. To the extent that funds generated from operations have been exhausted, the Group may have to raise additional funds to meet new financial requirements which may be by way of a rights offering (which would be subject to Shareholders' approval if necessary) or through the issuance and placement of new Shares. In the event that a Warrantholder is not a Shareholder at the time of such fund-raising, he may be unable to participate in such fund-raising or if such Warrantholder is a Shareholder and is unable or unwilling to participate in such fund-raising, the percentage of such Warrantholder's interest in the Company on exercise of the Warrants may be diluted.

An investment in the Notes is subject to inflation risk

Noteholders may suffer erosion on the return of its investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

Noteholders are exposed to financial risk

Interest payments and principal repayment for debts occur, if the terms so provide, at specified periods regardless of the performance of the Company and/or the Group. The Company may be unable to make principal repayments under the Notes should it suffer a serious decline in net operating cash flows or its financial condition, where applicable.

An investment in the Notes is subject to interest rate risk

Noteholders may suffer unforeseen losses (both realised and unrealised) due to fluctuations in interest rates. The Notes are fixed income securities and may therefore see their prices fluctuate due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the Notes. The market value of the Notes may be similarly affected which may result in a capital loss for Noteholders. Conversely, when interest rates fall, the prices of the Notes and the prices at which the Notes trade may rise.

The Notes will be represented by a Global Certificate and holders of a beneficial interest in a Global Certificate must rely on the procedures of CDP

The Notes will be represented by the Global Certificate which will be deposited with CDP. Except in certain limited circumstances described in the Global Certificate, investors will not be entitled to receive definitive Notes. CDP will maintain records of their direct account holders in relation to the Global Certificate. While the Notes are represented by the Global Certificate, investors will be able to trade their beneficial interests only through CDP.

While the Notes are represented by the Global Certificates, the Company will discharge its payment obligations under the Notes by making payments to CDP for distribution to its account holders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of CDP to receive payments under the Notes. The Company has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

The liquidity of the Shares may decline

Generally, the liquidity of the market for a particular company's shares is dependent on, among others, the size of the free float, the price of each board lot, institutional interests, and the business prospects of the company and its Subsidiaries as well as the prevailing market sentiments. There is no assurance that the liquidity of the Shares or the volume of the Shares as traded on the SGX-ST may not change or decline after the Preferential Offering.

The Note Trustee has a limited ability to monitor the books of accounts of the Company

Under the Note Trust Deed, the Note Trustee shall only be permitted to have access to the books of accounts of the Company and certain of its material Subsidiaries after an event of default or potential event of default has occurred or the Note Trustee reasonably believes that such an event has occurred or is continuing under the terms and conditions of the Notes.

The Note Trustee may request Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction

In certain circumstances (including giving of notice to the Company or taking action pursuant to Condition 8 of the terms and conditions of the Notes), the Note Trustee may (at its discretion) request Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of Noteholders. The Note Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Note Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the provisions of the Note Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such actions directly.

The Company is not, and does not intend to become, regulated as an investment company under the US Investment Company Act and related rules

The Company has not been and does not intend to become registered as an investment company under the US Investment Company Act of 1940, as amended (the “**US Investment Company Act**”). The US Investment Company Act provides certain protections to investors and imposes certain restrictions on companies that are registered as investment companies (which, among other things, require investment companies to have a majority of disinterested directors, provide limitations on leverage and limit transactions between investment companies and their affiliates). None of these protections or restrictions is or will be applicable to the Company. In addition, in order to avoid being required to register as an investment company under the U.S. Investment Company Act, the Company has implemented restrictions on the exercise of the Warrants and on the ownership of the Warrants and of its Shares, which provide that U.S. persons may not exercise the Warrants and that the Company may compel U.S. persons who acquire the Company’s Shares or the Warrants to transfer these Shares or Warrants.

The Singapore tax treatment of the Notes may change

The Notes to be issued under the Offering Memorandum from the Issue Date to 31 December 2018 are, pursuant to the Income Tax Act, Chapter 134 of Singapore (the “**ITA**”) and the MAS Circular FSD Cir 02/2013 entitled “Extension and Refinement of Tax Concessions for Promoting the Debt Market” issued by MAS on 28 June 2013, intended to be “qualifying debt securities” for the purposes of the ITA, subject to the fulfilment of certain conditions which will be more particularly described in the section “*Taxation — Singapore Taxation*” of the Offering Memorandum. However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

The Notes may not be a suitable investment for all investors

You must determine the suitability of an investment in the Notes in light of your own circumstances. In particular, you should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes or any applicable supplement to the Offering Memorandum;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on your overall investment portfolio;

- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- (iv) understand thoroughly the terms and conditions of the Notes and be familiar with the behaviour of any financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect your investment and your ability to bear the applicable risks.

The Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to investors' overall portfolios. You should not invest in Notes which are complex financial instruments unless you have the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on your overall investment portfolio.

Provisions in the Note Trust Deed and the terms and conditions of the Notes may be modified

The terms and conditions of the Notes will contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions will permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The terms and conditions of the Notes will also provide that the Note Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Note Trust Deed (except as mentioned in the Note Trust Deed), which in the opinion of the Note Trustee is proper to make if, such modifications will not be materially prejudicial to the interests of Noteholders or is of a formal, minor or technical nature or is to correct a manifest error and (ii) any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Note Trust Deed which is in the opinion of the Note Trustee not materially prejudicial to the interests of the Noteholders.



KRISENERGY LTD.

(Company Registration Number: 231666)

(Incorporated in the Cayman Islands on 5 October 2009)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of KrisEnergy Ltd. (the “**Company**”) will be held at Clove Room, Level 5, Novotel Clarke Quay Singapore, 177A River Valley Road, Singapore 179031, on 27 December 2016 at 10:00 a.m., for the purposes of considering and, if thought fit, passing (with or without modifications) the following special business to be presented as Ordinary Resolutions:

Terms used in this Notice of EGM which are not defined herein shall have the meanings ascribed to them in the circular of the Company to Shareholders dated 12 December 2016 (the “**Circular**”).

ORDINARY RESOLUTION 1 – THE PREFERENTIAL OFFERING RESOLUTION

That subject to and contingent upon the passing of Ordinary Resolution 2, authority be and is hereby given to the Directors or any of them to:

- A. create and issue up to 1,255,183,632 Warrants at an exercise price of S\$0.110 for each New Share (the “**Exercise Price**”); and
- B. provisionally allot and issue up to 1,255,183,632 Warrants at the Exercise Price, on the basis of 93 Notes of principal amount of S\$1.00 each with 837 Warrants for every 1,000 Shares held by the Entitled Shareholders as at the Record Date, on the terms and conditions set out below and/or otherwise on such terms and conditions as the Directors may think fit:
 - (a) the provisional allotments of the Notes with Warrants under the Preferential Offering shall be made on a non-renounceable basis to:
 1. **Entitled Depositors**, being Shareholders (i) with Shares standing to the credit of their Securities Accounts as at the Record Date; (ii)(A) whose registered addresses with CDP are in Singapore as at the Record Date; or (B) who have, at least three Market Days prior to the Record Date, provided CDP with addresses in Singapore for the service of notices and documents; and (iii) who are investors who are not and are not acting for the account or benefit of “U.S. persons” (as defined in Regulation S) and who are being offered, allotted and delivered securities in an “offshore transaction” (as defined in Regulation S) in accordance with Regulation S (“**Eligible Investors**”); and
 2. **Entitled Scripholders**, being Shareholders (i) whose share certificates have not been deposited with CDP and who have tendered to the Share Transfer Agent registrable transfers of their Shares and the certificates relating thereto for registration up to the Record Date;

- (ii)(A) whose registered addresses with the Company are in Singapore as at the Record Date; or (B) who have, at least three Market Days prior to the Record Date, provided the Share Transfer Agent with addresses in Singapore for the service of notices and documents; and (iii) who are Eligible Investors;
- (b) no provisional allotment of the Notes with Warrants shall be made in favour of Shareholders with registered addresses outside Singapore as at the Record Date and who have not, at least three Market Days prior thereto, provided the Share Transfer Agent or CDP, as the case may be, with addresses in Singapore for the service of notices and documents;
- (c) fractional entitlements to the Notes with Warrants will be disregarded in arriving at the Shareholders' entitlements and will, together with such Notes with Warrants that are not validly taken up by Entitled Shareholders, and any Notes with Warrants that are not otherwise allotted for whatever reason, be aggregated and used to satisfy excess Notes with Warrants applications (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company and in compliance with the requirements under the Listing Manual of the SGX-ST;
- C. such further Warrants as may be required or permitted to be issued in accordance with the terms and conditions of the Deed Poll (any such further Warrants to rank *pari passu* with the Warrants and for all purposes to form part of the same series, save as may otherwise be provided in the terms and conditions of the Deed Poll);
- D. allot and issue Warrants, notwithstanding that the issue thereof may take place after the next or any ensuing annual or other general meeting of the Company:
- (a) a maximum of 1,255,183,632 New Shares on the exercise of all the Warrants, credited as fully paid, subject to and otherwise in accordance with the terms and conditions of the Deed Poll, such New Shares (when issued and paid) to rank *pari passu* in all respects with the then existing Shares (save as may otherwise be provided in the terms and conditions of the Deed Poll) for any dividends, rights, allotments or other distributions, the record date for which shall fall on or after allotment and issue of the New Shares arising from the exercise of the relevant Warrants; and
- (b) on the same basis as paragraph (D)(a) above, such further New Shares as may be required to be allotted and issued on the exercise of any of the Warrants referred to in paragraph (B) above,

and the Directors or any of them be and are hereby authorised to take such steps, do all such acts and things (including but not limited to finalising, approving and executing all such documents as may be required in connection with the Preferential Offering and the issue of the Notes with Warrants, and making amendments to the terms and conditions to the Preferential Offering) and to exercise such discretion as the Directors or any of them may in their absolute discretion deem fit or advisable in connection with all or any of the above matters.

