

## INFORMATION MEMORANDUM FOR INFORMATION ONLY

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.

### LISTING BY WAY OF INTRODUCTION OF



## KRISENERGY LTD.

(incorporated with limited liability under the laws of the Cayman Islands)  
(the "Issuer")

### **\$S130,000,000 Senior Unsecured Notes due 2022** **\$S200,000,000 Senior Unsecured Notes due 2023**

This document (the "Information Memorandum") is issued in connection with the listing and quotation of the \$S130,000,000 Senior Unsecured Notes due 2022 (the "2022 Notes") and the \$S200,000,000 Senior Unsecured Notes due 2023 (the "2023 Notes" and together with the 2022 Notes, the "New Notes"), issued by KrisEnergy Ltd. (the "Issuer" or "KrisEnergy").

The New Notes were initially issued on 11 January 2017 pursuant to extraordinary resolutions of noteholders of the Series 1 \$S130,000,000 6.25 per cent. fixed rate notes due 2017 (the "2017 Notes") and Series 2 \$S200,000,000 5.75 per cent. fixed rate notes due 2018 (the "2018 Notes", and together with the 2017 Notes, the "Existing Notes"), respectively, sanctioning, approving, assenting and agreeing irrevocably to, *inter alia*, (i) the exchange for the 2017 Notes of the 2022 Notes on the terms and conditions of the 2022 Notes set out and more fully described in this Information Memorandum and the Consent Solicitation Statement (the "2022 Notes Exchange"); and (ii) the exchange for the 2018 Notes of the 2023 Notes on the terms and conditions of the 2023 Notes set out and more fully described in the Consent Solicitation Statement (the "2023 Notes Exchange", and together with the 2022 Notes Exchange, the "Notes Exchanges").

The Notes Exchange and delivery of the New Notes was made to holders of the New Notes through the facilities of The Central Depository (Pte) Limited ("CDP") on 11 January 2017 (the "Issue Date"). The New Notes are represented by a registered Global Certificate (as defined herein) which was deposited on the Issue Date with CDP.

**Listing of the New Notes is made by introduction only (the "Introduction"). There is no offering of any of the New Notes or any other securities of the Issuer in connection with the Introduction in Singapore or elsewhere, and recipients of this Information Memorandum and prospective investors in the New Notes should not take the Introduction or the Information Memorandum to be an offer of, or an invitation to purchase, any New Notes or any other securities of the Issuer. The Information Memorandum is not a prospectus under Singapore law and has not been lodged with, or registered by, the Monetary Authority of Singapore. No New Notes shall be allotted, allocated or otherwise distributed or sold on the basis of the Information Memorandum.**

Each series of the New Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such provisions of law that are both mandatory and of general application.

For a more detailed description of the New Notes, see the sections entitled "Terms and Conditions of the 2022 Notes," and "Terms and Conditions of the 2023 Notes".

The 2022 Notes bear interest from the Issue Date at the rate set forth herein, payable semi-annually in arrear on 9 June and 9 December of each year, commencing 9 June 2017, subject to a fixed rate increase and adjustment dependent on the prevailing Average Benchmark Price of Brent crude oil in each Interest Period (as defined herein) as provided for in Condition 4(b) (*Rate of Cash Interest Step-up*) of the terms and conditions of the 2022 Notes (the "2022 Notes Conditions"). In addition, and in respect of the Accrued Interest Period (as defined in the 2022 Notes Conditions) only, the 2022 Notes will bear accrued interest at the rate of 2 per cent. per annum, payable semi-annually in arrear on each Interest Payment Date (as defined in the 2022 Notes Conditions), *provided, however, that*, such accrued interest payable is to be capitalised and added to the then current outstanding principal amount of the 2022 Notes on each Interest Payment Date, unless the Issuer elects to pay such interest in cash in accordance with the 2022 Notes Conditions.

See Condition 4(b) of the 2022 Notes Conditions for the details of the cash interest adjustments applicable to the 2022 Notes.

The 2023 Notes bear interest from the Issue Date at the rate set forth herein, payable semi-annually in arrear on 22 February and 22 August of each year, commencing 22 February 2017, subject to a fixed rate increase and adjustment dependent on the prevailing Average Benchmark Price of Brent crude oil in each Interest Period (as defined herein) as provided for in Condition 4(b) (*Rate of Cash Interest Step-up*) of the terms and conditions of the 2023 Notes (the "2023 Notes Conditions"). In addition, and in respect of the Accrued Interest Period (as defined in the 2023 Notes Conditions) only, the 2023 Notes will bear accrued interest at the rate of 2 per cent. per annum, payable semi-annually in arrear on each Interest Payment Date (as defined in the 2023 Notes Conditions), *provided, however, that*, such accrued interest payable is to be capitalised and added to the then current outstanding principal amount of the 2023 Notes on each Interest Payment Date, unless the Issuer elects to pay such interest in cash in accordance with the 2023 Notes Conditions.

See Condition 4(b) of the 2023 Notes Conditions for the details of the cash interest adjustments applicable to the 2023 Notes.

The Issuer may redeem one or both series of New Notes upon the occurrence of certain events set out in the relevant terms and conditions in respect of that series of New Notes.

**THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED ("THE SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")).**

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited ("SGX-ST") for permission to deal in and the listing and quotation of the New Notes on the SGX-ST. Such permission will be granted when the New Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission of the New Notes to the Official List of the SGX-ST and quotation of any New Notes on the SGX-ST are not to be taken as an indication of the merits of the New Notes or of the Issuer or its subsidiaries or subsidiaries joint venture companies (if any). For so long as such New Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such New Notes will be traded on the SGX-ST in a minimum board lot size of at least \$S250,000.

The date of this Information Memorandum is 11 January 2017.

## IMPORTANT NOTICES

**This Information Memorandum does not constitute an offer of, nor is it calculated to invite or solicit offers for, the New Notes or other securities of the Issuer in any jurisdiction. The Information Memorandum is published in connection with the listing of the New Notes of the Issuer solely for the purpose of providing certain information with regard to the Introduction. The Information Memorandum may not be used for any other purpose and, in particular, no person is authorised to use or reproduce the Information Memorandum or any part thereof for any purpose whatsoever.**

This Information Memorandum is published in connection with the listing of the New Notes and solely for the purpose of giving information with regard to the Introduction and the Notes Exchange. You should read the Information Memorandum and the Consent Solicitation Statement (as defined herein) in their entirety before making an investment decision with regard to the New Notes and the Notes Exchange.

The distribution of this Information Memorandum may be prohibited or restricted by law in certain jurisdictions. The Issuer requires persons into whose possession this Information Memorandum comes to inform themselves of and to observe any such prohibition or restriction at their own expense and without liability to the Issuer.

This Information Memorandum contains information with regard to the Issuer, the Group (as defined herein), the Notes Exchange and the New Notes. The Issuer having made all reasonable enquiries, confirms that this Information Memorandum contains all information which is material in the context of the Notes Exchange and the issue of the New Notes, that all the information in this Information Memorandum is true and accurate in all material respects, that the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered and are fairly, reasonably and honestly held by the directors of the Issuer, are based on all relevant considerations and facts existing at the date of its issue and that there are no other facts the omission of which in the context of the Notes Exchange and the issue of the Notes would make any such information or expressions of opinion, expectation or intention misleading in any material respect.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Notes Exchange shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the Trustee (as defined herein), the Agents or the Consent Solicitation Agent to subscribe for or purchase any of the New Notes.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue of the New Notes shall, under any circumstances, constitute a representation, or create any suggestion or implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer or any of its subsidiaries or associated companies (if any) or any statement of fact or the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Notes Exchange or the issue of the New Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Trustee, the Agents or the Consent Solicitation Agent that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the New Notes. A holder of Existing Notes shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer and its subsidiaries and associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer and its subsidiaries and associated companies (if any). Accordingly, notwithstanding anything herein, none of the Trustee, the Agents, the Consent

Solicitation Agent or any of its respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof).

To the fullest extent permitted by law, none of the Trustee, the Agents or the Consent Solicitation Agent accepts any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by any of the Trustee, the Agents or the Consent Solicitation Agent or on its behalf in connection with the Issuer, the Notes Exchange or the issue of the New Notes. Each of the Trustee, any Agent and the Consent Solicitation Agent accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

Prospective investors in the New Notes should not construe the contents of the Information Memorandum as legal, business, financial or tax advice. Prospective investors in the New Notes should consult their own professional advisers as to the legal, business, financial, tax and related aspects of holding and owning the New Notes.

Each purchaser of New Notes and each subsequent purchaser of New Notes in resales prior to the expiration of the 40-day period beginning with the issuance of the New Notes, by accepting delivery of the New Notes, will be deemed to have represented, agreed and acknowledged that:

- (a) It is, or at the time the New Notes are purchased will be, the beneficial owner of such New Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate.
- (b) It understands that such New Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the 40-day period beginning with the issuance of the New Notes, it will not offer, sell, pledge or otherwise transfer such New Notes except in an offshore transaction in accordance with Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.
- (c) It understands that the New Notes, unless otherwise determined by the Trustee in accordance with applicable law, will bear a legend in or substantially in the following form:

“THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “**SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT).”
- (d) It understands that the Company has not been and will not be registered under the U.S. Investment Company Act of 1940.
- (e) The Issuer, the Agents, the Trustee, the Consent Solicitation Agent and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. If it is acquiring any New Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.

## PRESENTATION OF CERTAIN FINANCIAL, RESERVES AND RESOURCES INFORMATION

This Information Memorandum contains the Issuer's audited consolidated financial statements as of and for the years ended 31 December 2013, 2014 and 2015 and its unaudited third quarter and nine months ended 30 September 2016 financial statement announcement (the "**3Q2016 Financial Statement Announcement**"). See the section headed "*Documents Incorporated by Reference*". The Issuer has prepared its audited consolidated financial statements and the financial information contained in its 3Q2016 Financial Statement Announcement (which has not been audited or reviewed) in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). IFRS differs in certain respects from generally accepted accounting principles in certain other countries. The Issuer has prepared its financial statements in US dollars.

In this Information Memorandum, unless otherwise specified, references to "**S\$**" or "**Singapore dollars**" are to Singapore dollars and references to "**US\$**" or "**US dollars**" are to United States dollars.

References to "**billions**" are to thousands of millions.

References to "**3Q**" are to the three months beginning 1 July and ending 30 September and references to "**FY**" are to the financial year of the Issuer ending 31 December.

### **Non-IFRS Financial Measures**

This Information Memorandum contains non-IFRS measures, including earnings before interest, taxation, depreciation, depletion, amortisation, geological and geophysical expenses and exploration expenses ("**EBITDAX**") and earnings before interest, taxation, depreciation and amortisation expenses ("**EBITDA**"), that are not required by, or presented in accordance with, IFRS. Management uses these measures to measure operating performance and as a basis for strategic planning and forecasting. In addition, the Issuer presents these non-IFRS measures because it believes that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity.

The Issuer defines EBITDA as earnings before finance costs, taxes, depreciation, depletion and amortisation expenses, impairment, derivatives gains or losses, reserve writedowns, assets retirement obligation accretion, non-cash share-based compensation and the fair value of net assets acquired and EBITDAX for the Issuer as EBITDA before geological and geophysical expenses and exploration expenses.

EBITDAX, EBITDA and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. In addition, EBITDAX and EBITDA are not standardised terms, hence, a direct comparison between companies using such terms may not be possible. They have limitations as analytical tools, and should not be considered in isolation or as a substitute for analysis of the Issuer's operating results as reported under IFRS. These non-IFRS measures are not measurements of the Issuer's performance or liquidity under IFRS and should not be considered as alternatives to net income, operating profit or profit for the year or any other performance measures derived in accordance with IFRS or any other generally accepted accounting principles, or as alternatives to cash flow from operating, investing or financing activities. You should exercise caution in comparing EBITDAX or EBITDA as reported by the Issuer to EBITDAX or EBITDA of other companies.

The Issuer presents a reconciliation of each of the non-IFRS measures to the most directly comparable measure calculated and presented in accordance with IFRS in the section headed "*Selected Consolidated Financial Information*".

## **Certain Reserves and Resources Information**

Unless otherwise indicated, the oil and gas reserves and contingent resources data, including production and cost forecasts, presented in this Information Memorandum has been estimated by Netherland, Sewell & Associates, Inc. (“NSAI”), an international oil and gas consultant, the executive summary of whose report dated 21 January 2016 on our petroleum reserves and resources as of 31 December 2015 (the “**2015 Summary of Qualified Person’s Report**”) is incorporated in, and forms part of, this Information Memorandum. See the section headed “*Documents Incorporated by Reference*” below.

## **Presentation of Working Interest**

Under certain fiscal regimes, the contractor’s net entitlement (or economic) share in oil and gas reserves or resources can be greater or less than its working interest (“**Working Interest**”) in a given period due to the deduction of government take payable to the applicable host government and other variables such as oil price, cost estimates and any unrecovered cost pools. For consistency, this Information Memorandum contains information on a Working Interest basis unless otherwise stated.

## **Expert Qualifications**

NSAI are independent petroleum engineers, geologists, geophysicists and petrophysicists that do not own an interest in the properties of the Issuer, are not employed on a contingent basis and are not officers or proposed officers of our Group or any holding or associated company of the Issuer.

Furthermore, none of NSAI’s staff or associates owns any shares or equity in the Issuer. NSAI was established in 1961 and has offices located at 2100 Ross Avenue, Suite 2200, Dallas, Texas 75201, United States and Fullbright Tower, 1301 McKinney Street, Suite 3200, Houston, Texas 77010, United States. NSAI performs consulting petroleum engineering services under Texas Board of Professional Engineers Registration No. F-2699 and has conducted reserves certifications, technical studies, economic evaluations and advisory work throughout the world.

NSAI’s report has been supervised by Mr. Scott Frost and Mr. Allen Evans. Mr. Frost and Mr. Evans do not have, nor do they expect to receive, any direct or indirect interest in the securities of the Issuer, our shareholders or our subsidiaries.

Mr. Frost is a Licensed Professional Engineer in the State of Texas (No. 88738), is a member in good standing of the Society of Petroleum Engineers, and has over 30 years of practical experience in petroleum engineering, with over 25 years of experience in the estimation and evaluation of reserves. He graduated from Vanderbilt University in 1979 with a Bachelor of Engineering Degree in Mechanical Engineering and from Tulane University in 1984 with a Master of Business Administration Degree.

Mr. Evans is a Licensed Professional Geoscientist in the State of Texas, Geology (No. 1286), is a member in good standing of the American Association of Petroleum Geologists, and has over 30 years of experience in geological and geophysical studies and evaluations with 20 years of practical experience in reserves evaluations. He graduated from Old Dominion University in 1981 with a Bachelor of Science Degree in Geology and in 1987 with a Master of Science Degree in Geology.

## **Market and Industry Information**

Unless stated otherwise, market data used in this Information Memorandum are as of 31 December 2015. Market data used in this Information Memorandum under the caption “*Description of the Group*” has been extracted from official and industry sources and other sources that the Issuer believes to be reliable. Sources of these data, statistics and information include Wood Mackenzie Asia Pacific Pte Limited (the “**Industry Consultant**”).



The Issuer has commissioned the Industry Consultant to prepare the market assessment of the upstream oil and gas industry in Southeast Asia included as Appendix A to this Information Memorandum. The Industry Consultant has advised the Issuer that the statistical and graphical information contained herein under “*Appendix A — Industry Report*” has been drawn from its databases and other sources.

The Industry Consultant advises that its forecasts should be regarded as indicative assessments of possibilities rather than absolute certainties, and that the process of making forecasts involves assumptions in respect of a considerable number of variables which are acutely sensitive to changing conditions, variations in any one of which may significantly affect the outcome. The Industry Consultant advises that while it has made certain assumptions with careful consideration of factors known as of the date of this Information Memorandum, you should consider the risk that any of the assumptions may be incorrect or incomplete. The Industry Consultant advises further that the section headed “*Appendix A — Industry Report*” contains significant volumes of information which are derived from third-party sources, and that while the Industry Consultant believes that such third-party sources are reliable, the Industry Consultant does not warrant or represent that such information is accurate or correct. The Industry Consultant accepts liability only to the extent of any error or omission from, or a false or misleading statement in, its section and information derived from its section, and does not accept liability for any omission or statement in any other part of this Information Memorandum.

The Industry Consultant is an independent company that carries out business research for the upstream oil and gas industry from time to time. Its market analysis, surveys and forecasts are used by many of the world’s upstream oil and gas companies, financial institutions and government departments. It has coverage in more than 120 countries, and has an understanding of the reserves, production profiles and costs of fields, of fiscal models and industry trends and of investment opportunities. The Industry Consultant (or any of its directors, officers, employees or affiliates) may, to the extent permitted by law, own or have a position in the securities of (or options, warrants or rights with respect to, or interest in, the shares or other securities of) the Issuer.

The Industry Consultant is aware of, and has consented to, the inclusion of its name and report in this Information Memorandum. The data, statistics and information under the caption “*Description of the Group*” have been accurately reproduced and, as far as we are aware and are able to ascertain from information published or provided by the Industry Consultant, no facts have been omitted that would render the reproduced information, data and statistics inaccurate or misleading. Reports and industry publication generally state that the information that they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of that information is not guaranteed.

### **Documents Incorporated by Reference**

The following documents shall be deemed to be incorporated in, and form part of, this Information Memorandum:

- the 2015 Summary of Qualified Person’s Report, which forms part of the Issuer’s annual report for the financial year ended 31 December 2015;
- the Issuer’s annual reports for the financial years ended 31 December 2013, 2014 and 2015; and
- the 3Q2016 Financial Statement Announcement.

### **Forward-Looking Statements**

Certain statements in this Information Memorandum constitute “*forward-looking statements*”. All statements other than statements of historical fact included in this Information Memorandum, including those regarding the Group’s financial position and results, business strategies, plans and objectives of management for future operations (including development plans and projections such as

production forecasts and cost forecasts), are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Group's actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which it will operate in the future. Forward-looking statements involve inherent risks and uncertainties. The forward-looking statements included in this Information Memorandum reflect the Group's current views with respect to future events and are not a guarantee of future performance. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. These include, but are not limited to:

- changes in political, social and economic conditions and the regulatory environment in the countries in which the Issuer conducts business, particularly in Thailand where most of the Group's oil and gas reserves are located;
- adverse general global, regional and local economic conditions;
- changes in the global oil and gas industry;
- uncertainties relating to the Group's projects under development;
- the Group's anticipated growth strategies and expected internal growth;
- changes in competitive conditions and the Group's ability to compete under these conditions;
- changes in currency exchange rates;
- the Group's overall business development and economic performance;
- the Group's ability to consummate its acquisitions, divestments, farm-ins, farm-outs and similar significant events as planned and in a timely manner;
- the Group's future revenue, earnings, cash flow, losses and financial position;
- the amount and nature of future exploration, development and other capital expenditures the Group may require;
- changes in the price and demand of oil and gas;
- the Group's ability to gain access to additional reserves;
- changes in the Group's production levels;
- material defects, breaches of laws and regulations or other deficiencies in the Group's contract areas;
- changes in interest or inflation rates;
- changes in the Group's future capital needs and the availability of financing and capital to fund these needs;
- the Group's dependence on our senior management team and key personnel;

- estimates of the Group’s proved reserves;
- environmental risks;
- man-made or natural disasters, including war, acts of international or domestic terrorism, civil disturbances, occurrences of catastrophic events and acts of God that affect the Group’s business or properties;
- legal, regulatory and other proceedings arising out of the Group’s operations;
- the Group’s leverage and debt service obligations;
- other factors beyond the Group’s control; and
- other matters not yet known to the Group.

Additional factors that could cause the Group’s actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “*Risk Factors*” and “*Description of the Group*”. These forward-looking statements speak only as of the date of this Information Memorandum. Although the Issuer believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievements. The Issuer does not intend to update any of the forward-looking statements after the date of this Information Memorandum to conform those statements to actual results, subject to compliance with all applicable laws.

#### **Certain Defined Terms and Conventions**

In this Information Memorandum, references to the “**Issuer**” and “**KrisEnergy**” are to KrisEnergy Ltd. and, unless the context otherwise requires, the terms “**we**”, “**us**”, “**our**” and “**the Group**” refer to KrisEnergy Ltd. and its subsidiaries taken as a whole. Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.



## **ENFORCEABILITY OF CIVIL LIABILITIES**

The Issuer is a company with limited liability incorporated under the laws of the Cayman Islands. The Issuer's current operations are conducted in Singapore, Thailand, Bangladesh, Cambodia, Indonesia and Vietnam, and all or substantially all of the Group's assets are located in these jurisdictions.

In the event of bankruptcy, insolvency or similar events, proceedings could be initiated in any of the above jurisdictions. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of holders' rights. Holders' rights under the New Notes will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that holders will be able to effectively enforce their rights in such complex multiple bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, administrative and other laws of each of these jurisdictions may be materially different from, or be in conflict with, each other and those with which investors may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect holders' ability to enforce their rights under the New Notes in the relevant jurisdictions or limit any amounts that they may receive. Furthermore, there may be difficulty enforcing the judgment of foreign courts in the jurisdictions in which the Group's assets are located, including judgments predicated upon the civil liability provisions of applicable securities laws.

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## SUMMARY OF THE NEW NOTES

The following is a brief summary of the terms and conditions of the New Notes and is qualified in its entirety by the remainder of this Information Memorandum. For a more complete understanding of the New Notes, please see “Terms and Conditions of the 2022 Notes” and “Terms and Conditions of the 2023 Notes”. Capitalised terms used in this section have the meanings ascribed to those terms in the sections entitled “Terms and Conditions of the 2022 Notes” and “Terms and Conditions of the 2023 Notes”.

<b>Issuer</b> .....	KrisEnergy Ltd.
<b>New Notes</b> .....	S\$130,000,000 Senior Unsecured Notes due 2022 (the “ <b>2022 Notes</b> ”);  S\$200,000,000 Senior Unsecured Notes due 2023 (the “ <b>2023 Notes</b> ”);  The 2022 Notes and the 2023 Notes together are referred to as the “ <b>New Notes</b> ”.
<b>Maturity Date</b> .....	2022 Notes: 9 June 2022. 2023 Notes: 22 August 2023.
<b>Cash Interest</b> .....	The 2022 Notes bear interest from the Issue Date at the rate set forth herein, payable semi-annually in arrear on 9 June and 9 December of each year, commencing 9 June 2017, subject to a fixed rate increase and adjustment dependent on the prevailing Average Benchmark Price of Brent crude oil in each Interest Period (as defined herein) as provided for in Condition 4(b) ( <i>Rate of Cash Interest Step-up</i> ) of the terms and conditions of the 2022 Notes (the “ <b>2022 Notes Conditions</b> ”).  The 2023 Notes bear interest from the Issue Date at the rate set forth herein, payable semi-annually in arrear on 22 February and 22 August of each year, commencing 22 February 2017, subject to a fixed rate increase and adjustment dependent on the prevailing Average Benchmark Price of Brent crude oil in each Interest Period (as defined herein) as provided for in Condition 4(b) ( <i>Rate of Cash Interest Step-up</i> ) of the terms and conditions of the 2023 Notes (the “ <b>2023 Notes Conditions</b> ”).
<b>Accrued Interest</b> .....	2022 Notes: In respect of the Accrued Interest Period (as defined in the 2022 Notes Conditions) only, the 2022 Notes will bear accrued interest at the rate of 2 per cent. per annum, payable semi-annually in arrear on each Interest Payment Date (as defined in the 2022 Notes Conditions), <i>provided, however, that</i> , such accrued interest payable is to be capitalised and added to the then current outstanding principal amount of the 2022 Notes on each Interest Payment Date, unless the Issuer elects to pay such interest in cash in accordance with the 2022 Notes Conditions.

2023 Notes: In respect of the Accrued Interest Period (as defined in the 2023 Notes Conditions) only, the 2023 Notes will bear accrued interest at the rate of 2 per cent. per annum, payable semi-annually in arrear on each Interest Payment Date (as defined in the 2023 Notes Conditions), *provided, however, that*, such accrued interest payable is to be capitalised and added to the then current outstanding principal amount of the 2023 Notes on each Interest Payment Date, unless the Issuer elects to pay such interest in cash in accordance with the 2023 Notes Conditions.

**Ranking** .....

Each series of New Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank pari passu among themselves and at least pari passu with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

**Repurchase Upon a Change of Control** .

In respect of each series of Notes, if, for any reason, a Change of Control Event (as defined in each of the 2022 Notes Conditions and the 2023 Notes Conditions) occurs, the Issuer will within seven days of such occurrence give notice to the Noteholders of the occurrence of such event (the “**Change of Control Notice**”) and shall, at the option of the holder of any Note, redeem such Note at 101 per cent. of the principal amount of such Note, together with Accrued Interest and other interest accrued thereon to the date fixed for redemption, on the date falling 60 days from the date of the Change of Control Notice (or if such date is not a business day, on the next day which is a business day).

For the purposes of this paragraph:

“**acting in concert**” means, a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Issuer by any of them, either directly or indirectly, to obtain or consolidate control of the Issuer;

“**business day**” means any day on which banks are open for general business (including dealings in foreign currencies) in Singapore;

“**Change of Control Event**” means the occurrence of any event whereby any person or group of persons (other than the Permitted Holders), acting in concert, gains direct or indirect Control of the Issuer;

“**Control**” of the Issuer means (and “**Controlling**” shall be construed accordingly):

- (i) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
  - (A) cast, or control the casting of, more than 30 per cent. of the maximum number of votes that might be cast at a general meeting of the Issuer;
  - (B) appoint or remove all, or the majority, of the directors or other equivalent officers of the Issuer; or
  - (C) give directions with respect to the operating and financial policies of the Issuer with which the directors or other equivalent officers of the Issuer are obliged to comply; or
- (ii) holding beneficially more than 30 per cent. of the issued share capital of the Issuer (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital); and

“**Permitted Holders**” means Keppel Corporation Limited and its Subsidiaries and First Reserve Management L.P. and its affiliates and any other person who is deemed under the Companies Act, Chapter 50 of Singapore to hold more than 30 per cent. of the issued share capital of the Issuer (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital) as of the date of the Trust Deed.

**Additional Amounts** .....

All payments of principal and interest (including Accrued Interest) in respect of each series of New Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Cayman Islands, Singapore or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, save for certain customary exceptions.

**Redemption for Taxation Reasons . . . . .**

Each series of the New Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their principal amount, together with Accrued Interest (as defined in the 2022 Notes Conditions and 2023 Notes Conditions) and other interest accrued thereon to the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:

- (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) of the relevant series of New Notes as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands, Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 11 January 2017; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

*provided, however, that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the relevant series of New Notes were then due.

**Redemption upon Cessation or  
Suspension of Trading of Shares  
at the option of Noteholders . . . . .**

In the event that (i) the shares of the Issuer cease to be traded on the SGX-ST or (ii) trading in the shares of the Issuer on the SGX-ST is suspended for a continuous period of more than seven days (other than by reason of holiday, statutory or otherwise), the Issuer shall, at the option of the holder of any New Note, redeem such New Note at a price equal to 100 per cent. of their principal amount together with Accrued Interest and other interest accrued thereon to the date fixed for redemption on the date falling 60 days after (in the case of (i)) the date of cessation of trading or (in the case of (ii)) the business day immediately following the expiry of such continuous period of seven days.



**Redemption at the Option of the Issuer** .....

Each series of New Notes may be redeemed at the option of the Issuer on any Interest Payment Date from and including June 2017 (in respect of the 2022 Notes) or August 2017 (in respect of the 2023 Notes (each, a “**Call Settlement Date**”) at a price equal to 100 per cent. of their principal amount on the Issuer’s giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the relevant series of New Notes on the relevant Call Settlement Date at such price plus Accrued Interest and interest accrued to such date).

**Negative pledge** .....

In respect of each series of New Notes: So long as any of the New Notes remains outstanding, the Issuer will not, and will ensure that none of its Subsidiaries will, create or have outstanding any security over the whole or any part of its undertakings, assets, revenues, present or future, save for such security expressly excluded under Condition 3(a) of the 2022 Notes Conditions and the 2023 Notes Conditions.

See Condition 3(a) of the 2022 Notes Conditions and 2023 Notes Conditions for the details of such permitted Security Interests.

**Limitation on Indebtedness** .....

In respect of each series of New Notes: So long as any of the New Notes remain outstanding, the Issuer will not, and will not permit any Subsidiary to, directly or indirectly, Incur any Indebtedness, *provided that* the Issuer and any Subsidiary may Incur Indebtedness if, after giving effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, and on the Transaction Date, that no Default has occurred and is continuing; and the ratio of Consolidated Total Debt to Consolidated EBITDA would be less than 2.5 to 1.0, and save for such Permitted Indebtedness expressly excluded under Condition 3(b)(ii) of the 2022 Notes Conditions and the 2023 Notes Conditions.

See Condition 3(b)(ii) of the 2022 Notes Conditions and 2023 Notes Conditions for the details of such Permitted Indebtedness.

**Limitation on Asset Sales** .....

In respect of each series of New Notes: So long as any of the New Notes remain outstanding, the Issuer will not, and will not permit any Subsidiary to, consummate any Asset Sale, unless no Default shall have occurred and be continuing at that time or would occur as a result of such Asset Sale; and the consideration received by the Issuer or such Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of.

**Dividend and Zero Coupon Notes**

**Restriction** . . . . .

In respect of each series of New Notes: So long as any of the New Notes remains outstanding, the Issuer will not pay any dividend, whether in cash or in specie, to reduce its capital or make any other distribution to its shareholders; or repurchase, purchase, redeem, defease or otherwise retire for value the Zero Coupon Secured Notes, *provided that* the limitation on asset sales shall not prohibit the repurchase, purchase, redemption, defeasance or other retirement for value of the Zero Coupon Secured Notes with the net proceeds from a substantially concurrent Incurrence of Permitted Refinancing Indebtedness for the purpose of such repurchase, purchase, redemption, defeasance or other retirement for value.

**Merger, Consolidation or Sale of**

**Assets** . . . . .

In respect of each series of New Notes: So long as any of the New Notes remain outstanding, the Issuer will not, directly or indirectly (i) consolidate, amalgamate or merge with or into another Person (whether or not the Issuer is the surviving corporation) or (ii) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer and its Subsidiaries, taken as a whole, in one or more related transactions, to another Person, unless either the Issuer is the surviving corporation; or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Issuer) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Issuer under the New Notes and the relevant Trust Deed; immediately after such transaction or transactions, no Default shall have occurred and be continuing at that time; the ratio of Consolidated Total Debt to Consolidated Equity (the “**Gearing Ratio**”) of the Issuer or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Issuer), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made would, on the date of such transaction after giving *pro forma* effect thereto, be at least equal to or lower than the Gearing Ratio of the Issuer immediately prior to such transaction.

**Governing Law** . . . . .

The New Notes are governed by, and construed in accordance with, the laws of Singapore.

**Form, Denomination and Registration** . . . . .

The New Notes are issued in Authorised Denominations of S\$250,000. The New Notes are issued only in registered form initially represented by a Global Note Certificate (as defined in the sections “*Terms and Conditions of the 2022 Notes*” and “*Terms and Conditions of the 2023 Notes*”).

<b>Listing</b> .....	If the application to the SGX-ST to list the New Notes is approved, for so long as such New Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such New Notes will be traded on the SGX-ST in a minimum board lot size of at least S\$250,000.
<b>Trustee</b> .....	The Bank of New York Mellon, Singapore Branch
<b>Principal Paying Agent</b> .....	The Bank of New York Mellon, Singapore Branch
<b>Transfer Agent</b> .....	The Bank of New York Mellon, Singapore Branch
<b>Registrar</b> .....	The Bank of New York Mellon, Singapore Branch
<b>Calculation Agent</b> .....	The Bank of New York Mellon, Singapore Branch (together with the Principal Paying Agent, the Transfer Agent and the Registrar, the “ <b>Agents</b> ”)

## TERMS AND CONDITIONS OF THE 2022 NOTES

*The following is the text of the Conditions of the 2022 Notes which will be applicable to the 2022 Notes in definitive form (if any) issued in exchange for the Global Note Certificate representing the 2022 Notes. These terms and conditions shall be endorsed on the Certificates issued in respect of the 2022 Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the 2022 Notes Trust Deed.*

The S\$130,000,000 senior unsecured notes due 2022 (the “**Notes**”, which expression includes any further notes issued pursuant to Condition 14 (*Further issues*) and forming a single series therewith) of KrisEnergy Ltd. (the “**Issuer**”) are constituted by, are subject to, and have the benefit of, a trust deed dated 11 January 2017 (as amended or supplemented from time to time, the “**Trust Deed**”) between the Issuer and The Bank of New York Mellon, Singapore Branch as trustee (the “**Trustee**”, which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed) and are the subject of an agency agreement dated 11 January 2017 (as amended or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, The Bank of New York Mellon, Singapore Branch as registrar (the “**Registrar**”, which expression includes any successor registrar appointed from time to time in connection with the Notes), The Bank of New York Mellon, Singapore Branch as principal paying agent (the “**Principal Paying Agent**”, which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), the transfer agents named therein (the “**Transfer Agents**”, which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes), the paying agents named therein (together with the Principal Paying Agent, the “**Paying Agents**”, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes), The Bank of New York Mellon, Singapore Branch as calculation agent (the “**Calculation Agent**”, which expression includes any successor calculation agent appointed from time to time in connection with the Notes) and the Trustee. References herein to the “**Agents**” are to the Registrar, the Principal Paying Agent, the Transfer Agents, the Paying Agents and the Calculation Agent and any reference to an “**Agent**” is to any one of them. Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and subject to their detailed provisions. The Noteholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders from 09.30 a.m. to 03.30 p.m. Monday to Friday (excluding public holidays) at the specified office for the time being of the Trustee, being at the date hereof One Temasek Avenue, # 03-01 Millenia Tower, Singapore 039192 and at the Specified Offices (as defined in the Agency Agreement) of each of the Agents, the initial Specified Offices of which are set out below.

