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REX INTERNATIONAL HOLDING LIMITED
(the "**Company**")
(Company Number: 201301242M)
(Incorporated in the Republic of Singapore)

REX SUBSIDIARY LIME PETROLEUM TO ACQUIRE REPSOL'S 33.84% INTEREST IN THE WINTERSHALL-OPERATED BRAGE FIELD IN NORWAY

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1. INTRODUCTION

The Board of Directors (the "**Board**") of Rex International Holding Limited (the "**Company**" or "**Rex**" and together with its subsidiaries, the "**Group"**), wishes to announce that its 90% subsidiary, Lime Petroleum AS ("**Lime Petroleum**") had on 15 June 2021, entered into a conditional sale and purchase agreement ("**SPA**") with Repsol Norge AS ("**Repsol**"), to acquire Repsol's 33.8434% interests in the Brage Field (as defined herein) and five licences on the Norwegian Continental Shelf over which the Brage Field straddles (the "**Target Assets**"), for a post-tax consideration of US$42.6 million (the "**Consideration**") (the "**Acquisition**"). The Brage Field is operated by Wintershall Dea Norge AS.

2. THE ACQUISITION

2.1 The Assets

Operating on the Norwegian Continental Shelf since 2003, Repsol is an exploration and production company with a focus in the North Sea.

The Target Assets are Repsol's 33.8434% interests in a joint venture for oil, gas and natural gas liquids (NGL) production and operation of the Brage Field in blocks 31/4, 31/7 and 30/6 (the "**Brage Field**") and the five licences over which the Brage Field straddles:

Licence	Date granted	Valid until
PL 053B	14 September 1998	6 April 2030
PL 055	6 April 1979	6 April 2030
PL 055B	4 June 1999	6 April 2030
PL 055D	8 February 2013	6 April 2030
PL 185	13 September 1991	6 April 2030

Source: Norwegian Petroleum Directorate website - Factpages - NPD

According to the Norwegian Petroleum Directorate, Brage is a field in the northern part of the North Sea, 10 kilometres east of the Oseberg Field. The water depth is 140 metres. Brage was discovered in 1980, and production started in 1993. The field has been developed with an integrated production, drilling and accommodation facility with a steel jacket.

Brage produces oil from sandstone of Early Jurassic age in the Statfjord Group, and sandstone of Middle Jurassic age in the Brent Group and the Fensfjord Formation. There is also oil and gas in Upper Jurassic sandstone in the Sognefjord Formation. The reservoirs lie at a depth of 2,000-2,300 metres. The reservoir quality varies from poor to excellent. The oil is transported by pipeline to the Oseberg field and further through the Oseberg Transport System (OTS) pipeline to the Sture terminal. A gas pipeline is tied-back to Statpipe.

In 2020, about 3,800 boepd net to Repsol at 33.8434% interest were produced from the Brage Field. Although the Brage Field has been producing for a long time, work is still ongoing to find new ways of increasing recovery from the field. New wells are being drilled.

Source: Norwegian Petroleum Directorate website - Field: BRAGE - Factpages - NPD

Separately, Repsol has agreed to pay to (or on behalf of) Lime Petroleum, a Brage decommissioning carry limited to 95% of decommissioning costs for the current Brage Field infrastructure (the **"Brage Decommissioning Carry"**). The Brage Decommissioning Carry will be guaranteed by Repsol Exploración S.A., the parent company of Repsol, with a guarantee granted in Lime Petroleum's favour on completion of the Acquisition. Most of the decommissioning is expected to occur after the expiration of the licences' validity. At the end of Brage Field's production life, Lime Petroleum will pay an effective 1.69 per cent of the total estimated decommissioning costs for the current Brage Field infrastructure, in respect of its 33.8434% interest in the Brage Field.

