RH PETROGAS LIMITED
(Company Registration No: 198701138Z)

SALE AND PURCHASE AGREEMENT RELATING TO THE ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF PEARLOIL (BASIN) LIMITED ("POB") AND PEARLOIL (ISLAND) LIMITED ("POI") (THE "PROPOSED ACQUISITION")

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1. INTRODUCTION

The Board of Directors of RH Petrogas Limited (the "Company" and together with its subsidiaries, the "Group") wishes to announce that the Company has on 20th September 2010 ("Signing Date") executed a definitive Sale and Purchase Agreement ("SPA") with PearlOil Holdings Limited ("Pearl"), to acquire the entire issued share capital of POB ("POB Sale Shares") and POI ("POI Sale Shares") (together, the "Sale Shares").

The sale and purchase is effective from 1st January 2010 ("Effective Date"), which is the date on which the economic ownership of the Basin PSC Interest and the Island PSC Interest referred to in paragraphs 2.1 and 2.2 respectively below, is being transferred from Pearl to the Company or its nominee (subject to closing occurring).

2. INFORMATION ON POB AND POI

2.1 POB is a company duly organised and existing under the laws of the British Virgin Islands, and is a wholly-owned subsidiary of Pearl. POB holds a 34.064% participating interest ("Basin PSC Interest") in the Kepala Burung Production Sharing Contract (the "Basin PSC").

2.2 POI is a company duly organised and existing under the laws of the British Virgin Islands, and is a wholly-owned subsidiary of Pearl. POI holds a 18.702% participating interest ("Island PSC Interest") in the Salawati Kepala Burung Production Sharing Contract (the "Island PSC").

3. INFORMATION ON THE BASIN PSC AND THE ISLAND PSC

The Basin PSC and Island PSC are two contiguous PSCs located in the "Birds Head" area of West Papua, Indonesia. The Basin PSC covers an area of 872 km^2 of onshore West Papua, while the Island PSC covers an area of 1,097 km^2 including both onshore and offshore areas.

The assets are primarily oil-weighted with production from the two PSCs averaging around 2,600 barrels of oil per day ("bopd") net to the acquired interests. Gas produced from the PSCs is almost entirely used as fuel and power generation for the operations. An independent assessment by Gaffney, Cline and Associates ("GCA"), based on information provided by Pearl, estimates the remaining proved plus probable ("2P") oil reserves at 8.1 million barrels [(1)] as of end-2009 net to the acquired interests.

[(1)] *The net 2P oil reserves above are based on the aggregate of POB's and POI's net participating interest share of the gross oil reserves in the respective PSCs as assessed by GCA. The reserve numbers include the Indonesian Government's share of profit entitlement and royalties, and are before any economic limit truncation.*

Exploration upside exists within the Basin PSC and the Island PSC, and several exploration prospects have been identified.

3.1 Basin PSC

The Basin PSC, dated 15th October 1970, was renewed in 1996 with the current license expiring on 15th October 2020.

The current partners and their respective participating interests in the Basin PSC are as follows:

Company	Participating Interest
Petrochina International (Bermuda) Ltd (Operator)	30.000%
POB	34.064%
Lundin International S.A.	25.936%
PT Pertamina Hulu Energi Salawati Basin	10.000%

3.2 Island PSC

The Island PSC is effective from 23rd April 1990 for a 30-year term, expiring on 22nd April 2020.

The current partners and their respective participating interests in the Island PSC are as follows:

Company	Participating Interest
Petrochina International Kepala Burung Ltd (Joint Operator)	16.7858%
POI	18.7020%
Lundin Indonesia BV	14.5122%
PT Pertamina Hulu Energi Salawati (Joint Operator)	50.0000%

4. PURCHASE CONSIDERATION

4.1 The aggregate purchase consideration for the POB Sale Shares and POI Sale Shares is approximately US$36.7 million (the "Purchase Consideration"), subject to the provisions of the SPA.