### 1. **Form, Denomination and Status**

- (a) *Form and denomination:* The Notes are in registered form in the denomination of S\$250,000 (each, a “**Denomination Amount**”).
- (b) *Status of the Notes:* The Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

### 2. **Register, Title and Transfers**

- (a) *Register:* The Registrar will maintain a register (the “**Register**”) in respect of the Notes in accordance with the provisions of the Agency Agreement. In these Conditions, the “**Holder**” of a Note means the person in whose name such Note is for the time being registered in the Register

(or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly. A certificate (each, a “**Note Certificate**”) will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

- (b) *Title*: The Holder of each Note shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Notes or the Trust Deed under the (Rights of Third Parties) Act, Chapter 53B of Singapore.
- (c) *Transfers*: Subject to paragraphs (f) (*Closed periods*) and (g) (*Regulations concerning transfers and registration*) below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Denomination Amounts. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor.
- (d) *Registration and delivery of Note Certificates*: Within five business days of the surrender of a Note Certificate in accordance with paragraph (c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, “**business day**” means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- (e) *No charge*: The transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (f) *Closed periods*: Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes.
- (g) *Regulations concerning transfers and registration*: All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

*Upon issue, the Notes will be represented by a global note certificate (the “**Global Note Certificate**”) deposited with The Central Depository (Pte) Limited (the “**Depository**”). These Conditions are modified by certain provisions contained in the Global Note Certificate. Except in the limited circumstances described in the Global Note Certificate, owners of interests in the Notes represented by the Global Note Certificate will not be entitled to receive definitive Note Certificates in respect of their individual holdings of Notes. The Notes are not issuable in bearer form.*

*Notwithstanding anything contained in these Conditions, for so long as any of the Notes is represented by the Global Note Certificate held by the Depository, transfers of beneficial interests in the Global Note Certificate will be effected only through records maintained by the Depository and each person who is for the time being shown in the records of the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Agents as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such principal amount of such Notes, for which purpose the holder of the Global Note Certificate shall be treated by the Issuer, the Trustee and the Agents as the holder of such principal amount of such Notes in accordance with and subject to the terms of the Global Note Certificate and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly. Notes which are represented by the Global Note Certificate will be transferable only in accordance with the rules and procedures for the time being of the Depository and any records maintained by the Depository or the Depository’s service providers relating to or connected with the Notes shall, save in the case of manifest error, be binding and conclusive for all purposes.*

### 3. Covenants

- (a) *Negative pledge:* So long as any of the Notes remain outstanding, the Issuer will not, and will ensure that none of its Subsidiaries will, create or have outstanding any Security Interest over the whole or any part of its undertakings, assets or revenues, present or future, save for:
  - (i) any Security Interest or rights of set-off arising solely by operation of law (or by an agreement evidencing the same) in respect of (A) Indebtedness which either (1) has been due for less than 21 days or (2) is being contested in good faith and by appropriate means, or (B) taxes being contested in good faith;
  - (ii) any Security Interest existing as at the date of the Trust Deed over any of the respective undertakings, assets or revenues of the Issuer or any of its Subsidiaries and disclosed in writing to the Trustee on or prior to the date of the Trust Deed including, without limitation, Security Interests granted under the Revolving Credit Facility on or prior to the date of the Trust Deed;
  - (iii) any Security Interest created or to be created over any of the respective undertakings, assets or revenues of the Issuer or any of its Subsidiaries pursuant to the Revolving Credit Facility and the Amendment Agreement (in each case, in the form agreed as at the date of the Trust Deed);
  - (iv) any Security Interest created solely in connection with the financing of an acquisition and/or development of assets by the Issuer or any of its Subsidiaries after the date of the Trust Deed (including the acquisition by way of acquisition of the shares in a company or entity owning (whether directly or indirectly) such assets); *provided, however, that* such Security Interest (A) shall not extend beyond the assets that are the subject of such acquisition or development, and (B) secures a principal amount not exceeding the cost of such acquisition or development;
  - (v) any Security Interest created over any asset pursuant to any arrangement, transaction or activity of the Issuer or any of its Subsidiaries undertaken in the ordinary course of business or trading;



- (vi) Security Interests to secure any Permitted Refinancing Indebtedness permitted to be Incurred under Condition 3(b)(ii), *provided, however, that* the new Security Interest shall be limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Security Interests arose, could secure the original Security Interests (plus improvements and accessions to, such property or proceeds or distributions thereof);
  - (vii) any Security Interest over or affecting any asset acquired by any member of the Group after the Issue Date if:
    - (A) the Security Interest was not created in contemplation of the acquisition of that asset by such member of the Group;
    - (B) the principal amount secured has not been increased in contemplation of, or since the acquisition of that asset by such member of the Group; and
    - (C) the Security Interest is removed or discharged within 90 days of the date of acquisition of such asset;
  - (viii) any Security Interest arising as a result of legal proceedings which is discharged within 21 days or otherwise contested in good faith (and not otherwise constituting an Event of Default) and in respect of which adequate reserves are being maintained;
  - (ix) any Security Interest over cash paid into an escrow or similar account in connection with a disposal that does not fall within the circumstances referred to in Condition 8(i);
  - (x) any Security Interest granted in favour of the trustee and noteholders of the Zero Coupon Secured Notes as of the date on which the Zero Coupon Secured Notes are issued; and
  - (xi) any other Security Interest which has been approved by the Noteholders by way of an Extraordinary Resolution.
- (b) *Limitation on Indebtedness*
- (i) So long as any of the Notes remain outstanding, the Issuer will not, and will not permit any Subsidiary to, directly or indirectly, Incur any Indebtedness, *provided that* the Issuer and any Subsidiary may Incur Indebtedness if, after giving effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, and on the Transaction Date:
    - (A) no Default has occurred and is continuing; and
    - (B) the ratio of Consolidated Total Debt to Consolidated EBITDA would be less than 2.5 to 1.0.
  - (ii) Notwithstanding the foregoing, the Issuer and any Subsidiary of the Issuer, to the extent provided below, may Incur each and all of the following (“**Permitted Indebtedness**”):
    - (A) the Incurrence by the Issuer or any of its Subsidiaries of the Existing Indebtedness;
    - (B) Indebtedness under the Notes, *provided that* the principal amount of the Notes and any Accrued Interest capitalised and added to the then current outstanding principal amount of the Notes in accordance with Condition 4(a)(i)(B) shall be taken into account in the calculation of Consolidated Total Debt for the purposes of Condition 3(b)(i)(B);

- (C) Indebtedness under the Zero Coupon Secured Notes;
- (D) Indebtedness under the Revolving Credit Facility up to an aggregate principal amount outstanding thereunder from time to time of US\$200 million (or its equivalent in any other currency or currencies);
- (E) the Incurrence by the Issuer or any of its Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to extend, renew, refund, refinance, replace, exchange, defease or discharge any Indebtedness (other than intercompany Indebtedness) that is permitted to be Incurred under this Condition 3(b), including, without limitation, under paragraphs (A), (B), (C) and (D) above;
- (F) Indebtedness Incurred solely in connection with the financing of an acquisition and/or development of assets by the Issuer or any of its Subsidiaries (including the acquisition by way of acquisition of the shares in a company or entity owning (whether directly or indirectly) such assets); *provided, however, that* such Indebtedness is in a principal amount not exceeding the cost of such acquisition or development;
- (G) Permitted Subordinated Indebtedness;
- (H) Indebtedness of the Issuer or any Subsidiary owed to the Issuer or any Subsidiary; *provided that* (1) any event which results in any such Subsidiary to which such Indebtedness is owed ceasing to be a Subsidiary or any subsequent transfer of such Indebtedness (other than to the Issuer or any Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this Condition 3(b)(ii), (2) if the Issuer is the obligor on such Indebtedness, such Indebtedness must be unsecured and expressed by its terms to be subordinated in right of payment to the Notes, and (3) if the Indebtedness is owed to the Issuer, such Indebtedness must expressly be evidenced by an unsubordinated promissory note, intra-group loan agreement or a similar instrument under applicable law;
- (I) the Incurrence by the Issuer or any of its Subsidiaries of Hedging Obligations not for speculative purposes (as determined in good faith by a responsible financial or accounting officer of the Issuer);
- (J) Indebtedness Incurred by the Issuer or any Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or self-insurance obligations or bid, performance or surety bonds (in each case other than for an obligation for borrowed money);
- (K) Indebtedness Incurred by the Issuer or any Subsidiary constituting reimbursement obligations with respect to letters of credit or trade guarantees issued in the ordinary course of business to the extent that such letters of credit or trade guarantees are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the 30 days following receipt by the Issuer or such Subsidiary of a demand for reimbursement;
- (L) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Issuer or any Subsidiary pursuant to such agreements, in any case, Incurred in connection with the disposition of any business, assets or Subsidiary, other than guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Subsidiary for

the purpose of financing such acquisition; *provided that* the maximum aggregate liability in respect of all such Indebtedness in the nature of such guarantee shall at no time exceed the gross proceeds actually received from the sale of such business, assets or Subsidiary;

- (M) Indebtedness arising from the honouring by a bank or other financial institution of a cheque, draft or similar instrument drawn against insufficient funds in the ordinary course of business, *provided that* such Indebtedness is extinguished within five Business Days of Incurrence;
  - (N) the Incurrence by the Issuer of any of its Subsidiaries of obligations relating to production imbalances arising in the ordinary course of business;
  - (O) Indebtedness of the Issuer or any Subsidiary in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed US\$5 million (or its equivalent in any other currency or currencies);
  - (P) the Incurrence by the Issuer or any of its Subsidiaries of Indebtedness in connection with one or more standby letters of credit, Guarantees, performance bonds or other reimbursement obligations, in each case, issued in the ordinary course of business and not in connection with the borrowing of money or the obtaining of an advance or credit (other than advances or credit for goods and services in the ordinary course of business and on terms and conditions that are customary in the Oil and Gas Business, and other than the extension of credit represented by such letter of credit, Guarantee or performance bond itself);
  - (Q) the Incurrence by the Issuer or any Subsidiary of Indebtedness through the provision of bonds, Guarantees, letters of credit or similar instruments required by any national or international maritime commission or authority or other governmental or regulatory agencies, including, without limitation, customs authorities; in each case, for vessels owned or chartered by, and in the ordinary course of business of, the Issuer or any of its Subsidiaries at any time outstanding not to exceed the amount required by such governmental or regulatory authority;
  - (R) the Incurrence by the Issuer or any of its Subsidiaries of Indebtedness in the form of customer deposits and advance payments received in the ordinary course of business from customers for purchases in the ordinary course of business; and
  - (S) any obligation of the Issuer or any of its Subsidiaries in respect of a farm-out agreement or similar arrangement entered into by the Issuer or any of its Subsidiaries with another Person whereby such Person agrees to pay all or a share of the petroleum operations costs of the Issuer or any of its Subsidiaries (which agreement may be subject to a maximum payment obligation, after which expenses are shared in accordance with the working or participation interest therein or in accordance with the agreement of the parties) or perform such petroleum operations in exchange for an ownership interest in an oil or gas property.
- (c) *Limitation on Asset Sales:* So long as any of the Notes remain outstanding, the Issuer will not, and will not permit any Subsidiary to, consummate any Asset Sale, unless:
- (i) no Default shall have occurred and be continuing at that time or would occur as a result of such Asset Sale; and
  - (ii) the consideration received by the Issuer or such Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of;

- (d) *Dividend and Zero Coupon Secured Notes Restriction*: So long as any of the Notes remains outstanding, the Issuer will not:
- (i) pay any dividend, whether in cash or in specie, to reduce its capital or make any other distribution to its shareholders; or
  - (ii) repurchase, purchase, redeem, defease or otherwise retire for value the Zero Coupon Secured Notes, *provided that* this Condition 3(d)(ii) shall not prohibit the repurchase, purchase, redemption, defeasance or other retirement for value of the Zero Coupon Secured Notes with the net proceeds from a substantially concurrent Incurrence of Permitted Refinancing Indebtedness for the purpose of such repurchase, purchase, redemption, defeasance or other retirement for value.
- (e) *Merger, Consolidation or Sale of Assets*: So long as any of the Notes remain outstanding, the Issuer will not, directly or indirectly (i) consolidate, amalgamate or merge with or into another Person (whether or not the Issuer is the surviving corporation) or (ii) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer and its Subsidiaries, taken as a whole, in one or more related transactions, to another Person, unless:
- (i) either:
    - (A) the Issuer is the surviving corporation; or
    - (B) the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Issuer) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Issuer under the Notes and the Trust Deed;
  - (ii) immediately after such transaction or transactions, no Default shall have occurred and be continuing at that time;
  - (iii) the ratio of Consolidated Total Debt to Consolidated Equity (the “**Gearing Ratio**”) of the Issuer or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Issuer), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made would, on the date of such transaction after giving *pro forma* effect thereto, be at least equal to or lower than the Gearing Ratio of the Issuer immediately prior to such transaction; and
  - (iv) the Issuer shall have delivered to the Trustee an officer’s certificate and an opinion of counsel, each stating that such consolidation, amalgamation, merger or transfer comply with this Condition 3(e); *provided that* in giving an opinion of counsel, counsel may rely on an officer’s certificate as to any matters of fact. The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of compliance with the requirements of this Condition 3(e), in which event they shall be conclusive and binding on the Noteholders.
- (f) *Certain Definitions*: In these Conditions:

“**Amendment Agreement**” means the amendment agreement (as amended and restated from time to time) amending the Revolving Credit Facility dated 3 November 2016 between, among others, the Issuer and certain of its Subsidiaries as obligors, DBS Bank Ltd. as lender and The Hongkong and Shanghai Banking Corporation Limited as agent and security agent;

**“Asset Sale”** means any sale, lease, transfer or other disposition (including by way of merger, consolidation or sale and leaseback transaction) of any of its rights, property or assets (including any sale or issuance of Capital Stock of a Subsidiary) in one transaction or a series of related transactions by the Issuer or any of its Subsidiaries to any Person; *provided that* **“Asset Sale”** shall not include:

- (i) the sale, lease or other disposition of products, services, Hydrocarbons or mineral products inventory or accounts receivable or other assets in the ordinary course of business;
- (ii) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of US\$5 million (or its equivalent in any other currency or currencies) in any transaction or series of related transactions;
- (iii) any sale, transfer, assignment or other disposition of any property, or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Issuer or its Subsidiaries;
- (iv) any sale, transfer or other disposition by the Issuer or any of its Subsidiaries, including the sale or issuance by the Issuer or any Subsidiary of any Capital Stock of any Subsidiary, to the Issuer or any Subsidiary;
- (v) the abandonment, farm-in, farm-out, lease or sublease of any oil and gas properties or the forfeiture or other disposition of such properties, in each case in the ordinary course of business;
- (vi) the sale or other disposition (whether or not in the ordinary course of business) of crude oil and natural gas properties or direct or indirect interests in real property; provided, that at the time of such sale or other disposition such properties do not have associated with them any proved reserves;
- (vii) granting of Security Interests not prohibited by or expressly permitted under Condition 3(a) (*Negative Pledge*); and
- (viii) foreclosure, condemnation or any similar action with respect to any property or other assets;

**“Capital Stock”** means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Issue Date or issued thereafter, including, without limitation, all common stock, ordinary stock and preferred stock, but excluding debt securities convertible into such equity;

**“Consolidated EBITDA”** means, at any time, the consolidated operating profit of the Group before taxation, calculated in accordance with IFRS in respect of the most recent Measurement Period:

- (i) before deducting any interest (not including any accrued interest owing to any member of the Group), commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised by any member of the Group (calculated on a consolidated basis);
- (ii) before taking into account any exceptional, one-off, non-recurring or extraordinary items; and
- (iii) after adding back any amount attributable to the amortisation or depreciation of assets of members of the Group,

in each case, in respect of such Measurement Period and to the extent added, deducted or taken into account, as the case may be, for the purposes of determining operating profits of the Group before taxation.

**“Consolidated Equity”** means, at any time, the aggregate of the amounts paid up or credited as paid up on the issued ordinary share capital of the Issuer or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Issuer), as the case may be, and the aggregate amount of the reserves of the Group, calculated in accordance with IFRS, as shown in the most recent available consolidated balance sheet of the Group (whether audited or unaudited), including:

- (i) any amount credited to the share premium account;
- (ii) any capital redemption reserve fund; and
- (iii) any balance standing to the credit of the consolidated income statement of the Group, but deducting:
  - (iv) any debit balance on the consolidated income statement of the Group;
  - (v) any amount which is attributable to minority interests;
  - (vi) (to the extent included) any amount set aside for taxation, deferred taxation or bad debts; and
  - (vii) any amount in respect of any dividend or distribution declared, recommended or made by any member of the Group to the extent payable to a person who is not a member of the Group and to the extent such distribution is not provided for in the most recent financial statements,

and so that no amount shall be included or excluded more than once;

**“Consolidated Total Debt”** means, at any time, the aggregate outstanding principal, capital or nominal amount of all obligations of the Group for or in respect of Indebtedness but excluding any such obligations to any other member of the Group, calculated in accordance with IFRS, as shown in the most recent available consolidated balance sheet of the Group (whether audited or unaudited);

**“Default”** means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default;

**“Existing Indebtedness”** means Indebtedness of the Issuer and its Subsidiaries in existence on the date of the Trust Deed;

**“Fair Market Value”** means the price that would be paid in an arm’s-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the board of directors, whose determination shall be conclusive if evidenced by a board resolution of the Issuer or the relevant Subsidiary;

**“Group”** means, collectively, the Issuer and its Subsidiaries;



**“Guarantee”** means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (i) any obligation to purchase such Indebtedness;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (iv) any other agreement to be responsible for such Indebtedness;

**“Hedging Obligations”** means, with respect to any specified Person, the obligations (including any Indebtedness) of such Person or any of its Subsidiaries directly or indirectly under or in connection with:

- (i) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements, other agreements or arrangements designed to manage interest rates or interest rate risk;
- (ii) any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates;
- (iii) any forward contract, commodity futures contract, commodity option agreement, commodity swap agreement, cap, floor, ceiling or collar agreement or other similar agreement or arrangement designed to protect against fluctuations in the price of commodities used, produced, processed or sold by that Person or any of its Subsidiaries at the time;
- (iv) other agreements or arrangements designed to protect such Person against fluctuations in interest rates, commodity prices or currency exchange rates; and
- (v) any other related agreement or arrangement, whether or not incurring any Indebtedness, directly or indirectly, in connection with any restructuring, amendment, variation or termination (whether in whole or in part) of any of the agreements referred to in paragraphs (i) to (iv), above;

**“Hydrocarbons”** means oil, gas, casing head gas, drip gasoline, natural gasoline, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all constituents, elements or compounds thereof and products refined or processed therefrom;

**“IFRS”** means the International Financial Reporting Standards (or any successor accounting standard thereto) as issued by the International Accounting Standards Board;

**“Incur”** means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided that* (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Subsidiary will be deemed to be Incurred by such Subsidiary at the time it becomes a Subsidiary and (2) the accretion of original issue discount shall not be considered an Incurrence of Indebtedness. The terms **“Incurrence”**, **“Incurred”** and **“Incurrence”** have meanings correlative with the foregoing;

**“Indebtedness”** means, with respect to a Person at any date of determination, any indebtedness for or in respect of:

- (i) moneys borrowed;
- (ii) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (iii) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (iv) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS, be treated as a balance sheet liability (other than any liability in respect of a lease or hire purchase contract which would, in accordance with IFRS in force prior to 1 January 2019, have been treated as an operating lease);
- (v) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (vi) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing, except Trade Payables and Prepayment Transactions;
- (vii) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (viii) any counter-indemnity obligation in respect of a Guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
- (ix) any amount raised by the issue of redeemable shares;
- (x) any amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into this agreement is to raise finance, except Trade Payables and Prepayment Transactions;
- (xi) (without double counting) the amount of any liability in respect of any Guarantee or indemnity for any of the items referred to in paragraphs (i) to (v) above; and
- (xii) (without double counting) any indebtedness referred to in paragraphs (i) to (v) above of other Persons secured by Security Interest upon any assets of the Person to which this definition is being applied, *provided that* the amount of such Indebtedness shall be the lesser of (A) the fair market value of such asset at such date of determination and (B) the amount of such indebtedness;

**“Measurement Period”** means the most recently ended four full financial quarters of the Issuer for which consolidated financial statements are available (whether audited or unaudited);

**“Oil and Gas Business”** means:

- (i) the acquisition, exploration, exploitation, development, production, operation and disposition of interests in oil, natural gas, liquid natural gas and other Hydrocarbon and mineral properties or products produced in association with the foregoing;

- (ii) the gathering, marketing, distributing, treating, refining, processing, storing, distribution, selling and transporting of any production from oil, natural gas, natural gas liquids, liquefied natural gas and other Hydrocarbon and mineral properties (whether or not such properties are owned by the Issuer and/or its Subsidiaries) and products produced in association therewith and the marketing of oil, natural gas, other Hydrocarbons and minerals obtained from unrelated Persons;
- (iii) any other related energy business, from oil, natural gas and other Hydrocarbons and minerals produced substantially from properties in which the Issuer or its Subsidiaries directly or indirectly participates;
- (iv) any business relating to oil and gas field seismic mapping, sales and service and technology development with respect thereto; and
- (v) any business, services or activity relating to, arising from, or necessary, appropriate or incidental to the activities described in paragraphs (i), (ii), (iii) or (iv) above;

**“Permitted Refinancing Indebtedness”** means any Indebtedness of the Issuer or any of its Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, renew, refund, refinance, replace, exchange, defease or discharge other Indebtedness of the Issuer or any of its Subsidiaries (other than intercompany Indebtedness), *provided that*:

- (i) the aggregate principal amount of such Permitted Refinancing Indebtedness does not exceed the principal amount of the Indebtedness being extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, Incurred in connection therewith);
- (ii) such Permitted Refinancing Indebtedness has a final maturity date that is either (i) no earlier than the final maturity date of the Indebtedness being extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged or (ii) after the final maturity date of the Notes, *provided that* in the case of the Zero Coupon Secured Notes, such Permitted Refinancing Indebtedness Incurred in connection therewith has a final maturity date that is at least one year following the Maturity Date; and
- (iii) if the Indebtedness being extended, renewed, refunded, refinanced, replaced, defeased or discharged is expressly contractually subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes on terms at least as favourable to the holders of Notes as those contained in the documentation governing the Indebtedness being extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged;

**“Permitted Subordinated Indebtedness”** means Indebtedness of the Issuer that is:

- (i) contractually subordinated in right of payment (by the terms of any documents or instruments relating thereto) to the Notes;
- (ii) expressed to be payable on a date falling after the Maturity Date;
- (iii) does not have the benefit of any Security Interest; and
- (iv) does not bear any interest or distribution rate payable to its holders, or is otherwise subject to amortisation over its tenor;

**“Person”** means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof;

“**Preferential Offering**” means the preferential offering by the Issuer of the Zero Coupon Secured Notes with free detachable and warrants, each such warrant carrying the right to subscribe for one new share in the capital of the Issuer, made to shareholders of the Issuer;

“**Prepayment Transaction**” means, with respect to any Person, any indebtedness or monetary obligation owed to its customers, assumed or Guaranteed by such Person or any of its Subsidiaries, arising in the ordinary course of business in connection with the sale of goods or services for which the purchase price has been prepaid by such customer;

“**Revolving Credit Facility**” means the US\$100.0 million revolving credit facility dated 24 March 2014 (as amended and/or restated from time to time including, without limitation, pursuant to an amendment and restatement agreement dated 24 March 2016 and an amendment agreement dated 3 November 2016) entered into between, among others, KrisEnergy (Asia) Ltd (the Issuer’s wholly-owned subsidiary) as borrower and The Hongkong and Shanghai Banking Corporation Limited as agent, which was subsequently increased to US\$122.0 million on 30 April 2015 and to US\$148.27 million on 11 July 2016 and under which all of the participations and commitments were transferred to DBS Bank Ltd. as lender under transfer certificates dated on 30 June 2016;

“**Security Interest**” means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

“**Subsidiary**” has the meaning ascribed to it in Section 5 of the Companies Act, Chapter 50 of Singapore, and “**Subsidiaries**” shall have a corresponding meaning;

“**Trade Payables**” means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services and payable within 90 days;

“**Transaction Date**” means, with respect to the Incurrence of Indebtedness, the date such Indebtedness is to be Incurred; and

“**Zero Coupon Secured Notes**” means up to S\$140,000,000 zero coupon secured notes due 2024 to be issued by the Issuer pursuant to the Preferential Offering.

#### 4. **Interest**

(a) *Accrual and rate of interest:*

- (i) The Notes bear interest from (and including) 11 January 2017 (the “**Issue Date**”):
- (A) subject to adjustment as provided for in Condition 4(b) (*Rate of Cash Interest Step-up*) at the rate of 2 per cent. per annum (the “**Initial Rate of Cash Interest**”), payable semi-annually in arrear on 9 June and 9 December in each year (each, an “**Interest Payment Date**”), subject as provided in Condition 6 (*Payments*); and
  - (B) in respect of the Accrued Interest Period (as defined below) only, at the rate of 2 per cent. per annum (the “**Rate of Accrued Interest**”), payable semi-annually in arrear on each Interest Payment Date, *provided, however, that*, the interest payable under this Condition 4(a)(i)(B) (the “**Accrued Interest**”) is to be capitalised and added to the then current outstanding principal amount of the Notes on each Interest Payment Date (for the purposes of calculating Noteholders’ entitlement to Accrued Interest only), unless the Issuer elects to pay such interest in cash in accordance with Condition 4(a)(iv).

For illustrative purposes only, in the event that the Issuer capitalises the Accrued Interest payable on each Interest Payment Date in the Accrued Interest Period (as defined below), and without adjustment for an increase in accordance with Condition 4(b)(ii)(Average Benchmark Price step-up), the Accrued Interest applicable for the relevant Interest Period (as defined below) during the Accrued Interest Period shall be as follows:

<b>Interest Payment Date:</b>	<b>Principal amount of each Note (including Cumulative Accrued Interest) (S\$):</b>	<b>Cumulative Accrued Interest (S\$):</b>
9 June 2017	250,000	2,041
9 December 2017	252,041	4,568
9 June 2018	254,568	7,107
9 December 2018	257,107	9,685

Notwithstanding anything contained in these Conditions to the contrary, any Accrued Interest capitalised and added to the then current outstanding principal amount of the Notes on each Interest Payment Date in accordance with Condition 4(a)(i)(B) shall not be reflected as an issue of additional Notes, but shall constitute interest to which the holder of a Note shall be entitled upon redemption and/or maturity of the Note in accordance with these Conditions.

- (ii) Each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date or Maturity Date (as the case may be) is herein called an “**Interest Period**”.
  - (iii) Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders (in accordance with Condition 15 (*Notices*)) that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
  - (iv) The Issuer may, in its sole and absolute discretion, elect to pay all or part of the Accrued Interest in cash pursuant to Condition 4(a)(i)(B) above, *provided that*, in respect of any Interest Payment Date the Issuer shall elect (by giving notice to the Noteholders (in accordance with Condition 15 (*Notices*)), the Trustee and the Agents no later than 15 days prior to the relevant Interest Payment Date) to pay the relevant amount of Accrued Interest in cash (if any) in the manner contemplated and provided for in Condition 6 (*Payments*).
- (b) *Rate of Cash Interest Step-up:*
- (i) Fixed rate step-up:

From and including the Interest Payment Date falling in December 2018, the Initial Rate of Cash Interest will increase to 4.00 per cent. per annum (the “**Step-up Rate of Cash Interest**”, and together with the Initial Rate of Cash Interest, the “**Rate of Cash Interest**”).

(ii) Average Benchmark Price step-up:

(A) If the Average Benchmark Price (as defined below) on the Average Benchmark Price Determination Date (as defined below):

- (1) is greater than US\$70.00 but equal to or less than US\$80.00, the Initial Rate of Cash Interest or Step-up Rate of Cash Interest (as the case may be) will, with effect from the Interest Payment Date immediately preceding such Average Benchmark Price Determination Date until the Interest Payment Date immediately following such Average Benchmark Price Determination Date, increase to:

Initial Rate of Cash Interest:	3.00 per cent. per annum
Step-up Rate of Cash Interest:	5.00 per cent. per annum

- (2) is greater than US\$80.00 but equal to or less than US\$90.00, the Initial Rate of Cash Interest or Step-up Rate of Cash Interest (as the case may be) will, with effect from the Interest Payment Date immediately preceding such Average Benchmark Price Determination Date until the Interest Payment Date immediately following such Average Benchmark Price Determination Date, increase to:

Initial Rate of Cash Interest:	4.00 per cent. per annum
Step-up Rate of Cash Interest:	6.00 per cent. per annum

and

- (3) is greater than US\$90.00, the Initial Rate of Cash Interest or Step-up Rate of Cash Interest (as the case may be) will, with effect from the Interest Payment Date immediately preceding such Average Benchmark Price Determination Date until the Interest Payment Date immediately following such Average Benchmark Price Determination Date, increase to:

Initial Rate of Cash Interest:	5.00 per cent. per annum
Step-up Rate of Cash Interest:	7.00 per cent. per annum

(B) Any increase in the Rate of Cash Interest pursuant to this Condition 4(b)(ii) (*Average Benchmark Price Step-up*) will be notified by the Issuer to the Noteholders (in accordance with Condition 15 (*Notices*)), the Trustee and the Agents no later than the fifth day following the relevant Average Benchmark Price Determination Date.

(C) Notwithstanding any provision of this Condition 4(b) (*Rate of Cash Interest Step-up*) to the contrary:

- (1) in respect of the Accrued Interest Period only, the maximum Rate of Cash Interest shall be 5.00 per cent. per annum and the minimum Rate of Cash Interest shall be 2.00 per cent. per annum; and
- (2) following the Accrued Interest Period only, the maximum Rate of Cash Interest shall be 7.00 per cent. per annum and the minimum Rate of Cash Interest shall be 4.00 per cent. per annum.



- (D) The applicable average benchmark price (the “**Average Benchmark Price**”) for each Interest Period will be determined by the Calculation Agent on each Average Benchmark Price Determination Date on the following basis:
- (1) the Calculation Agent will determine the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, 0.000005 being rounded upwards) of the last price for Brent Crude oil in U.S. dollars for a period equal to 180-days immediately preceding the relevant Average Benchmark Price Determination Date which appears on Bloomberg page “**CO1 Comdty**” (or such other page as may replace that page on that service for the purpose of displaying comparable rates) as of 11.00 a.m. (Singapore time) on the Average Benchmark Price Determination Date; and
  - (2) if such last price for Brent Crude oil in U.S. dollars does not appear on that page, the Calculation Agent will (y) determine the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, 0.000005 being rounded upwards) of the last price for Brent Crude oil in U.S. dollars for a period equal to 180-days immediately preceding the relevant Average Benchmark Price Determination Date which appears on Bloomberg page “**COA Comdty**” (or such other page as may replace that page on that service for the purpose of displaying comparable rates) as of 11.00 a.m. (Singapore time) on the Average Benchmark Price Determination Date; or (z) failing which, if the Calculation Agent is unable to determine the Average Benchmark Price or (as the case may be) an arithmetic mean in accordance with the above provisions on any Average Benchmark Price Determination Date, the Average Benchmark Price for the succeeding Interest Period will be the Average Benchmark Price last determined in respect of the preceding Interest Period.
- (c) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable (i) after the Average Benchmark Price Determination Date in relation to each Interest Period, calculate the amount of interest payable by applying the Initial Rate of Cash Interest or Step-up Rate of Cash Interest (as the case may be) as adjusted in accordance with Condition 4(b)(ii) (*Average Benchmark Price step-up*), if applicable, for such Interest Period to the Calculation Amount, and (ii) in respect of each Interest Period during the Accrued Interest Period, calculate the amount of Accrued Interest payable by applying the Rate of Accrued Interest for such Interest Period to the Calculation Amount, and, in each case, multiplying the product by the actual number of days in such Interest Period divided by 365 (or, if any portion of such Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion divided by 366 and (ii) the actual number of days in the remainder of such Interest Period divided by 365), rounding the resulting figure to the nearest Singapore dollar (half a Singapore dollar being rounded upwards).
- (d) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Agents, the Trustee and the Noteholders and (subject as aforesaid) neither the Calculation Agent nor the Trustee shall have any liability to such person in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.
- (e) *Interpretation:* In these Conditions:

“**Accrued Interest Period**” means the period from and including the Issue Date to the Interest Payment Date falling in December 2018;

“**Average Benchmark Price Determination Date**” means a day which is 10 Business Days prior to each Interest Payment Date;

“**Business Day**” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in Singapore; and

“**Calculation Amount**” means S\$250,000, as adjusted for any Accrued Interest capitalised and added to the current outstanding principal amount of the Notes on each Interest Payment Date in accordance with Condition 4(a)(i)(B).

## 5. **Redemption and Purchase**

- (a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount together with Accrued Interest and other interest accrued thereon on the Interest Payment Date falling in June 2022 (the “**Maturity Date**”), subject as provided in Condition 6 (*Payments*).
- (b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date, on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable) at their principal amount, together with Accrued Interest and other interest accrued thereon to the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:
- (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands, Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 11 January 2017; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, *provided, however, that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Issuer shall deliver to the Trustee:

- (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (B) an opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (A) and (B) above, in which event they shall be conclusive and binding on the Noteholders.

Upon the expiry of any such notice as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 5(b).

- (c) *Redemption following a Change of Control Event*: If, for any reason, a Change of Control Event occurs, the Issuer will within seven days of such occurrence give notice to the Noteholders of the occurrence of such event (the “**Change of Control Notice**”) and shall, at the option of the holder of any Note, redeem such Note at 101 per cent. of the principal amount of such Note, together with Accrued Interest and other interest accrued thereon to the date fixed for redemption, on the date falling 60 days from the date of the Change of Control Notice (or if such date is not a business day, on the next day which is a business day). To exercise such option, the holder must deposit such Note with the Principal Paying Agent at its specified office, together with a duly completed exercise notice in the form obtainable from the Principal Paying Agent, no later than 30 days from the date of the Change of Control Notice. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

For the purposes of this Condition 5(c):

“**acting in concert**” means, a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Issuer by any of them, either directly or indirectly, to obtain or consolidate control of the Issuer;

“**business day**” means any day on which banks are open for general business (including dealings in foreign currencies) in Singapore;

“**Change of Control Event**” means the occurrence of any event whereby any person or group of persons (other than the Permitted Holders), acting in concert, gains direct or indirect Control of the Issuer;

“**Control**” of the Issuer means (and “**Controlling**” shall be construed accordingly):

- (i) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
- (A) cast, or control the casting of, more than 30 per cent. of the maximum number of votes that might be cast at a general meeting of the Issuer;
  - (B) appoint or remove all, or the majority, of the directors or other equivalent officers of the Issuer; or
  - (C) give directions with respect to the operating and financial policies of the Issuer with which the directors or other equivalent officers of the Issuer are obliged to comply; or
- (ii) holding beneficially more than 30 per cent. of the issued share capital of the Issuer (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital); and

“**Permitted Holders**” means Keppel Corporation Limited and its Subsidiaries and First Reserve Management L.P. and its affiliates and any other person who is deemed under the Companies Act, Chapter 50 of Singapore to hold more than 30 per cent. of the issued share capital of the Issuer (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital) as of the date of the Trust Deed.

- (d) *Redemption upon Cessation or Suspension of Trading of Shares*: In the event that (i) the shares of the Issuer cease to be traded on the SGX-ST or (2) trading in the shares of the Issuer on the SGX-ST is suspended for a continuous period of more than seven days (other than by reason of holiday, statutory or otherwise), the Issuer shall, at the option of the holder of any Note, redeem

such Note at a price equal to 100 per cent. of their principal amount together with Accrued Interest and other interest accrued thereon to the date fixed for redemption on the date falling 60 days after (in the case of (i)) the date of cessation of trading or (in the case of (ii)) the business day immediately following the expiry of such continuous period of seven days (in either case, the “**Effective Date**”). The Issuer shall within seven days after the Effective Date, give notice to the Trustee, the Principal Paying Agent and the Noteholders of the occurrence of the event specified in this Condition 5(d) (*provided that* any failure by the Issuer to give such notice shall not deny any Noteholder the right to exercise its option under this Condition 5(d)). To exercise such option, the holder must deposit the Note Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with an Exercise Notice in the form obtainable from the Principal Paying Agent, the Registrar, any other Transfer Agent or the Issuer (as applicable) not later than 30 days after the Effective Date. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. For the purposes of this Condition 5(d), “**business day**” means any day on which banks are open for general business (including dealings in foreign currencies) in Singapore.

- (e) *Redemption at the Option of the Issuer*: The Notes may be redeemed at the option of the Issuer on any Interest Payment Date from and including June 2017 (each, a “**Call Settlement Date**”) at a price equal to 100 per cent. of their principal amount on the Issuer’s giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes on the relevant Call Settlement Date at such price plus Accrued Interest and interest accrued to such date).
- (f) *Partial redemption*: If the Notes are to be redeemed in part only on any date in accordance with Condition 5(e) (*Redemption at the Option of the Issuer*), each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Call Settlement Date bears to the aggregate principal amount of outstanding Notes on such date.
- (g) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (*Scheduled redemption*) to (e) (*Redemption at the Option of the Issuer*) above.
- (h) *Purchase*: The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price.
- (i) *Cancellation*: All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries shall be cancelled and may not be reissued or resold.

## 6. **Payments**

- (a) *Principal*: Payments of principal shall be made by transfer to a Singapore dollar account maintained by the payee with, a bank in Singapore and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (b) *Interest*: Payments of interest shall be made by transfer to a Singapore dollar account maintained by the payee with, a bank in Singapore and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (c) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S.

International Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto.

- (d) *Payments on business days*: Where payment is to be made by transfer to a Singapore dollar account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a business day. In this paragraph, “**business day**” means any day on which banks are open for general business (including dealings in foreign currencies) in Singapore and, in the case of surrender (or, in the case of part payment only, endorsement) of a Note Certificate, in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).
- (e) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.
- (f) *Record date*: Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar’s Specified Office on the fifteenth day before the due date for such payment (the “**Record Date**”). Where payment in respect of a Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

## 7. **Taxation**

All payments of principal and interest (including Accrued Interest) in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Cayman Islands, Singapore or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

- (a) held by a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the Cayman Islands or Singapore other than the mere holding of the Note; or
- (b) where (in the case of a payment of principal or interest on redemption) the relevant Note Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts if it had surrendered the relevant Note Certificate on the last day of such period of 30 days.

In these Conditions, “**Relevant Date**” means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in Singapore by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 7 (*Taxation*) or any undertaking given in addition to or in substitution of this Condition 7 (*Taxation*) pursuant to the Trust Deed.

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Cayman Islands and/or Singapore, references in these Conditions to the Cayman Islands and/or Singapore, shall be construed as references to the Cayman Islands and/or Singapore and/or such other jurisdiction.

