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RH Petrogas proposes debt conversion and equity raising to strengthen balance sheet and further develop its oil and gas assets portfolio

- **Strengthens balance sheet through the proposed conversion of debt of US\$61.5 million into equity**
- **Increases financial muscle with proposed fund raising through issuance of new shares and warrants**
- **Diversifies shareholder base to promote trading and liquidity of the Group's Shares**

SINGAPORE – 22 May 2012 – Mainboard-listed **RH Petrogas Limited** (“RHP” or the “Group”), engaged mainly in the business of exploration, development and production of oil and gas resources, wishes to announce that the Group’s Chairman, Tan Sri Datuk Sir Tiong Hiew King, through Sharptone Investments Limited (“SIL”), Surreyville Pte Ltd (“SPL”), and RH Capital Limited (“RHCL”), has on 22 May 2012, entered into a conditional debt conversion deed with RHP pursuant to which RHP will issue an aggregate of 157,455,957 new shares to RHCL, SIL and SPL as full and final settlement of an aggregate sum of US\$61.5 million, being outstanding debts owing to RHCL, SIL and SPL by RHP at the conversion price¹ of S\$0.492.

(Please note: Each of SIL and SPL is a controlling shareholder of RHP. Tan Sri Datuk Sir Tiong Hiew King together with the Estate of Tiong Kiu King hold the entire issued share capital of SIL. Tan Sri Datuk Sir Tiong Hiew King together with Dato’ Sri Dr Tiong Ik King hold the entire issued share capital of Woodsville International Limited which is, in turn, the holding company of SPL. RHCL is a company controlled by Tan Sri Datuk Sir Tiong Hiew King, who is also RHP’s Executive Chairman.)

A major part of the debt of US\$61.5 million was extended by RHCL for the purpose of funding the Group’s acquisition of working interests in the producing Basin and Island PSCs in Indonesia in 2010. The conversion of this debt to equity will significantly reduce the immediate debt burden of the Group without adversely affecting its operating cash flow.

¹ The conversion price is based on the volume weighted average price of RHP over a period of one month up to and including 18 May 2012, where available.

Further, this will significantly strengthen the Group's balance sheet and free up debt capacity for future projects and improve RHP's gearing ratio. With the strengthening of its balance sheet and the improvement in the gearing ratio, the Group will be in a better position to negotiate more favourable financing terms from financial institutions in respect of its existing facilities and any funding requirements which may arise going forward.

RHP has also proposed the allotment and issue of up to 262,292,000 new ordinary shares in the capital of RHP with up to 87,431,000 warrants at such price to be determined by the Board of RHP at its discretion which shall not be less than S\$0.360 for each ordinary share. Through this fund raising exercise, RHP aims to raise about S\$132 million².

As part of its growth strategy, the Group has been actively evaluating various opportunities to acquire oil and gas assets. With an increased capital base after this proposed placement and using a combination of new equity and debt, the Group will be better positioned to pursue such opportunities. The funds raised will be used mainly for RHP's field development projects and new acquisitions, with the remaining for general working capital purposes.

RHP is the largest pure-play oil and gas exploration and production company, by market capitalisation, listed in Singapore; however, its shares currently do not trade every day and have seen moderate liquidity. The proposed placement will enable RHP to diversify its shareholding base and give it the opportunity to raise capital from more institutional and other investors. Once this fund raising exercise is completed, the free float of RHP is expected to be expanded significantly. With a higher free float, there will be greater participation by investors and broadening of the shareholder base which can promote increased trading and liquidity of the shares of RHP.

“Since transforming into an oil and gas player, our aim has been to grow our portfolio of oil and gas assets as we aspire to be a leading independent oil and gas company in the region. Through the conversion of debt and the raising of capital through equity, we are not only strengthening our balance sheet and building up the financial muscle for further growth in the business, but also addressing the issue of the current low trading liquidity in the Group’s shares. With a broadened share base, we will be able to attract a more diversified range of investors.

With strong demand for oil and gas in Asia, especially China and India, we see many opportunities for RHP to increase our oil and gas production, and expand our portfolio of exploration and production assets. Once the debt conversion and share placement exercises are completed, we will be able to further develop our existing oil and gas projects with the additional capital and will be in a stronger financial position to consider some of the oil and gas opportunities that we are evaluating in an endeavour to grow our asset portfolio.”

Dr Tony Tan, Chief Executive Officer, RHP

² The amount of S\$132 million is calculated based on a minimum issue price of S\$0.36 per placement share for the issuance of 262,292,000 new shares and an assumed exercise price of S\$0.43 for each warrant share (20% premium to S\$0.36 per share) for the 87,431,000 warrants (assuming that all placement warrants will be exercised by the warrant holders).

ABOUT RH PETROGAS LIMITED (Bloomberg Ticker: RHP SP)

RH Petrogas Limited (“**RHP**”) is an independent upstream oil and gas company headquartered in Singapore. RHP is focused on exploration, development and production of oil and gas deposits. RHP has four production sharing contracts in China and Indonesia, two of which are in the production stage with oil and gas production. Another is in the development stage and the fourth in the exploration stage. RHP is listed on the mainboard of the Singapore Stock Exchange.

RHP aspires to be a leading independent upstream oil and gas company in the region and is actively looking for further growth opportunities in the sector.

For more information please visit the website at: www.rhpetrogas.com

Issued for and on behalf of RH Petrogas Limited

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