4.2 Upon the signing of the SPA, the Company will make a payment of approximately US$2.44 million ("Deposit") to Pearl.

4.3 The payment to be made on the Closing Date of the SPA ("Closing Payment") is as follows:

(i) the Purchase Consideration; plus

(ii) any cash call amounts and corporate payables paid by Pearl under the Basin PSC and Island PSC; less

(iii) any cash received by Pearl from the Basin PSC Interest and the Island PSC Interest; less

(iv) the Deposit.

4.4 The Closing Payment will be paid in cash on the Closing Date (the seventh business day after the completion or waiver of each of the conditions precedent), or such other date as may be mutually agreed upon by the parties in writing.

4.5 The Purchase Consideration was arrived at arm's length on a willing buyer, willing seller basis, taking into account the following factors:

(a) the business potential of POB and POI in view of their respective participating interests in the Basin PSC and Island PSC.

(b) a preliminary report from GCA, which provided an estimate on the volumes of the hydrocarbon reserves, as well as the contingent resources and prospective resources of the Basin PSC and the Island PSC.

5. THE VALUE OF THE SALE SHARES

5.1 Based on the unaudited financial statements of POB and POI for the financial year ended 31 December 2009:

(a) the book value of the POB Sale Shares is net assets of approximately US$17.75 million and the book value of the POI Sale Shares is net liabilities of approximately US$1.47 million (both figures excluded inter-company balances);

(b) the net tangible asset value of the POB Sale Shares is approximately US$17.75 million and the net tangible liability value of the POI Sale Shares is approximately US$1.47 million (both figures excluded inter-company balances); and

(c) the net profit attributable to the POB Sale Shares is approximately US$8.47 million and the net loss attributable to the POI Sale Shares is approximately US$2.79 million.

6. MATERIAL TERMS OF THE PROPOSED ACQUISITION

6.1 Conditions Precedent

The completion of the sale and purchase of the POB Sale Shares and POI Sale Shares is conditional upon the fulfilment or waiver of, *inter alia*, the following conditions precedent:

(a) The Company's and certain of Pearl's warranties being true and accurate as at the date of Closing;

(b) The approval of the purchase of the POB Sale Shares and/or the POI Sale Shares by the shareholders of the Company; and

(c) No actions, arbitrations or other proceedings (whether or not on behalf of Pearl or the Company) seeking to restrain, enjoin or invalidate the SPA having been instituted.

If any of the conditions precedent above are not fulfilled or not waived in writing by the Company or Pearl (as the case may be) on or before 31st December 2010, the SPA shall automatically terminate.

6.2 Deposit

The Deposit (including any accrued interest arising therefrom) will be forfeited to Pearl should the SPA be terminated before the Closing Date for any reason as a result of a breach of the SPA by the Company. However, if the SPA is terminated prior to the Closing Date for any reason other than a breach of the SPA by the Company, the Deposit shall be returned to the Company together with any accrued interest.

7. RATIONALE FOR THE PROPOSED ACQUISITION

7.1 Potential source of cashflow

The Island PSC and the Basin PSC consist of several oilfields which have long histories of production. Accordingly, the Proposed Acquisition is likely to provide long-term positive cash flow and profitability.

7.2 Reduce risks through balanced asset portfolio

The Company's entry into the oil and gas business began in August 2009 with the acquisition of Kingworld Resources Limited ("KRL"), which is engaged in the development and production of crude oil in the Fuyu field, the People's Republic of China. Subsequent to the KRL acquisition, the Company has acquired another oil and gas project in West Belida, Indonesia. Both the Fuyu and West Belida assets are in the development stage and exploration phase of the oil and gas cycle respectively. As the Basin PSC and Island PSC are in the production stage with exploration upsides, the Company believes that the Proposed Acquisition will help to achieve a more risk-balanced portfolio of assets.

7.3 Establish and expand the Company's portfolio

The Proposed Acquisition, together with the Company's other existing projects, will help to reinforce the Company's aspiration to be a serious player in the oil and gas sector.

8. SOURCE OF FUNDS FOR THE PROPOSED ACQUISITION

The Company will evaluate and consider various financing alternatives, including but not limited to, a new equity issue, a new issue of convertible securities, debt instruments, controlling shareholder's loan and/or external bank borrowings.

9. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual are set out below:

1006 (a)	Net asset value of the assets to be disposed of, compared with the group's net asset value	Not applicable as this transaction is an acquisition and not a disposal of assets.
1006 (b)	Net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	The comparison is not meaningful as the Group incurred a net loss as per latest announced financial results for the financial period ended 30 June 2010.
1006 (c)	Aggregate value of the consideration given or received, compared with the issuer's market capitalisation(1)	The consideration of approximately US$36.7 million (approximately equivalent to S$49.2 million based on exchange rate of US$1.00 : S$1.34) for the Proposed Acquisition represents approximately 17.6% of the Company's current market capitalisation of approximately S$280,284,605(1) as at 17th September 2010.
1006 (d)	Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable as no shares will be issued by the Company as consideration for the Proposed Acquisition.

(1) Based on the volume weighted average price of the Shares of S$0.6149 traded on the SGX-ST on 17th September 2010, being the last Market Day preceding the date of the SPA.

As announced on 6th September 2010, the Company has entered into a definitive Sale and Purchase Agreement with Lundin Petroleum BV to acquire the entire issued share capital of Lundin Salawati Basin BV, which will on the closing date hold a 25.936% participating interest in the Basin PSC, and the entire issued share capital of Lundin Indonesia BV, which holds a 14.5122% participating interest in the Island PSC (the "Lundin Acquisition").

The relative figure of the Proposed Acquisition under Rule 1006(c) as computed above exceeds 5% but falls below 20%. However, when the Proposed Acquisition is aggregated with the Lundin Acquisition, the two transactions in aggregate exceed 20% in respect of the relative figure under Rule 1006(c). As such, the Company will be seeking the approval of shareholders in a general meeting in relation to the Proposed Acquisition pursuant to Rule 1014 of the Listing Manual.

10. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The tables illustrating the effects of the Proposed Acquisition on the (i) net asset value per share of the Group (assuming the Proposed Acquisition had been completed at the end of the financial year ended 31 December 2009 ("FY2009"); and (ii) the earnings/loss per share of the Group (assuming that the Proposed Acquisition had been completed at the beginning of FY2009) based on the audited financial statements of the Group for FY2009; (iii) gearing of the Group (assuming the Proposed Acquisition had been completed at the end of FY2009), are set out below:

(i) Net asset value ("NAV") per share

	NAV per share (cents)
Before the Proposed Acquisition [(1)]	30.41
After the Proposed Acquisition [(1)]	30.37

Notes:

(1) Computed based on the issued share capital of 455,821,443 ordinary shares as at 31 December 2009.

The net tangible asset value of the Group after the Proposed Acquisition can only be ascertained after performing additional procedures, including purchase price allocation.

(ii) Earnings/(Loss) per share

	Earnings/(Loss) per share (cents)
Before the Proposed Acquisition [(1)]	(1.35)
After the Proposed Acquisition [(1)]	0.85

Notes:

(1) Computed based on the weighted average number of ordinary shares of 337,505,005 as at 31 December 2009.

(iii) Gearing

	Gearing (times) [(1)]
Before the Proposed Acquisition	0.06
After the Proposed Acquisition	0.33

Notes:

(1) Gearing means the ratio of net debt to equity attributable to the owners of the parent less assets revaluation reserve. Net debt means the aggregate amount of liabilities arising from banks and financial institutions and shareholder loans less cash and cash equivalents.

11. SERVICE AGREEMENTS

No director from Pearl, POB or POI is proposed to be appointed to the Company nor proposed to be engaged through any service agreement with the Company in connection with the Proposed Acquisition.

12. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed above, none of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition.

13. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the Company's registered office at 20 Harbour Drive, PSA Vista #06-03, Singapore 117612 for three months from the date of this Announcement:-

(i) the Memorandum and Articles of Association of the Company; and

(ii) the SPA.

By Order of the Board

Tan Sri Datuk Sir Tiong Hiew King
Executive Chairman
20 September 2010