ORDINARY RESOLUTION 2 — THE WHITEWASH RESOLUTION

That subject to and contingent upon the passing of Ordinary Resolution 1, the Shareholders (other than Keppel, its Subsidiaries and associated companies (including Devan, KOG and Kepventure Pte. Ltd.) (the “**Keppel Holding Group**”) and any other parties acting or deemed to be acting in concert with the Keppel Holding Group in respect of the Company (together, the “**Concert Party Group**”) and parties not independent of the Concert Party Group) do hereby, on a poll taken, unconditionally and irrevocably waive their rights to receive a mandatory general offer from the Concert Party Group pursuant to Rule 14 of the Singapore Takeover Code, for the Company, arising from the acquisition by Devan or KOG (as the case may be) of New Shares pursuant to the exercise of the Warrants to be acquired pursuant to the KOG Irrevocable Undertaking.

By Order of the Board

Kelvin Tang

Joint Company Secretary

Singapore, 12 December 2016

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- ⁽¹⁾ **Poll.** The Chairman of the EGM will be exercising his right under Article 86(2)(a) of the Memorandum and Articles of Association of the Company (the “**Articles**”) to demand a poll in respect of the resolutions to be put to the vote at the EGM and at any adjournment thereof. Accordingly, the Ordinary Resolutions proposed at the EGM will be voted on by way of a poll.
- ⁽²⁾ **Depositors.** Under the Articles, unless CDP specifies otherwise in a written notice to the Company, CDP is deemed to have appointed as CDP’s proxies to vote on behalf of CDP at the EGM each of the persons (who are individuals) holding shares in the capital of the Company through CDP and whose shares are entered in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore) (“**Depositors**”), whose names are shown in the records of CDP as at a time not earlier than 48 hours prior to the time of the EGM supplied by CDP to the Company, and such appointment of proxies shall not require an instrument of proxy or the lodgement of any instrument of proxy.
- A Depositor may appoint not more than two persons (who shall be natural persons) to attend and vote in his place as proxy or proxies for CDP in respect of his shareholding, by completing and submitting the Depositor Proxy Form. The submission of a Depositor Proxy Form shall not preclude a Depositor appointed as a proxy by virtue of the Articles from attending and voting at the EGM but in the event of attendance by such Depositor, the Depositor Proxy Form submitted bearing his name as the Nominating Depositor (as defined in the Articles) shall be deemed to be revoked. The Company will reject a Depositor Proxy Form if the Nominating Depositor’s name is not shown in the records of CDP as at a time not earlier than 48 hours before the time of the EGM supplied by CDP to the Company.
- Where a Depositor is a corporation and wishes to be represented at the EGM, it must appoint a person or persons (who shall be natural persons) to attend and vote as proxy or proxies of CDP at the EGM in respect of its shareholding, by completing and submitting the Depositor Proxy Form.
- ⁽³⁾ **Shareholders.** A Depositor shall not be regarded as a shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time of the EGM. A shareholder of the Company (other than CDP) entitled to attend and vote at the EGM who is the holder of two or more shares is entitled to appoint not more than two proxies to attend and vote instead of him, by completing and submitting the Shareholder Proxy Form. A proxy need not be a shareholder of the Company. Delivery of the Shareholder Proxy Form shall not preclude a shareholder from attending and voting in person at the EGM and in such event, the Shareholder Proxy Form shall be deemed to be revoked.
- ⁽⁴⁾ **Deposit of Instrument of Proxy.** The instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a certified copy thereof) must be deposited at the office of M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902 at least 48 hours before the time appointed for holding the EGM.

- (5) **Personal Data Privacy.** By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a Shareholder of the Company or, as the case may be, a Depositor (i) consents to the collection, use and disclosure of the shareholder's or, as the case may be, the Depositor's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the shareholder or, as the case may be, the Depositor discloses the personal data of the shareholder's or, as the case may be, the Depositor's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the shareholder or, as the case may be, the Depositor has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Shareholder or, as the case may be, the Depositor will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's or, as the case may be, the Depositor's breach of warranty.