2.2 Relative Figures under Rule 1006 of the Catalist Rules

The relative figures in relation to the Acquisition pursuant to Catalist Rule 1006 of Section B of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Catalist Rules**"), based on the latest announced audited consolidated account of the Group for the financial year ended 31 December 2020 ("**FY2020**"), are as follows:

Rule 1006	Bases of Calculation	Relative Figures
(a)	The net asset value of the assets to be disposed of as compared with the Group's net asset value	Not applicable
(b)	The net profit attributable to the assets acquired, compared with the Group's net loss	(104.6)%(1)
(c)	The aggregate value of the consideration given for the Acquisition, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	23.1%(2)
(d)	The number of equity securities issued by the Company as consideration for the Acquisition, compared with the number of equity securities previously in issue	Not applicable
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable

Notes:

(1) Computed based on the Target Assets' unaudited pro forma net profit before tax for FY2020 of approximately US$21,046,000 and the Group's audited net loss before tax for FY2020 of approximately US$20,114,000. The Target Assets' unaudited pro forma net profits attributable to Repsol were calculated based on actual production figures from the Norwegian Petroleum Directorate website, historical Brent crude oil prices for 2020, estimated operating expenses based on information provided by Repsol, and estimated depreciation of assets due to the Target Assets.

(2) Computed based on the Consideration of US$42,600,000, and the Company's market capitalisation of approximately US$184,671,000, which was calculated by multiplying the number of shares in issue, being 1,302,320,991 shares (excluding treasury shares), by the volume weighted average price of S$0.1881 for each share of the Company for trades done on the SGX-ST for the full market day on 14 June 2021 (being the last full market day immediately preceding the date of the SPA, for which the shares were traded).

The Acquisition is in connection with the Group's ordinary course of business and accordingly, is not subject to the requirements of Chapter 10 (except for Part VIII on very substantial acquisitions). Pursuant to Catalist Rule 1015, where any of the relative figures as computed on the bases set out under Catalist Rule 1006 exceeds 100%, the transaction would be classified as a "very substantial acquisition transaction", and the Company must seek shareholders' approval for the transaction. However, Catalist Rule 1015(8) provides that Catalist Rule 1015 does not apply in cases of an acquisition of profitable assets if the only limit breached is Catalist Rule 1006(b). Based on the relative figures for the Acquisition as set out above, the only limit breached is Catalist Rule 1006(b).

2.3 Details of the Acquisition

The Acquisition is subject to certain customary government and regulatory, joint venture partner and third-party approvals.

Completion of the Acquisition is also conditional upon, *inter alia*, the fulfilment of the following conditions:

(a) Lime Petroleum providing evidence acceptable to Repsol for the successful completion of equity financing and debt financing of the Consideration;

(b) receipt of written consent by the Ministry of Petroleum and Energy pursuant to section 10-12 of the Petroleum Act, on terms reasonably acceptable to Repsol and Lime Petroleum;

(c) receipt of written consent from the Ministry of Finance pursuant to section 10 of the Petroleum Tax Act on terms reasonably acceptable to Repsol and Lime Petroleum[1];

(d) no pre-emption rights being executed; and

[1] Alternative regulation: in the case the transaction is not in accordance with the Section 10 Regulation, consent from the Ministry of Finance will be necessary.

(e) Lime Petroleum providing evidence that a parent company guarantee from Rex or a letter of credit from Lime Petroleum (as the case may be) relating to 5% of the decommissioning costs of the current Brage Field infrastructure having been duly executed, to be delivered to Repsol at Completion.

The conditions set out in (a) and/or (e) above may be waived by Repsol, at its sole discretion.

Completion of the Acquisition is expected in the fourth quarter of 2021. However, the effective date of the Acquisition, upon completion, will be deemed to have taken place on 1 January 2021, as is the norm for transactions in the Norwegian Continental Shelf.

2.4 Rationale for the Acquisition

The Acquisition fulfils Lime Petroleum's ambition to pivot from solely oil exploration, to exploration and production in the Norwegian Continental Shelf in the near term (which will date back to be effective from 1 January 2021 upon completion), and to establish recurring cash flow, as well as develop and drive further value in Lime Petroleum's portfolio of several discovery licences.

Production from the Brage Field will also add another leg to the Group's current production in Oman. Based on the latest available data on the Norwegian Petroleum Directorate website, the Brage Field is expected to add an estimated 3,440 barrels of oil equivalent per day (net) (the working interest for March 2021) to the Group's current oil production of 12,210 barrels of oil per day (gross) (Masirah Oil's working interest before government take as at April 2021) in Oman, upon completion of the Acquisition.