## 8. Events of Default

If any of the following events (“**Events of Default**”) occurs the Trustee at its discretion may, and if so requested by holders of at least 25.0 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, in each case, subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction, give notice to the Issuer that the Notes are immediately repayable, whereupon they shall become immediately due and payable at their principal amount together with Accrued Interest and other interest accrued thereon but unpaid:

- (a) the Issuer does not pay (i) any sum (other than interest) payable by it under any of the Notes or the Issue Documents (as defined in the Trust Deed) or (ii) within three days of its due date, any interest payable by it under any of the Notes or the Issue Documents;
- (b) the Issuer does not perform or comply with any one or more of its obligations (other than the payment obligations of the Issuer referred to in paragraph (a)) under any of the Issue Documents or any of the Notes and, if, such default is capable of remedy but is not remedied within 21 days after the Trustee has given written notice of the failure to perform or comply to the Issuer;
- (c) any representation, warranty or statement by the Issuer in any of the Issue Documents or any of the Notes or in any document delivered under any of the Issue Documents or any of the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated and, if such default is capable of remedy, it is not remedied within 21 days after notice of such non-compliance or incorrectness shall have been given by the Trustee to the Issuer;
- (d) (i) any other indebtedness of the Issuer or any of its Principal Subsidiaries in respect of borrowed moneys is or is declared to be or is capable of being rendered due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (however described) or is not paid when due; or  
(ii) the Issuer or any of its Principal Subsidiaries fails to pay when due any amounts owing under any guarantee or indemnity of indebtedness for borrowed moneys,

*provided however that* no Event of Default will occur under paragraphs (d)(i) or (d)(ii) above if the aggregate amount of the indebtedness for borrowed moneys or guarantee of indebtedness for borrowed moneys falling within paragraphs (d)(i) and (d)(ii) above is less than US\$10,000,000 (or its equivalent in any other currency or currencies);

- (e) the Issuer or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or all of a particular type of) its indebtedness, begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or a material part of (or all of a particular type of) its indebtedness which it will or might otherwise be unable to pay when due, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of (or all of a particular type of) the indebtedness of the Issuer or any of its Principal Subsidiaries;



- (f) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days;
- (g) any security on or over the whole or a material part of the property or assets of the Issuer or any of its Principal Subsidiaries becomes enforceable or any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person);
- (h) any meeting is convened or an order is made or, as the case may be, an effective resolution is passed for the winding-up of the Issuer or any of its Principal Subsidiaries (except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee or the Noteholders by way of Extraordinary Resolution) or for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer of the Issuer or any of its Principal Subsidiaries or over the whole or a material part of the property or assets of the Issuer or any of its Principal Subsidiaries;
- (i) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any part of its business which is material in the context of the business of the Issuer and its subsidiaries, taken as a whole, other than pursuant to a permitted disposal under Condition 3(c) (*Limitation on Asset Sales*);
- (j) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of its Principal Subsidiaries;
- (k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 4.1 (c) of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable) and such default is capable of remedy but is not remedied within 21 days of its occurrence;
- (l) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under the Issue Documents or any of the Notes;
- (m) any of the Issue Documents or any of the Notes ceases for any reason (or is claimed by the Issuer not) to be the legal and valid obligations of the Issuer, binding upon it in accordance with its terms;
- (n) any litigation, arbitration or administrative proceeding (other than those of a frivolous or vexatious nature or those which are being contested in good faith) against the Issuer or any of its Principal Subsidiaries is current or pending (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer under any of the Issue Documents or any of the Notes or (ii) which has or could have a material adverse effect on the Issuer;
- (o) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (e), (f), (g), (h) or (j); or
- (p) the Issuer or any of its Principal Subsidiaries is declared by the Minister of Finance of Singapore to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore.



In this Condition:

“**Issue Documents**” has the meaning ascribed to such term in the Trust Deed; and

“**Principal Subsidiary**” means any subsidiary of the Issuer:

- (i) whose profits before tax and minority interests (after intercompany eliminations), as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, are at least five per cent. of the consolidated profits before tax and minority interests of the Group as shown by such audited consolidated accounts; or
- (ii) whose total assets (after intercompany eliminations), as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, are at least five per cent. of the total assets of the Group as shown by such audited consolidated accounts, *provided that* if any such subsidiary (the “**transferor**”) shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary or the Issuer or to any other person (the “**transferee**”) then:
  - (A) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is the Issuer or it is not a subsidiary of the Issuer) shall thereupon become a Principal Subsidiary; and
  - (B) if a substantial part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Issuer or it is not a subsidiary of the Issuer) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (A) above or which remains or becomes a Principal Subsidiary by virtue of (B) above shall continue to be a Principal Subsidiary until the earlier of:

- (1) the date of issue of the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the profits before tax and minority interests or (as the case may be) total assets (in each case, after intercompany eliminations) as shown by the accounts of such subsidiary (consolidated (if any) in the case of a company which itself has subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than five per cent. of the consolidated profits before tax and minority interests or (as the case may be) total assets of the Group, as shown by such audited consolidated accounts; and
- (2) the date on which the Issuer has delivered to the Trustee (which shall in any event be no earlier than the date on which the relevant transfer is completed) pro forma unaudited accounts of such subsidiary and pro forma unaudited consolidated accounts of the Group, in each case prepared off the latest full year audited accounts of such subsidiary or the Group (as the case may be) as if the relevant transfer had been completed (in the case of profits before tax and minority interests) on the first day of the period in respect of which both such pro forma accounts are prepared and (in the case of total assets) as of the date to which both such pro forma accounts are prepared and based on reasonable assumptions and estimates and in accordance with IFRS, which show the profits before tax and minority interests or (as the case may be) total assets (in each case, after intercompany eliminations) of such subsidiary (consolidated (if any) in the case of a company which itself has subsidiaries) to be less than 5 per cent. of the consolidated profits before tax and minority interests or (as the case may

be) total assets of the Group. The Trustee shall be entitled to accept such pro forma unaudited accounts of such subsidiary and pro forma unaudited consolidated accounts of the Group as sufficient evidence of the information set out above, in which event they shall be conclusive and binding on the Noteholders.

## 9. Prescription

Claims for principal and interest on redemption shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

## 10. Replacement of Note Certificates

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar and the Transfer Agent having its Specified Office in Singapore, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

## 11. Trustee and Agents

Under the Trust Deed, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual Holders of Notes as a result of such Holders being connected in any way with a particular territory or taxing jurisdiction.

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The initial Agents and their initial Specified Offices are listed below. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar, principal paying agent or calculation agent and additional or successor paying agents and transfer agents, in each case in accordance with the Agency Agreement; *provided, however, that* the Issuer shall at all times maintain (a) a principal paying agent, a registrar and a calculation agent and (b) a paying agent and a transfer agent in Singapore.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

## 12. Meetings of Noteholders; Modification and Waiver

- (a) Meetings of Noteholders: The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more persons being or representing

Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of payments under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a “**Reserved Matter**”)) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) Modification and waiver: The Trustee may, without the consent of the Noteholders, agree to any modification of these Conditions or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders and to any modification of the Notes or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error. In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Noteholders as soon as practicable thereafter.

### 13. **Enforcement**

The Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes, but it shall not be bound to do so unless:

- (a) it has been so requested in writing by the Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and
- (b) it has been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

### 14. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of notes having the benefit of the Trust Deed.

## 15. Notices

Notices to the Noteholders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing. In addition, so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, notices to Noteholders will be published on the date of such mailing in a daily newspaper of general circulation in Singapore (which is expected to be the The Business Times or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Singapore).

## 16. Governing Law and Jurisdiction

- (a) The Notes and the Trust Deed are governed by, and shall be construed in accordance with, the laws of Singapore.
- (b) The courts of Singapore are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed or the Notes and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or the Notes (“**Proceedings**”) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.
- (c) The Issuer agrees that service of process in, or any documents which start, any Proceedings in Singapore may be delivered to KrisEnergy Pte Ltd or to such other person with an address in Singapore or at such other address in Singapore as the Issuer may specify by notice in writing to the Trustee and the Noteholders. If for any reason, KrisEnergy Pte Ltd or such other person ceases to be able to accept service of process in Singapore, the Issuer shall promptly appoint a new process agent and notify the Trustee and the Noteholders of such appointment. Without prejudice to the foregoing, the service of any legal process in any Proceedings anywhere may be effected on the Issuer by forwarding a copy of the relevant documents issued pursuant to or in connection with such Proceedings by hand or by registered post to such process agent and such service shall be deemed to be good and effectual service on the Issuer, even if any document may be returned by the post office undelivered. Nothing herein shall affect the right of the Trustee and/or the Noteholders to serve process in any other manner permitted by any relevant law.

## TERMS AND CONDITIONS OF THE 2023 NOTES

*The following is the text of the Conditions of the 2023 Notes which will be applicable to the 2023 Notes in definitive form (if any) issued in exchange for the Global Note Certificate representing the 2023 Notes. These terms and conditions shall be endorsed on the Certificates issued in respect of the 2023 Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the 2023 Notes Trust Deed.*

The S\$200,000,000 senior unsecured notes due 2023 (the “**Notes**”, which expression includes any further notes issued pursuant to Condition 14 (*Further issues*) and forming a single series therewith) of KrisEnergy Ltd. (the “**Issuer**”) are constituted by, are subject to, and have the benefit of, a trust deed dated 11 January 2017 (as amended or supplemented from time to time, the “**Trust Deed**”) between the Issuer and The Bank of New York Mellon, Singapore Branch as trustee (the “**Trustee**”, which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed) and are the subject of an agency agreement dated 11 January 2017 (as amended or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, The Bank of New York Mellon, Singapore Branch as registrar (the “**Registrar**”, which expression includes any successor registrar appointed from time to time in connection with the Notes), The Bank of New York Mellon, Singapore Branch as principal paying agent (the “**Principal Paying Agent**”, which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), the transfer agents named therein (the “**Transfer Agents**”, which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes), the paying agents named therein (together with the Principal Paying Agent, the “**Paying Agents**”, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes), The Bank of New York Mellon, Singapore Branch as calculation agent (the “**Calculation Agent**”, which expression includes any successor calculation agent appointed from time to time in connection with the Notes) and the Trustee. References herein to the “**Agents**” are to the Registrar, the Principal Paying Agent, the Transfer Agents, the Paying Agents and the Calculation Agent and any reference to an “**Agent**” is to any one of them. Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and subject to their detailed provisions. The Noteholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders from 09.30 a.m. to 03.30 p.m. Monday to Friday (excluding public holidays) at the specified office for the time being of the Trustee, being at the date hereof One Temasek Avenue, # 03-01 Millenia Tower, Singapore 039192 and at the Specified Offices (as defined in the Agency Agreement) of each of the Agents, the initial Specified Offices of which are set out below.

### 1. **Form, Denomination and Status**

- (a) *Form and denomination:* The Notes are in registered form in the denomination of S\$250,000 (each, a “**Denomination Amount**”).
- (b) *Status of the Notes:* The Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

### 2. **Register, Title and Transfers**

- (a) *Register:* The Registrar will maintain a register (the “**Register**”) in respect of the Notes in accordance with the provisions of the Agency Agreement. In these Conditions, the “**Holder**” of a Note means the person in whose name such Note is for the time being registered in the Register

(or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly. A certificate (each, a “**Note Certificate**”) will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

- (b) *Title*: The Holder of each Note shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Notes or the Trust Deed under the (Rights of Third Parties) Act, Chapter 53B of Singapore.
- (c) *Transfers*: Subject to paragraphs (f) (*Closed periods*) and (g) (*Regulations concerning transfers and registration*) below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Denomination Amounts. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor.
- (d) *Registration and delivery of Note Certificates*: Within five business days of the surrender of a Note Certificate in accordance with paragraph (c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, “**business day**” means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- (e) *No charge*: The transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (f) *Closed periods*: Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes.
- (g) *Regulations concerning transfers and registration*: All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

*Upon issue, the Notes will be represented by a global note certificate (the “**Global Note Certificate**”) deposited with The Central Depository (Pte) Limited (the “**Depository**”). These Conditions are modified by certain provisions contained in the Global Note Certificate. Except in the limited circumstances described in the Global Note Certificate, owners of interests in the Notes represented by the Global Note Certificate will not be entitled to receive definitive Note Certificates in respect of their individual holdings of Notes. The Notes are not issuable in bearer form.*



*Notwithstanding anything contained in these Conditions, for so long as any of the Notes is represented by the Global Note Certificate held by the Depository, transfers of beneficial interests in the Global Note Certificate will be effected only through records maintained by the Depository and each person who is for the time being shown in the records of the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Agents as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such principal amount of such Notes, for which purpose the holder of the Global Note Certificate shall be treated by the Issuer, the Trustee and the Agents as the holder of such principal amount of such Notes in accordance with and subject to the terms of the Global Note Certificate and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly. Notes which are represented by the Global Note Certificate will be transferable only in accordance with the rules and procedures for the time being of the Depository and any records maintained by the Depository or the Depository’s service providers relating to or connected with the Notes shall, save in the case of manifest error, be binding and conclusive for all purposes.*

### 3. Covenants

- (a) *Negative pledge:* So long as any of the Notes remain outstanding, the Issuer will not, and will ensure that none of its Subsidiaries will, create or have outstanding any Security Interest over the whole or any part of its undertakings, assets or revenues, present or future, save for:
- (i) any Security Interest or rights of set-off arising solely by operation of law (or by an agreement evidencing the same) in respect of (A) Indebtedness which either (1) has been due for less than 21 days or (2) is being contested in good faith and by appropriate means, or (B) taxes being contested in good faith;
  - (ii) any Security Interest existing as at the date of the Trust Deed over any of the respective undertakings, assets or revenues of the Issuer or any of its Subsidiaries and disclosed in writing to the Trustee on or prior to the date of the Trust Deed including, without limitation, Security Interests granted under the Revolving Credit Facility on or prior to the date of the Trust Deed;
  - (iii) any Security Interest created or to be created over any of the respective undertakings, assets or revenues of the Issuer or any of its Subsidiaries pursuant to the Revolving Credit Facility and the Amendment Agreement (in each case, in the form agreed as at the date of the Trust Deed);
  - (iv) any Security Interest created solely in connection with the financing of an acquisition and/or development of assets by the Issuer or any of its Subsidiaries after the date of the Trust Deed (including the acquisition by way of acquisition of the shares in a company or entity owning (whether directly or indirectly) such assets); *provided, however, that* such Security Interest (A) shall not extend beyond the assets that are the subject of such acquisition or development, and (B) secures a principal amount not exceeding the cost of such acquisition or development;
  - (v) any Security Interest created over any asset pursuant to any arrangement, transaction or activity of the Issuer or any of its Subsidiaries undertaken in the ordinary course of business or trading;



- (vi) Security Interests to secure any Permitted Refinancing Indebtedness permitted to be Incurred under Condition 3(b)(ii), *provided, however, that* the new Security Interest shall be limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Security Interests arose, could secure the original Security Interests (plus improvements and accessions to, such property or proceeds or distributions thereof);
  - (vii) any Security Interest over or affecting any asset acquired by any member of the Group after the Issue Date if:
    - (A) the Security Interest was not created in contemplation of the acquisition of that asset by such member of the Group;
    - (B) the principal amount secured has not been increased in contemplation of, or since the acquisition of that asset by such member of the Group; and
    - (C) the Security Interest is removed or discharged within 90 days of the date of acquisition of such asset;
  - (viii) any Security Interest arising as a result of legal proceedings which is discharged within 21 days or otherwise contested in good faith (and not otherwise constituting an Event of Default) and in respect of which adequate reserves are being maintained;
  - (ix) any Security Interest over cash paid into an escrow or similar account in connection with a disposal that does not fall within the circumstances referred to in Condition 8(i);
  - (x) any Security Interest granted in favour of the trustee and noteholders of the Zero Coupon Secured Notes as of the date on which the Zero Coupon Secured Notes are issued; and
  - (xi) any other Security Interest which has been approved by the Noteholders by way of an Extraordinary Resolution.
- (b) *Limitation on Indebtedness*
- (i) So long as any of the Notes remain outstanding, the Issuer will not, and will not permit any Subsidiary to, directly or indirectly, Incur any Indebtedness, *provided that* the Issuer and any Subsidiary may Incur Indebtedness if, after giving effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, and on the Transaction Date:
    - (A) no Default has occurred and is continuing; and
    - (B) the ratio of Consolidated Total Debt to Consolidated EBITDA would be less than 2.5 to 1.0.
  - (ii) Notwithstanding the foregoing, the Issuer and any Subsidiary of the Issuer, to the extent provided below, may Incur each and all of the following (“**Permitted Indebtedness**”):
    - (A) the Incurrence by the Issuer or any of its Subsidiaries of the Existing Indebtedness;
    - (B) Indebtedness under the Notes, *provided that* the principal amount of the Notes and any Accrued Interest capitalised and added to the then current outstanding principal amount of the Notes in accordance with Condition 4(a)(i)(B) shall be taken into account in the calculation of Consolidated Total Debt for the purposes of Condition 3(b)(i)(B);

- (C) Indebtedness under the Zero Coupon Secured Notes;
- (D) Indebtedness under the Revolving Credit Facility up to an aggregate principal amount outstanding thereunder from time to time of US\$200 million (or its equivalent in any other currency or currencies);
- (E) the Incurrence by the Issuer or any of its Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to extend, renew, refund, refinance, replace, exchange, defease or discharge any Indebtedness (other than intercompany Indebtedness) that is permitted to be Incurred under this Condition 3(b), including, without limitation, under paragraphs (A), (B), (C) and (D) above;
- (F) Indebtedness Incurred solely in connection with the financing of an acquisition and/or development of assets by the Issuer or any of its Subsidiaries (including the acquisition by way of acquisition of the shares in a company or entity owning (whether directly or indirectly) such assets); *provided, however, that* such Indebtedness is in a principal amount not exceeding the cost of such acquisition or development;
- (G) Permitted Subordinated Indebtedness;
- (H) Indebtedness of the Issuer or any Subsidiary owed to the Issuer or any Subsidiary; *provided that* (1) any event which results in any such Subsidiary to which such Indebtedness is owed ceasing to be a Subsidiary or any subsequent transfer of such Indebtedness (other than to the Issuer or any Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this Condition 3(b)(ii), (2) if the Issuer is the obligor on such Indebtedness, such Indebtedness must be unsecured and expressed by its terms to be subordinated in right of payment to the Notes, and (3) if the Indebtedness is owed to the Issuer, such Indebtedness must expressly be evidenced by an unsubordinated promissory note, intra-group loan agreement or a similar instrument under applicable law;
- (I) the Incurrence by the Issuer or any of its Subsidiaries of Hedging Obligations not for speculative purposes (as determined in good faith by a responsible financial or accounting officer of the Issuer);
- (J) Indebtedness Incurred by the Issuer or any Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or self-insurance obligations or bid, performance or surety bonds (in each case other than for an obligation for borrowed money);
- (K) Indebtedness Incurred by the Issuer or any Subsidiary constituting reimbursement obligations with respect to letters of credit or trade guarantees issued in the ordinary course of business to the extent that such letters of credit or trade guarantees are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the 30 days following receipt by the Issuer or such Subsidiary of a demand for reimbursement;
- (L) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Issuer or any Subsidiary pursuant to such agreements, in any case, Incurred in connection with the disposition of any business, assets or Subsidiary, other than guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Subsidiary for

the purpose of financing such acquisition; *provided that* the maximum aggregate liability in respect of all such Indebtedness in the nature of such guarantee shall at no time exceed the gross proceeds actually received from the sale of such business, assets or Subsidiary;

- (M) Indebtedness arising from the honouring by a bank or other financial institution of a cheque, draft or similar instrument drawn against insufficient funds in the ordinary course of business, *provided that* such Indebtedness is extinguished within five Business Days of Incurrence;
  - (N) the Incurrence by the Issuer of any of its Subsidiaries of obligations relating to production imbalances arising in the ordinary course of business;
  - (O) Indebtedness of the Issuer or any Subsidiary in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed US\$5 million (or its equivalent in any other currency or currencies);
  - (P) the Incurrence by the Issuer or any of its Subsidiaries of Indebtedness in connection with one or more standby letters of credit, Guarantees, performance bonds or other reimbursement obligations, in each case, issued in the ordinary course of business and not in connection with the borrowing of money or the obtaining of an advance or credit (other than advances or credit for goods and services in the ordinary course of business and on terms and conditions that are customary in the Oil and Gas Business, and other than the extension of credit represented by such letter of credit, Guarantee or performance bond itself);
  - (Q) the Incurrence by the Issuer or any Subsidiary of Indebtedness through the provision of bonds, Guarantees, letters of credit or similar instruments required by any national or international maritime commission or authority or other governmental or regulatory agencies, including, without limitation, customs authorities; in each case, for vessels owned or chartered by, and in the ordinary course of business of, the Issuer or any of its Subsidiaries at any time outstanding not to exceed the amount required by such governmental or regulatory authority;
  - (R) the Incurrence by the Issuer or any of its Subsidiaries of Indebtedness in the form of customer deposits and advance payments received in the ordinary course of business from customers for purchases in the ordinary course of business; and
  - (S) any obligation of the Issuer or any of its Subsidiaries in respect of a farm-out agreement or similar arrangement entered into by the Issuer or any of its Subsidiaries with another Person whereby such Person agrees to pay all or a share of the petroleum operations costs of the Issuer or any of its Subsidiaries (which agreement may be subject to a maximum payment obligation, after which expenses are shared in accordance with the working or participation interest therein or in accordance with the agreement of the parties) or perform such petroleum operations in exchange for an ownership interest in an oil or gas property.
- (c) *Limitation on Asset Sales:* So long as any of the Notes remain outstanding, the Issuer will not, and will not permit any Subsidiary to, consummate any Asset Sale, unless:
- (i) no Default shall have occurred and be continuing at that time or would occur as a result of such Asset Sale; and
  - (ii) the consideration received by the Issuer or such Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of;

- (d) *Dividend and Zero Coupon Secured Notes Restriction*: So long as any of the Notes remains outstanding, the Issuer will not:
- (i) pay any dividend, whether in cash or in specie, to reduce its capital or make any other distribution to its shareholders; or
  - (ii) repurchase, purchase, redeem, defease or otherwise retire for value the Zero Coupon Secured Notes, *provided that* this Condition 3(d)(ii) shall not prohibit the repurchase, purchase, redemption, defeasance or other retirement for value of the Zero Coupon Secured Notes with the net proceeds from a substantially concurrent Incurrence of Permitted Refinancing Indebtedness for the purpose of such repurchase, purchase, redemption, defeasance or other retirement for value.
- (e) *Merger, Consolidation or Sale of Assets*: So long as any of the Notes remain outstanding, the Issuer will not, directly or indirectly (i) consolidate, amalgamate or merge with or into another Person (whether or not the Issuer is the surviving corporation) or (ii) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer and its Subsidiaries, taken as a whole, in one or more related transactions, to another Person, unless:
- (i) either:
    - (A) the Issuer is the surviving corporation; or
    - (B) the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Issuer) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Issuer under the Notes and the Trust Deed;
  - (ii) immediately after such transaction or transactions, no Default shall have occurred and be continuing at that time;
  - (iii) the ratio of Consolidated Total Debt to Consolidated Equity (the “**Gearing Ratio**”) of the Issuer or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Issuer), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made would, on the date of such transaction after giving *pro forma* effect thereto, be at least equal to or lower than the Gearing Ratio of the Issuer immediately prior to such transaction; and
  - (iv) the Issuer shall have delivered to the Trustee an officer’s certificate and an opinion of counsel, each stating that such consolidation, amalgamation, merger or transfer comply with this Condition 3(e); *provided that* in giving an opinion of counsel, counsel may rely on an officer’s certificate as to any matters of fact. The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of compliance with the requirements of this Condition 3(e), in which event they shall be conclusive and binding on the Noteholders.
- (f) *Certain Definitions*: In these Conditions:

“**Amendment Agreement**” means the amendment agreement (as amended and restated from time to time) amending the Revolving Credit Facility dated 3 November 2016 between, among others, the Issuer and certain of its Subsidiaries as obligors, DBS Bank Ltd. as lender and The Hongkong and Shanghai Banking Corporation Limited as agent and security agent;

**“Asset Sale”** means any sale, lease, transfer or other disposition (including by way of merger, consolidation or sale and leaseback transaction) of any of its rights, property or assets (including any sale or issuance of Capital Stock of a Subsidiary) in one transaction or a series of related transactions by the Issuer or any of its Subsidiaries to any Person; *provided that* **“Asset Sale”** shall not include:

- (i) the sale, lease or other disposition of products, services, Hydrocarbons or mineral products inventory or accounts receivable or other assets in the ordinary course of business;
- (ii) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of US\$5 million (or its equivalent in any other currency or currencies) in any transaction or series of related transactions;
- (iii) any sale, transfer, assignment or other disposition of any property, or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Issuer or its Subsidiaries;
- (iv) any sale, transfer or other disposition by the Issuer or any of its Subsidiaries, including the sale or issuance by the Issuer or any Subsidiary of any Capital Stock of any Subsidiary, to the Issuer or any Subsidiary;
- (v) the abandonment, farm-in, farm-out, lease or sublease of any oil and gas properties or the forfeiture or other disposition of such properties, in each case in the ordinary course of business;
- (vi) the sale or other disposition (whether or not in the ordinary course of business) of crude oil and natural gas properties or direct or indirect interests in real property; provided, that at the time of such sale or other disposition such properties do not have associated with them any proved reserves;
- (vii) granting of Security Interests not prohibited by or expressly permitted under Condition 3(a) (*Negative Pledge*); and
- (viii) foreclosure, condemnation or any similar action with respect to any property or other assets;

**“Capital Stock”** means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Issue Date or issued thereafter, including, without limitation, all common stock, ordinary stock and preferred stock, but excluding debt securities convertible into such equity;

**“Consolidated EBITDA”** means, at any time, the consolidated operating profit of the Group before taxation, calculated in accordance with IFRS in respect of the most recent Measurement Period:

- (i) before deducting any interest (not including any accrued interest owing to any member of the Group), commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised by any member of the Group (calculated on a consolidated basis);
- (ii) before taking into account any exceptional, one-off, non-recurring or extraordinary items; and
- (iii) after adding back any amount attributable to the amortisation or depreciation of assets of members of the Group,

in each case, in respect of such Measurement Period and to the extent added, deducted or taken into account, as the case may be, for the purposes of determining operating profits of the Group before taxation.

“**Consolidated Equity**” means, at any time, the aggregate of the amounts paid up or credited as paid up on the issued ordinary share capital of the Issuer or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Issuer), as the case may be, and the aggregate amount of the reserves of the Group, calculated in accordance with IFRS, as shown in the most recent available consolidated balance sheet of the Group (whether audited or unaudited), including:

- (i) any amount credited to the share premium account;
- (ii) any capital redemption reserve fund; and
- (iii) any balance standing to the credit of the consolidated income statement of the Group, but deducting:
  - (iv) any debit balance on the consolidated income statement of the Group;
  - (v) any amount which is attributable to minority interests;
  - (vi) (to the extent included) any amount set aside for taxation, deferred taxation or bad debts; and
  - (vii) any amount in respect of any dividend or distribution declared, recommended or made by any member of the Group to the extent payable to a person who is not a member of the Group and to the extent such distribution is not provided for in the most recent financial statements,

and so that no amount shall be included or excluded more than once;

“**Consolidated Total Debt**” means, at any time, the aggregate outstanding principal, capital or nominal amount of all obligations of the Group for or in respect of Indebtedness but excluding any such obligations to any other member of the Group, calculated in accordance with IFRS, as shown in the most recent available consolidated balance sheet of the Group (whether audited or unaudited);

“**Default**” means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default;

“**Existing Indebtedness**” means Indebtedness of the Issuer and its Subsidiaries in existence on the date of the Trust Deed;

“**Fair Market Value**” means the price that would be paid in an arm’s-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the board of directors, whose determination shall be conclusive if evidenced by a board resolution of the Issuer or the relevant Subsidiary;

“**Group**” means, collectively, the Issuer and its Subsidiaries;

**“Guarantee”** means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (i) any obligation to purchase such Indebtedness;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (iv) any other agreement to be responsible for such Indebtedness;

**“Hedging Obligations”** means, with respect to any specified Person, the obligations (including any Indebtedness) of such Person or any of its Subsidiaries directly or indirectly under or in connection with:

- (i) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements, other agreements or arrangements designed to manage interest rates or interest rate risk;
- (ii) any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates;
- (iii) any forward contract, commodity futures contract, commodity option agreement, commodity swap agreement, cap, floor, ceiling or collar agreement or other similar agreement or arrangement designed to protect against fluctuations in the price of commodities used, produced, processed or sold by that Person or any of its Subsidiaries at the time;
- (iv) other agreements or arrangements designed to protect such Person against fluctuations in interest rates, commodity prices or currency exchange rates; and
- (v) any other related agreement or arrangement, whether or not incurring any Indebtedness, directly or indirectly, in connection with any restructuring, amendment, variation or termination (whether in whole or in part) of any of the agreements referred to in paragraphs (i) to (iv), above;

**“Hydrocarbons”** means oil, gas, casing head gas, drip gasoline, natural gasoline, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all constituents, elements or compounds thereof and products refined or processed therefrom;

**“IFRS”** means the International Financial Reporting Standards (or any successor accounting standard thereto) as issued by the International Accounting Standards Board;

**“Incur”** means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided that* (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Subsidiary will be deemed to be Incurred by such Subsidiary at the time it becomes a Subsidiary and (2) the accretion of original issue discount shall not be considered an Incurrence of Indebtedness. The terms **“Incurrence”**, **“Incurred”** and **“Incurring”** have meanings correlative with the foregoing;



**“Indebtedness”** means, with respect to a Person at any date of determination, any indebtedness for or in respect of:

- (i) moneys borrowed;
- (ii) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (iii) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (iv) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS, be treated as a balance sheet liability (other than any liability in respect of a lease or hire purchase contract which would, in accordance with IFRS in force prior to 1 January 2019, have been treated as an operating lease);
- (v) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (vi) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing, except Trade Payables and Prepayment Transactions;
- (vii) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (viii) any counter-indemnity obligation in respect of a Guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
- (ix) any amount raised by the issue of redeemable shares;
- (x) any amount of any liability under an advance or deferred purchase agreement if one of the primary reasons behind the entry into this agreement is to raise finance, except Trade Payables and Prepayment Transactions;
- (xi) (without double counting) the amount of any liability in respect of any Guarantee or indemnity for any of the items referred to in paragraphs (i) to (v) above; and
- (xii) (without double counting) any indebtedness referred to in paragraphs (i) to (v) above of other Persons secured by Security Interest upon any assets of the Person to which this definition is being applied, *provided that* the amount of such Indebtedness shall be the lesser of (A) the fair market value of such asset at such date of determination and (B) the amount of such indebtedness;

**“Measurement Period”** means the most recently ended four full financial quarters of the Issuer for which consolidated financial statements are available (whether audited or unaudited);

**“Oil and Gas Business”** means:

- (i) the acquisition, exploration, exploitation, development, production, operation and disposition of interests in oil, natural gas, liquid natural gas and other Hydrocarbon and mineral properties or products produced in association with the foregoing;

- (ii) the gathering, marketing, distributing, treating, refining, processing, storing, distribution, selling and transporting of any production from oil, natural gas, natural gas liquids, liquefied natural gas and other Hydrocarbon and mineral properties (whether or not such properties are owned by the Issuer and/or its Subsidiaries) and products produced in association therewith and the marketing of oil, natural gas, other Hydrocarbons and minerals obtained from unrelated Persons;
- (iii) any other related energy business, from oil, natural gas and other Hydrocarbons and minerals produced substantially from properties in which the Issuer or its Subsidiaries directly or indirectly participates;
- (iv) any business relating to oil and gas field seismic mapping, sales and service and technology development with respect thereto; and
- (v) any business, services or activity relating to, arising from, or necessary, appropriate or incidental to the activities described in paragraphs (i), (ii), (iii) or (iv) above;

**“Permitted Refinancing Indebtedness”** means any Indebtedness of the Issuer or any of its Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, renew, refund, refinance, replace, exchange, defease or discharge other Indebtedness of the Issuer or any of its Subsidiaries (other than intercompany Indebtedness), *provided that*:

- (i) the aggregate principal amount of such Permitted Refinancing Indebtedness does not exceed the principal amount of the Indebtedness being extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, Incurred in connection therewith);
- (ii) such Permitted Refinancing Indebtedness has a final maturity date that is either (i) no earlier than the final maturity date of the Indebtedness being extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged or (ii) after the final maturity date of the Notes, *provided that* in the case of the Zero Coupon Secured Notes, such Permitted Refinancing Indebtedness Incurred in connection therewith has a final maturity date that is at least one year following the Maturity Date; and
- (iii) if the Indebtedness being extended, renewed, refunded, refinanced, replaced, defeased or discharged is expressly contractually subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes on terms at least as favourable to the holders of Notes as those contained in the documentation governing the Indebtedness being extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged;

**“Permitted Subordinated Indebtedness”** means Indebtedness of the Issuer that is:

- (i) contractually subordinated in right of payment (by the terms of any documents or instruments relating thereto) to the Notes;
- (ii) expressed to be payable on a date falling after the Maturity Date;
- (iii) does not have the benefit of any Security Interest; and
- (iv) does not bear any interest or distribution rate payable to its holders, or is otherwise subject to amortisation over its tenor;

**“Person”** means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof;

“**Preferential Offering**” means the preferential offering by the Issuer of the Zero Coupon Secured Notes with free detachable and warrants, each such warrant carrying the right to subscribe for one new share in the capital of the Issuer, made to shareholders of the Issuer;

“**Prepayment Transaction**” means, with respect to any Person, any indebtedness or monetary obligation owed to its customers, assumed or Guaranteed by such Person or any of its Subsidiaries, arising in the ordinary course of business in connection with the sale of goods or services for which the purchase price has been prepaid by such customer;

“**Revolving Credit Facility**” means the US\$100.0 million revolving credit facility dated 24 March 2014 (as amended and/or restated from time to time including, without limitation, pursuant to an amendment and restatement agreement dated 24 March 2016 and an amendment agreement dated 3 November 2016) entered into between, among others, KrisEnergy (Asia) Ltd (the Issuer’s wholly-owned subsidiary) as borrower and The Hongkong and Shanghai Banking Corporation Limited as agent, which was subsequently increased to US\$122.0 million on 30 April 2015 and to US\$148.27 million on 11 July 2016 and under which all of the participations and commitments were transferred to DBS Bank Ltd. as lender under transfer certificates dated on 30 June 2016;

“**Security Interest**” means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

“**Subsidiary**” has the meaning ascribed to it in Section 5 of the Companies Act, Chapter 50 of Singapore, and “**Subsidiaries**” shall have a corresponding meaning;

“**Trade Payables**” means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services and payable within 90 days;

“**Transaction Date**” means, with respect to the Incurrence of Indebtedness, the date such Indebtedness is to be Incurred; and

“**Zero Coupon Secured Notes**” means up to S\$140,000,000 zero coupon secured notes due 2024 to be issued by the Issuer pursuant to the Preferential Offering.

#### 4. **Interest**

(a) *Accrual and rate of interest:*

- (i) The Notes bear interest from (and including) 11 January 2017 (the “**Issue Date**”):
- (A) subject to adjustment as provided for in Condition 4(b) (*Rate of Cash Interest Step-up*) at the rate of 2 per cent. per annum (the “**Initial Rate of Cash Interest**”), payable semi-annually in arrear on 22 February and 22 August in each year (each, an “**Interest Payment Date**”), subject as provided in Condition 6 (*Payments*); and
  - (B) in respect of the Accrued Interest Period (as defined below) only, at the rate of 2 per cent. per annum (the “**Rate of Accrued Interest**”), payable semi-annually in arrear on each Interest Payment Date, *provided, however, that*, the interest payable under this Condition 4(a)(i)(B) (the “**Accrued Interest**”) is to be capitalised and added to the then current outstanding principal amount of the Notes on each Interest Payment Date (for the purposes of calculating Noteholders’ entitlement to Accrued Interest only), unless the Issuer elects to pay such interest in cash in accordance with Condition 4(a)(iv).

