RH PETROGAS LIMITED
(Company Registration No.: 198701138Z)

RELINQUISHMENT OF FUYU 1 PRODUCTION SHARING CONTRACT, ONSHORE JILIN PROVINCE, CHINA

The Board of Directors of RH Petrogas Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to update that following a comprehensive assessment, its wholly-owned subsidiary Kingworld Resources Limited ("**KRL**") has notified China National Petroleum Corporation ("**CNPC**") of its intention to relinquish its working interest in the Fuyu 1 Production Sharing Contract ("**Fuyu 1 PSC**") onshore Jilin Province, China.

During the evaluation period, oil has been discovered at shallow depths of around 250 meters in the block. Due to the nature of shallow reservoirs, only heavy oil with high viscosity was recovered. The viscous oil was not mobile at reservoir temperature and required thermal stimulation such as steam injection and steam flooding to mobilise the oil to the wellbore for production. This added process results in higher cost of development and production.

Following the approval of the Overall Development Plan ("**ODP**") for the Yongping oilfield in late 2014, KRL has drilled 29 development wells before further drilling and facility development were suspended in early 2016, due to the collapse in global oil prices which severely affected the cash flow of the Group and its ability to access capital markets for development funding. The closely spaced development wells drilled revealed reservoir discontinuity in the field, which has impacted on the results and effectiveness of the steam injections during pilot production tests conducted on selected wells. In addition to thermal stimulation techniques, KRL had through the years consulted heavy oil experts and employed several state-of-the-art technologies to help improve oil recovery, including a trial microbial flooding conducted in 2018 over certain selected wells. Unfortunately, none yielded sufficiently successful results. The Group had also attempted to divest and farm-out its working interest in the Fuyu 1 PSC to mitigate the financial exposure and technical risks. Several third parties had evaluated the asset but none achieved any meaningful progress.

The development of Fuyu block is capital intensive and access to funding is critical. The current volatile oil price environment and the technical complexities of the field's development continue to pose significant challenges to the Group's ability to secure the required funding and to move forward on the project. With the continued suspension of development drilling since early 2016, the aggregate proved plus probable ("**2P**") reserves attributable to Group's working interest in the Fuyu 1 PSC of 12.9 million barrels of oil as of 1 January 2018 has been reclassified to best estimate contingent ("**2C**") resources (refer to SGXNet Announcement No. SG190218OTHRZKGX issued on 18 February 2019).

After assessing the development risks and current market conditions, the Group considers that development of the Yongping oilfield at the Fuyu 1 PSC is no longer tenable. Even with development activities currently being suspended, KRL continues to incur approximately US$2 million annually in overhead costs, which include annual contractual fees of approximately US$1 million payable to CNPC under the Fuyu 1 PSC. The Group feels that it is prudent to conserve its capital resources to fund the programs at its two key assets in Indonesia, namely the Kepala Burung PSC and the Salawati Kepala Burung PSC. As updated on 11 July 2018 (under SGXNet Announcement No. SG180711OTHRON04), the Group had successfully secured another 20 years of participation in the two blocks with the execution of new production sharing contracts over the existing acreages, after their current contracts expire in 2020. The two Indonesian assets are the cornerstone of the Group's portfolio, considering that they provide the Group with a strong production base and good growth potential in the long term. The Group has therefore initiated the relinquishment of its interest in the Fuyu 1 PSC. The Group is expected to incur approximately US$900,000 in relinquishment costs during the financial year ending 31 December 2019, covering retrenchment costs for KRL employees, mobilisation and relocation of field equipment, site restoration and other ancillary costs.

The Group has periodically reviewed its carrying value for the Fuyu block as part of its regular financial and asset review. In view of the collapse and high volatility of oil prices in recent years, the Group has, as of the date of this announcement, fully impaired and written off the goodwill and all exploration and development costs incurred in the Fuyu block from inception until 31 December 2018. The full relinquishment of the Fuyu block is expected to be completed before the end of the year and until then, the Group will continue to incur office and administrative costs at the block.

Mr Francis Chang, Chief Executive Officer, said: "The last few years have been challenging for the Group. In view of the volatile oil markets, we have tightened operational control and implemented prudent financial management across our businesses. We have assessed the market conditions and reviewed our asset portfolio with the objective of deploying our capital effectively to grow our reserve and production base. The relinquishment of the Fuyu 1 PSC will allow the Group to better focus its resources on developing the two new production sharing contracts for the Kepala Burung and Salawati contract areas which the Group had successfully secured in July 2018. These two blocks remain highly prospective and the Group will seek to unlock their upside potential through a series of development and exploration programs. In the meantime, we will continue to seek new opportunities which will enhance the value of the Company".

BACKGROUND

Fuyu 1 PSC is located in the Jilin Province in the northeastern part of China, and covers an area of approximately 255 km^2. The Group operates the Fuyu 1 PSC through its subsidiary KRL and has a 49% working interest after considering CNPC's deemed back-in for a 51% working interest based on the terms of the PSC. Fuyu 1 PSC is currently in the development stage following the approval of the ODP for the Yongping field in October 2014.

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 the exploration, development and production of oil and gas deposits. After the relinquishment, RHP's producing, development and exploration blocks are in Indonesia and Malaysia.

RHP aspires to be a leading independent 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
8 March 2019