
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 2018:-

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 9 May 2017. 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 2018. 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

The small-scale oil production at the Fuyu 1 Block which started with four (4) wells during the previous quarter was expanded to twelve (12) wells during the current quarter. Around 6,500 barrels of the heavy oil produced were sold and delivered to the contracted buyer, China National Petroleum Corporation in accordance with the signed sales agreement. Construction of production facilities progressed incrementally at the fields as preparation continues for the gearing up of oil production in the future.

The oil market fundamentals have improved in recent months, with Brent hovering at around US\$68 per barrel in early 2018, a strong recovery from its 3-year low of US\$26 per barrel recorded in early 2016. However, the oil and gas environment remains challenging especially in terms of funding and access to capital markets. The Company continues to monitor the situation closely and will review its overall development plans for the Fuyu field when appropriate. In the meantime, the Company continues to remain focused on cost control and operational efficiency.

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 |
|-------------------------|----------|
| Production expenditure | 178 |
| Development expenditure | 212 |
| Fixed assets | 9 |
| Administrative expenses | 471 |

BY ORDER OF THE BOARD

Chang Cheng-Hsing Francis
Group CEO & Executive Director
27 February 2018