*For illustrative purposes only, in the event that the Issuer capitalises the Accrued Interest payable on each Interest Payment Date in the Accrued Interest Period (as defined below), and without adjustment for an increase in accordance with Condition 4(b)(ii)(Average Benchmark Price step-up), the Accrued Interest applicable for the relevant Interest Period (as defined below) during the Accrued Interest Period shall be as follows:*

<b><i>Interest Payment Date:</i></b>	<b><i>Principal amount of each Note (including Cumulative Accrued Interest) (S\$):</i></b>	<b><i>Cumulative Accrued Interest (S\$):</i></b>
22 February 2017	250,000	575
22 August 2017	250,575	3,060
22 February 2018	253,060	5,611
22 August 2018	255,611	8,146

*Notwithstanding anything contained in these Conditions to the contrary, any Accrued Interest capitalised and added to the then current outstanding principal amount of the Notes on each Interest Payment Date in accordance with Condition 4(a)(i)(B) shall not be reflected as an issue of additional Notes, but shall constitute interest to which the holder of a Note shall be entitled upon redemption and/or maturity of the Note in accordance with these Conditions.*

- (ii) Each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date or Maturity Date (as the case may be) is herein called an “**Interest Period**”.
  - (iii) Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders (in accordance with Condition 15 (*Notices*)) that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
  - (iv) The Issuer may, in its sole and absolute discretion, elect to pay all or part of the Accrued Interest in cash pursuant to Condition 4(a)(i)(B) above, *provided that*, in respect of any Interest Payment Date the Issuer shall elect (by giving notice to the Noteholders (in accordance with Condition 15 (*Notices*)), the Trustee and the Agents no later than 15 days prior to the relevant Interest Payment Date) to pay the relevant amount of Accrued Interest in cash (if any) in the manner contemplated and provided for in Condition 6 (*Payments*).
- (b) *Rate of Cash Interest Step-up:*
- (i) Fixed rate step-up:

From and including the Interest Payment Date falling in August 2018, the Initial Rate of Cash Interest will increase to 4.00 per cent. per annum (the “**Step-up Rate of Cash Interest**”, and together with the Initial Rate of Cash Interest, the “**Rate of Cash Interest**”).

(ii) Average Benchmark Price step-up:

(A) If the Average Benchmark Price (as defined below) on the Average Benchmark Price Determination Date (as defined below)

- (1) is greater than US\$70.00 but equal to or less than US\$80.00, the Initial Rate of Cash Interest or Step-up Rate of Cash Interest (as the case may be) will, with effect from the Interest Payment Date immediately preceding such Average Benchmark Price Determination Date until the Interest Payment Date immediately following such Average Benchmark Price Determination Date, increase to:

Initial Rate of Cash Interest: 3.00 per cent. per annum  
Step-up Rate of Cash Interest: 5.00 per cent. per annum

- (2) is greater than US\$80.00 but equal to or less than US\$90.00, the Initial Rate of Cash Interest or Step-up Rate of Cash Interest (as the case may be) will, with effect from the Interest Payment Date immediately preceding such Average Benchmark Price Determination Date until the Interest Payment Date immediately following such Average Benchmark Price Determination Date, increase to:

Initial Rate of Cash Interest: 4.00 per cent. per annum  
Step-up Rate of Cash Interest: 6.00 per cent. per annum

and

- (3) is greater than US\$90.00, the Initial Rate of Cash Interest or Step-up Rate of Cash Interest (as the case may be) will, with effect from the Interest Payment Date immediately preceding such Average Benchmark Price Determination Date until the Interest Payment Date immediately following such Average Benchmark Price Determination Date, increase to:

Initial Rate of Cash Interest: 5.00 per cent. per annum  
Step-up Rate of Cash Interest: 7.00 per cent. per annum

- (B) Any increase in the Rate of Cash Interest pursuant to this Condition 4(b)(ii) (*Average Benchmark Price Step-up*) will be notified by the Issuer to the Noteholders (in accordance with Condition 15 (*Notices*)), the Trustee and the Agents no later than the fifth day following the relevant Average Benchmark Price Determination Date.

- (C) Notwithstanding any provision of this Condition 4(b) (*Rate of Cash Interest Step-up*) to the contrary:

- (1) in respect of the Accrued Interest Period only, the maximum Rate of Cash Interest shall be 5.00 per cent. per annum and the minimum Rate of Cash Interest shall be 2.00 per cent. per annum; and
- (2) following the Accrued Interest Period only, the maximum Rate of Cash Interest shall be 7.00 per cent. per annum and the minimum Rate of Cash Interest shall be 4.00 per cent. per annum.

- (D) The applicable average benchmark price (the “**Average Benchmark Price**”) for each Interest Period will be determined by the Calculation Agent on each Average Benchmark Price Determination Date on the following basis:
- (1) the Calculation Agent will determine the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, 0.000005 being rounded upwards) of the last price for Brent Crude oil in U.S. dollars for a period equal to 180-days immediately preceding the relevant Average Benchmark Price Determination Date which appears on Bloomberg page “**CO1 Comdty**” (or such other page as may replace that page on that service for the purpose of displaying comparable rates) as of 11.00 a.m. (Singapore time) on the Average Benchmark Price Determination Date; and
  - (2) if such last price for Brent Crude oil in U.S. dollars does not appear on that page, the Calculation Agent will (y) determine the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, 0.000005 being rounded upwards) of the last price for Brent Crude oil in U.S. dollars for a period equal to 180-days immediately preceding the relevant Average Benchmark Price Determination Date which appears on Bloomberg page “**COA Comdty**” (or such other page as may replace that page on that service for the purpose of displaying comparable rates) as of 11.00 a.m. (Singapore time) on the Average Benchmark Price Determination Date; or (z) failing which, if the Calculation Agent is unable to determine the Average Benchmark Price or (as the case may be) an arithmetic mean in accordance with the above provisions on any Average Benchmark Price Determination Date, the Average Benchmark Price for the succeeding Interest Period will be the Average Benchmark Price last determined in respect of the preceding Interest Period.
- (c) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable (i) after the Average Benchmark Price Determination Date in relation to each Interest Period, calculate the amount of interest payable by applying the Initial Rate of Cash Interest or Step-up Rate of Cash Interest (as the case may be) as adjusted in accordance with Condition 4(b)(ii) (*Average Benchmark Price step-up*), if applicable, for such Interest Period to the Calculation Amount, and (ii) in respect of each Interest Period during the Accrued Interest Period, calculate the amount of Accrued Interest payable by applying the Rate of Accrued Interest for such Interest Period to the Calculation Amount, and, in each case, multiplying the product by the actual number of days in such Interest Period divided by 365 (or, if any portion of such Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion divided by 366 and (ii) the actual number of days in the remainder of such Interest Period divided by 365), rounding the resulting figure to the nearest Singapore dollar (half a Singapore dollar being rounded upwards).
- (d) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Agents, the Trustee and the Noteholders and (subject as aforesaid) neither the Calculation Agent nor the Trustee shall have any liability to such person in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.
- (e) *Interpretation:* In these Conditions:

“**Accrued Interest Period**” means the period from and including the Issue Date to the Interest Payment Date falling in August 2018;

“**Average Benchmark Price Determination Date**” means a day which is 10 Business Days prior to each Interest Payment Date;

“**Business Day**” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in Singapore; and

“**Calculation Amount**” means S\$250,000, as adjusted for any Accrued Interest capitalised and added to the current outstanding principal amount of the Notes on each Interest Payment Date in accordance with Condition 4(a)(i)(B).

## 5. **Redemption and Purchase**

- (a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount together with Accrued Interest and other interest accrued thereon on the Interest Payment Date falling in August 2023 (the “**Maturity Date**”), subject as provided in Condition 6 (*Payments*).
- (b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date, on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable) at their principal amount, together with Accrued Interest and other interest accrued thereon to the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:
- (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands, Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 11 January 2017; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

*provided, however, that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Issuer shall deliver to the Trustee:

- (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (B) an opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (A) and (B) above, in which event they shall be conclusive and binding on the Noteholders.

Upon the expiry of any such notice as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 5(b).



- (c) *Redemption following a Change of Control Event*: If, for any reason, a Change of Control Event occurs, the Issuer will within seven days of such occurrence give notice to the Noteholders of the occurrence of such event (the “**Change of Control Notice**”) and shall, at the option of the holder of any Note, redeem such Note at 101 per cent. of the principal amount of such Note, together with Accrued Interest and other interest accrued thereon to the date fixed for redemption, on the date falling 60 days from the date of the Change of Control Notice (or if such date is not a business day, on the next day which is a business day). To exercise such option, the holder must deposit such Note with the Principal Paying Agent at its specified office, together with a duly completed exercise notice in the form obtainable from the Principal Paying Agent, no later than 30 days from the date of the Change of Control Notice. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

For the purposes of this Condition 5(c):

“**acting in concert**” means, a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Issuer by any of them, either directly or indirectly, to obtain or consolidate control of the Issuer;

“**business day**” means any day on which banks are open for general business (including dealings in foreign currencies) in Singapore;

“**Change of Control Event**” means the occurrence of any event whereby any person or group of persons (other than the Permitted Holders), acting in concert, gains direct or indirect Control of the Issuer;

“**Control**” of the Issuer means (and “**Controlling**” shall be construed accordingly):

- (i) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
- (A) cast, or control the casting of, more than 30 per cent. of the maximum number of votes that might be cast at a general meeting of the Issuer;
  - (B) appoint or remove all, or the majority, of the directors or other equivalent officers of the Issuer; or
  - (C) give directions with respect to the operating and financial policies of the Issuer with which the directors or other equivalent officers of the Issuer are obliged to comply; or
- (ii) holding beneficially more than 30 per cent. of the issued share capital of the Issuer (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital); and

“**Permitted Holders**” means Keppel Corporation Limited and its Subsidiaries and First Reserve Management L.P. and its affiliates and any other person who is deemed under the Companies Act, Chapter 50 of Singapore to hold more than 30 per cent. of the issued share capital of the Issuer (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital) as of the date of the Trust Deed.

- (d) *Redemption upon Cessation or Suspension of Trading of Shares*: In the event that (i) the shares of the Issuer cease to be traded on the SGX-ST or (2) trading in the shares of the Issuer on the SGX-ST is suspended for a continuous period of more than seven days (other than by reason of holiday, statutory or otherwise), the Issuer shall, at the option of the holder of any Note, redeem

such Note at a price equal to 100 per cent. of their principal amount together with Accrued Interest and other interest accrued thereon to the date fixed for redemption on the date falling 60 days after (in the case of (i)) the date of cessation of trading or (in the case of (ii)) the business day immediately following the expiry of such continuous period of seven days (in either case, the “**Effective Date**”). The Issuer shall within seven days after the Effective Date, give notice to the Trustee, the Principal Paying Agent and the Noteholders of the occurrence of the event specified in this Condition 5(d) (*provided that* any failure by the Issuer to give such notice shall not deny any Noteholder the right to exercise its option under this Condition 5(d)). To exercise such option, the holder must deposit the Note Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with an Exercise Notice in the form obtainable from the Principal Paying Agent, the Registrar, any other Transfer Agent or the Issuer (as applicable) not later than 30 days after the Effective Date. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. For the purposes of this Condition 5(d), “**business day**” means any day on which banks are open for general business (including dealings in foreign currencies) in Singapore.

- (e) *Redemption at the Option of the Issuer*: The Notes may be redeemed at the option of the Issuer on any Interest Payment Date from and including August 2017 (each, a “**Call Settlement Date**”) at a price equal to 100 per cent. of their principal amount on the Issuer’s giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes on the relevant Call Settlement Date at such price plus Accrued Interest and interest accrued to such date).
- (f) *Partial redemption*: If the Notes are to be redeemed in part only on any date in accordance with Condition 5(e) (*Redemption at the Option of the Issuer*), each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Call Settlement Date bears to the aggregate principal amount of outstanding Notes on such date.
- (g) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (*Scheduled redemption*) to (e) (*Redemption at the Option of the Issuer*) above.
- (h) *Purchase*: The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price.
- (i) *Cancellation*: All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries shall be cancelled and may not be reissued or resold.

## 6. **Payments**

- (a) *Principal*: Payments of principal shall be made by transfer to a Singapore dollar account maintained by the payee with, a bank in Singapore and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (b) *Interest*: Payments of interest shall be made by transfer to a Singapore dollar account maintained by the payee with, a bank in Singapore and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (c) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S.

International Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto.

- (d) *Payments on business days*: Where payment is to be made by transfer to a Singapore dollar account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a business day. In this paragraph, “**business day**” means any day on which banks are open for general business (including dealings in foreign currencies) in Singapore and, in the case of surrender (or, in the case of part payment only, endorsement) of a Note Certificate, in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).
- (e) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.
- (f) *Record date*: Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar’s Specified Office on the fifteenth day before the due date for such payment (the “**Record Date**”). Where payment in respect of a Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

## 7. **Taxation**

All payments of principal and interest (including Accrued Interest) in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Cayman Islands, Singapore or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

- (a) held by a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the Cayman Islands or Singapore other than the mere holding of the Note; or
- (b) where (in the case of a payment of principal or interest on redemption) the relevant Note Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts if it had surrendered the relevant Note Certificate on the last day of such period of 30 days.

In these Conditions, “**Relevant Date**” means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in Singapore by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 7 (*Taxation*) or any undertaking given in addition to or in substitution of this Condition 7 (*Taxation*) pursuant to the Trust Deed.

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Cayman Islands and/or Singapore, references in these Conditions to the Cayman Islands and/or Singapore, shall be construed as references to the Cayman Islands and/or Singapore and/or such other jurisdiction.

## 8. Events of Default

If any of the following events (“**Events of Default**”) occurs the Trustee at its discretion may, and if so requested by holders of at least 25.0 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, in each case, subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction, give notice to the Issuer that the Notes are immediately repayable, whereupon they shall become immediately due and payable at their principal amount together with Accrued Interest and other interest accrued thereon but unpaid:

- (a) the Issuer does not pay (i) any sum (other than interest) payable by it under any of the Notes or the Issue Documents (as defined in the Trust Deed) or (ii) within three days of its due date, any interest payable by it under any of the Notes or the Issue Documents;
- (b) the Issuer does not perform or comply with any one or more of its obligations (other than the payment obligations of the Issuer referred to in paragraph (a)) under any of the Issue Documents or any of the Notes and, if, such default is capable of remedy but is not remedied within 21 days after the Trustee has given written notice of the failure to perform or comply to the Issuer;
- (c) any representation, warranty or statement by the Issuer in any of the Issue Documents or any of the Notes or in any document delivered under any of the Issue Documents or any of the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated and, if such default is capable of remedy, it is not remedied within 21 days after notice of such non-compliance or incorrectness shall have been given by the Trustee to the Issuer;
- (d) (i) any other indebtedness of the Issuer or any of its Principal Subsidiaries in respect of borrowed moneys is or is declared to be or is capable of being rendered due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (however described) or is not paid when due; or  
(ii) the Issuer or any of its Principal Subsidiaries fails to pay when due any amounts owing under any guarantee or indemnity of indebtedness for borrowed moneys,

*provided however that* no Event of Default will occur under paragraphs (d)(i) or (d)(ii) above if the aggregate amount of the indebtedness for borrowed moneys or guarantee of indebtedness for borrowed moneys falling within paragraphs (d)(i) and (d)(ii) above is less than US\$10,000,000 (or its equivalent in any other currency or currencies);

- (e) the Issuer or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or all of a particular type of) its indebtedness, begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or a material part of (or all of a particular type of) its indebtedness which it will or might otherwise be unable to pay when due, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of (or all of a particular type of) the indebtedness of the Issuer or any of its Principal Subsidiaries;

- (f) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days;
- (g) any security on or over the whole or a material part of the property or assets of the Issuer or any of its Principal Subsidiaries becomes enforceable or any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person);
- (h) any meeting is convened or an order is made or, as the case may be, an effective resolution is passed for the winding-up of the Issuer or any of its Principal Subsidiaries (except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee or the Noteholders by way of Extraordinary Resolution) or for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer of the Issuer or any of its Principal Subsidiaries or over the whole or a material part of the property or assets of the Issuer or any of its Principal Subsidiaries;
- (i) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any part of its business which is material in the context of the business of the Issuer and its subsidiaries, taken as a whole, other than pursuant to a permitted disposal under Condition 3(c) (*Limitation on Asset Sales*);
- (j) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of its Principal Subsidiaries;
- (k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 4.1 (c) of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable) and such default is capable of remedy but is not remedied within 21 days of its occurrence;
- (l) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under the Issue Documents or any of the Notes;
- (m) any of the Issue Documents or any of the Notes ceases for any reason (or is claimed by the Issuer not) to be the legal and valid obligations of the Issuer, binding upon it in accordance with its terms;
- (n) any litigation, arbitration or administrative proceeding (other than those of a frivolous or vexatious nature or those which are being contested in good faith) against the Issuer or any of its Principal Subsidiaries is current or pending (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer under any of the Issue Documents or any of the Notes or (ii) which has or could have a material adverse effect on the Issuer;
- (o) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (e), (f), (g), (h) or (j); or
- (p) the Issuer or any of its Principal Subsidiaries is declared by the Minister of Finance of Singapore to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore.

In this Condition:

“**Issue Documents**” has the meaning ascribed to such term in the Trust Deed; and

“**Principal Subsidiary**” means any subsidiary of the Issuer:

- (i) whose profits before tax and minority interests (after intercompany eliminations), as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, are at least five per cent. of the consolidated profits before tax and minority interests of the Group as shown by such audited consolidated accounts; or
- (ii) whose total assets (after intercompany eliminations), as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, are at least five per cent. of the total assets of the Group as shown by such audited consolidated accounts, *provided that* if any such subsidiary (the “**transferor**”) shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary or the Issuer or to any other person (the “**transferee**”) then:
  - (A) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is the Issuer or it is not a subsidiary of the Issuer) shall thereupon become a Principal Subsidiary; and
  - (B) if a substantial part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Issuer or it is not a subsidiary of the Issuer) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (A) above or which remains or becomes a Principal Subsidiary by virtue of (B) above shall continue to be a Principal Subsidiary until the earlier of:

- (1) the date of issue of the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the profits before tax and minority interests or (as the case may be) total assets (in each case, after intercompany eliminations) as shown by the accounts of such subsidiary (consolidated (if any) in the case of a company which itself has subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than five per cent. of the consolidated profits before tax and minority interests or (as the case may be) total assets of the Group, as shown by such audited consolidated accounts; and
- (2) the date on which the Issuer has delivered to the Trustee (which shall in any event be no earlier than the date on which the relevant transfer is completed) pro forma unaudited accounts of such subsidiary and pro forma unaudited consolidated accounts of the Group, in each case prepared off the latest full year audited accounts of such subsidiary or the Group (as the case may be) as if the relevant transfer had been completed (in the case of profits before tax and minority interests) on the first day of the period in respect of which both such pro forma accounts are prepared and (in the case of total assets) as of the date to which both such pro forma accounts are prepared and based on reasonable assumptions and estimates and in accordance with IFRS, which show the profits before tax and minority interests or (as the case may be) total assets (in each case, after intercompany eliminations) of such subsidiary (consolidated (if any) in the case of a company which itself has subsidiaries) to be less than 5 per cent. of the consolidated profits before tax and minority interests or (as the case may



be) total assets of the Group. The Trustee shall be entitled to accept such pro forma unaudited accounts of such subsidiary and pro forma unaudited consolidated accounts of the Group as sufficient evidence of the information set out above, in which event they shall be conclusive and binding on the Noteholders.

## 9. Prescription

Claims for principal and interest on redemption shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

## 10. Replacement of Note Certificates

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar and the Transfer Agent having its Specified Office in Singapore, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

## 11. Trustee and Agents

Under the Trust Deed, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual Holders of Notes as a result of such Holders being connected in any way with a particular territory or taxing jurisdiction.

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The initial Agents and their initial Specified Offices are listed below. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar, principal paying agent or calculation agent and additional or successor paying agents and transfer agents, in each case in accordance with the Agency Agreement; *provided, however, that* the Issuer shall at all times maintain (a) a principal paying agent, a registrar and a calculation agent and (b) a paying agent and a transfer agent in Singapore.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

## 12. Meetings of Noteholders; Modification and Waiver

- (a) Meetings of Noteholders: The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more persons being or representing



Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of payments under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a “**Reserved Matter**”)) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) Modification and waiver: The Trustee may, without the consent of the Noteholders, agree to any modification of these Conditions or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders and to any modification of the Notes or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error. In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Noteholders as soon as practicable thereafter.

### 13. **Enforcement**

The Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes, but it shall not be bound to do so unless:

- (a) it has been so requested in writing by the Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and
- (b) it has been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

### 14. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of notes having the benefit of the Trust Deed.

## 15. Notices

Notices to the Noteholders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing. In addition, so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, notices to Noteholders will be published on the date of such mailing in a daily newspaper of general circulation in Singapore (which is expected to be the The Business Times or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Singapore).

## 16. Governing Law and Jurisdiction

- (a) The Notes and the Trust Deed are governed by, and shall be construed in accordance with, the laws of Singapore.
- (b) The courts of Singapore are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed or the Notes and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or the Notes (“**Proceedings**”) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.
- (c) The Issuer agrees that service of process in, or any documents which start, any Proceedings in Singapore may be delivered to KrisEnergy Pte Ltd or to such other person with an address in Singapore or at such other address in Singapore as the Issuer may specify by notice in writing to the Trustee and the Noteholders. If for any reason, KrisEnergy Pte Ltd or such other person ceases to be able to accept service of process in Singapore, the Issuer shall promptly appoint a new process agent and notify the Trustee and the Noteholders of such appointment. Without prejudice to the foregoing, the service of any legal process in any Proceedings anywhere may be effected on the Issuer by forwarding a copy of the relevant documents issued pursuant to or in connection with such Proceedings by hand or by registered post to such process agent and such service shall be deemed to be good and effectual service on the Issuer, even if any document may be returned by the post office undelivered. Nothing herein shall affect the right of the Trustee and/or the Noteholders to serve process in any other manner permitted by any relevant law.

## RISK FACTORS

*The following summarises some of the principal risks and uncertainties that may arise in connection with an investment in the New Notes. It should be read in conjunction with all of the other information contained in the Information Memorandum including the risk factors referred to in the Consent Solicitation Statement. Additional risks and uncertainties not presently known to the Issuer or that the Issuer currently deems immaterial may become material and have a material adverse effect on the business, financial condition, results of the operations or prospects of the Group and cause the value of the New Notes to decline. This Information Memorandum also contains forward-looking statements, which necessarily involve risks and uncertainties of their own. Actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors and circumstances, including the risks and uncertainties described herein and other factors outside of the Issuer's control. Moreover, if and to the extent that any of the risks described below materialise, they may occur in combination with other risks which would compound the adverse effect of such risks on the Issuer's business activities, financial condition, results of operations and prospects.*

*The risk factors set out in this part of the Information Memorandum are not, and are not intended to be, exhaustive and investors should make their own assessment, and where they are uncertain, take appropriate professional advice, in respect of any dealings with the Group.*

*The sequence in which the risk factors are presented below is not indicative of their likelihood of occurrence or of the potential magnitude of their financial consequences.*

### **Risks Relating to the Group**

***The Group is and may continue to be negatively affected by continued uncertainty in the global commodity and financial markets.***

The Group is an independent upstream oil and gas company focused on the exploration, appraisal, development and production of oil and gas reserves and resources in Asia. Fluctuations in oil prices will have an immediate impact on the Group's revenue, which is derived from the sale of crude oil, liquids and gas. There has been, and continues to be, significant fluctuations in the price of crude oil. The average monthly price of Dubai crude oil, a relevant benchmark in Asia, ranged from US\$34.59 per barrel ("bbl") to US\$52.10/bbl from December 2015 to December 2016 and the average monthly price of Brent crude ranged from US\$38.90/bbl to US\$54.92/bbl from December 2015 to December 2016, and achieved a 13-year low slightly below US\$28.00/bbl in January 2016. While there has been an uptick in oil prices from 13-year lows at the beginning of 2016, the markets remain uncertain. Such conditions have adversely impacted, and continue to present risks for the oil and gas and offshore marine sectors. These conditions have similarly impacted the Group and the Group's results of operations, financial condition and prospects. This, in turn, has affected the Issuer's traditional strategy of financing investments in projects through an optimal funding mix of operating cash flow and debt and equity financing. Access to financial markets is impeded by such factors and the Group's ability to obtain funding or to refinance its indebtedness on commercially reasonable terms and in a timely manner. Such prolonged uncertainty in the global commodity and financial markets will and may continue to adversely affect the Group's business, results of operations, financial condition and prospects.

***The Group has previously incurred and may continue to incur losses in its results of operations.***

The Group has previously incurred and may continue to incur losses in its results of operations. There are substantial risks, uncertainties, expenses and difficulties to which the Group's business is subject. The Issuer's ability to make scheduled payments on, or to refinance its obligations with respect to, its indebtedness will depend on its financial and operating performance. There can be no assurance that

it will generate sufficient cash flow from operations, which could impact its ability to sustain operations, bring operations to a point where it is able to make full use of its rights to cost recovery petroleum or obtain any additional funds it may require in the future to satisfy requirements beyond its current committed capital expenditure. The Group cannot be certain that it will successfully develop and implement the new business plan approved and adopted by KrisEnergy's directors in October 2016 (the "**New Business Plan**") or that it will successfully address the risks that face its business.

*The Group's leverage and debt service obligations could materially and adversely affect the Group's business.*

The Issuer expects that the Revolving Credit Facility, the US\$50 million short-term bridge upsize to the Revolving Credit Facility (with a tenor of up to six months), pursuant to the amendment agreement signed on 3 November 2016 (the "**Bridge Upsize**"), the Zero Coupon Secured Notes, the New Notes and the security documents to be entered into in connection with the Revolving Credit Facility and the Zero Coupon Secured Notes will impose significant operating and financial restrictions on the Issuer and other members of the Group.

The degree to which the Group is leveraged and the restrictions imposed on the Group could have important consequences to its business and holders of the New Notes offered hereby, including, but not limited to:

- making it difficult for the Group to satisfy its obligations with respect to its indebtedness;
- increasing the Group's vulnerability to, and reducing its flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of the Group's cash flow from operations to the repayment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow. In addition, as the interest rates under the Revolving Credit Facility are floating rates, the interest costs could rise significantly in the future, thereby increasing the Group's interest expenses associated with these obligations;
- limiting the Group's ability to obtain additional financing to fund working capital, capital expenditures, debt service requirements, business ventures, or other general corporate purposes;
- limiting the Group's flexibility in planning for, or reacting to, changes in its business and the competitive environment and the industry in which the Group does business; and
- placing the Group at a competitive disadvantage as compared to its competitors, to the extent that its competitors are not as highly leveraged.

These consequences could have a material adverse effect on the Group's business, liquidity, prospects, financial condition and results of operations and the Issuer's ability to satisfy its obligations under the New Notes.

The terms under the Revolving Credit Facility, the terms and conditions of the Zero Coupon Secured Notes to be issued by the Issuer pursuant to the Preferential Offering (as defined herein) and the terms and conditions of the New Notes to be issued by the Company pursuant to the Notes Exchanges may restrict the Group's ability to dispose of assets. Although there are carve-outs provided for in these asset disposal restrictions of the Group's various debt obligations, such carve-outs may not always be applicable. Further, even if such disposal was allowed, proceeds from such disposal may not be adequate to meet any debt service obligations then due. The Group's inability to generate sufficient cash flows to satisfy its debt service obligations, or to refinance its indebtedness on commercially reasonable terms and in a timely manner, could have a material adverse effect on its business, results of operations, financial condition and future prospects.

***The Group's earnings and cash flow may be insufficient to satisfy its debt obligations.***

If the Group is unable to generate sufficient cash flow and capital resources to satisfy its debt obligations or other liquidity needs, it may have to undertake alternative financing plans, such as refinancing or restructuring debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. There is no assurance that any refinancing would be possible, that any assets could be sold or, if sold, of the timing of the sales and the amount of proceeds that may be realised from those sales, or that the Group could obtain additional financing on acceptable terms, or at all. In the absence of such operating results and resources, the Group could face substantial liquidity problems and might be required to dispose of material assets or operations to meet its debt service and other obligations.

***It may be expensive and logistically burdensome to discontinue operations should economic, physical or other conditions subsequently deteriorate.***

Once the Group has an interest in an established oil or gas development and/or production operation in a particular location, it may be expensive and logistically burdensome to discontinue such operation should economic, physical or other conditions subsequently deteriorate. This is due to, among other reasons, the significant capital investment required in connection with oil and gas development and production, the nature of the contractual arrangements with government authorities in the relevant jurisdictions, and significant decommissioning costs. For example, the Issuer and/or its joint venture partners are required to commit to long-term contractual obligations with service providers pursuant to the development and production phases and in a volatile oil price environment, the Issuer will be unable to discontinue operations without incurring significant financial penalties, which will have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Additionally, because oil and gas assets in general are relatively illiquid, and would be even more so should the circumstances in the relevant jurisdiction deteriorate, the Group's ability to promptly sell its assets or businesses in the event it were to discontinue operations in a particular jurisdiction may be limited. No assurance can be given that the Group will be able to sell any asset for the price or on terms it sets, or that any price or other terms offered by a prospective purchaser would be acceptable to it. It is also not possible to predict with certainty the length of time that could be needed to find purchasers for its assets, if at all, and to complete the disposal of assets in times of political, economic, financial or investment uncertainty.

***The Group has incurred impairments on its producing assets and may incur further impairments in the future.***

As a result of the continual decline in oil prices, the Issuer incurred impairments on its producing assets as at 31 December 2015. Following stress testing of the Issuer's portfolio under various oil price sensitivities, the Issuer recorded impairments over its Thai producing assets of US\$69.9 million and, as a result of a lowering of near- and medium-term price assumptions, the Issuer wrote-down US\$17.7 million on crude oil inventory as at 31 December 2015. With continued volatility in the prices of crude oil and natural gas, the Issuer is expected to continue to incur further impairments on its producing assets in the future.

***The Group cannot accurately predict its future decommissioning liabilities.***

The Group has assumed certain obligations in respect of the decommissioning of its fields and related infrastructure. These liabilities are derived from legislative and regulatory requirements concerning the decommissioning of wells and production facilities and require the Group to make provision for and/or underwrite the liabilities relating to such decommissioning. Although the Group's accounts make a provision for such decommissioning costs, there can be no assurance that the costs of decommissioning will not exceed the amount of the long-term provision set aside to cover such decommissioning costs. In addition, local or national governments may require decommissioning to

be carried out in circumstances where there is no express obligation to do so, which may result in higher decommissioning costs than the Group expected at the time when the Group made provisions. It is therefore difficult to forecast accurately the costs that the Group will incur in satisfying its decommissioning obligations and the Group may have to draw on funds from other sources to bear such costs. Any significant increase in the actual or estimated decommissioning costs that it incurs could have a material adverse effect on its business, results of operations, financial condition and future prospects.

***Derivative transactions could result in financial losses or could reduce the Group's earnings.***

To achieve more predictable cash flows and reduce the Group's exposure to adverse fluctuations in oil prices, the Group may enter into derivative instrument contracts from time to time. Accordingly, the Group's earnings may fluctuate as a result of changes in the fair value of the Group's derivative instruments. Derivative instruments also expose the Group to the risk of financial loss in some circumstances, including when the counterparty to the derivative instrument defaults on its contractual obligations or there is an increase in the differential between the underlying price in the derivative instrument and actual prices received. The use of derivatives may, in some cases, require the posting of cash collateral with counterparties. If the Group enters into derivative instruments that require cash collateral and commodity prices or interest rates change in a manner adverse to the Group thereby requiring it to post the cash collateral, the Group's cash may be reduced, which could limit its ability to fund capital expenditures. Future collateral requirements will depend on arrangements with the Group's counterparties, volatility in oil prices and interest rates.

***The Group may not be able to successfully implement its business and restructuring plan.***

The successful implementation of the Group's New Business Plan depends on, amongst other things, movements in oil and gas prices, ability to rationalise the Group's select assets within its portfolio, ability to progress and execute developments on time and within budget and maintenance of existing production from the Group's portfolio.

If the Proposed Restructuring Plan (as defined below) is not successfully implemented, the Group may have to seek other third-party financing in the future, and its ability to arrange for such financing will depend on numerous factors, including general economic and capital market conditions, interest rates, credit availability from other lenders, investor confidence in the Group and the political and economic conditions in the region. There can be no assurance that such additional financing, either on a short-term or long-term basis, will be available to the Group in the future or, if available, such financing would be obtained on favourable terms.

***The Group conducts some of its operations through joint operations and has limited control over the activities in contract areas that the Group does not operate.***

The Group has entered into joint operations in respect of certain of the Group's assets, and the Group's joint-venture partners operate a number of the contract areas in which the Group has an interest, including some of the Group's primary producing assets. Under the terms of the relevant joint operating agreement ("JOA"), the Group is only entitled to receive information relating to petroleum operations from its joint operation partners, and may therefore be unable to obtain all of the information that would be necessary in order for the Group to ascertain whether the operator fully complies with relevant laws and the terms of the JOA. The information that is available to the Group in respect of these contract areas is therefore limited to information which would generally be available to minority stakeholders and the Group would not, amongst other things, be in a position to determine if the operator has obtained all necessary licences and approvals and complied with all requirements in these contract areas. As a non-operator, the Group has limited control over certain decisions related to activities at these areas, which could affect the Group's business, results of operations, financial condition and prospects.



Decisions over which the Group may have limited control include, amongst others:

- the timing and amount of capital expenditures;
- the timing and level of exploration activities;
- final investment decisions;
- the timing of initiating the drilling and completing of wells;
- the extent of operating costs;
- the level of ongoing production;
- health and safety, environmental and other regulatory compliance practices;
- the procurement of insurance; and
- the prices at which and customers to whom products are sold.

It is possible that the Group's interests and those of its joint-venture partners will not always be aligned, resulting in, among other things, possible project delays, additional costs or disagreements.

Moreover, the Group's joint-venture partners must obtain any applicable licence or related agreement pursuant to which the Group operates, in addition to JOAs or other arrangements governing the Group's relationship with the joint-venture partners and comply with all requirements thereto. The Group may suffer unexpected costs or other losses if a joint-venture partner does not meet the obligations under the licence or related agreement or the agreements governing the Group's relationship with them or if such violations lead to fines, penalties, restrictions, withdrawal of licences and termination of the agreements under which the Group operates. In some instances, the Group may be jointly and severally liable for required payments pursuant to the terms of the petroleum licences in which the Group has interests. The Group may also be subject to claims by the Group's joint-venture partners regarding potential non-compliance with the Group's obligations.

In the event that any of the Group's joint-venture partners becomes insolvent or otherwise unable to pay their debts as they fall due, the Group may be required to pay its proportionate share of the unpaid debts, and licences or agreements awarded to such joint-venture partners may revert to the relevant government authority who will then reallocate the licence. In addition, according to the terms of some of the Group's petroleum licences, the Group may not always be able to choose its partners in the event that one of its partners assigns their interest to another party. As the Group typically either shares an undivided interest with its partners (at the fields where the Group has a participation interest) or has a contractual right to production with no participation interest, it relies on its partners or other entities as licence holders. Although the Group anticipates that the relevant government authority may permit it to continue operations at a field during a reallocation process, there can be no assurance that the Group will be able to continue operations pursuant to these reclaimed licences or that any transition related to the reallocation of a licence would not materially disrupt its operations or development and production schedule. In a reallocation process, the other joint-venture partners who are not insolvent will have the right to acquire the Working Interest of the insolvent joint-venture partner. If none of the other joint-venture partners acquires the insolvent joint-venture partner's Working Interest, the relevant government authority may step in to either acquire the Working Interest through a state-owned oil company or direct that the Working Interest be transferred to an operator designated by the said government authority. The occurrence of any of the situations described above could have a material adverse effect on the Group's business, results of operations, financial condition and future prospects.



***The 3Q2016 financial information contained in this Information Memorandum is unreviewed and unaudited.***

The 3Q2016 financial information contained in this Information Memorandum has not been audited or reviewed by an independent registered public accounting firm. An audit or review of the Group's 3Q2016 financial statements by a public accountant could result in material changes to such financial statements.

***Any acquisitions of or farm-ins to new assets, or divestments of or farm-outs of existing assets, that the Group pursues may not receive governmental approval.***

The acquisition or divestment of interests in contract areas, either through corporate acquisitions/divestments or farm-in/farm-out transactions, typically requires regulatory approval from the host country in which the contract area is located. There can be no assurance that the Group will receive the requisite approvals to complete any corporate acquisition/divestment or farm-in/farm-out that it proposes to undertake. Prior to receiving regulatory approval, the Group is unable to formally undertake a variety of actions that participants in a contract area are typically able to undertake, such as making investment decisions, submitting work programs and budgets and assuming operatorship of a contract area. Failure to obtain any requisite regulatory approval, or delays or increased costs in obtaining such regulatory approval, could materially adversely affect the Group's business, results of operations, financial condition and future prospects.

