
QUARTERLY STATUS UPDATE ON THE PROGRESS OF THE CRUDE OIL PRODUCTION PROJECT AT FUYU 1 BLOCK

The Board of Directors of RH Petrogas Limited (the “**Company**”), the ultimate holding company of Kingworld Resources Limited (“**KRL**”), wishes to provide the following update on the project undertaken by KRL at Fuyu 1 PSC in the Songliao Basin, Jilin Province, the People’s Republic of China, which covers an area of approximately 255 square kilometres (“**Fuyu 1 Block**”), for the three months ended 31 January 2017:-

1. ANY MATERIAL CHANGES TO THE RESERVES OR RESOURCES (INCLUDING THE REASONS FOR THE CHANGE)

There were no material changes to the reserves or resources since the previous announcement dated 11 May 2016. An independent reserve evaluator has been engaged to conduct the annual assessment of the reserves and resources of the Fuyu 1 Block as of 1 January 2017. As at the date of this update, the results of the above external assessment were not available yet.

2. DETAILS OF DEVELOPMENT AND/OR PRODUCTION ACTIVITIES UNDERTAKEN BY KRL IN RESPECT OF THE FUYU 1 BLOCK PROJECT

KRL conducted pilot production tests on two wells during the period under review. The entire process took 41 days and the test results added to the information collected over the block which would contribute towards and facilitate the planning of development well drillings in the future. The Fuyu 1 Block produces low sulphur heavy crude oil which requires steam injection (Huff and Puff method) for production flow.

Oil prices have increased in December 2016 following the commitments by OPEC and several non-OPEC producers to cut production starting in January 2017 to address the prolonged supply overhang and to accelerate market rebalancing. OPEC’s return to supply management and its high compliance with the agreed production cut during January 2017 have bolstered market confidence and helped support global oil prices. In the near term, the extent of output revival from US shale producers in response to the higher oil prices continue to pose a risk to the fragile market. The Company continues to monitor the market and will review its drilling plans as market condition changes. In the meantime, the Company remains focused on cost control and cash conservation.

3. A SUMMARY OF THE MATERIAL EXPENDITURE INCURRED ON THE EVALUATION, DEVELOPMENT AND/OR PRODUCTION ACTIVITIES FOR THE THREE MONTHS PRECEDING THIS ANNOUNCEMENT

The summary of the expenditure for the three months preceding this announcement is as follows:

	US\$’000
Development expenditure	378
Fixed Assets	88
Administrative expenses	130

BY ORDER OF THE BOARD

Chang Cheng-Hsing Francis
Group CEO & Executive Director
24 February 2017