
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 30 April 2018:-

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

The Company had appointed RPS Energy Consultants Limited (“**RPS**”), an independent reserve evaluator, to conduct the annual assessment of the oil and gas reserves and resources of its subsidiaries as of 1 January 2018. RPS has since completed the independent qualified person’s report (“**QPR**”) for the Fuyu 1 Block in March 2018.

Based on the QPR, there were no material changes to the reserves and resources since the last update as provided in the previous announcement dated 9 May 2017. The aggregate proved plus probable reserves (“**2P**”) and best estimate contingent resources (“**2C**”) of the Fuyu 1 Block attributable to KRL’s 49% working interest were 12.9 MMBO (million barrels of oil) and 14.3 MMBO respectively as of 1 January 2018. Please refer to Summary of Reserves and Resources on page 106 of the Company’s Annual Report 2017 for additional information.

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

Following the completion of the 2017 production cycle which yielded total production of approximately 6,600 barrels of oil, development activities in the first quarter were centred mainly on preparatory work in anticipation of the next production cycle which is scheduled to begin in second quarter of 2018.

Notwithstanding that oil prices have improved in recent months, availability of funding and access to capital markets remain a key challenge for the development of the Fuyu field. 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 | 76 |
| Development expenditure | 4 |
| Fixed assets | 35 |
| Administrative expenses | 304 |

BY ORDER OF THE BOARD

Chang Cheng-Hsing Francis
Group CEO & Executive Director
9 May 2018