***The Group is controlled by Keppel Corporation Limited ("Keppel") and First Reserve Fund XII, L.P. and FR XII-A Parallel Vehicle, L.P. (collectively, "First Reserve Funds") and their interests may conflict with the interests of other holders of the Issuer's securities.***

The Group is controlled by Keppel and the First Reserve Funds (together, the "**Controlling Shareholders**") and as a result, the Controlling Shareholders have significant influence over the election of the Group's directors, the approval of a merger or sale of substantially all of the Group's assets, the affairs and policies of the Group and the approval of most other actions requiring the authorisation of its shareholders. The interests of the Controlling Shareholders may conflict with the interests of other holders of the Issuer's securities and control of a majority of the Shares by the Controlling Shareholders could delay, defer or prevent a future take-over or a change in control of the Issuer and could make some transactions more difficult or impossible to complete without the support of the Controlling Shareholders. There is no assurance that the Controlling Shareholders will act in the interests of the Issuer or other holders of the Issuer's securities, or that any differences of interest will be resolved in favour of the Issuer or other holders of the Issuer's securities.

***The Group depends on certain key customers for sales of its oil and gas.***

The Group has entered into agreements with its customers in relation to the sale and supply of its oil and gas for its producing contract areas and is therefore subject to the risk of delayed offtakers or payment for delivered production volumes or default. In certain cases, a customer, either pursuant to contractual arrangements or as a result of geographic, infrastructure or other constraints or factors, is in practice the sole potential purchaser of the Group's production output in a contract area. This is particularly the case for sales of the Group's gas, as sales and transportation of gas are dependent upon the availability of transmission and other infrastructure facilities to supply the gas the Group produces to end users. The absence of alternative purchasers for the gas the Group produces may expose it to offtake and production delays as gas is typically not stored given its low density and must be sold soon after its extraction. To the extent the Group's customers reduce the volumes of oil and/or gas that they purchase from it and are not replaced by new customers or the market prices for oil and/or gas decline in the Group's market areas, the Group's revenues could decline. In addition, the Group may be exposed to other adverse contractual terms, which could have a material adverse effect on its business, results of operations, financial condition and prospects.

***The Group's insurance coverage may not cover all types of possible losses and may be insufficient to cover certain losses.***

The Group's operations are subject to various risks inherent in exploration, development and production activities. However, the insurance industry is not yet fully developed in the countries in which the Group operates, and many forms of insurance protection common in other more developed countries are not yet available in these countries on comparable terms, such as key-person or onshore terrorism insurance. The Group's insurance (including that of the operators of contract areas in which the Group participates) currently includes coverage for damage to or loss of the majority of the Group's production facilities, loss of production income (to a limited extent), insurance for out-of-control wells (including coverage of pollution and environmental damage caused thereby), mandatory third-party liability coverage (including employer's liability insurance), tanker pollution coverage, and directors and officers liability insurance, in each case subject to deductibles, exclusions and limitations. The Group does not carry key-person, onshore terrorism or sabotage insurance.

Moreover, the operator of each of the contract areas in which the Group participates is responsible for obtaining insurance on behalf of the joint operation participants in accordance with the terms of the applicable JOA. Accordingly, the Group is subject to risks associated with its reliance on its joint operations partners' procurement of insurance.

There can be no assurance that any insurance proceeds the Group receives would be sufficient to cover expenses relating to insured losses or liabilities. Moreover, depending on the severity of the damage, the Group may not be able to rebuild damaged property in a timely manner or at all. The Group is also subject to the risk of increased premiums or deductibles, reduced coverage, and additional or expanded exclusions in connection with its existing insurance policies and those of operators of those assets that the Group does not currently operate. The Group may suffer material losses from uninsurable or uninsured risks or insufficient insurance coverage, which could have a material adverse effect on its business, results of operations, financial condition and prospects.

***From time to time, the Group may be involved in legal, regulatory and other proceedings arising out of its operations, and may incur substantial costs arising therefrom.***

From time to time the Group is, and in the future may continue to be, involved in disputes with various parties involved in the development and lease of its facilities, including customers, contractors, suppliers and construction workers. These disputes may lead to legal or other proceedings and may result in substantial costs, delays in its development schedule, and the diversion of resources and management's attention, regardless of the outcome. If the Group were to fail to win these disputes, the Group may incur substantial losses and face significant liabilities. Further, even if the Group were to win these disputes, the Group may suffer harm to its reputation, which could materially affect its prospects and future growth.

The Group may be subject to regulatory action in the course of its operations, which may subject it to administrative proceedings and unfavourable decisions that could result in penalties and/or delayed construction of new logistics facilities. In such cases, the Group's results of operations and cash flow could be materially and adversely affected.

***The Group may continue to incur substantially more debt in the future, including at the level of its Subsidiaries, which may make it difficult for the Group to service its debt, including the New Notes.***

The Issuer and its Subsidiaries may be able to incur substantial additional indebtedness in the future, including secured indebtedness. Although the terms under the Revolving Credit Facility, the terms and conditions of the Zero Coupon Secured Notes to be issued by the Issuer pursuant to the Preferential Offering and the terms and conditions of the New Notes to be issued by the Company pursuant to the Notes Exchanges contain restrictions governing the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions and the amount of

indebtedness that could be incurred in compliance with these restrictions could be substantial. If the Issuer or its Subsidiaries incur new debt or other obligations, the related risks that the Group faces, as described in “— *The Group’s leverage and debt service obligations could materially and adversely affect the Group’s business*” and elsewhere in these “*Risk Factors*”, could increase.

***The Group may not be able to repay or refinance the debt outstanding under the Revolving Credit Facility and there could be a default under the terms of the Revolving Credit Facility.***

Amounts borrowed using the commitments made available through the Bridge Upsize are repayable on the date falling six months after the date on which the Bridge Upsize took effect (being 3 November 2016) or, if earlier, at the time(s) of receipt by any member of the Group of the gross proceeds of any funds raising (subject to certain exceptions), including but not limited to the Preferential Offering. It is expected that the utilisations under the Bridge Upsize will be repaid (and the commitments under the Bridge Upsize cancelled in an equivalent amount) using part of the proceeds from the Preferential Offering. All other amounts borrowed under the Revolving Credit Facility together with any other amounts (including accrued interest) then outstanding are due on 30 June 2018, unless the maturity date is extended. See “*Material Indebtedness*”. If the Issuer is unable to procure that the Revolving Credit Facility is repaid or refinanced in a timely manner, the Issuer could be in default under the terms of the Revolving Credit Facility. In the event of such default, there could be a cross-default under the terms of its other debt facilities, including the New Notes, and the lenders of such debt facilities could terminate their commitments to lend to the Issuer or its Subsidiaries, accelerate repayment of the debt and declare all amounts due and payable, terminate the agreements or (subject to the terms of (i) the intercreditor and security trust deed dated 9 December 2016 (as amended and/or restated from time to time) entered into between the Issuer and certain other parties to the Revolving Credit Facility (including Madison Pacific Trust Limited as common security agent) (to which DBS Trustee Limited as note trustee for the Preferential Offering will accede on or around the time at which the New Notes are issued and which is expected to be amended and restated) and (ii), if required, a separate intercreditor agreement between, among others, such parties (either or both of them, the “**Intercreditor Agreement**”)) enforce the relevant security, as the case may be.

## **Risks Relating to the Oil and Gas Exploration and Production Industry**

***The Group’s business, revenues and cash flows may fluctuate with changes in oil and gas prices.***

The Group’s business and revenues are substantially dependent upon the prevailing prices of oil and gas. Historically, the markets for oil and gas have been volatile and they may continue to experience volatility in the future. In particular, crude oil prices have been historically highly volatile. The Group can give no assurance as to the level of oil prices in the future. It is impossible to predict accurately further crude oil price movements. There have recently been significant fluctuations in the prices of crude oil and natural gas. In particular, crude oil prices have been and are expected to continue to be volatile. The average monthly price of Dubai Crude ranged from US\$34.59/bbl to US\$52.10/bbl from December 2015 to December 2016 and the average monthly price of Brent crude oil ranged from US\$38.90/bbl to US\$54.92/bbl from December 2015 to December 2016.

The price the Group receives for its oil and gas will depend on changes in the supply of, and demand for, oil and gas in the global markets, market uncertainty and a variety of additional factors that are beyond its control, including, *inter alia*, the following:

- political conditions, including embargoes, in or affecting oil or gas producing regions generally and particularly in the Middle East and Russia;
- the ability of the Organisation of the Petroleum Exporting Countries and other Hydrocarbon producing nations to influence production levels and prices;
- the level of global oil and gas exploration and production activity;

- changes in domestic and foreign government regulations;
- technological advances affecting energy consumption;
- type, quality and chemical composition of its Hydrocarbons;
- the price and availability of alternative fuels;
- weather conditions and natural disasters;
- changes in the economic sharing arrangements for revenues between the host governments of the countries where the Group has operations and the Group, such as “windfall profit taxes”;
- speculative activities by those who buy and sell oil and gas on the world markets;
- exchange rate fluctuations; and
- unexpected events beyond the Group’s control.

Lower oil and gas prices may not only decrease the Group’s revenues on a per unit basis but also may reduce the amount of oil and gas that the Group can produce commercially or may reduce the economic viability of the production levels of specific wells or of projects planned or in development to the extent that production costs exceed anticipated income from such production. Lower prices may also negatively impact the value and even quantum of the Group’s reserves, because the measure of the Group’s reserves depends upon its ability to commercially exploit any underlying petroleum quantities. A decline in oil or gas prices may materially and adversely affect the Group’s future business, results of operations, financial condition, liquidity or ability to finance planned capital expenditures.

***The Group faces exploration, development and production risks.***

The Group faces a variety of risks related to the exploration, development and production of hydrocarbon products as well as operational, geophysical, financial and regulatory risks. The results of exploration, development and production are uncertain and, therefore, oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not achieve sufficient revenues to return a positive cash flow after taking into account drilling, development, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of costs associated with drilling, completion or other aspects of operations. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and adverse field operating conditions may affect production from successful wells. These conditions may include, amongst other things, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. Production delays and declines from normal field operating conditions may occur, and may adversely affect revenue and cash flow levels.

The Group’s oil and gas exploration, appraisal, development and production operations involve risks including blowouts, oil spills and fires (each of which could result in damage to, or destruction of, wells, production facilities or other property, injury to persons or environmental pollution), geological uncertainties (such as unusual or unexpected rock formations and abnormal pressures, which may result in dry wells), failure to produce oil or gas in commercial quantities or an inability to fully produce discovered reserves.

Offshore operations are also subject to hazards inherent in marine operations, such as capsizing, sinking, grounding, collision and damage from severe weather conditions or damage to pipelines, platforms, facilities and subsea facilities from trawlers, anchors and vessels, storms, strong currents, and risks and hazards resulting from navigational difficulties. These hazards could result in substantial

losses to the Group due to injury and loss of life, severe damage to, or destruction of, property and equipment, pollution and other environmental damage or suspension of operations, and the Group may be exposed to substantial liability in connection with any of these hazards. These risks may individually or collectively diminish the returns the Group obtains in relation to any discovery or even the ability to realise any value from the discovery at all, which may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The occurrence of a significant event that is not fully insured, or the insolvency of the Group's insurers, could have an adverse effect on the Group's business, results of operations, financial condition or prospects.

***Reserve and resource estimates depend on many assumptions that may turn out to be inaccurate.***

The process of estimating Hydrocarbon quantities is complex, requiring interpretations of available technical data and many assumptions made in a particular Hydrocarbon price environment. Any significant deviations from these interpretations, prices or assumptions could materially affect the estimated quantities of Hydrocarbons reported. The uncertainties inherent in estimating quantities of hydrocarbons include, *inter alia*, the following:

- variable factors and assumptions such as historical production from the Group's contract areas;
- the quality and quantity of technical and economic data;
- the prevailing oil and natural gas prices applicable to the Group's production;
- drilling and operating expenses, capital expenditures, taxes and the availability of funds, both debt and equity;
- the assumed effects of regulations by governmental agencies and future operating costs;
- the production performance of the Group's reserves; and
- extensive engineering, geological and geophysical judgements.

Understanding of the subsurface conditions is based on the Group's interpretation of the best data available but due to the inherent uncertainty of such interpretation, the Group may reach incorrect conclusions. The Group's reserves and contingent resources data represents estimates only and represents quantities estimated at a given point in time. Many of the factors, assumptions and variables involved in estimating hydrocarbon volumes are beyond the Group's control and may prove incorrect over time. Estimates of the commercially recoverable Hydrocarbon volumes attributable to any particular contract area, classification of such hydrocarbon volumes based on risk of recovery and estimates of future net revenues expected, prepared by different persons at different times, may vary substantially. In the event that actual production with respect to these Hydrocarbons volumes is lower than these estimates and/or actual future prices are materially lower, the Group's revenue and therefore its results of operations and financial condition will be adversely affected.

The uncertainties inherent in estimating oil and gas resources and reserves are generally greater for areas where there have been limited historic hydrocarbon exploration, such as in the case of contingent resource estimates, which are derived from the interpretation of seismic and other geoscientific data and, where appropriate, drilling results. Such interpretation and estimates of the amounts of oil and gas resources are subjective and the results of drilling, testing and production subsequent to the date of any particular estimate may result in substantial revisions to the original interpretation and estimates, including the recoverability and commerciality of the reserves and resources.

The Group may need to obtain external debt and equity financing to support growth, undertake acquisitions of new contract areas or to develop new projects. Accordingly, the Group's ability to obtain bank financing depends, to a certain extent, on the value of the Group's proved and probable reserves. Any revisions to hydrocarbon volume estimates may have an effect on the Group's current and future banking facilities. Furthermore, any revisions may also have an effect on the book value of the contract areas recorded in the Group's financial statements. In the event that the Group's reserves are assessed to be lower than previously recorded, the Group's business, results of operations, financial condition and prospects may be adversely affected.

***The Group's use of 2D and 3D seismic data is subject to interpretation and may not accurately identify the presence of oil and gas.***

Seismic data is a method used to determine the depth and orientation of subsurface rock formations. Seismic data is generated by applying a source of energy, such as vibrations, to the surface of the ground and capturing the reflected sound waves to create two-dimensional ("2D") "lines" or three-dimensional ("3D") grids, the latter of which provide more accurate subsurface maps. Even when properly used and interpreted, 2D and 3D seismic data and visualisation techniques are only tools used to assist geoscientists in identifying subsurface structures and hydrocarbon indicators and do not enable geoscientists to know whether Hydrocarbons are, in fact, present in those structures or the amount of Hydrocarbons. The Group employs 3D seismic technology with respect to certain of its projects. In addition, the use of 3D seismic and other advanced technologies requires greater pre-drilling expenditures than traditional drilling strategies, and the Group could incur greater drilling and exploration expenses as a result of such expenditures, which may result in a reduction in its returns. Moreover, the Group's drilling activities may not be successful or economical, and the Group's overall drilling success rate, or its drilling success rate for activities in a particular area, could decline.

***A number of the contract areas in which the Group holds interests are unproven and may never be developed.***

A number of the contract areas in which the Group holds interests are unproven and undeveloped. The Group would require significant capital to prove and develop such contract areas before they may become productive, and even if the Group had such capital, the Group may not succeed in proving or developing all of its contract areas. Estimates of oil and gas reserves in the subsurface are made by inferring subsurface conditions from limited surface data such as seismic data, and wells that penetrate only a small fraction of potential and actual reservoirs. Such inferences are, by their nature, uncertain and while such uncertainties can be reduced by additional seismic data or the drilling of further wells, they cannot be eliminated. Accordingly, there is no way to predict in advance of drilling and testing whether any particular prospect will yield oil or gas in sufficient quantities to recover drilling or completion costs or to be commercially viable. The use of seismic data and other technologies and the study of producing fields in the same area will not enable the Group to know conclusively prior to drilling whether oil or gas will be present or, if present, whether oil or gas will be present in quantities that would be commercially viable to recover. Due to the inherent uncertainties associated with drilling for oil and gas, some or all of these contract areas may never be successfully drilled and developed, and the exploration and production results in respect of certain of the Group's contract areas have not been as successful as anticipated. If the Group is successful in its drilling and development efforts, the Group would require significant capital to drill and develop its contract areas and it could take several years for a significant portion of the Group's unproven contract areas to be developed and generate positive cash flow.



***The Group relies on access to necessary equipment and transportation systems from independent third-party providers.***

Oil and gas exploration and development activities are dependent upon the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for limited equipment such as drilling rigs, or access restrictions on such equipment, may affect the availability of, and access to, such equipment. Failure by the Group or its contractors to secure necessary equipment could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group contracts or leases services and capital equipment from third-party providers and will continue to do so. While there is an excess availability and capacity for such equipment and services currently, there is no assurance that this situation will continue. If the Group is unable to obtain the equipment and services that it needs, this could result in a delay or restriction in the Group's projects and adversely affect the feasibility and profitability of such projects, and therefore have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group and its offtakers rely, and any future offtakers will rely, upon transportation systems, including systems owned and operated by third parties which may become unavailable. The Group may be unable to access the transportation systems it uses currently or alternative transportation systems. Further, the Group's offtakers could become subject to increased tariffs imposed by government regulators or the third-party operators or owners of the transportation systems available for the transport of the Group's oil and gas which could result in decreased offtaker demand and downward pricing pressure.

Moreover, the Group is subject to drilling and other exploration commitments under the terms of a number of its contract areas, and if, for any reason, the Group is unable to obtain the equipment or services necessary to fully perform its commitments, the Group may face penalties or the possible loss of some of its rights and interests in such contract areas, which may have a material adverse effect on its business, results of operations, financial condition and prospects.

Additionally, importation of certain equipment and chemicals for drilling, exploration and production requires licences of the relevant governmental agencies which may cause unexpected delay and substantial costs.

***The Group relies on the discovery and development of additional reserves to replace its produced reserves.***

The Group must continually acquire, explore for or develop new hydrocarbon reserves to replace those produced and sold. If the Group is unsuccessful in locating and developing or acquiring new reserves, its existing reserves (and hence production) will decline over time due to depletion by production. The Group's ability to achieve this objective depends, in part, on its level of success in discovering or acquiring additional oil and gas reserves, its further exploration and development of its existing reserves base, and the raising of capital to fund its portion of exploration or development costs. Such exploration and development activities expose it to a number of risks, including competition from other interested purchasers who may have larger financial resources than it does; unidentified historical or future liabilities of the operations that it may acquire; the inability to receive accurate and timely information about these operations in order to make informed investment decisions; problems in integrating acquired operations; as well as the geological risk that commercially recoverable reserves will not be discovered. Exploration, development and the acquisition of reserves are capital intensive. If the Group is not successful in exploring for or developing new reserves, or acquiring contract areas containing proved plus probable reserves, its total proved plus probable reserves will decline, which will adversely affect its business, results of operations, financial condition and prospects.



***The Group may face unanticipated increased or incremental costs.***

The oil and gas industry is capital intensive. To implement the Group's business strategy, it has invested, and continues to invest, in drilling and exploration activities and infrastructure. The Group's expenditures on such projects may be subject to unexpected problems, costs and delays, and the economic results and the actual costs of these projects may differ significantly from the Group's current estimates.

The Group relies on suppliers and contractors to provide materials and services in conducting its exploration and production activities. Any competitive pressures on its suppliers and contractors, or substantial increases in the worldwide prices of commodities, such as steel, could result in a material increase of costs for the materials and services required to conduct its business. The cost increases may be the result of inflationary pressures. Future increases could have a material adverse effect on its operating income, cash flows and borrowing capacity and may require a reduction in the carrying value of its contract areas, its planned level of spending for exploration and development and the level of its reserves, which depends upon its ability to commercially exploit any underlying petroleum quantities. Prices for materials and services which the Group requires to conduct its business may not be sustained at levels that enable it to operate profitably. The Group may also need to incur various unanticipated costs, such as those associated with personnel, transportation, government taxes and compliance with environmental and safety requirements. An increase in any of these costs could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

***The expected levels of energy demand in Southeast Asia may not materialise.***

Substantially all of the Group's existing assets are located in Southeast Asia. If economic growth in Southeast Asia does not continue or declines, or if all or part of the region enters into a recession, demand for oil and gas in the region and the prices of oil and gas in the region are likely to decline. As the Group's hydrocarbon sales are made in Southeast Asia, its revenues and results of operations will be materially adversely affected if it is unable to find alternative markets. Even if it is successful in finding alternative markets outside of Southeast Asia, it may incur higher costs of sales as a result of, among other things, higher transportation expenses and additional import/export tariffs and taxes, and the pricing of oil and gas may be lower outside of Southeast Asia. Consequently, a decline in the actual or anticipated levels of energy demand in Southeast Asia may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

***The Group's business development may require external financing and its ability to obtain such financing is uncertain.***

The Group may need to obtain external debt and equity financing, through public or private financing, or farm-out certain contract areas to support growth, to acquire new contract areas or to develop new projects. Moreover, the Group is subject to drilling and other exploration commitments under the terms of the Group's contract areas, and if, for any reason, it is unable to fully fund its drilling budget and fails to satisfy its commitments, it may face penalties or the possible loss of some of its rights and interests in prospects. The Issuer's ability to finance its capital expenditure plans is subject to a number of risks, contingencies and other factors, some of which are beyond its control. Among other things, any significant decrease in the prices or demand for oil or gas, or adverse developments in the Asian and international equity capital or credit markets, may be significant barriers to raising financing and may significantly increase the overall cost of its funds. Moreover, the Group may not be successful in its ordinary course business strategy of farming out interests in its contract areas in order to reduce its exploration and development expenditures, which could result in it requiring more capital resources than otherwise anticipated.

There is no assurance that additional funding, if needed, will be available on acceptable terms, or at all. If adequate funding is not available to the Group on terms acceptable, or at all, this will materially and adversely affect its ability to fund the development and expansion of its business. The Group's inability to obtain sufficient funding for operations or development plans could adversely affect its business, results of operations, financial condition and prospects.

***The Group operates in a competitive environment.***

The oil and gas industry is highly competitive. Key areas in respect of which the Group faces competition include:

- acquisition of exploration and production licences through bidding processes run by governmental authorities;
- alternative energy sources that may compete with or reduce demand for oil and gas;
- acquisition of other companies that may already own licences or existing hydrocarbon assets;
- engagement of third-party service providers whose capacity to provide key services may be limited;
- entering into commercial arrangements with customers; and
- purchase of capital equipment that may be scarce.

The Group competes with oil and gas companies that possess greater technical, physical and financial resources, longer operating histories and larger teams of technical and professional staff. Many of these competitors not only explore for and produce oil and gas, but also carry on refining operations and market hydrocarbon and other products on an international basis. These competitors may be able to pay more for producing oil and gas contract areas and exploratory prospects and to evaluate, bid for and purchase a greater number of contract areas and prospects than the Group's financial or personnel resources permit. This may result in higher than anticipated prices for the acquisition of licences or assets, the hiring by competitors of key management or operatives and/or restrictions on the availability of equipment or services.

If the Group is unsuccessful in identifying suitable contract areas or continuing satisfactory relationships with its partners and competing against other companies, its business, results of operations, financial condition and prospects could be materially adversely affected.

***The Group is subject to environmental regulations and risks.***

The oil and gas industry is subject to laws and regulations relating to environmental and safety matters in the exploration for and the development and production of Hydrocarbons. Many of the environmental laws and regulations applicable to the countries where the Group operates are significantly less developed than those in certain developed market economies. The Group incurs, and expects to continue to incur, substantial capital and operating costs in order to comply with increasingly complex health, safety and environmental laws and regulations. New laws and regulations, the imposition of tougher licensing requirements, increasingly strict enforcement of, or new interpretations of, existing laws, regulations and licences, or the discovery of previously unknown contamination may require further expenditures to:

- modify operations;
- install pollution control equipment;
- perform site clean ups;

- curtail or cease certain operations;
- cease operations temporarily or permanently; or
- pay fees or fines or make other payments for pollution, discharges or other breaches of environmental requirements.

These factors may lead to delayed or reduced exploration, development or production activity as well as increased costs.

Furthermore, the discharge of oil, gas or other pollutants into the air, soil or water, whether inadvertent or otherwise, may give rise to liabilities to the governments of the countries in which the Group operates and to third parties, and may require the Group to incur costs to remedy such discharge. The terms of licences or permissions may include even more stringent environmental and/or health and safety requirements. In certain cases, severe environmental damage could give rise to financial liabilities that exceed the value of the Group's assets. Further, there is a risk that, in the event that the Group does incur costs to remedy any such discharges, such costs would exceed the value of the Group's assets or insurance coverage.

### **Risks Relating to the Jurisdictions in which the Group Operates**

*The Group is subject to government regulations relating to the oil and gas industry and the procurement of relevant government permits, licences and approvals.*

The Group's operations are subject to licences, regulations and approvals for the exploration, development, construction, operation, production, marketing, pricing, transportation and storage of oil and gas. The governments of the countries in which the Group operates have exercised and continue to exercise significant influence over their respective oil and gas industries. In certain developing countries, petroleum companies have faced the risks of expropriation or nationalisation, breach, abrogation or renegotiation of project agreements, application to such companies of laws and regulations from which they were intended to be exempt, denials of required permits and approvals, increases in royalty rates and taxes that were intended to be stable, application of exchange or capital controls, and other risks. Any government action (such as a change in oil and/or gas pricing policy or taxation rules or practice, or renegotiation or nullification of existing concession contracts or oil and gas exploration policy, laws or practice) could have a material adverse effect on the Group. Sovereign or regional governments could also require the Group to grant to them larger shares of oil and gas or revenues than previously agreed to, or postpone or review projects, nationalise assets, or make changes to laws, rules, regulations or policies, in each case, which could adversely affect the Group's business, prospects, financial condition and results of operations. Possible future changes in the government, major policy shifts or increased security arrangements in the countries in which the Group operates could have to varying degrees an adverse effect on the value of the Group's investments. These factors could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The Group is currently awaiting certain government permits, licences and approvals in relation to its Working Interests in contract areas, exploration plans and/or development plans in a number of contract areas. There can be no assurance that the Group will receive the necessary permits, licences and approvals in a timely fashion or at all or that such permits, licences or approvals will not contain onerous restrictions or conditions. The implementation of the Group's exploration and/or development plans in contract areas is subject to receiving the necessary government permits, licences and approvals, and failure to obtain, or a delay in obtaining, such permits, licences and approvals, or the subsequent revocation of such permits, licences and approvals, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Once commercial production is established and/or exploration success is achieved in a contract area, the Group may be required under the terms of its licence to apply for contract extensions from time to time to provide

adequate time to explore and develop the relevant contract area. Approvals of such extensions are based on the fulfilment of work programs. In the event that the Group is not able to fulfil a work program's obligations in respect of a contract area or is in breach of the terms of the licence, the host government might not grant extensions on the terms of these contract areas.

For example, in Cambodia, the regulatory infrastructure applicable to upstream oil and gas opportunities is still relatively new and in development. There are no producing contract areas or contract areas in development in Cambodia, and so regulations governing contract areas at those stages are as yet untested, as are the relationships between contractual terms provided in petroleum agreements to which the Cambodian Ministry of Mines and Energy (the successor agency to the Cambodian National Petroleum Authority) is a party and prevailing laws and regulations. Cambodia Block A is pending the approval from the Cambodian Ministry of Mines and Energy of the Production Permit Application ("PPA") for the development of Cambodia Block A, and there is no certainty as to when, if ever, such approval will be forthcoming. As part of the review and approval process by the Cambodian Ministry of Mines and Energy, the petroleum agreement for Cambodia Block A is currently being renegotiated. It is unclear when the PPA review and petroleum agreement negotiations will be completed. Similarly, due to the unclear relationship between petroleum contracts and petroleum laws and regulations in Cambodia, there is some uncertainty as to whether some of the terms of the petroleum agreement are in compliance with, or will be enforceable under, prevailing laws. Such terms may also be subject to renegotiation at the request of the Cambodian Ministry of Mines and Energy and/or the Royal Government of Cambodia. As such, it is uncertain whether the terms provided in the petroleum agreement and the PPA, including the fiscal terms, are the terms that will be in place once Cambodia Block A reaches development or production. Any protracted negotiations in relation to Cambodia Block A will delay the date of final investment decision, which may limit the Issuer's ability to develop Cambodia Block A in the near future, or at all. Moreover, any renegotiation of the fiscal or other terms of the petroleum agreement or PPA in relation to Cambodia Block A may adversely impact the Group's business results of operations, cash flows, financial condition and prospects.

There is no assurance that the governments of the countries in which the Group operates will not postpone or review projects or will not make any changes to government policies, in each case which could adversely affect the Group's business, results of operations, financial position and prospects.

***The countries in which the Group operates face political, economic, fiscal, legal, regulatory and social uncertainties.***

The Group's operations are exposed to the political, economic, fiscal, legal, regulatory and social environment of the countries in which it operates. The Group's business involves a high degree of risk, which a combination of experience, knowledge and careful evaluation may not overcome. These risks include, but are not limited to, civil strife or labour unrest, armed conflict, limitations or price controls on oil exports and limitations or the imposition of tariffs or duties on imports of certain goods.

Exploration and development activities in developing countries may require protracted negotiations with host governments, national oil companies and third parties and may be subject to economic and political considerations such as the risks of war, community disturbances, criminal activities (such as oil or gas theft), expropriation, nationalisation, renegotiation, forced change or nullification of existing contracts or royalty rates, unenforceability of contractual rights, foreign ownership controls or approvals, protests, changing taxation policies or interpretations, adverse changes to laws (whether of general application or otherwise) or the interpretation thereof, foreign exchange restrictions, inflation, changing political conditions, the death or incapacitation of political leaders, local currency devaluation, currency controls, and foreign governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Any of the factors detailed above or similar factors could have a material adverse effect on the Group's business, results of operations or financial condition. If disputes arise in connection with the Group's operations in developing countries, the Group may be subject to the exclusive jurisdiction of foreign courts or foreign arbitration tribunals or

may not be successful in subjecting foreign persons, especially foreign oil ministries and national oil companies, to the jurisdiction of courts in other countries. Further, the Group may also be adversely affected by increased action by non-governmental organisations opposing to the oil and gas exploration and production industry.

*There are risks associated with emerging and developing markets generally.*

The disruptions experienced in the international and domestic capital markets have led to reduced liquidity and increased credit risk premiums for certain market participants and have resulted in a reduction of available financing. Companies located in countries with emerging markets, such as those in Southeast Asia where the Group operates, may be particularly susceptible to these disruptions and reductions in the availability of credit or increases in financing costs, which could result in them experiencing financial difficulty. In addition, the availability of credit to entities operating within the emerging and developing markets is significantly influenced by levels of investor confidence in such markets as a whole and as such any factors that impact market confidence including a decrease in credit ratings, state or central bank intervention in a market or terrorist activity and conflict, could affect the price or availability of funding for entities within any of these markets.

Since the onset of the global economic crisis in 2007, certain emerging market economies have been, and may continue to be, adversely affected by market downturns and economic slowdowns elsewhere in the world. As has happened in the past, financial problems outside countries with emerging or developing economies, or an increase in the perceived risks associated with investing in such economies could dampen foreign investment in and adversely affect the economies of these countries. Investments in emerging markets are therefore subject to greater risks than more developed markets, including in some cases significant legal, fiscal, economic and political risks.

*The countries in which the Group operates may suffer from governmental or business corruption.*

The Group operates and conducts business in countries which some perceive as having potentially more corrupt governmental and business environments compared to certain developed countries. Corrupt action against the Group could have a material adverse effect on the Group's business, results of operations and financial condition. In spite of the Group's best efforts, it may not be possible for the Group to detect or prevent every instance of fraud, bribery and corruption in every jurisdiction in which the Group's employees, agents, subcontractors or joint-venture partners are located. The Group may therefore be subject to civil and criminal penalties and to reputational damage. Instances of fraud, bribery and corruption, and violations of laws and regulations in the jurisdictions in which the Group operates, could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

*Tax disputes relating to operations at Block 9 could expose the Group to liabilities.*

In 2013, the Group signed a sale and purchase agreement with Tullow Oil International Limited ("**Tullow**") to acquire all of the outstanding shares in KrisEnergy Bangladesh Limited (formerly known as Tullow Bangladesh Ltd) which holds 30.0 per cent. operated Working Interest in Block 9 onshore in Bangladesh ("**KrisEnergy Bangladesh**"). As the operator of Block 9, KrisEnergy Bangladesh had on 3 February 2013 successfully obtained judgement from the High Court of Bangladesh against the Commissioner of Taxes of Bangladesh for a tax assessment confirming the deductibility of up to US\$118.63 million in respect of past expenditure in Block 9 (the "**Bangladesh Tax Dispute**"). Based on the prevailing Bangladesh corporate income tax rate of 37.5 per cent., the Bangladesh Tax Dispute presents a potential tax liability of around US\$44.49 million excluding late interests and penalties. Although the decision of the High Court of Bangladesh was given in favour of KrisEnergy Bangladesh, an appeal to the Appellate Division of the Supreme Court of Bangladesh was filed by the Commissioner of Taxes of Bangladesh on 2 June 2013. The appeal to challenge the decision of the High Court of Bangladesh in favour of KrisEnergy Bangladesh is due to be heard in the last quarter of 2016. Should the appeal be delayed or the appeal judgement be contested, the ultimate outcome may not be determined until the legal process is complete, which may take many



years. Under the terms of the Block 9 Production Sharing Contract, Bangladesh Oil, Gas & Minerals Corporation (“**Petrobangla**”), which among its functions acts as the Bangladesh petroleum public sector statutory and regulatory body, is liable to pay properly assessed income tax on behalf of Block 9 Contractor parties.

In this connection, the purchaser of KrisEnergy Bangladesh, KrisEnergy Asia Holdings BV, a wholly-owned subsidiary of the Issuer, and the vendor, Tullow, had on 8 April 2013 entered into a tax deed for which Tullow shall indemnify KrisEnergy Asia Holdings BV as to any tax, claims or losses arising from the Bangladesh Tax Dispute, whether before or following the completion of the acquisition of KrisEnergy Bangladesh. In addition, Tullow Oil plc, the ultimate parent of Tullow and an international oil and gas company listed on the London Stock Exchange plc, has provided a deed of guarantee dated 8 April 2013 guaranteeing all obligations of Tullow, including that under the tax deed. However, in the event that Tullow or Tullow Oil plc, as the case may be, is unable to make good the indemnity if it is triggered under the tax deed or deed of guarantee, as the case may be, KrisEnergy Bangladesh may be exposed to any tax, claims or losses arising from the Bangladesh Tax Dispute, and this may in turn have a material adverse effect on the Group’s consolidated financial position, results of operations or cash flows.

***Possible unitisation or similar arrangement relating to Bangora/Srikail.***

In July 2012, Bangladesh Petroleum Exploration and Production Company Limited (“**Bapex**”) announced a potentially significant gas discovery, with reserves publicised at 300 bcf, in Srikail, a ring fenced area within Block 9, operated by Bapex. Bapex may be able to access reserves in Block 9 from the Srikail field or may allege that Block 9 (in which Bapex is also a partner) is wrongfully taking its reserves. The Block 9 joint venture may equally allege that Bapex is accessing Block 9 reserves from Srikail. Petrobangla has previously requested that Bapex and the Block 9 partners discuss the situation and inform Petrobangla of the outcome of discussions. To date, Bapex has not engaged with the Block 9 partners in concluding any agreement on the matter. Any dispute with Bapex affecting Block 9 could adversely affect the Group’s business and prospects.

***A portion of Block 120 may be affected by border disputes between China and Vietnam.***

China asserts territorial sovereignty over a large portion of the South China Sea, including certain portions near mainland Vietnam over which Vietnam also asserts territorial sovereignty. There is a certain portion of the eastern flank of Block 120 which China may assert to be within its maritime border but is considered by the Vietnamese Government to be within its territorial waters.

While the Group has historically limited its activity in Block 120 to the portion of the contract area over which there is no territorial dispute and has, in 2015, relinquished 20.0 per cent. of the contract area of which a portion may be affected by border disputes, there can be no assurance that the territorial dispute between Vietnam and China will not affect the Group’s activities in the disputed portion of Block 120. Due to the volatile nature of the dispute over the South China Sea, it may not be possible for the Group to contract for ships or other equipment to conduct activities in the disputed part of Block 120, or to do so on terms which the Group considers acceptable. Further, it is possible that Vietnam will relinquish sovereignty to the disputed portion of Block 120, voluntarily or otherwise, which may require the Group to forfeit or renegotiate its petroleum licence over the disputed portion of Block 120. Any territorial dispute affecting Block 120 could adversely affect the Group’s business and prospects.

