

## **RH PETROGAS LIMITED**

(Company Registration No: 198701138Z)

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### **RH PETROGAS AWARDED NEW 20-YEAR TERMS FOR BOTH THE KEPALA BURUNG PRODUCTION SHARING CONTRACT AND THE SALAWATI KEPALA BURUNG PRODUCTION SHARING CONTRACT IN INDONESIA**

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The Board of Directors of RH Petrogas Limited (the “**Company**”) is pleased to advise that the Ministry of Energy and Mineral Resources of the Republic of Indonesia (“**MEMR**”) has on 22 June 2018 notified the Company of its approval for the Company to participate in the new 20-year contract terms for each of the Kepala Burung Production Sharing Contract (the “**Basin PSC**”) and the Salawati Kepala Burung Production Sharing Contract (the “**Island PSC**”) upon the expiry of their current contract terms in 2020.

Under the Decrees of the Minister for Energy and Mineral Resources received by the Company, the Company (through its subsidiaries Petrogas (Basin) Ltd. (“**PBL**”) and Petrogas (Island) Ltd. (“**PIL**”)) has been awarded a 70% participating interest in each of the Basin PSC and the Island PSC. The remaining 30% participating interest has been awarded to PERTAMINA, the national oil company of Indonesia. Under MEMR Regulations, a local company owned by the Regional Government in the area where the blocks are located has an option to become a partner (with up to a maximum of 10% participating interest) in each of the blocks and the participants of each block must accommodate such participation in proportion to their respective participation interests.

The existing Basin PSC and Island PSC will not be extended beyond their current expiry dates and the new terms have been offered under new production sharing contracts (the “**New PSCs**”) based on the gross split model implemented by the Indonesian Government in 2017 to replace the cost recovery regime in existing PSCs. Under the existing cost recovery regime, PSC contractors are entitled to recover their cost of operations in-kind out of gross production before any remaining “profit” production is shared with the Indonesian Government, and PSC contractors are liable to pay tax on their share of such “profit”. Under the gross split regime of the New PSC, the Indonesian Government and PSC contractors shall share the gross production based on an agreed split, and PSC contractors are liable to pay tax on any profit after deducting the cost of operations incurred from their share of gross production. The new 20-year contract terms for the Basin PSC and Island PSC will commence after the expiry of their current terms, on 15 October 2020 and 22 April 2020 respectively. A signature bonus of US\$1,000,000 is required to be paid by the participants of the respective New PSCs. In addition, the participants in the New PSCs will be committed to carry out an agreed set of firm work programs during the first five contract years which include geological and geophysical studies, seismic acquisition and processing, exploration well drillings and pilot enhanced oil recovery projects. The financial commitment for the firm work programs are US\$61.2 million and US\$36.3 million for the Basin and Island blocks respectively under the New PSCs.

It should be noted that final award of the New PSCs to the Company and its subsidiaries (the “**Group**”) is conditional upon agreement of the terms and signing of the New PSCs. The Company will issue further announcement(s) regarding the process and status as necessary. Accordingly, shareholders and investors should exercise caution when dealing in the shares of the Company.

The Group currently holds a majority 60% participating interest in and operates the Basin PSC and holds a non-operated 33.2142% participating interest in the adjacent Island PSC. The two PSCs currently produce approximately 3,940 barrels of oil equivalent per day net to the Group’s participating interests.

## **BACKGROUND**

RH Petrogas Limited (“**RHP**”) is an independent upstream oil and gas company headquartered in Singapore. RHP is listed on the mainboard of the Singapore Stock Exchange and is focused on exploration, development and production of oil and gas deposits. RHP has producing, development and exploration blocks in Indonesia, China and Malaysia.

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.

## **BY ORDER OF THE BOARD**

Chang Cheng-Hsing Francis  
Group CEO & Executive Director  
25 June 2018