According to the Norwegian Petroleum Directorate, there are 3.42 million Sm^3 of oil equivalent or 21.52 mmboe of remaining reserves in the Brage Field[2]. Accordingly, net 2P Reserves of about 7.3 mmboe from the Brage Field will be due to Lime Petroleum and will be added to Lime Petroleum's current 2C Contingent Resources of 27.7mmboe[3]. Lime Petroleum intends to commission a summary qualified person's report on the Brage Field upon completion of the Acquisition.

The economics from the current production reserve base in the Brage Field are robust, and there is further upside from future in-fill drilling for production and exploration drilling of high value near-field prospects that are expected to add further production to the Brage Field.

3. THE CONSIDERATION AND SOURCES OF FUNDING

The Consideration, to be fully satisfied in cash, was determined based on a willing buyer willing seller basis, after negotiations between Lime Petroleum and Repsol and taking into consideration the rationale for the Acquisition and the value of deferred tax assets that can be used to offset against near term profits to reduce tax. The unaudited Net Tangible Asset value of the Brage Field as at 31 December 2020 was NOK 319 million (approximately US$37 million).

[2] Source: Norwegian Petroleum Directorate website – Field: BRAGE - Factpages - NPD

[3] Rex's press release, Rex adds contingent resources with new Qualified Person's Report on PL1125 Falk discovery in Norway, 22 April 2021

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The Acquisition will be financed through internal resources, equity financing and debt financing, including a contemplated 2.5-year senior secured bond issue in the Nordic bond market of up to NOK 500 million (approximately US$60.05 million) for Lime Petroleum. Funds raised from the bond issue would also be used to finance exploration and capital expenditure. Nordic independent investment bank ABG Sundal Collier ASA has been appointed as financial adviser for the bond issue.

4. IMPACT ON THE COMPANY'S FINANCIAL PERFORMANCE

The financial effects of the Acquisition on the Group as set out below are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the Group immediately after the completion of the Acquisition. The financial effects of the Acquisition set out below have been prepared based on the audited consolidated financial statements of the Group for FY2020.

Share capital

The Acquisition will have no impact on the Company's issued share capital.

Net asset value ("**NAV**")

The effects of the Acquisition on the unaudited NAV per share of the Group as at 31 December 2020, assuming that the Acquisition had been effected on 31 December 2020 are summarised below:

	Before Acquisition	**After Acquisition**
Net asset value# (US$'000)	US$140,226	US$177,567
Total number of issued shares excluding treasury shares ('000)	1,302,321	1,302,321
Net asset value per ordinary share based on number of shares in issue as at end of 31 December 2020 (US cents)	10.77	13.63

#Net asset value as disclosed above includes non-controlling interests and net of transaction costs.

Earnings per share ("**EPS**")

The effects of the Acquisition on the unaudited consolidated EPS of the Group as at 31 December 2020, assuming that the Acquisition had been effected on 1 January 2020 are summarised below:

	Before Acquisition	**After Acquisition**
Net (loss)/ earnings attributable to owners of the Company (US$'000)	(14,218)	4,723*
Weighted average number of ordinary shares	1,301,678	1,301,678
Consolidated EPS (US cents)	(1.09)	0.36

*Net earnings of the Target Assets is based on unaudited pro forma net earnings before tax for FY2020 (see note (1) under paragraph 2.2).

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Saved as disclosed above, none of the Directors and substantial shareholders of the Company have any interest, direct or indirect (other than through their shareholdings in the Company), in the Acquisition.

6. RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this announcement) have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they have jointly and severally accepted responsibility accordingly.

7. CAUTIONARY STATEMENT

Shareholders of the Company ("**Shareholders**") and potential investors should exercise caution when trading in the shares of the Company in relation to this announcement as there is no certainty that the Acquisition will be completed as it is subject to the fulfilment of terms and conditions as set out in the announcement. When in doubt as to the action they should take, Shareholders and potential investors should consult their financial, tax or other advisors.

BY ORDER OF THE BOARD OF
Rex International Holding Limited

Dan Broström
Executive Director and Chairman

16 June 2021

*This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "**Sponsor**"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

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

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