***Some of the countries in which the Group operates suffer from terrorism and militant activity.***

The Group operates and conducts business in some countries which have experienced terrorist and militant activity. There can be no assurance that further terrorist acts will not occur in the future. The fear of terrorist actions, either against the Group’s properties or generally, could have an adverse effect on the Group’s ability to adequately staff and/or manage its operations or could substantially increase the costs of doing so. Any future terrorist acts in the countries in which the Group operates,

or neighbouring countries in Southeast Asia, could destabilise those countries and increase internal divisions within their governments, and might result in concerns about stability in the region and negatively affect investors' confidence. Violent acts arising from and leading to instability and unrest have in the past had, and could continue to have, a material adverse effect on investment and confidence in, and the performance of, the economies in Southeast Asia, and in turn on the Group's business. Any terrorist attack, including those targeting the Group's properties, could interrupt parts of the Group's business and materially and adversely affect the Group's business, results of operations, financial condition and prospects.

***Some of the areas in which the Group operates lack physical infrastructure or contain physical infrastructure in poor condition.***

Physical infrastructure in some areas of the countries in which the Group operates is obsolete or non-existent and in certain respects has not been adequately funded and maintained. In some areas, oil and gas pipelines are particularly affected. Breakdowns or failures of any part of the physical infrastructure in the areas where the Group operates may disrupt the Group's normal business activity, cause the Group to suspend operations or result in environmental damage to the surrounding areas which could increase the cost of operations and expose the Group to environmental liability. Further deterioration of the physical infrastructure in the areas where the Group operates may disrupt the transportation of goods and supplies, increase operational costs of doing business in these areas and generally interrupt business operations, any or all of which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

***The interpretation and application of laws and regulations in the jurisdictions in which the Group operates involves uncertainty.***

The courts in the jurisdictions in which the Group operates may offer less certainty as to the judicial outcome or a more protracted judicial process than is the case in more established economies. Businesses can become involved in lengthy court cases over simple issues when rulings are not clearly defined, and the poor drafting of laws and excessive delays in the legal process for resolving issues or disputes compound such problems. Accordingly, the Group could face risks such as: (i) effective legal redress in the courts of such jurisdictions being more difficult to obtain, including in respect of a breach of law or regulation, or in an ownership dispute, (ii) a higher degree of discretion on the part of governmental authorities and therefore less certainty, (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations, (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions, or (v) relative inexperience or unpredictability of the judiciary and courts in such matters.

Enforcement of laws in some of the jurisdictions in which the Group operates may depend on and be subject to the interpretation placed upon such laws by the relevant local authority, and such authority may adopt an interpretation of an aspect of local law which differs from the advice that has been given to the Group by local legal counsel or even previously by the relevant local authority itself. Furthermore, there is limited or no relevant case law providing guidance on how courts would interpret such laws and the application of such laws to the Group's contracts, joint operations, licences, licence applications or other arrangements.

Moreover, in Indonesia, regional autonomy is a sensitive political subject. Laws and regulations have changed the regulatory environment by decentralising certain regulatory and other authority from the central Indonesian Government to regional (i.e., provincial and/or local) governments. The process of devolving authority to regional governments is ongoing, and while the regulations on regional autonomy, as well as various sector-specific laws (including Oil and Gas Law No. 22 of 2001 of the Republic of Indonesia), have set out the divisions of authority between the central Indonesian Government and the regional governments, the implementation of such regulations has been erratic, causing the scope of devolved authority to be uncertain. Although the central Indonesian Government has made efforts in the regulatory sector to curb overreaching by regional governments, jurisdictional uncertainty is expected to continue for the foreseeable future. One consequence of this uncertainty is



that the powers of the licensing authorities in Indonesia are not completely transparent or clearly delineated. It is unclear whether the rights granted by the Indonesian Government at the central, provincial and local levels conflict with one another, or whether the application of regulatory powers will be consistent.

There can be no assurance that unfavourable interpretation or application of the laws in the jurisdictions in which the Group operates will not adversely affect the Group's contracts, joint operations, licences, licence applications or other arrangements. In certain jurisdictions, the commitment of local businesses, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be less certain and more susceptible to revision or cancellation, and legal redress may be uncertain or delayed. If the existing body of laws and regulations in the countries in which the Group operates are interpreted or applied, or relevant discretions exercised, in an inconsistent manner by the courts or applicable regulatory bodies, this could result in ambiguities, inconsistencies and anomalies in the enforcement of such laws and regulations, which in turn could hinder the Group's long-term planning efforts and may create uncertainties in the Group's operating environment, and may adversely affect the Group's business, results of operations, financial condition and prospects.

***The Group may be subject to sovereign immunity risk in the countries in which it operates.***

All of the countries in which the Group operates have constitutions and laws which entrench and vest all of the rights over their natural resources in the state, including oil and gas resources, which are regarded as sovereign state assets. These countries have also established state-owned entities which enter into commercial contracts with oil and gas exploration and production companies in relation to the exploration, development and production of oil and gas resources. Accordingly, the natural resources discovered within a contract area are ultimately owned by the state and the exploration and production company only has contractual rights of exploration, development and production. As the Group's contracts are with state-owned entities, in the event of a dispute, any of these state-owned entities may be able to invoke the principles of sovereign immunity. The invocation of such immunity may limit the Group's ability to enforce its rights, which in turn adversely affects the Group's business, results of operations, financial condition and prospects.

***The Group may be subject to changes in taxation in the countries in which it operates.***

The Group is subject to taxation in various countries and is faced with increasingly complex tax laws. The amount of tax the Group pays could increase as a result of changes in, or new interpretations of, these laws, which could have a material adverse effect on the Group's liquidity and results of operations. During periods of high profitability in the oil and gas industry, there are often calls for increased or windfall taxes on oil and gas revenue. Taxes have increased or been imposed in the past and may increase or be imposed again in the future. In addition, taxing authorities could review and question the Group's tax returns leading to additional taxes and penalties which could be material.

Certain changes to Indonesian tax laws may adversely affect the Group. The Group has interests in seven PSCs in Indonesia. On 20 December 2010, the Indonesian Government enacted Government Regulation 79/2010 ("GR 79/2010"), which changes the regime governing cost recovery under PSCs and the taxation of oil and gas activities. GR 79/2010 generally applies to PSCs entered into after 20 December 2010. PSCs entered into before 20 December 2010 will continue to be governed by the regulations prevailing at the time such PSCs were executed, unless it is determined that such PSCs have not expressly or sufficiently provided for the areas mentioned in the list below, in which case the provisions of GR 79/2010 will apply and such PSCs must be adjusted within three months of the effective date of GR 79/2010 (being 20 December 2010). It is not yet clear who will make such determinations or how they will be made.

The transitional provisions in GR 79/2010 list eight areas that make GR 79/2010 applicable to PSCs entered into before 20 December 2010 including:

- government share, requirements for cost recovery and the norms for claiming operating non-allowable costs;
- the appointment of independent third parties to carry out financial and technical verifications;
- the issuance of income tax assessments;
- the exemption of customs duty and import tax on the importation of goods used during exploitation and exploration activities;
- contractor's tax in the form of oil and gas from the contractor's share; and
- income from outside the PSC in the form of uplifts and/or the transfer of PSC interests.

Further, with the issue of Indonesian Regulation No. PER-11/PJ/2012 (“**PER-11**”), which came into force on 20 April 2012, the Directorate General of Tax in Indonesia introduced a broader interpretation of “area” as the taxable object to mean the entire PSC area. The tax position was later clarified by Indonesian Regulation No. PER-45/PJ/2013 (“**PER-45**”), which came into force on 1 January 2014, such that the taxable object may be land and/or buildings within an area used for an oil, gas or geothermal mining business (and not the entire area). PER-45 further clarified that areas on which exploration activities were carried out would not attract the the land and building tax (“**LBT**”). Notwithstanding the clarifications provided in PER-45, it remains unclear how the Indonesian regulatory authority or tax courts will determine tariffs based on the new scope of determining “area”, especially for tax assessments done during the period between PER-11 and PER-45.

Changes to any of the above areas may result in higher taxes and operating costs in Indonesia, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

*Natural disasters in certain of the countries in which the Group operates could disrupt the economy of such countries and the Group's business.*

The Group's operations, including its drilling and other exploration activities and the transport and other logistics on which it is dependent, may be adversely affected and severely disrupted by climatic or geophysical conditions. For example, in 2013, typhoons occurring offshore of Vietnam caused widespread destruction in Southeast Asia and resulted in severe delays in the Group's exploration drilling in Vietnam. Natural disasters or adverse conditions may occur in those geographical areas in which the Group operates, including severe weather, tsunamis, typhoons, cyclones, tropical storms, earthquakes, floods, volcanic eruptions, excessive rainfall and droughts as well as power outages or other events beyond the Group's control. In recent years, several particularly destructive natural disasters have occurred in Southeast Asia. A significant earthquake or other geological disturbance or natural disaster in more populated cities and financial centres could severely disrupt that country's economy and undermine investor confidence and have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

#### **Risks Relating to the New Notes**

*The Issuer's ability to meet its repayment obligations under the terms of the New Notes is dependent on the successful implementation of the New Business Plan.*

Since the issuance of the Existing Notes, the precipitous drop and subsequent volatility in oil prices has had a significant impact on the Group's results of operations, financial condition and prospects. Following the successful implementation of short-term measures designed to overcome this volatility,

and in order to implement a long-term solution in light of prevailing uncertainty in the oil and gas industry, and following a portfolio review of assets in 2016, the Board of Directors approved and adopted the New Business Plan, which will focus on improving operational efficiencies, maximising the Group's existing production and progressing its pipeline of development projects to enhance future production and as a result, free cash flow. See "*The Proposals*" in the Consent Solicitation Statement for a description of the New Business Plan.

The Issuer's ability to meet its repayment obligations under the Notes is dependent on the successful implementation of the New Business Plan. Any failure to implement the New Business Plan successfully or at all could have a material adverse effect on the Group's business, liquidity, prospects, financial condition and results of operations, and the Issuer's ability to satisfy its obligations under the New Notes.

***The Issuer is subject to restrictive debt covenants which may limit its operating flexibility.***

The terms and conditions of the New Notes contain covenants which impose restrictions on the way the Group can operate, including restrictions on the Issuer's and its Subsidiaries' abilities to:

- incur indebtedness or issue guarantees;
- create security;
- sell, lease, transfer or dispose of assets;
- merge or consolidate with other companies; and
- pay dividends, redeem share capital or redeem or repay the Zero Coupon Secured Notes.

All of these limitations are subject to significant exceptions and qualifications. See "*Terms and Conditions of the 2022 Notes*" and "*Terms and Conditions of the 2023 Notes*". These covenants could limit the Issuer's ability to finance its future operations and capital needs, to pursue acquisitions and other business activities that may be in its interest and moreover, the Issuer's ability to implement the New Business Plan.

Further, the Group is also subject to the covenants contained in the Revolving Credit Facility and the terms and conditions of the Zero Coupon Secured Notes. The Revolving Credit Facility and the terms and conditions of the Zero Coupon Secured Notes contain certain restrictions on the Group's business, including as to the acquisition or disposal of assets. The Issuer is currently in negotiations with the RCF Lender to amend these financial covenants into information undertakings (the effect of which would be that failure to meet these financial ratios would not in itself result in a breach of the Revolving Credit Facility).

A breach of any of those covenants or restrictions could result in an event of default under the terms of the Revolving Credit Facility and the terms and conditions of the Zero Coupon Secured Notes. Upon the occurrence of any event of default under the Revolving Credit Facility and/or the terms and conditions of the Zero Coupon Secured Notes, subject to applicable cure periods and other limitations on acceleration or enforcement the agent under the Revolving Credit Facility on behalf of the RCF Lender and/or the trustee, on behalf of the holders of the Zero Coupon Secured Notes, could elect to declare all amounts outstanding under the Revolving Credit Facility and/or the Zero Coupon Secured Notes, together with accrued interest, immediately due and payable or (subject to the terms of the Intercreditor Agreement) to instruct the common security agent to enforce the relevant security.

In addition, any default under the Revolving Credit Facility and/or the terms and conditions of the Zero Coupon Secured Notes could lead to an event of default and acceleration under other debt instruments that contain cross default or cross acceleration provisions. See "*Material Indebtedness*".

If the Group's creditors, including the creditors under the Revolving Credit Facility and/or the holders of the Zero Coupon Secured Notes, accelerate the payment of amounts outstanding under such instruments, the assets of the Group may not be sufficient to repay in full those amounts, to satisfy all other liabilities of the Group which would be due and payable and to repay the New Notes in full or in part. In addition, if the Issuer's subsidiaries were unable to repay those amounts, the Issuer's subsidiaries' creditors could proceed against any security granted to them to secure repayment of those amounts and those creditors with security interests, including the RCF Lender or (subject to the terms of the Intercreditor Agreement) the holders of the Zero Coupon Secured Notes, will receive any enforcement proceeds from such assets and the Issuer will only have an equity claim on those assets once all secured debts are repaid in full.

***The RCF Lender and the holders of the Zero Coupon Secured Notes may have interests that are not aligned with those of the holders of the New Notes.***

The RCF Lender and the holders of the Zero Coupon Secured Notes have interests in the Group and in particular in the assets of the Group. The terms and conditions relating to the Zero Coupon Secured Notes and the Revolving Credit Facility includes certain restrictions over the assets of the Group, and gives the RCF Lender and the holders of the Zero Coupon Secured Notes certain rights to refuse consent to changes in the capital structure or the Group's assets including mergers and/or acquisitions, capital raisings, asset acquisitions or sales and major investment programs. No assurance can be given that the objectives of the holders of the RCF Lender and the Zero Coupon Secured Notes will not conflict with the interests of the holders of the New Notes.

***Holders of the New Notes will be structurally subordinated to the Issuer's subsidiaries' third-party indebtedness and obligations.***

The New Notes will be obligations of the Issuer exclusively and not of any of its subsidiaries. The Issuer conducts substantially all of its operations, including all of its producing assets, through its subsidiaries. The Group's subsidiaries are separate legal entities that have no obligation to pay any amounts due under the New Notes or to make any funds available therefore, whether by dividends, loans or other payments. Except to the extent the Issuer is a creditor with recognised claims against its subsidiaries, all claims of third-party creditors (including trade creditors) against the Issuer's subsidiaries will have priority with respect to the assets of such subsidiaries over the claims of the Issuer's creditors, including holders of the New Notes. Consequently, the New Notes will be structurally subordinated to all existing and future liabilities of any of the Issuer's subsidiaries and any subsidiaries that the Group may in the future acquire or establish, including with respect to obligations of the Issuer and/or its subsidiaries under the Revolving Credit Facility and the Zero Coupon Secured Notes.

***The New Notes are unsecured and the holders of the New Notes may have no recourse to the Issuer's assets.***

The New Notes are unsecured and thus rank subordinate to any of the Group's secured indebtedness, including but not limited to, under the Revolving Credit Facility and the Zero Coupon Secured Notes. The RCF Lender and holders of the Zero Coupon Secured Notes will have priority with respect to the assets of the Issuer over the claims of the holders of the New Notes. If the proceeds of the realisation of the changed property are insufficient to repay its obligations under its secured indebtedness, the holders of the New Notes may have no recourse to the Issuer's assets for repayment of the amounts due under the Notes.

The interests of the holders of the New Notes may conflict with the interests of the RCF Lender and the holders of the Zero Coupon Secured Notes, whereby such parties will have priority with respect to the secured assets over the claims of the holders of the New Notes.

***The Group requires a significant amount of cash to service its debt and sustain its operations, and its ability to generate sufficient cash depends on many factors beyond the Group's control.***

The Group's ability to make payments on, or repay or refinance, its debt, and to fund working capital and capital investments, will depend on the Group's future operating performance and ability to generate sufficient cash. This depends on the success of the Group's business strategy and on general economic, financial, competitive, market, legislative, regulatory, technical and other factors and other factors discussed in these "Risk Factors", many of which are beyond the Group's control. In addition, the Group's ability to borrow funds in the future to make payments on its debt will depend on the restrictions set out in the Revolving Credit Facility and its other debt agreements, and other agreements that the Group may enter into in the future. The Group cannot provide assurance to the holders of the New Notes that the business will generate sufficient cash flow from operations or that future debt and equity financings will be available to the Group in an amount sufficient to enable the Group to pay its debt, including the New Notes, or to fund its other liquidity needs.

***The New Notes may have limited liquidity.***

There can be no assurance regarding the future development of the market for the New Notes or the ability, or the price at which a holder of the New Notes may be able, to sell the New Notes. The New Notes may have no established trading market when issued, and one may never develop. Even if a market for the New Notes does develop, it may not be very liquid. Therefore, the New Notes may not be sold easily or at prices that will provide a yield comparable to similar investments that have a developed secondary market. This is particularly the case for the New Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of New Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Liquidity may have a severely adverse effect on the market value of New Notes.

***The market value of the New Notes may fluctuate.***

Trading prices of the New Notes are influenced by numerous factors, including the operating results and/or financial condition of the Group, its subsidiaries and/or its associated companies (if any), political, economic, financial and any other factors that can affect the capital markets, the industry, the Group, its subsidiaries and/or its associated companies (if any) generally. Adverse economic developments, in Singapore as well as countries in which the Issuer and/or its subsidiaries operate or have business dealings, could have a material adverse effect on the operating results and/or the financial condition of the Issuer and/or its subsidiaries.

***Certain of the Group's borrowings bear interest at floating rates that could rise significantly, increasing the Group's interest cost and reducing cash flow.***

A portion of the Group's indebtedness, including borrowings under the Revolving Credit Facility, bears interest at per annum rates equal to LIBOR, adjusted periodically, plus a margin. Interest rates could rise significantly in the future, thereby increasing the Group's interest expenses associated with these obligations, reducing cash flow available for capital investments and limiting its ability to make payments on the New Notes. Although the Group may consider entering into hedging arrangements designed to mitigate its exposure to any increase in these rates, there can be no assurance that hedging will be available or continue to be available on commercially reasonable terms. In addition, hedging itself carries certain risks, including that the Group may need to pay a significant amount (including costs) to terminate any hedging arrangements.

***An investment in the New Notes is subject to inflation risk.***

Holders of the New Notes may suffer erosion on the return of their investments due to inflation. Holders of the New Notes may have an anticipated rate of return based on expected inflation rates. An unexpected increase in inflation could reduce the actual returns.

***The Issuer is not, and does not intend to become, regulated as an investment company under the US Investment Company Act and related rules.***

The Issuer has not been and does not intend to become registered as an investment company under the U.S. Investment Company Act of 1940, as amended (the “**US Investment Company Act**”). The U.S. Investment Company Act provides certain protections to investors and imposes certain restrictions on companies that are registered as investment companies (which, among other things, require investment companies to have a majority of disinterested directors, provide limitations on leverage and limit transactions between investment companies and their affiliates). None of these protections or restrictions is or will be applicable to the Issuer. In addition, in order to avoid being required to register as an investment company under the U.S. Investment Company Act, the Issuer has implemented restrictions on the ownership and transfer of the New Notes which may materially affect investors’ ability to transfer the New Notes.

***The Singapore tax treatment of the New Notes may change.***

An application has been submitted to the Monetary Authority of Singapore (“**MAS**”) for confirmation that the New Notes to be issued are, pursuant to the Income Tax Act (Chapter 134) (the “**ITA**”) and the MAS Circular FSD Cir 02/2013, “qualifying debt securities”. While initial discussions with the MAS have been positive, there is no assurance that the MAS will provide a written confirmation in this regard or that such confirmation, if given, would continue to be effective in the event that the relevant tax laws or MAS circulars are amended or revoked. Where the MAS does not confirm that the New Notes are qualifying debt securities, the tax concessions and exemptions for qualifying debt securities will not be available, and the Issuer and certain holders of the New Notes may be subject to adverse tax consequences. See the section entitled “*The New Notes may not qualify as Qualifying Debt Securities (“QDS”)*”.

***The New Notes may not be a suitable investment for all investors.***

Holders of the New Notes must determine the suitability of an investment in the New Notes in light of their own circumstances. In particular, holders of the New Notes should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the New Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement to this Information Memorandum;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant New Notes and the impact such investment will have on their overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the New Notes;
- (iv) understand thoroughly the terms of the New Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect their investment and their ability to bear the applicable risks.



The New Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. Holders of the New Notes should not invest in New Notes which are complex financial instruments unless they have the expertise (either alone or with a financial adviser) to evaluate how the New Notes will perform under changing conditions, the resulting effects on the value of such New Notes and the impact this investment will have on their overall investment portfolio.

***The New Notes may be subject to optional redemption by the Issuer.***

An optional redemption feature is likely to limit the market value of New Notes. During any period when the Issuer may elect to redeem New Notes, the market value of such New Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

***Provisions in the Trust Deed and the Conditions of the New Notes may be modified.***

The Conditions of the New Notes contain provisions for calling meetings of holders of the New Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of the New Notes, including holders of the New Notes who did not attend and vote at the relevant meeting and holders of the New Notes who voted in a manner contrary to the majority. The Conditions of the New Notes also provide that the Trustee may agree, without the consent of the holders of the New Notes, to (i) any modification of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by CDP and/or any other clearing system in which the New Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the holders of the New Notes.

***The Trustee may request holders of the New Notes to provide an indemnity and/or security and/or prefunding to its satisfaction.***

In certain circumstances, the Trustee may (at its sole discretion) request holders of the New Notes to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of the holders of the New Notes. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may have an impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed or in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the New Notes to take such actions directly.

## THE ISSUER'S SHAREHOLDING

### 1. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1.1 **Interests of Directors.** The interests of the Directors in the Shares of the Issuer as recorded in the register of Directors' shareholdings of the Issuer as at the Latest Practicable Date are set out below:

Director	Direct Interest		Deemed Interest		Number of Shares comprised in outstanding Awards	Total Direct and Deemed Interest and Number of Shares comprised in outstanding Awards
	Number of Shares	per cent. <sup>(1)</sup>	Number of Shares	per cent. <sup>(1)</sup>		
John William Gervase Honeybourne . . . . .	—	—	—	—	—	—
Jeffrey Saunders MacDonald . . . . .	500,000 <sup>(2)</sup>	0.0	—	—	—	500,000 Shares
Koh Tiong Lu John . . . . .	142,000 <sup>(3)</sup>	0.0	—	—	—	142,000 <sup>(3)</sup> Shares
Christopher Gibson-Robinson . . . . .	888,554	0.0	5,545,916 <sup>(4)(a)</sup>	0.4	The aggregate of <sup>(4)(b)</sup> : (i) up to one-ninth of 3 per cent. of the issued share capital of the Issuer at the time when the conditions of the MS-Awards have been satisfied; and (ii) 1,061,738 Awards	6,434,470 <sup>(4)(a)</sup> Shares and the aggregate of <sup>(4)(b)</sup> : (i) up to one-ninth of 3 per cent. of the issued share capital of the Issuer at the time when the conditions of the MS-Awards have been satisfied; and (ii) 1,061,738 Awards
Richard Allan Lorentz Jr. . . . .	868,674	0.0	5,545,916 <sup>(5)(a)</sup>	0.4	The aggregate of <sup>(5)(b)</sup> : (i) up to one-ninth of 3 per cent. of the issued share capital of the Issuer at the time when the conditions of the MS-Awards have been satisfied; and (ii) 1,061,738 Awards	6,414,590 <sup>(5)(a)</sup> Shares and the aggregate of <sup>(5)(b)</sup> : (i) up to one-ninth of 3 per cent. of the issued share capital of the Issuer at the time when the conditions of the MS-Awards have been satisfied; and (ii) 1,061,738 Awards
Chan Hon Chew . . . . .	—	—	—	—	—	—
Michael Chia Hock Chye . . . . .	—	—	—	—	—	—
Duane Carl Radtke . . . . .	—	—	2,000,000 <sup>(6)</sup>	0.1	—	2,000,000 <sup>(6)</sup> Shares
Tan Ek Kia . . . . .	142,000	0.0	—	—	—	142,000 Shares
Alan Rupert Nisbet . . . . .	—	—	—	—	—	—
Keith James Pringle . . . . .	243,308 <sup>(2)</sup>	0.0	—	—	—	243,308 <sup>(2)</sup> Shares

**Notes:**

- (1) Based on 1,499,622,024 issued Shares as at the Latest Practicable Date. Excludes interests in Shares comprised in Awards.
- (2) Held through nominee, Raffles Nominee Pte Ltd.
- (3) Held through nominee, DBS Nominees Pte Ltd.
- (4) (a) This comprises 5,545,916 Shares held by CKR Resources (B.V.I.) Ltd. (“**CKR**”) of which Chris Gibson-Robinson is a controlling shareholder.
- (b) Chris Gibson-Robinson has been awarded Shares under the KrisEnergy Performance Share Plan comprising:
- (i) Shares awarded to him under the KrisEnergy Performance Share Plan (MS-Awards) on 19 July 2013 (the “**Listing Date**”) comprising up to one-ninth of 3 per cent. of the issued share capital of the Issuer at the time when the conditions of the MS-Awards have been satisfied, subject to certain performance conditions being met and other terms and conditions; and
- (ii) up to 1,061,738 Shares awarded to him under the KrisEnergy Performance Share Plan on 25 June 2014, 31 December 2014 and 9 November 2015 subject to certain performance conditions being met and other terms and conditions.

- (5) (a) This comprises 5,545,916 Shares held by CKR of which Richard Lorentz is a controlling shareholder.
- (b) Richard Lorentz has been awarded Shares under the KrisEnergy Performance Share Plan comprising:
- (i) Shares awarded to him under the KrisEnergy Performance Share Plan (MS-Awards) on the Listing Date comprising up to one-ninth of 3 per cent. of the issued share capital of the Issuer at the time when the conditions of the MS-Awards have been satisfied, subject to certain performance conditions being met and other terms and conditions; and
- (ii) up to 1,061,738 Shares awarded to him under the KrisEnergy Performance Share Plan on 25 June 2014, 31 December 2014 and 9 November 2015 subject to certain performance conditions being met and other terms and conditions.
- (6) Duane Radtke is deemed interested in the 2,000,000 Shares held by Radtke Investments L.P (“**RILP**”) as Duane Radtke and his wife are the general partners of RILP and each is able to make investment decisions for RILP. RILP is owned by Duane Radtke (4.0 per cent.) and his wife (4.0 per cent.) and their two sons (46.0 per cent. each).

**1.2 Interests of Substantial Shareholders.** The interests of the substantial Shareholders in Shares as recorded in the Register of Substantial Shareholders of the Issuer as at the Latest Practicable Date are set out below:

Substantial Shareholders	Direct Interest		Deemed Interest		Total Direct and Deemed Interest	
	No. of Shares	per cent.	No. of Shares	per cent.	No. of Shares	per cent.
KrisEnergy Holdings Ltd. . . . .	560,505,269	37.38	—	—	560,505,269	37.38
First Reserve Fund XII, L.P. . . .	—	—	560,505,269 <sup>(1)</sup>	37.38	560,505,269	37.38
First Reserve GP XII, L.P.. . . .	—	—	560,505,269 <sup>(1)</sup>	37.38	560,505,269	37.38
First Reserve GP XII Limited. . .	—	—	560,505,269 <sup>(1)</sup>	37.38	560,505,269	37.38
William Macaulay. . . . .	—	—	560,505,269 <sup>(1)</sup>	37.38	560,505,269	37.38
Keppel Oil & Gas Pte Ltd. . . . .	598,263,893	39.89	—	—	598,263,893	39.89
KepVenture Pte Ltd. . . . .	—	—	598,263,893 <sup>(2)</sup>	39.89	598,263,893	39.89
Keppel Corporation Limited. . . .	—	—	598,263,893 <sup>(2)</sup>	39.89	598,263,893	39.89
Temasek Holdings (Private) Limited . . . . .	—	—	598,263,893 <sup>(3)</sup>	39.89	598,263,893	39.89

Notes:

- (1) First Reserve Fund XII, L.P. (“**FR XII**”), First Reserve GP XII, L.P. (“**FR GP XII**”), First Reserve GP XII Limited (“**FR GP XII Limited**”) and William Macaulay are deemed under Section 4 of the SFA to have an interest in the Shares held by KrisEnergy Holdings Ltd. (“**KEHL**”) as:
- (a) FR XII is the holding company of KEHL;
- (b) FR XII is managed by FR GP XII;
- (c) FR GP XII is managed by FR GP XII Limited; and
- (d) William Macaulay has the ability to appoint directors of FR GP XII Limited.
- (2) KepVenture Pte. Ltd. (“**KepVenture**”) and Keppel are each deemed under Section 4 of the SFA to have an interest in the Shares held by Keppel Oil & Gas Pte. Ltd. (“**KOG**”) as:
- (a) KOG is a wholly-owned subsidiary of KepVenture; and
- (b) KepVenture is a wholly-owned subsidiary of Keppel.
- (3) Temasek Holdings (Private) Limited (“**Temasek**”) is deemed under Section 4 of the SFA to have an interest in the Shares held by KOG as:
- (a) KOG is a wholly-owned subsidiary of KepVenture;
- (b) KepVenture is a wholly owned subsidiary of Keppel; and
- (c) Temasek has more than 20 per cent. interest in Keppel, an independently managed Temasek portfolio company.

### 1.3 Defined Terms

In this section, the following expressions have the following meanings:

“**Awards**” means contingent awards of Shares granted under the KrisEnergy Performance Share Plan;

“**KrisEnergy Performance Share Plan**” means the performance share plan of the Issuer known as the KrisEnergy Performance Share Plan;

“**Latest Practicable Date**” means 4 January 2017, being the latest practicable date prior to the printing of this Information Memorandum; and

“**Shares**” means the shares in the capital of the Issuer of US\$0.00125 par value each.

## DESCRIPTION OF THE GROUP

### OVERVIEW

Established in 2009, KrisEnergy is an independent upstream oil and gas company focused on the exploration, appraisal, development and production of oil and gas resources in high-potential geological basins in Asia. Leveraging the extensive knowledge and experience of the technical team in countries and geological basins in Southeast Asia, the Group has built a portfolio of assets spanning the entire exploration-to-production life cycle. KrisEnergy's target focus area stretches from the Surma Basin in Bangladesh in the west to the Papuan Basin in the east, and from offshore southern China in the north to Indonesia in the south.

In July 2013, KrisEnergy completed its IPO and listing on the Main Board of SGX-ST. KrisEnergy's controlling shareholders are Singapore conglomerate, Keppel Corporation Ltd. and U.S. private equity investment firm and buy out business, the First Reserve Funds.

KrisEnergy continues to recognise the value of local presence in its areas of operation, and while it maintains its operational headquarters in Singapore, it has fully independently staffed offices in Bangkok, Dhaka, Phnom Penh, Ho Chi Minh City and Jakarta. Management believes the on-the-ground knowledge in these areas has allowed the Group to identify skilled industry professional and technical staff to run these offices and to quickly and efficiently respond to business decisions.

Since inception, KrisEnergy has built a portfolio of oil and gas assets encompassing 18 contract areas, of which it operates 12, in five countries specifically Bangladesh, Cambodia, Indonesia, Thailand and Vietnam. The Group has four producing oil and gas assets in the Gulf of Thailand and one gas producing field onshore Bangladesh.

Based on the 2015 Summary of Qualified Person's Report:

- the Group's proved plus probable Working Interest reserves, referred to as "2P reserves" amounted to 105.9 mmboe, as compared to 71.0 mmboe as of 31 December 2014; and
- the Group's best estimate Working Interest contingent resources, referred to as "2C resources" amounted to 109.3 mmboe, as compared to 136.8 mmboe as of 31 December 2014.

Since the 2015 Summary of Qualified Person's Report:

- The Group increased its Working Interest in Cambodia Block A from 52.25 per cent. to 95.0 per cent. on 7 October 2016 due to the withdrawal of Mitsui Oil Exploration Co. Ltd ("**MOECO**") and GS Energy Corporation ("**GSE**").
- Pursuant to the withdrawal of Ophir Energy plc ("**Ophir**") from the Kutai PSC, the Group increased its Working Interest from 54.6 per cent. to 78.0 per cent. The transfer agreement was signed on 11 October 2016 and is pending governmental approvals.
- The Group's Working Interest in Block A Aceh decreased from 41.6666 per cent. to 15.0 per cent. pursuant to a farm-out agreement signed with PT Medco E&P Melaka ("**Medco**") on 9 November 2016. The farm-out is pending approvals from the Government of Indonesia and the Government of Aceh.
- The East Muriah PSC expired on 12 November 2016.

The collective effect of these recent transactions (some of which are pending relevant approvals) (“**Recent Transactions**”) on the Issuer’s 2P Reserves and 2C Resources as of the date of this Information Memorandum is a reduction in the Issuer’s 2P Reserves and 2C Resources to 87.5 mmoeb and 67.5 mmoeb, respectively. See the sections headed “*Recent Developments*” and “*History*”.

For the nine months ended 30 September 2016, the Group’s Working Interest production was 16,833 boepd from B8/32, B9A, G10/48 and G11/48 all in the Gulf of Thailand, and Block 9 onshore in Bangladesh. Subject to realised oil and gas prices, the Group’s producing assets provide cash flow to fund capital expenditures, working capital and potentially to progress a suite of development projects, ultimately with the aim of increasing production and therefore revenue and free cash flow.

In 2014, KrisEnergy established the S\$500 million multicurrency debt issuance program (the “**MTN Program**”). Pursuant to such MTN Program, KrisEnergy issued the 2017 Notes and 2018 Notes in June and August 2014, respectively. The proceeds of these issuances, together with the 2014 Revolving Credit Facility, free cash flow from operations and the Rights Issue in August 2015, were applied to the development of the Nong Yao and Wassana oilfields in G11/48 and G10/48, respectively in the Gulf of Thailand, which commenced production in June 2015 and August 2015, respectively; appraisal drilling of the Rossukon oil discovery in G6/48 in the Gulf of Thailand; the Mustika-1 exploration well in the Sakti PSC; the Rayrai-1 exploration well in G10/48; drilling of 114 development wells in the B8/32 & B9A concessions; and seismic acquisition programs in Indonesia in the Udan Emas PSC, Bala-Balakang PSC, East Muriah PSC and Sakti PSC, SS-11 offshore Bangladesh, Block 120 offshore Vietnam and G10/48 in the Gulf of Thailand. In addition, the engineering procurement and installation contract for the Block A Aceh gas development was awarded in March 2016, triggering the Group’s Working Interest share of capital expenditure for the construction of basic infrastructure as well as long-lead items.

In addition and in light of the current macroeconomic and market conditions, KrisEnergy continues to actively manage its existing portfolio. Active portfolio management may, depending on the circumstances that exist at the time, include divestments, acquisitions, farm-ins, farm-outs, relinquishments and exchanges of interests.

The Group’s business and revenues are substantially dependent upon the prevailing prices of oil and gas. Since the issuance of the Existing Notes, the precipitous drop and subsequent volatility in oil prices has had a significant impact on the Group’s results of operations, financial condition and future prospects. KrisEnergy implemented several strategies over the last two years to preserve short-term liquidity and the ability of the Group to invest in future development projects, which are expected to ultimately grow production and increase cash flows. In order to implement a long-term solution in light of prevailing uncertainty in the oil and gas industry, and following a portfolio review of its assets in 2016, KrisEnergy’s directors approved and adopted the New Business Plan. See “— *Recent Developments*” and “*The Proposals*” in the Consent Solicitation Statement for more details.

KrisEnergy is committed to managing environmental, health, safety and security (“**EHSS**”) matters and assuring the EHSS integrity of all processes and facilities is an integral part of its business. As of 2016, KrisEnergy implemented the KrisEnergy Environmental, Health Safety Management System (“**EHSMS**”) in the Dhaka, Jakarta and Singapore offices and its Bangladesh operations. KrisEnergy has achieved the OHSAS 18001 (an internationally recognised Occupation Health and Safety management standard) and ISO 14001 certification (an internationally recognised environmental management standard) from SGS International Certification Services accredited by the Swiss Accreditation Service and the United Kingdom Accreditation Service respectively. It is KrisEnergy’s intention to undertake the auditing and certification processes of all its offices and operations in the near future. All KrisEnergy’s EHSS policies and procedures are compliant with the OHSAS 18001 and ISO 14001 requirements.



The following table sets forth certain information regarding KrisEnergy's oil and gas assets as of the date of this Information Memorandum.

	<u>Location</u>	<u>Offshore / Onshore</u>	<u>Gross Area (sq. km)</u>	<u>Working Interest (per cent.)</u>	<u>Status<sup>(1)</sup></u>	<u>Operator</u>
<b><i>Bangladesh</i></b>						
Block 9 . . . . .	Bangladesh	Onshore	1,770	30.0	Production and Development Unclarified	KrisEnergy
SS-11 . . . . .	Bangladesh	Offshore	4,475	45.0	Exploration	Santos
<b><i>Cambodia</i></b>						
Cambodia Block A <sup>(2)</sup> . . . . .	Gulf of Thailand	Offshore	4,709	95.0 <sup>(3)</sup>	Development Pending and Development Unclarified Exploration	KrisEnergy
<b><i>Indonesia</i></b>						
Bulu . . . . .	East Java Sea	Offshore	697	42.5	Near Production	KrisEnergy
Block A Aceh . . . . .	North Sumatra Basin	Onshore	1,680	41.6666 <sup>(4)</sup>	Near Production and Development Unclarified	Medco
East Seruway . . . . .	Malacca Strait	Offshore	1,172	100.0	Exploration	KrisEnergy
Kutai . . . . .	Makassar Strait	Offshore	944	54.6 <sup>(5)</sup>	Development Pending	KrisEnergy
Sakti . . . . .	East Java Sea	Offshore	4,974	95.0	Exploration	KrisEnergy
Bala-Balakang . . . . .	Makassar Strait	Offshore	3,143	85.0	Development Unclarified	KrisEnergy
Udan Emas . . . . .	West Papua	Onshore	4,044	100.0	Exploration	KrisEnergy
<b><i>Thailand</i></b>						
B8/32 & B9A . . . . .	Gulf of Thailand	Offshore	2,072	4.6345	Production	Chevron
G6/48 . . . . .	Gulf of Thailand	Offshore	371	30.0	Near Production and Development Unclarified	KrisEnergy

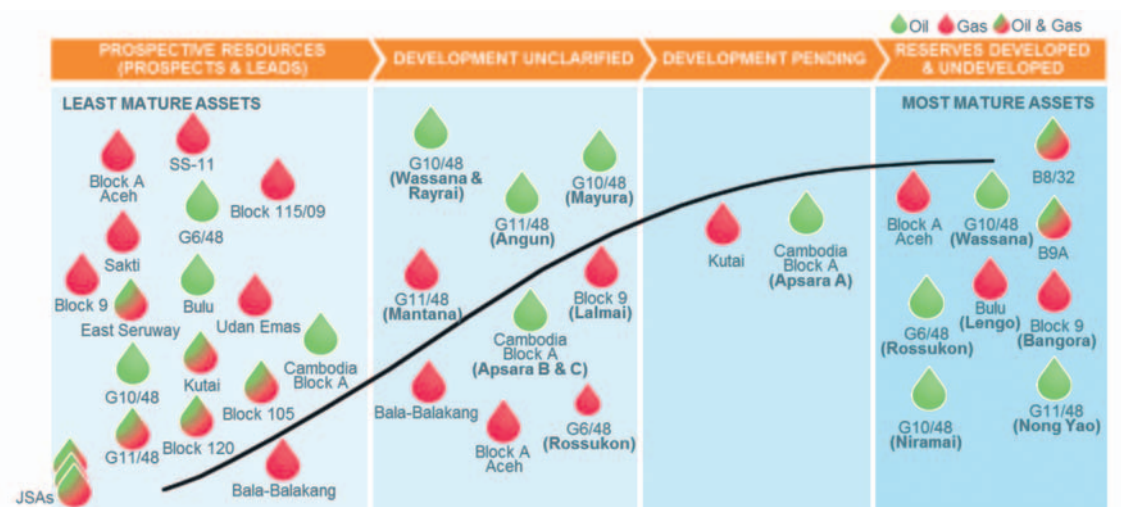
	<u>Location</u>	<u>Offshore / Onshore</u>	<u>Gross Area (sq. km)</u>	<u>Working Interest (per cent.)</u>	<u>Status<sup>(1)</sup></u>	<u>Operator</u>
G10/48 <sup>(6)</sup> . . . . .	Gulf of Thailand	Offshore	1,783	89.0	Production and Development Unclarified	KrisEnergy
G11/48 <sup>(7)</sup> . . . . .	Gulf of Thailand	Offshore	1,079	22.5	Production and Development Unclarified	Mubadala
<b><i>Vietnam</i></b>						
Block 105-110/04 ("Block 105") . . .	Offshore Vietnam	Offshore	7,192	51.0	Exploration	KrisEnergy
Block 115/09 ("Block 115") . . .	Offshore Vietnam	Offshore	7,382	100.0	Exploration	KrisEnergy
Block 120 . . . . .	Offshore Vietnam	Offshore	6,839	33.33	Exploration	Eni

Notes:

- (1) Each contract area also holds exploration prospects and leads.
- (2) Resources associated with Platform A within Cambodia Block A are classified as Development Pending, and resources associated with Platform B and Platform C within Cambodia Block A are classified as Development Unclarified.
- (3) The agreement to transfer 28.50 per cent. Working Interest in Cambodia Block A from MOECO and 14.25 per cent. Working Interest in Cambodia Block A from GSE to KrisEnergy, due to the withdrawal of MOECO and GSE, was signed on 31 August 2016 and completed on 7 October 2016. As of 7 October 2016, KrisEnergy's Working Interest in Cambodia Block A increased from 52.25 per cent. to 95.0 per cent. This 95.0 per cent. Working Interest holding assumes completion of the formal transfer of 5.0 per cent. Working Interest to the relevant government corporation as decided by the Cambodian Ministry of Mines and Energy ("Cambodian MME").
- (4) The agreement to transfer 26.6666 per cent. Working Interest in Block A Aceh PSC from KrisEnergy (Block A Aceh) BV to Medco was signed on 9 November 2016 and is pending approvals from the Government of Indonesia and the Government of Aceh. Upon completion of the farm-out, KrisEnergy's Working Interest will decrease from 41.6666 per cent. to 15.0 per cent..
- (5) The agreement to transfer 23.4 per cent. Working Interest in Kutai PSC from Ophir to KrisEnergy due to the withdrawal of Ophir was signed on 11 October 2016 and is pending government approvals. Upon completion of the transfer, KrisEnergy's Working Interest will increase from 54.6 per cent. to 78.0 per cent. The block exploration phase will expire on 15 January 2017.
- (6) Resources associated with the Niramai discovery within G10/48 are classified as Development Pending and resources associated with the Mayura discovery within G10/48 are classified as Development Unclarified.
- (7) Resources associated with the Angun and Mantana discoveries within G11/48 are classified as Development Unclarified.

## Portfolio Building Across the E&P Life Cycle

### Balanced portfolio with cash flow from production and upside development and exploration potential



## STRENGTHS

### Balanced and diversified asset portfolio

KrisEnergy's portfolio balances several key elements, including, in particular, the exploration and production life cycle, geography, hydrocarbon mix, fiscal terms and exploration prospects.

The assets in its portfolio span the entire oil and gas exploration and production life cycle. This allows the Issuer to use the cash flow generated from producing assets, namely B8/32, B9A, G10/48 and G11/48, in the Gulf of Thailand and Block 9 onshore Bangladesh, to, subject to realised oil and gas prices, fund maintenance capital expenditure, working capital and its future developments that provide for near-term cash flow generation. KrisEnergy believes that its producing assets provide cash flow and a foundation, which can be leveraged to pursue the progress of other development projects in its portfolio.

The Issuer's portfolio is also diversified from a geographic perspective, across some of the most prospective basins in the Southeast Asian region. Its assets are located across five countries and seven core areas stretching from the Surma Basin in Bangladesh in the west to the Papuan Basin in the east, and from offshore southern China in the north to Indonesia in the south. Thailand, Indonesia and Vietnam are three of the top four oil and gas producing countries in Southeast Asia.

In addition, KrisEnergy's assets are balanced across hydrocarbon mix between crude oil and gas. As of 31 December 2015, the Group's 2P reserves are approximately 29 per cent. crude oil and 71 per cent. gas (33 per cent. crude oil and 67 per cent. gas in light of the Recent Transactions), while its 2C resources are approximately 8 per cent. crude oil and 92 per cent. gas (19 per cent. crude oil and 81 per cent. gas in light of the Recent Transactions). Gas production generally provides cash flow stability as it is sold under long-term contracts. In particular, KrisEnergy's entire share of gas from B8/32 and B9A is sold in Thailand under long-term gas sales agreements with PTT and together with the partners in Block 9 Bangladesh, the produced gas is sold under a long-term gas purchase and sales agreement with Bangladesh Oil, Gas & Minerals Corporation ("**Petrobangla**").

KrisEnergy's balanced portfolio of contract areas in several countries with different taxation regimes and regulations spreads its exposure to political and fiscal risks. Within countries, KrisEnergy's assets are diversified across actual fiscal terms.

All of KrisEnergy's contract areas contain exploration prospects and leads, which will provide potential growth opportunities for the Issuer in the future. Each exploration area has multiple prospects and leads which are independent of one another, allowing it to spread the exploration risk.

### **Proven track record of acquiring, exploring, developing and operating oil and gas fields**

The Group expects to achieve first production for its development assets in the near future, which will increase production, revenue and free cash flow and enhance the overall strength of the Group's balance sheet. For example, development in Block A Aceh has already commenced and KrisEnergy intends to further develop a satellite development in G10/48, develop oilfields in Cambodia Block A and G6/48 between now and 2018 and expects to achieve first gas in Block A Aceh and first oil in Cambodia Block A and G6/48 by 2020.

The success of the Group in developing and operating oil and gas fields is also proven by senior management's track record in growing 2P reserves and production from 32.3 mmboe and 2,916 boepd in 2013 to 105.9 mmboe and 16,833 boepd for the nine months ended 30 September 2016. Senior management also demonstrated its ability to grow production at Pearl Energy where net production increased from approximately 5,000 boepd in 2003 to more than 20,000 boepd in 2008, largely driven by the development of the Jasmine oilfield in the Gulf of Thailand, which first produced oil 17 months after Pearl Energy's acquisition of the contract area and achieved cumulative production of over 17 mmboe in its first three years of operation.

### **Effective recovery of development and operating costs with strong cash flow generated through the fiscal regimes KrisEnergy operates in and stable cash flow generation from long-term gas sales agreements**

The fiscal regimes that KrisEnergy operates in allow it to effectively and efficiently recover its past costs incurred. The assets in KrisEnergy's current portfolio (with the exception of Thailand) are all located in jurisdictions that provide for cost recovery from production under production sharing contracts. The cost recovery mechanism also typically provides a natural hedge against movement in commodity prices and is also typically in priority to the sharing of profit oil.

For example, under KrisEnergy's production sharing contracts in Indonesia, the Group has the right to recover operating costs (as defined in the relevant PSCs), which consist of current year non-capital costs (relating to costs incurred in the current year's production and including the cost of geological and geophysical activity), current year depreciation on capital costs and current year allowed recovery of prior year's unrecovered operating costs. Under KrisEnergy's contract in Cambodia, the Issuer has the right to recover its capital expenditure from current and prior years, up to 90.0 per cent. of production. In Vietnam, KrisEnergy is entitled to recover up to 70.0 per cent. of gross costs. These costs are recovered on a first-in-first-out basis and carried forward to the next succeeding quarters (without interest) until fully recovered. In Bangladesh, KrisEnergy is permitted to recover costs from up to 55.0 per cent. of all liquids and 55.0 per cent. of all gas produced in the calendar year.

In addition, KrisEnergy generates stable cash flows from its long-term gas sales agreements. KrisEnergy sells its entire share of gas from B8/32 & B9A in Thailand under a long-term gas sales agreement with PTT which expires in December 2027 and together with the partners in Block 9 Bangladesh, sells the gas to Petrobangla under a long-term gas purchase and sales agreement which expires in August 2033. KrisEnergy's gas development in Block A Aceh, onshore Sumatra, is tied into a 13-year gas sales contract and the Issuer is currently negotiating a gas sales agreement for the Lengo gas field in the Bulu PSC, offshore East Java.

## **Management expertise in Southeast Asia and strong competitive advantage within core area of focus**

Each of KrisEnergy's assets is rigorously selected based on in-depth knowledge derived from the management team's long-standing experience within Asian basins. This focus in core areas creates an operating niche for the management and technical teams, which possess a deep understanding of the geology and complexities of the regional basins, long-standing experience with governments and regulatory authorities and deep-seated ties to potential partners in the region. This provides positive operational implications such as the transfer of skills and knowledge, which KrisEnergy believes will offer a competitive advantage in securing the rights to contract areas. Due to this regional expertise, KrisEnergy is approached regularly by government agencies and potential partners with potential business opportunities.

KrisEnergy's focus area stretches from the Surma Basin in Bangladesh to the Papuan Basin in the East and from offshore southern China in the North to Indonesia in the South. Although the vast area spans numerous geographies, the geology is similar across much of the map with the exception of the far eastern flank.

In addition to the experience and track record of management and senior technical staff, KrisEnergy is dedicated to maintaining an on-the-ground presence in the countries in which it has assets. To this end, the Group has offices in Bangladesh, Cambodia, Indonesia, Thailand and Vietnam, in addition to its business development headquarters in Singapore. By maintaining local offices in these countries, KrisEnergy believes that it is able to respond quickly and efficiently to business opportunities that arise in these areas, which provides the Group with significant competitive advantage over many of its peers that maintain their primary offices outside of Asia. Moreover, KrisEnergy largely employs local technical and professional staff in these countries, which the Group believes provides it with valuable knowledge of the regional geology, business culture and regulatory environment.

KrisEnergy intends to continue to leverage its regional experience by focusing its efforts on basins in Southeast Asia, which, due to similarities in regional geology, are considered to stretch from Bangladesh in the west to Papua New Guinea in the east. Continuing to focus primarily on the Group's core region will allow KrisEnergy to maximise the value of its knowledge of the region and provide it with a stable operating base should it decide to pursue opportunities elsewhere.

## **Well positioned to leverage on the strong demand growth for oil and gas in Asia**

According to Wood MacKenzie, the global demand for oil will continue to increase from 31,065 mmboe in 2016 to 31,885 mmboe in 2021, equating to a 0.5 per cent. average annual growth rate. This will largely be driven by demand growth in the Asia-Pacific region, which will surpass all other regions in both volume and growth rate. More specifically, the volumetric demand will increase by 483 mmboe between 2016 and 2021 and the average growth rate in demand for oil in Asia-Pacific is forecast to be 0.9 per cent. per annum from 2016 to 2021. Natural gas is also looking to take on a more prominent role globally, with demand for gas expected to increase from 20,864 mmboe in 2016 to 23,914 mmboe in 2021, which represents an average annual growth rate of 2.8 per cent. This is largely driven by Asia-Pacific, Middle East and North America. In Asia-Pacific alone, the demand for gas is expected to grow at 5.0 per cent. annually from 2016 to 2021. Similar to the Asia-Pacific trend, gas is likely to take a prominent role in Southeast Asia over the next few years. Demand for gas is likely to experience a 2.5 per cent. annual increase from 977 mmboe in 2016 to 1,104 mmboe in 2021. Indonesia, Malaysia and Thailand are the top three drivers of this gas demand volumetrically. Myanmar is currently the fastest growing gas demand centre, and it is expected that demand will increase at an average annual growth rate of 5.5 per cent. from 2016 to 2021. With its current portfolio of assets, KrisEnergy believes that it is well-positioned to tap into the rising demand for oil and gas in both Asia-Pacific and Southeast Asia.

In the short term, it is estimated that short-term world oil demand will nearly surpass total global supply during 2016. The supply and demand balance is expected to continue to tighten due to a fall in non-OPEC supply and the slow growth of OPEC supply. Based on estimates by Wood Mackenzie, Brent oil prices are likely to be between US\$60/bbl to US\$70/bbl in 2017. In the medium term, a widening of OPEC's spare capacity is expected to cause greater supply of oil and lower oil prices (assuming that OPEC does not cut production to support oil prices). Nevertheless, prices are expected to be approximately US\$85/bbl by 2018 due to OPEC's low spare capacity, which will support oil prices. In the longer term, higher oil prices will cause non-OPEC supply to increase, until it reaches a plateau between 2026 and 2028. It is estimated that the slower rate of growth of demand for oil and the widening of OPEC's spare capacity will cause oil prices to fall to US\$75/bbl in real terms in 2025.

Demand for liquefied natural gas ("LNG") has grown in China and India in 2016 due to rising oil prices and low spot prices. However, slower economic growth and competition from other fuels in the power sector, notably coal, has reduced LNG demand in established Asian markets such as Japan. Strong LNG growth globally will likely lead to LNG suppliers seeking market share in Europe, increasing to 100 mmtpa by 2020 which is a rise of nearly 60 mmtpa from 2015 imports. European LNG spot prices are forecast to be between US\$4.35 per million British thermal units ("mmbtu") to US\$4.72/mmbtu in 2022. Japanese equivalent spot prices are forecast to be between US\$4.35/mmbtu to 5.10/mmbtu in 2022 because Asian LNG spot prices will be priced off Europe throughout the same period. In the long term, it is expected that the rising cost of new supply required to meet rising demand in the Pacific and European markets will push European and Asian prices above US\$8/mmbtu from 2026 onwards. It is likely that Russia will adopt a new target price for its gas in line with alternative sources of supply available to buyers in order to maintain its market share in Europe. It is forecast that Japanese spot prices will trend to US\$11.50/mmbtu by 2035 based on alternative prices in Europe and the breakeven cost of new LNG supply.

***Experienced and recognised Controlling Shareholders with expertise that is complementary to KrisEnergy's business and experienced, well-respected field partners***

KrisEnergy benefits from the expertise of Keppel and the First Reserve Funds, its Controlling Shareholders, who possess strong industry experience, financial backing and business relationships. As of the date of this Information Memorandum, Keppel, through its wholly-owned subsidiary, holds a 40.0 per cent. interest and the First Reserve Funds hold a 37.4 per cent. interest in KrisEnergy. Keppel, through its wholly-owned subsidiary, is one of the world's largest offshore marine groups with a global footprint across more than 30 countries. The First Reserve Funds is a private equity and buy out investment business with investments exclusively in the energy industry. KrisEnergy expects to leverage on its Controlling Shareholders' extensive network of relationships and technologies to capitalise on growth opportunities and strengthen KrisEnergy's execution capabilities.

The Issuer also conducts activities in its licence areas with well-respected global oil and gas players. KrisEnergy's partners include both large-scale national oil companies and international oil companies such as Chevron Global Energy Inc. ("**Chevron**"), Eni, PTT Exploration and Production Company Limited ("**PTTEP**") and Mubadala Petroleum ("**Mubadala**"). These partners bring strong technical and operating capabilities, financial capacity for asset development, respective geographical focus, long-standing relationships with regulators and governments and opportunities for potential further cooperation. Partnering with these companies also helps KrisEnergy ensure a high standard of corporate governance at its non-operated assets. The Issuer's objective is to be the "partner of choice" for such national and international oil companies.



## STRATEGY

The upstream oil and gas industry continues to endure one of its most challenging cyclical downturns in decades. Turmoil in the financial markets and severe downward pressure on crude oil prices has created instability and uncertainty throughout the oil and gas industry. As with most upstream oil and gas companies, KrisEnergy's business operations are highly sensitive to Brent crude prices and in response to the adverse macro conditions, KrisEnergy has been decisive in implementing necessary financial strategies with a primary focus on improving production efficiencies, cost reductions and capital expenditure cutbacks and deferrals, which are factors within the control of the Issuer.

In an environment where sustained ambiguity remains around the recovery of oil prices, KrisEnergy intends to continue to adopt prudent financial management practices to mitigate any further erosion in balance sheet strength. Following the completion of the Consent Solicitation Exercise and Preferential Offering, KrisEnergy will continue to devote its financial resources towards maintaining and maximising production efficiencies from its existing producing fields in the Gulf of Thailand and onshore Bangladesh.

Although portfolio review and management is a constant process, KrisEnergy has conducted a thorough portfolio review of its assets with the aim of putting in place a more long-term solution to mitigate the continued business and financial pressures faced by the Group due to prolonged oil price volatility. As a result, the New Business Plan was formed and approved by the Board where KrisEnergy intends to invest in and farm-down selected net present value ("NPV")-positive projects in order to increase future free cash flows (from increases in production of oil and gas) and generate additional liquidity (from the farm-downs), which will ensure that the Group meets all its debt obligations.

KrisEnergy intends to utilise free cash flow from operations, savings from the reduction in debt servicing, proceeds from the Preferential Offering, amounts drawn under the Revolving Credit Facility as well as proceeds from farm-out and asset divestment transactions, towards near-term cash generative developments in the Gulf of Thailand and onshore North Sumatra, Indonesia. KrisEnergy believes that its strategy towards near-term developments will provide incremental production and enhance revenue, free cash flow and liquidity in the coming years, which will support its capital expenditure programs, debt service, as well as debt repayment when such obligations fall due. The Issuer intends to continue to invest in capital expenditure in order to maintain its current production profile (oil and gas assets deplete as a result of production by nature) and to grow production in selected assets in order to increase future free cash flows. To indefinitely defer or even relinquish certain of its projects may be value-destructive for all stakeholders.

Central to KrisEnergy's strategy in the current environment is to shift its financial resources towards development and production activities. Although all of KrisEnergy's assets possess a significant degree of exploration upside, in the current depressed oil price environment, KrisEnergy intends to limit its exploration related activities solely to firm committed expenditures until there is a sustained recovery in the oil markets.

## RECENT DEVELOPMENTS

Since the 2015 Summary of Qualified Person's Report:

- the Group increased its Working Interest in Cambodia Block A from 52.25 per cent. to 95.0 per cent. on 7 October 2016 due to the withdrawal of MOECO and GSE;
- pursuant to the withdrawal of Ophir from the Kutai PSC, the Group increased its Working Interest from 54.6 per cent. to 78.0 per cent. The transfer agreement was signed on 11 October 2016 and is pending governmental approvals;
- the Group's Working Interest decreased from 41.6666 per cent. to 15.0 per cent. in Block A Aceh pursuant to a farm-out agreement signed with Medco on 9 November 2016. The farm-out is pending approvals from the Government of Indonesia and the Government of Aceh; and
- the East Muriah PSC expired on 12 November 2016,

In view of these Recent Transactions, the 2P Reserves and the 2C Resources as of the date of this Information Memorandum is 87.5 mmboe and 67.5 mmboe, respectively.

In October 2016, KrisEnergy's directors approved and adopted the New Business Plan which will focus on improving operational efficiencies, maximising the Group's existing production and progressing its pipeline of development projects (focusing predominantly in the Gulf of Thailand) in order to enhance future production and as a result, free cash flow. Key elements of the New Business Plan include revising operational strategy and portfolio rationalisation. See "*The Proposals*" in the Consent Solicitation Statement for more details.

In order to effectively implement the strategic elements of the New Business Plan, KrisEnergy will require a stable and sustainable capital structure, a short-term reduction in its cash debt service obligations and an enhanced liquidity position. KrisEnergy intends to undertake and implement a comprehensive restructuring plan (the "**Proposed Restructuring Plan**") which it believes, if successful, will provide the Group with a stable and sustainable capital structure, reduce short-term cash debt service obligations and provide greater liquidity and thereby place the Group on a stronger footing in light of the prevailing price volatility and uncertainties in the global oil and gas industry.

On 9 December 2016, the meetings of Existing Noteholders took place and the extraordinary resolutions in relation to the proposals were duly passed.

On 27 December 2016, the meeting of Shareholders took place and the preferential offering resolution and whitewash resolution were duly passed.

On 6 January 2017, the Preferential Offering was launched.



## HISTORY

KrisEnergy is an independent upstream company with oil and gas assets stretching from Bangladesh in the west across Southeast Asia to West Papua, Indonesia. The Issuer was established in 2009 with an aim to build a balanced portfolio of assets comprising production, development, appraisal and exploration. KrisEnergy's activities range across all facets of the exploration and production life cycle from exploration and appraisal to development and production, which is supported by the Issuer's in-house technical team of geoscientists, engineers and operations specialists. To date, KrisEnergy has 18 assets in five countries - Bangladesh, Cambodia, Indonesia, Thailand and Vietnam. KrisEnergy operates 12 of the assets within its current portfolio.

The following timeline summarises key events in its history.

### 2009

#### *Start-up*

In June, the First Reserve Funds committed up to US\$500.0 million of equity capital, and certain of the management team, two non-executive directors, an advisor to the Board and an employee also committed at later dates to provide US\$4.2 million of equity capital to fund acquisitions and operations. KrisEnergy was incorporated in October.

#### *Acquisition*

Acquisition of 25.0 per cent. Working Interest in each of G10/48 and G11/48 in the Gulf of Thailand.

#### *Operations*

Participated in the Group's first drilling program: one exploration well each in G10/48 and G11/48 resulting in an oil discovery and a sub-commercial oil and gas discovery, respectively.

### 2010

#### *Acquisitions*

Grew footprint in Southeast Asia with the acquisition of Working Interests in assets in Cambodia (Cambodia Block A (25.0 per cent.)), Indonesia (Glagah-Kambuna TAC (25.0 per cent.) and Kutai PSC (24.6 per cent.)), Thailand (B8/32 & B9A) (46.0 per cent.) and Vietnam (Block 06/94 (33.3 per cent.), Block 105 (10.0 per cent.) and Block 120 (10.0 per cent.)), B8/32 & B9A and Glagah Kambuna TAC were the Issuer's first producing assets.

#### *Operations*

Six exploration wells in G11/48 resulted in four oil and gas discoveries and one oil discovery; five exploration wells in G10/48 resulted in one oil and gas discovery; and two oil discoveries; three exploration wells in Cambodia Block A resulted in two oil discoveries and one oil and gas discovery; two exploration wells in Block 06/94 were unsuccessful; and three exploration wells in the Kutai PSC resulted in two gas discoveries.

Participated in the acquisition of 327 sq. km 3D seismic data in G11/48, 554 sq. km 3D seismic data in G10/48, 1,807 km 2D seismic data in Block 105, 2,021 km 2D seismic data in Block 120 and 2,124 km 2D seismic data in G11/48.

63 development wells were drilled and three new wellhead platforms were put on stream in the B8/32 and B9A production areas.

Offices established in Jakarta, Indonesia and Bangkok, Thailand.

***Financing***

Entered into a US\$150.0 million loan facility with Standard Bank plc.

**2011**

***Acquisitions***

Acquisition of Working Interests and operatorship in two assets in Indonesia: 42.5 per cent. Working Interest in the Bulu PSC offshore East Java and 100.0 per cent. Working Interest in the East Seruway PSC offshore North Sumatra. Increase of Working Interest in the Kutai PSC in Indonesia from 24.6 per cent. to 54.6 per cent. and took over operatorship.

Increase from 10.0 per cent. to 50.0 per cent. Working Interest in Block 105 and Block 120 in Vietnam and took over operatorship of these contract areas.

Awarded 43.0 per cent. and operatorship of the Bala-Balakang PSC (formerly Tanjung Aru PSC) in the Makassar Strait, Indonesia.

***Relinquishments***

Relinquished Block 06/94 offshore Vietnam.

***Operations***

Acquired 491 sq. km 3D seismic data in the Kutai PSC.

In B8/32 and B9A, one exploration well resulted in a discovery, 24 development wells were drilled and one wellhead platform was put on stream.

Office established in Ho Chi Minh City, Vietnam.

As of 31 December 2011, KrisEnergy's 2P reserves and 2C resources amounted to 14.4 mmboe and 29.2 mmboe, respectively.

***Financing***

Issued US\$85.0 million face value 2016 Notes, and entered into the US\$30.0 million 2011 Revolving Credit Facility.

**2012**

***Acquisitions***

Awarded 100.0 per cent. of the Udan Emas PSC onshore West Papua.

Acquired a 50.0 per cent. operated Working Interest in the East Muriah PSC offshore East Java.

***Farm-out***

Farmed out a 25.0 per cent. Working Interest in each of Block 105 and Block 120 offshore, Vietnam.

## ***Operation***

The authorities in Thailand approved the Production Area Application (“PAA”) for the Nong Yao oilfield in G11/48. One exploration well in G10/48 and two exploration wells in B8/32 resulted in sub-commercial discoveries.

54 development wells were drilled in B8/32 & B9A.

Acquired 831 sq. km of 3D seismic data in Block 105 and 502 sq. km of 3D seismic data in Block 120.

As of 31 December 2012, KrisEnergy’s 2P reserves and 2C resources amounted to 17.2 mmboe and 40.7 mmboe, respectively.

## ***Corporate***

Keppel subscribed for a 20.0 per cent. indirect shareholding in KrisEnergy for US\$115.0 million with an option to acquire an additional 16.0 per cent. from the First Reserve Funds.

## **2013**

### ***Acquisitions***

Acquired KrisEnergy Bangladesh, which holds a 30.0 per cent. operated Working Interest in Block 9 onshore in Bangladesh.

### ***Operation***

Agreed the final investment decision for the Nong Yao oil development in G11/48.

One exploration well in the Kutai PSC encountered gas; one appraisal well in the Bulu PSC successfully tested gas; one exploration well in each of Block 105 and Block 120 resulted in non-commercial gas and oil and gas discoveries, respectively.

In B8/32 & B9A, 57 development wells were drilled and two wellhead platforms were put on stream.

Acquired 948 km 2D seismic data in the East Seruway PSC and 270 sq. km 3D seismic data over the Rossukon oil discovery in G6/48.

As of 31 December 2013, KrisEnergy’s 2P reserves and 2C resources amounted to 32.2 mmboe and 53.9 mmboe, respectively.

### ***Financing***

Increased the 2016 Notes from US\$85.0 million to US\$120.0 million and the 2011 Revolving Credit Facility from US\$30.0 million to US\$42.5 million.

### ***Corporate***

Completed the IPO on the SGX-ST, raising S\$254.6 million.

Two Non-Executive Independent Directors were appointed.

Keppel exercised its option to increase its effective shareholding pre-IPO and subscribed for US\$35.0 million of new Shares in the IPO.



2014

**Acquisitions**

Acquired a 30.0 per cent. operated Working Interest in G6/48 in the Gulf of Thailand.

Increased Working Interest in G10/48 from 25.0 per cent. to 100.0 per cent. and obtained operatorship of G10/48.

Awarded operatorship and 95.0 per cent. Working Interest of Sakti PSC offshore East Java in Indonesia; 45.0 per cent. Working Interest of SS-11 exploration block, offshore Bangladesh; 100.0 per cent. operated Working Interest in the Block 115 exploration block offshore Vietnam.

Increased Working Interest in Bala-Balakang PSC (formerly known as Tanjung Aru PSC) to 85.0 per cent. due to the withdrawal of Neon Energy (Indonesia) Pty Ltd.

Through the acquisition of Chevron Overseas Petroleum (Cambodia) Limited, KrisEnergy took over operatorship and increased Working Interest in Cambodia Block A to 52.25 per cent.

Increased Working Interests in Block 105 PSC and Block 120 PSC to 33.33 per cent. due to the withdrawal of Neon Energy (Song Hong) Pty Ltd.

**Operation**

Acquired 1,284 km 2D seismic data in the East Muriah PSC; 502 sq. km 3D seismic data in the Bala-Balakang PSC; and acquired 1,202 km 2D and 401 sq. km 3D seismic data in the Sakti PSC.

One exploration commitment well was drilled in each of G10/48 and G11/48 and encountered non-commercial hydrocarbons.

In B8/32 & B9A, 55 development wells were drilled and one wellhead platform was put on stream and one other restarted production following infill drilling.

As of 31 December 2014, KrisEnergy's 2P reserves and 2C resources amounted to 71.0 mmboe and 136.8 mmboe, respectively

**Financing**

Redeemed in full the 2016 Notes for US\$126.3 million and cancelled the US\$42.5 million 2011 Revolving Credit Facility.

Entered into the 2014 Revolving Credit Facility in March 2014.

Established the MTN Program in May 2014 and issued the 2017 Notes and 2018 Notes in June and August 2014, respectively.

**Corporate**

Two Non-Executive Independent Directors were appointed.

2015

*Acquisitions / Disposals*

Completed the acquisition of the entire issued and paid-up share capital of Premier Oil Sumatra (North) B.V. which held 41.6666 per cent. Working Interest in the Block A Aceh PSC.

Completed the sale of 14.67 per cent. shareholding in KrisEnergy Management Ltd to Palang Sophon Offshore, a wholly-owned entity of Palang Sophon Ltd. (“**Palang Sophon**”), KrisEnergy Management Ltd held 100.0 per cent. in KrisEnergy G10 (Thailand) Ltd, which holds 75.0 per cent. Working Interest of G10/48. The Issuer’s wholly-owned subsidiary, KrisEnergy (Gulf of Thailand) Ltd., holds the remaining 25.0 per cent. Working Interest in G10/48 and the operatorship of G10/48. The transaction reduced KrisEnergy’s effective Working Interest in G10/48 to 89.0 per cent.

Eni Vietnam B.V. transferred a 66.67 per cent. operated Working Interest in Block 105 to KrisEnergy, and the Group thereafter assigned its non-operated 49.0 per cent. Working Interest in Block 105 to Vietnam Oil and Gas Group (“**PetroVietnam**”) in June 2015. KrisEnergy holds a 51.0 per cent. operated Working Interest in Block 105

*Operation*

Oil production from the Nong Yao field in the G11/48 licence in the Gulf of Thailand commenced from three initial wells on 17 June 2015.

Oil production from the Wassana oilfield in the G10/48 concession in the Gulf of Thailand commenced on 14 August 2015.

52 development wells were drilled in the B8/32 & B9A oil and gas complex in the Gulf of Thailand and one wellhead platform was installed.

Drilled two exploration and two sidetrack wells in G6/48 and one exploration well in G10/48, all of which resulted in oil and gas discoveries. Sub-commercial discovery resulted from an exploration well drilled in the Sakti PSC.

Government approval was received for a PAA for the Rossukon series of discoveries in G6/48.

A gas sales agreement was signed for the Block A Aceh gas development onshore North Sumatra for a daily contracted quantity of 58 billion British thermal unit (“**Btu**”).

The front-end engineering and design contract was awarded for the Lengo gas field development in the Bulu PSC offshore East Java.

Acquired 3,146 km of 2D seismic data in the SS-11 PSC, 575 sq. km of 3D seismic data in Block 120 and completed a 300 km of 2D seismic acquisition program in the Udan Emas PSC.

As of 31 December 2015, KrisEnergy's 2P reserves and 2C resources amounted to 105.9 mmboe and 109.3 mmboe, respectively.

### ***Financing***

KrisEnergy (Asia) Ltd increased the total commitments of the 2014 Revolving Credit Facility to US\$122.0 million.

Completed a renounceable underwritten rights issue and raised net proceeds of S\$164.4 million.

Completed a consent solicitation exercise in connection with the MTN Program, obtaining consent from holders of the 2017 Notes and 2018 Notes to amend the consolidated EBITDAX to consolidated interest expense ratio covenant.

### **From 1 January 2016 to the Latest Practicable Date**

#### ***Acquisitions / Disposals***

Increased Working Interest in Cambodia Block A from 52.25 per cent. to 95.0 per cent. due to the withdrawal of MOECO and GSE on 7 October 2016.

The agreement to transfer 23.4 per cent. Working Interest from Ophir, due to the withdrawal of Ophir was signed on 11 October 2016 and is pending governmental approvals. Upon completion of the transfer, KrisEnergy's Working Interest will increase from 54.6 per cent. to 78.0 per cent. The block exploration phase will expire on 15 January 2017.

The agreement to transfer 26.6666 per cent. Working Interest in Block A Aceh PSC from KrisEnergy (Block A Aceh) BV to Medco was signed on 9 November 2016 and is pending approvals from the Government of Indonesia and the Government of Aceh. Upon completion of the farm-out, KrisEnergy's Working Interest will decrease from 41.6666 per cent. to 15.0 per cent..

#### ***Relinquishments***

East Muriah PSC expired on 12 November 2016.

#### ***Operation***

Development drilling in the Wassana oilfield in G10/48 was completed in January 2016.

In the first nine months of 2016, seven infill wells were drilled in the B8/32 & B9A oil and gas complex.

An engineering procurement and construction contract was awarded for the Block A Aceh gas development onshore North Sumatra.

Drilling of the Bangora-6 development well commenced on 4 September 2016.

Mubadala, the operator of G11/48, completed drilling of four infill wells at the Nong Yao oilfield in September 2016.

Acquired 884 sq. km of 3D seismic data in G10/48 over two sub-areas northwest and southwest of the Wassana oilfield.

## ***Financing***

On 24 March 2016, the Issuer extended the Revolving Credit Facility by one year to 24 March 2017.

On 30 June 2016, the Revolving Credit Facility was transferred to a single lender, DBS Bank Ltd. and was increased to US\$148.3 million on 11 July 2016.

The Bridge Upsize is available for a period of up to six months and will be automatically cancelled at the end of this period or, if earlier, at the time(s) of receipt by any member of the Group of the gross proceeds of any funds raising (subject to certain exceptions including, without limitation, the proceeds of certain permitted disposals, permitted financial indebtedness, permitted loans and permitted transactions). It is expected that the utilisations under the Bridge Upsize will be repaid, and the Bridge Upsize cancelled, using part of the proceeds from the Preferential Offering. Of the Bridge Upsize, US\$15.0 million was utilised on 8 November 2016 and US\$35.0 million could only be utilised following the satisfaction (or waiver by the RCF Lender) of certain Additional Bridge CPs. The Additional Bridge CPs include, among other things: (i) a requirement that KrisEnergy (Apsara) Ltd and KrisEnergy (Cambodia) Holding Ltd accede to the facility agreement as guarantors and that security is granted over all of the issued shares in each of them and over certain accounts held by them; (ii) a requirement to provide supplemental security reflecting the existing security package; and (iii) a requirement to provide evidence that the extraordinary resolutions proposed in respect of each series of the Existing Notes in each Notes Exchange have been duly passed or are otherwise irrevocable. Save for the requirement referred to in paragraph (iii) and the provision of certain Share security and associated deliverables, the Additional Bridge CPs have not, as at the date of this Circular, been satisfied.

Pursuant to the terms on which the Bridge Upsize was made available, the Additional Bridge CPs were required to be satisfied by 19 December 2016 or such later date as the RCF Lender may agree. The Company entered into the December 2016 Amendment Agreement (as defined below) amending the amendment agreement dated 3 November 2016 in respect of the Revolving Credit Facility to waive the requirement to provide certain of the Additional Bridge CPs prior to utilisation of US\$25.0 million of the remaining US\$35.0 million of the Bridge Upsize (without prejudice to the requirement to deliver these Additional Bridge CPs by 19 December 2016 or such later date as the RCF Lender may agree). The December 2016 Amendment Agreement also requires security over the shares of the Additional Security Providers and security over certain accounts held by the

Additional Security Providers (which the Company had previously agreed with the RCF Lender would be granted to secure the Revolving Credit Facility) to be granted no later than the earlier of (i) the Issue Date of the Notes and (ii) 31 January 2017. KrisEnergy (Asia) Ltd as borrower under the Revolving Credit Facility utilised US\$25.0 million of the remaining US\$35.0 million of the Bridge Upsize on 13 December 2016. On 19 December it was agreed that the Longstop Date (as defined in the December 2016 Amendment Agreement (as defined below)) would be extended to 28 December 2016 or such later date as the RCF Lender may agree and on 23 December 2016 it was agreed that the Longstop Date would be extended to 5 January 2017 or such later date as the RCF Lender may agree. The Longstop Date was further extended to 6 January 2017 and the Additional Bridge CPs have, save for the requirements to grant new share security over, and to enter into amendment agreements in respect of the existing security documents securing, shares in Orange Energy Limited and B8/32 Partners Limited (the “**Thai Share Security CPs**”), now been satisfied. The Thai Share Security CPs have been waived on the condition that amendment agreements in respect of the existing share pledges over the shares in Orange Energy Limited and B8/32 Partners Limited respectively (which were granted to secure the Revolving Credit Facility) are entered into, and any required board approvals of the boards of directors of Orange Energy Limited and B8/32 Partners Limited are provided, by the earlier of (i) the date falling 150 days after 6 January 2017 and (ii) the date falling one business day after the date of the next meeting of the board of directors of Orange Energy Limited and B8/32 Partners Limited respectively to occur after 6 January 2017.

### *Corporate*

Mr Keith Cameron retired and stepped down as the Chief Executive Officer and Executive Director. Mr Jeffrey S. MacDonald, previously an Independent Non-Executive Director, was appointed Interim Chief Executive Officer.

Several changes were also made to the Board with resignations of three Non-Executive Directors and subsequent appointment of two Non-Executive Directors.

Restructuring plan announced. See “*The Proposals*” in the Consent Solicitation Statement.

On 9 December 2016, the meetings of Existing Noteholders took place and the extraordinary resolutions in relation to the proposals were duly passed.

On 27 December 2016, the meeting of Shareholders took place and the preferential offering resolution and whitewash resolution were duly passed.

On 6 January 2017, the Preferential Offering was launched.

## **BUSINESS**

### **Reserves and Resources**

NSAI, as the Qualified Person, has prepared a report on KrisEnergy's reserves and contingent resources as of 31 December 2015 and has reviewed and incorporated only field studies and data that were available up to that date in relation to the assets covered in the reports. For a summary of certain assumptions used in the 2015 Summary of Qualified Person's Report, see "*Notice to Investors — Certain Reserves and Resources Information*". You should note that the 2015 Summary of Qualified Person's Report has calculated estimated reserves and contingent resources under 2007 PRMS standards, which may differ from the standards used by other companies in the industry. See "*Risk Factors — Risks Relating to the Oil and Gas Exploration and Production Industry — Reserve and resource estimates depend on many assumptions that may turn out to be inaccurate*".

#### ***Reserves***

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by development and production status.

Proved reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations; probable reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves; and possible reserves are those additional reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than probable reserves. When probabilistic methods are used, there should be a 90.0 per cent. chance that the quantities actually recovered will equal or exceed the 1P reserves estimate, a 50.0 per cent. chance that the quantities actually recovered will equal or exceed the 2P reserves estimate and a 10.0 per cent. chance that the quantities actually recovered will equal or exceed the 3P reserves estimate. See "*Notice to Investors — Presentation of Working Interest*".



The following table sets forth reserves information regarding its oil and gas assets as of 31 December 2015, which has been extracted without material adjustment from the 2015 Summary of Qualified Person's Report.

	As of 31 December 2015								
	1P Reserves			2P Reserves			3P Reserves		
	Working Interest			Working Interest			Working Interest		
	Oil	Gas	Total	Oil	Gas	Total	Oil	Gas	Total
(mmbo)	(bcf)	(mmboe)	(mmbo)	(bcf)	(mmboe)	(mmbo)	(bcf)	(mmboe)	
<b>Thailand</b>									
B8/32 & B9A	1.04	6.10	2.05	5.29	30.99	10.46	6.35	38.01	12.68
G6/48	—	—	—	3.51	—	3.51	4.74	—	4.74
G10/48	10.75	—	10.75	16.67	—	16.67	23.65	—	23.65
G11/48	1.79	—	1.79	2.23	—	2.23	2.69	—	2.69
<b>Bangladesh</b>									
Block 9	0.18	62.29	10.56	0.29	112.03	18.96	0.34	132.16	22.37
<b>Indonesia</b>									
Bulu	—	—	—	—	152.09	25.35	—	177.80	29.63
Block A Aceh <sup>(1)</sup>	—	—	—	2.20	159.13	28.73	2.70	157.54	28.96
<b>Total</b>	<b>13.76</b>	<b>68.39</b>	<b>25.16</b>	<b>30.19</b>	<b>454.24</b>	<b>105.90</b>	<b>40.47</b>	<b>505.52</b>	<b>124.70</b>
<b>Indonesia</b>									
Block A Aceh <sup>(1)</sup>	—	—	—	(1.41)	(101.84)	(18.38)	(1.73)	(100.83)	(18.53)
<b>Total assuming completion of Recent Transactions</b>	<b>13.76</b>	<b>68.39</b>	<b>25.16</b>	<b>28.78</b>	<b>352.40</b>	<b>87.52</b>	<b>38.74</b>	<b>404.69</b>	<b>106.17</b>

Note:

<sup>(1)</sup> The agreement to transfer 26.6666 per cent. Working Interest in Block A Aceh PSC from KrisEnergy (Block A Aceh) BV to Medco was signed on 9 November 2016 and is pending approvals from the Government of Indonesia and the Government of Aceh. Upon completion of the farm-out, KrisEnergy's Working Interest will decrease from 41.6666 per cent. to 15.0 per cent.

### Contingent Resources

Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. In the "low estimate" scenario of contingent resources, the probability that the quantities of contingent resources actually recovered will equal or exceed the estimated amounts is at least 90.0 per cent.; in the "best estimate" scenario of contingent resources, the probability that the quantities of contingent resources actually recovered will equal or exceed the estimated amounts is at least 50.0 per cent.; and in the "high estimate" scenario of contingent resources, the probability that the quantities of contingent resources actually recovered will equal or exceed the estimated amounts is at least 10.0 per cent.

Contingent resources are classified as Development Pending when there is a discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future. The project is seen to have reasonable potential for eventual commercial development, to the extent that further data acquisition (e.g. drilling, seismic data) and/or evaluations are currently ongoing with a view to confirming that the project is commercially viable and providing the basis for selection of an appropriate development plan. The critical contingencies have been identified and are reasonably expected to be resolved within a reasonable time frame. Disappointing appraisal/evaluation results could lead to a re-classification of the project to "On Hold" or "Not Viable" status.

Contingent resources are classified as Development Unclarified when there is a discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay. The project is seen to have potential for eventual commercial development, but further appraisal/evaluation activities are on hold pending the removal of significant contingencies external to the project, or substantial further appraisal and/or evaluation activities are required to clarify the potential for eventual commercial development. Development may be subject to a significant time delay. A change in circumstances such that there is no longer a reasonable expectation that a critical contingency can be removed in the foreseeable future, for example, could lead to a reclassification of the project to “Not Viable” status.

The following table sets forth contingent resources information regarding its oil and gas assets as of 31 December 2015, which has been extracted without material adjustment from the 2015 Summary of Qualified Person’s Report.

	As of 31 December 2015								
	1C Contingent Resources			2C Contingent Resources			3C Contingent Resources		
	Working Interest			Working Interest			Working Interest		
	Oil	Gas	Total	Oil	Gas	Total	Oil	Gas	Total
	(mmbo)	(bcf)	(mmboe)	(mmbo)	(bcf)	(mmboe)	(mmbo)	(bcf)	(mmboe)
<b>Bangladesh</b>									
Block 9	0.01	1.82	0.31	0.03	8.30	1.42	0.16	38.69	6.61
<b>Cambodia</b>									
Cambodia Block A <sup>(1)</sup>	0.47	—	0.47	5.37	—	5.37	9.45	—	9.45
<b>Indonesia</b>									
Block A Aceh <sup>(2)</sup>	0.09	309.46	51.67	0.35	443.81	74.33	1.01	649.69	109.29
East Muriah <sup>(3)</sup>	—	—	—	—	9.85	1.64	—	24.43	4.07
Kutai <sup>(4)</sup>	—	—	—	0.05	41.33	6.94	0.08	64.13	10.77
Bala-Balakang	—	—	—	—	93.93	15.66	—	132.44	22.07
<b>Thailand</b>									
G6/48	—	3.44	0.57	—	3.97	0.66	—	4.61	0.77
G10/48	1.20	—	1.20	2.23	—	2.23	4.52	—	4.52
G11/48	0.40	1.11	0.59	0.57	3.34	1.12	5.24	5.87	6.22
<b>Total</b>	<b>2.17</b>	<b>315.84</b>	<b>54.81</b>	<b>8.60</b>	<b>604.54</b>	<b>109.3</b>	<b>20.46</b>	<b>919.86</b>	<b>173.77</b>
<b>Cambodia</b>									
Cambodia Block A <sup>(1)</sup>	0.39	—	0.39	4.39	—	4.39	7.73	—	7.73
<b>Indonesia</b>									
Block A Aceh <sup>(2)</sup>	(0.05)	(198.05)	(33.06)	(0.23)	(284.03)	(47.57)	(0.64)	(415.79)	(69.94)
East Muriah <sup>(3)</sup>	—	—	—	—	(9.85)	(1.64)	—	(24.43)	(4.07)
Kutai <sup>(4)</sup>	—	—	—	0.02	17.71	2.97	0.03	27.48	4.61
<b>Total assuming completion of Recent Transactions</b>	<b>2.51</b>	<b>117.78</b>	<b>22.14</b>	<b>12.78</b>	<b>328.36</b>	<b>67.52</b>	<b>27.58</b>	<b>507.12</b>	<b>112.10</b>

Notes:

<sup>(1)</sup> The agreement to transfer 28.5 per cent. Working Interest in Cambodia Block A from MOECO and 14.25 per cent. Working Interest in Cambodia Block A from GSE to KrisEnergy, due to the withdrawal of MOECO and GSE, was signed on 31 August 2016 and completed on 7 October 2016. As of 7 October 2016, KrisEnergy’s Working Interest in Cambodia Block A increased from 52.25 per cent. to 95.0 per cent. This 95.0 per cent. Working Interest holding assumes completion of the formal transfer of 5.0 per cent. Working Interest to the relevant government corporation as decided by the Cambodian MME.

- (2) The agreement to transfer 26.6666 per cent. Working Interest in Block A Aceh from KrisEnergy (Block A Aceh) BV to Medco was signed on 9 November 2016 and is pending approvals from the Government of Indonesia and the Government of Aceh. Upon completion of the farm-out, KrisEnergy's Working Interest will decrease from 41.6666 per cent. to 15.0 per cent.
- (3) The East Muriah PSC expired on 12 November 2016.
- (4) The agreement to transfer 23.4 per cent. Working Interest in Kutai PSC from Ophir to KrisEnergy, due to the withdrawal of Ophir was signed on 11 October 2016 and is pending governmental approvals. Upon completion of the transfer, KrisEnergy's Working Interest will increase from 54.6 per cent. to 78.0 per cent.

### ***Internal Controls Over Reserves Estimates***

KrisEnergy's policy regarding internal controls over the recording of reserves and resources is structured to objectively and accurately estimate its oil and gas reserves and resource quantities in compliance with 2007 PRMS standards. The Group's petroleum engineering department reports to the Director of Exploration and Production. The Group's Vice President of Engineering maintains oversight and compliance responsibility for the internal reserves and resource estimate process and provides appropriate data to independent third-party engineers for the annual estimation of year-end reserves and resources.

In addition, KrisEnergy's exploration department comprises other experts, all of whom report to the Director of Exploration and Production and provide input into the internal reserves and resource estimate process. The Vice President Exploration and Vice President Technical are responsible for identifying and assessing the location, quantity and quality of hydrocarbon deposits, ascertaining extraction risks and overseeing the geological and geophysical analysis of the exploration team in its regional offices.

KrisEnergy maintains local engineering and exploration teams on the ground in Indonesia, Thailand and Vietnam, which provides the Group with local expertise regarding basins in these regions and allows efficient evaluation of the technical aspects of these assets and of potential acquisition opportunities.

## Production

KrisEnergy's producing assets are the B8/32, B9A, G10/48 and G11/48 contract areas in the Gulf of Thailand and Block 9 onshore Bangladesh. On 11 July 2013, production ceased at the Glagah-Kambuna TAC. The following table sets forth the average daily Working Interest production from each of these concessions for the years ended 31 December 2013, 2014 and 2015 and the nine months ended 30 September 2016.

	For the year ended 31 December			
	2013	2014	2015	9M2016
<b>Oil and liquids production (bopd)</b>				
<i>Bangladesh</i>				
Block 9 .....	4	92	87	85
<i>Indonesia</i>				
Glagah-Kambuna TAC <sup>(1)</sup> .....	69	—	—	—
<i>Thailand</i>				
B8/32 & B9A .....	1,294	1,304	1,216	1,324
Nong Yao, G11/48 .....	—	—	767	2,139
Wassana, G10/48 .....	—	—	1,421	7,237
<b>Oil and liquids production total .....</b>	<b>1,366</b>	<b>1,396</b>	<b>3,491</b>	<b>10,785</b>
<b>Natural gas production (mmcf/d) .....</b>				
<i>Bangladesh</i>				
Block 9 .....	2.8	32.3	31.9	29.5
<i>Indonesia</i>				
Glagah-Kambuna TAC <sup>(1)</sup> .....	0.8	—	—	—
<i>Thailand</i>				
B8/32 & B9A .....	5.7	5.0	5.3	6.7
<b>Natural gas production total .....</b>	<b>9.3</b>	<b>37.3</b>	<b>37.2</b>	<b>36.3</b>
<b>Oil, liquids and gas production total (boepd) .....</b>	<b>2,916</b>	<b>7,612</b>	<b>9,691</b>	<b>16,833</b>

Note:

<sup>(1)</sup> Production ceased at the Glagah-Kambuna TAC on 11 July 2013 and KrisEnergy relinquished its interest in the Glagah-Kambuna TAC on 31 December 2013.

## ***Drilling and Data Acquisition***

As part of KrisEnergy's exploration and development process for the contract areas in which the Group has interests, among other things, KrisEnergy participates in the acquisition of geological data relating to its petroleum licences and the drilling of exploration and appraisal wells, as well as development wells. The following table summarises KrisEnergy's exploration and drilling activities for the years ended 31 December 2013, 2014 and 2015 and the nine months ended 30 September 2016.

	<b>Year ended 31 December</b>			
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>9M2016</b>
<b><i>Wells</i></b>				
Exploration and appraisal wells . . . . .	4	2	6	1
Development wells . . . . .	57	55	84	13
<b><i>Data acquisition</i></b>				
2D seismic data . . . . .	948 km	2,486 km	3,446 km	—
3D seismic data . . . . .	270 sq. km	903 sq. km	575 sq. km	884 sq. km

The number of exploration and development wells KrisEnergy participates in drilling and the amount of seismic data acquisition it undertakes in any particular year varies based upon the status of its projects and the availability of equipment and government and joint-venture partner approval, and as such no trend should be inferred from the annual changes in its drilling and data acquisition activity.

## **CONTRACT AREAS**

### **Producing Contract Areas**

KrisEnergy's producing contract areas are B8/32, B9A, G10/48 and G11/48 in the Gulf of Thailand and Block 9 onshore Bangladesh. On 11 July 2013, production ceased at the Glagah-Kambuna TAC in the Malacca Strait and on 31 December 2013, Glagah-Kambuna TAC was relinquished.

### ***B8/32 & B9A, Gulf of Thailand***

#### *Overview*

KrisEnergy holds a 4.6345 per cent. non-operated Working Interest in B8/32 & B9A, which was acquired in April 2010 through the purchase of Palang Sophon International Limited (now known as KrisEnergy (Gulf of Thailand) Ltd.) from Palang Sophon Offshore. B8/32 & B9A are oil and gas producing assets covering a combined gross acreage of 2,072 sq. km in the Gulf of Thailand over the northern Pattani Basin where water depths range from 42 metres up to 113 metres. KrisEnergy acquired its interest in B8/32 & B9A in order to provide a stable cash flow that can be used to fund the development of other contract areas as well as future acquisitions.

These fields in the Gulf of Thailand produce from Early Miocene age channel sands. Numerous normal faults provide structural closures for hydrocarbon accumulations. It is not uncommon for an individual well to penetrate more than ten separate reservoirs with a total of more than 200 feet of oil and gas pay in the well.

Chevron operates several producing fields located within B8/32 & B9A. The primary producing area is the Benchamas field area, which commenced development in 1999. Production is processed on separate processing platforms and offloaded to the FSO Benchamas Explorer. Additional producing fields flowing into the Benchamas facilities include Maliwan and North Jarmjuree. The second major

producing area is the Tantawan field. Production is processed by the floating production, storage and offloading vessel Tantawan Explorer. The Rajpruek field in B9A is located northeast of Tantawan, and production is processed through the Tantawan complex. A third producing area, Chaba, commenced production in 2009.

The following table summarises KrisEnergy's Working Interest 2P reserves for the years ended 31 December 2013, 2014 and 2015 for B8/32 & B9A and illustrates that the continual drilling process has maintained reserves after production within KrisEnergy's range of expectations for an asset of this nature.

	Year ended 31 December		
	2013	2014	2015
Net Working Interest 2P reserves ( <i>mmboe</i> ) . . . . .	12.70	11.20	10.46
Annual net production ( <i>mmboe</i> ) . . . . .	0.82	0.78	0.77
2P annual reserves replacement (per cent.) <sup>(1)</sup> . . . . .	193	(93)	3
Development wells drilled . . . . .	57	55	52

Note:

<sup>(1)</sup> Annual reserves replacement for a given year is calculated as Working Interest 2P reserves at December 31 of that year *minus* Working Interest 2P reserves at 31 December of the prior year divided by Working Interest production for that year.

As at 30 September 2016, there are 42 platforms on stream and there have been on average 263 producing wells. For the first nine months of 2016, gross production rates are approximately 28,516 barrels of oil per day ("**bopd**") and 146 million cubic feet per day ("**mmcf**").

#### *Reserves and Resources*

The following table summarises NSAI's estimates of KrisEnergy's Working Interest reserves in B8/32 & B9A as of 31 December 2015.

	Working Interest		
	Oil	Gas	Total
	( <i>mmbo</i> )	( <i>bcf</i> )	( <i>mmboe</i> )
<b>Reserves</b>			
1P . . . . .	1.04	6.10	2.05
2P . . . . .	5.29	30.99	10.46
3P . . . . .	6.35	38.01	12.68

#### *Sales and Marketing*

KrisEnergy has the right and obligation to take gas and oil produced from B8/32 & B9A in kind, in an amount equivalent to its *pro rata* interest in the production from the areas, which is then jointly marketed with the other participants in the areas. KrisEnergy sells its entire share of gas from B8/32 & B9A under a long-term gas sales agreement with PTT, which, subject to certain termination rights that are in line with industry practices, expires on 31 December 2027. Chevron delivers gas from these contract areas to PTT at agreed delivery points via a floating production, storage and offloading vessel and export pipeline system. Chevron, as operator of the blocks, is required to deliver the sales gas unless it is prevented from doing so due to a *force majeure* event or PTT fails to take the sales gas that has been properly tendered.



The base price in Baht per mmbtu is based on a formula that factors in the price of fuel oil in Singapore, the Thai Baht-to-US dollar exchange rate, the US Producer Price Index and the Thailand wholesale price index for the prior six-month period. Gas prices under the gas sales agreement are calculated at six-month intervals on 1 April and 1 October of each year, and the Thai Baht-to-US dollar exchange rate is adjusted in any month in which it differs by more than 5.0 per cent. from the previously used exchange rate. Subject to certain contingencies, Chevron, as operator of B8/32 & B9A is required to deliver, and PTT is required to accept delivery on a take-or-pay basis, a minimum of 125 mmcf of gas. Sales volumes of up to 145 mmcf receive the normal contract formula price while incremental volumes up to 180 mmcf receive a 5.0 per cent. premium and volumes over 180 mmcf receive a 10.0 per cent. premium. A take-or-pay provision is a term commonly found in gas sales agreements where the buyer is required to either accept delivery of a certain volume of gas or pay the supplier even if it does accept delivery. In the case of any delivery shortfalls in a given month, PTT has the right to take in the following month an amount of gas equal to the shortfall at 25.0 per cent. discount from the normal contract formula price applicable at the time of the shortfall.

For crude oil sales, a marketing team, comprising the operator and its partners, convenes quarterly to review pricing and marketing strategy for the next three-month period. B8/32 & B9A production is a blended crude stream, the price of which is set against various benchmark grades, mainly Dubai Crude. The crude is sold on the spot market and also pursuant to medium-term contracts typically up to one year in length, depending on market conditions.

KrisEnergy derives payment for oil and gas produced in B8/32 & B9A through its shareholding in B8/32 Partners Limited (“**B8/32 Partners**”) and Orange Energy Ltd (“**OEL**”). These entities receive the crude oil and gas sales payments in arrears and make payments for cash calls for expenditure. They also accrue for Thai tax, which is payable twice per annum.

#### *Interests*

The following table shows the participants in B8/32 and B9A.

<b>Participant</b>	<b>Interest</b>
	<b>(per cent.)</b>
KrisEnergy . . . . .	4.6345
Chevron (operator) . . . . .	51.66
PTTEP . . . . .	25.00
MOECO . . . . .	16.71
Palang Sophon . . . . .	2.00

Chevron operates various production areas within B8/32 & B9A under separate production licences covering the Tantan production area, Benchamas South production area, Maliwan production area, North Jarmjree production area, North Benchamas production area, Rajpruek production area and Chaba production area.

#### *Shareholders Agreements*

Decision making within B8/32 Partners and OEL is governed by shareholders agreements between KrisEnergy and the other shareholders in B8/32 Partners and OEL. Corporate action at B8/32 Partners must be approved by at least two shareholders holding at least 70.0 per cent. of the issued shares or 75.0 per cent. for the special resolution under Thai law and board decisions must be approved by affirmative votes of a director nominated by Chevron and a director nominated by PTTEP and/or MOECO. KrisEnergy is not permitted to freely transfer its shares in B8/32 Partners, but must transfer them in proportion to a change, if any, in KrisEnergy’s interest in the Tantan production area. In OEL, approval by a supermajority of the board of directors, on which KrisEnergy has no seats, is

required prior to taking a variety of corporate actions including the declaration and payment of dividends. KrisEnergy is required to fund OEL in proportion to its shareholding therein. KrisEnergy is not permitted to transfer its shares in OEL except to affiliates, through a transfer of its entire shareholding or with unanimous approval of the other shareholders.

Although KrisEnergy has no formal representation on the boards of either B8/32 Partners or OEL, KrisEnergy believes that it has representation in the ultimate decision making process of B8/32 & B9A even though its Working Interest is only 4.6345 per cent. Since KrisEnergy acquired its interest in B8/32 Partners and OEL, it has been invited to attend and informally allowed to vote at all operating committee meetings for B8/32 & B9A. Further, KrisEnergy believes that its interests in realising dividend distributions from these entities generally align with the interests of the other shareholders. Both MOECO and PTTEP hold their entire effective interests in B8/32 and B9A through shareholding in B8/32 Partners and OEL.

### ***G10/48, Gulf of Thailand***

#### *Overview*

KrisEnergy holds an 89.0 per cent. operated Working Interest in G10/48, which covers 1,783 sq. km in the Gulf of Thailand over the southern section of the Pattani Basin in water depths of up to 60 meters.

KrisEnergy took over as the operator of G10/48 in May 2014 and subsequently in June 2014, the joint-venture partners declared final investment decision for the Wassana oil development. Oil production from the Wassana field commenced on 14 August 2015. The Wassana facilities comprise 13 production wells and one water injection well, the *MOPU Ingenium* mobile offshore production unit (“**MOPU**”) and the *Rubicon Vantage* FSO. Average gross production of the Wassana field in the third quarter of FY2016 was approximately 6,200 bopd). This was lower than in the preceding quarter primarily due to mechanical issues with five wells and declining well productivity. However, well performance has improved following re-perforation work in October 2016 and further works are being considered such as two pumps being replaced with larger capacity pumps during workover activity scheduled in December 2016.

During the development drilling for the Wassana oilfield, additional accumulations of oil were encountered within approximately 10 km from the Wassana facilities. The Group is reviewing the potential of a Wassana satellite development to access these additional volumes. This potential Wassana satellite development contemplates use of a separate MOPU producing to the FSO *Rubicon Vantage* and leveraging off the existing services and equipment within the Wassana facilities. Three additional discoveries — Niramai, Mayura and Rayrai — may also provide potential future development opportunities once more appraisal work is undertaken.

The Department of Mineral Fuels in Thailand (the “**DMF**”) approved the Reservation Area application for G10/48 in May 2016, reducing the acreage size to 1,783 sq. km (including production area) from 4,696 sq. km.

## Reserves and Resources

The following table summarises NSAI's estimates of KrisEnergy's Working Interest reserves and contingent resources in G10/48 as of 31 December 2015:

	Working Interest		
	Oil	Gas	Total
	(mmbo)	(bcf)	(mmboe)
<b>Reserves</b> <sup>(1)</sup>			
1P .....	10.75	—	10.75
2P .....	16.67	—	16.67
3P .....	23.65	—	23.65
<b>Contingent resources</b> <sup>(2)</sup>			
1C .....	1.20	—	1.20
2C .....	2.23	—	2.23
3C .....	4.52	—	4.52

### Notes:

<sup>(1)</sup> Those volumes of oil represented as 2P reserves are associated with the Wassana oilfield and the potential Wassana satellite development in the Greater Wassana Area.

<sup>(2)</sup> Those volumes of oil represented as 2C resources are associated with the Mayura, Niramai and Rayrai discoveries.

## Sales and Marketing

KrisEnergy has the right and obligation to take crude oil produced from G10/48 in kind, in an amount equivalent to its *pro rata* interest in the production, which is then jointly marketed with the other participants in the block. The prices KrisEnergy receives for its crude oil are primarily benchmarked to the price of Dubai crude, and then adjusted for quality, transportation fees and regional price differences. Crude oil from G10/48 is currently sold on a medium-term contract of one year in length. Further sales of crude oil from G10/48 may be sold on the spot market or pursuant to medium-term contracts, depending on market conditions.

## Interests

The following table shows the participants in G10/48.

Participant	Interest
	(per cent.)
KrisEnergy (operator) .....	89.0
Palang Sophon .....	11.0

In line with KrisEnergy's requirements under the petroleum licence for G10/48, a process has been launched to seek a Thai participant to farm-in for up to a 10.0 per cent. Working Interest. If such option is exercised, the acquirer must reimburse KrisEnergy for its *pro rata* share of all expenditure incurred from the contract area prior to the acquisition of its Working Interest.

The licence for G10/48 provides for an exploration period of nine years, split into three obligation periods of three years each, the last of which expired on 7 December 2015. The licence for G10/48 also provides for a petroleum production period of 20 years commencing on the day following expiration of exploration period (being 8 December 2015). The Wassana production area was approved by the DMF on 9 February 2015. The DMF has also approved a reservation area of approximately 1,651 sq. km, comprising areas contiguous and non-contiguous to the Wassana production area, for up to five years from 8 December 2015.

In order to satisfy minimum shareholder requirements in Thailand, two of KrisEnergy's executive officers each own one out of the 100,000 issued shares in the Thai subsidiary that holds the interest in G10/48. They hold these shares as nominees.

### ***G11/48, Gulf of Thailand***

#### *Overview*

KrisEnergy holds a 22.5 per cent. non-operated Working Interest in G11/48, which is contiguous to G10/48, covering 1,079 sq. km in the Gulf of Thailand over the southern margin of the Pattani Basin and the northwest margin of the Malay Basin in water depths up to 75 metres.

Oil production from the Nong Yao oilfield in G11/48 commenced on 17 June 2015. The field comprises a wellhead processing platform and a minimum facility wellhead platform and 16 development wells with the export of crude oil via an FSO vessel. Four additional infill wells were put on stream in September 2016. Average gross production of the Nong Yao oilfield in the third quarter of FY2016 was approximately 9,000 bopd.

#### *Reserves and Resources*

The following table summarises NSAI's estimates of KrisEnergy's Working Interest reserves and contingent resources in G11/48 as of 31 December 2015.

	<b>Working Interest</b>		
	<b>Oil</b>	<b>Gas</b>	<b>Total</b>
	<b>(mmbo)</b>	<b>(bcf)</b>	<b>(mmboe)</b>
<b><i>Reserves</i></b> <sup>(1)</sup>			
1P .....	1.79	—	1.79
2P .....	2.23	—	2.23
3P .....	2.69	—	2.69
<b><i>Contingent resources</i></b> <sup>(2)</sup>			
1C .....	0.40	1.11	0.59
2C .....	0.57	3.34	1.12
3C .....	5.24	5.87	6.22

#### Notes:

<sup>(1)</sup> Those volumes of oil represented as 2P reserves are associated with the Nong Yao development.

<sup>(2)</sup> Those volumes of oil and gas represented as 2C resources are associated with the Mantana and Angun discoveries.

## *Sales and Marketing*

KrisEnergy has the right and obligation to take crude oil produced from G11/48 in kind, in an amount equivalent to its *pro rata* interest in the production, which is then jointly marketed with the other participants in the block. The prices KrisEnergy receives for its crude oil are primarily benchmarked to the price of Dubai crude, and then adjusted for quality, transportation fees and regional price differences. Crude oil from G11/48 is sold on the spot market and also pursuant to medium-term contracts, depending on market conditions. The operator and its partners meet periodically to review pricing and marketing strategy.

## *Interests*

The following table shows the participants in G11/48.

<b>Participant</b>	<b>Interest</b>
	<b>(per cent.)</b>
KrisEnergy . . . . .	22.5
Mubadala (operator) . . . . .	67.5
Palang Sophon . . . . .	10.0

The licence for G11/48 provides for an exploration period of nine years, split into three obligation periods of three years each, the last of which expired on 12 February 2016. The licence for G11/48 also provides for a petroleum production period of 20 years commencing on the day following expiration of exploration period (being 13 February 2016). The Nong Yao production area was approved by DMF on 19 November 2012. The DMF has also approved a reservation area of approximately 1,056 sq. km, comprising areas contiguous and non-contiguous to the Nong Yao production area, for up to five years from 13 February 2016.

In order to satisfy minimum shareholder requirements in Thailand, two of KrisEnergy's executive officers each own one out of the 100,000 issued shares in the Thai subsidiary that holds its interest in G11/48. They hold these shares as nominees.

## ***Block 9, Onshore Bangladesh***

### *Overview*

KrisEnergy holds a 30.0 per cent. operated Working Interest in Block 9, through the acquisition of KrisEnergy Bangladesh which completed in December 2013. Approvals for the transaction from Petrobangla and the Bangladesh Government were received in December 2013.

Block 9 covers 1,770 sq. km over the Bangora-Lalmal anticline onshore in Bangladesh, approximately 50 km east of Dhaka. It contains the Bangora gas-producing field and the Lalmal gas accumulation. The Bangora field commenced production in 2006. The field comprises four producing wells with gas processed through the Bangora central processing facility, located in the southern area of the concession in Muradnagar Upazilla in Comilla District. As at the date of this Information Memorandum, drilling of the Bangora-6 development is underway, which will replace one of the existing producing wells when completed. Average gross production at the Bangora field in the first nine months to 30 September 2016 was 98.5 mmcf and 266 barrels of condensate per day. Sales gas is injected directly into the national grid transmission network through a sales gas transfer line. The associated condensate is trucked to nearby refineries.

Gross cumulative gas production as of 31 December 2015 was 334.0 bcf and the NSAI estimate for the gross 2P reserves as of 31 December 2015, was 373.4 bcf of gas and 1.0 million barrels of condensate.

In September 2016, the *Bapex Bijoy 10* rig commenced drilling of the Bangora-6 development well in the Block 9. Bangora-6 is located in the Golpanagar site in the northern section of Block 9 and is planned to reach total depth at 3,786 metres (12,421 feet) measured depth, or 3,053 metres (10,016 feet) total vertical depth subsea.

In addition to Block 9 gas production, there exists additional potential including contingent resources and prospective resources within a lead portfolio along the crest and flanks of the anticline. Most of these leads are amplitude-driven showing sand prone geometries. The main risks associated with these leads are considered to be the seal presence in the shallower leads and overpressure in the deeper in leads. KrisEnergy intends to completely review all seismic data in the block to identify future drilling targets.

The following table summarises KrisEnergy's Working Interest 2P reserves for the years ended 31 December 2013, 2014 and 2015 for Block 9.

	Year ended 31 December		
	2013	2014	2015
Net Working Interest 2P reserves ( <i>mmboe</i> ) . . . . .	16.20	17.95	18.96
Annual net production ( <i>mmboe</i> ) . . . . .	0.17	2.00	1.97
2P annual reserves replacement (per cent.) <sup>(1)</sup> . . . . .	— <sup>(2)</sup>	187	151
Development wells drilled . . . . .	0	0	0

Notes:

- (1) Annual reserves replacement for a given year is calculated as Working Interest 2P reserves at December 31 of that year *minus* Working Interest 2P reserves at 31 December of the prior year divided by Working Interest production for that year.
- (2) The acquisition of KrisEnergy Bangladesh was completed in December 2013.

## Reserves and Resources

The following table summarises NSAI's estimates of KrisEnergy's Working Interest reserves and contingent resources in Block 9 as of 31 December 2015:

	Working Interest		
	Oil	Gas	Total
	(mmbo)	(bcf)	(mmboe)
<b>Reserves <sup>(1)</sup></b>			
1P .....	0.18	62.29	10.56
2P .....	0.29	112.03	18.96
3P .....	0.34	132.16	22.37
<b>Contingent resources</b>			
1C .....	0.01	1.82	0.31
2C .....	0.03	8.30	1.42
3C .....	0.16	38.69	6.61

Note:

<sup>(1)</sup> Those Working Interest volumes of condensate and gas represented as 2P reserves are associated with the Bangora development.

## Sales and Marketing

The partners in Block 9 sell the gas under a long-term gas purchase and sales agreement with Petrobangla, which, subject to certain termination rights that are in line with industry practices, expires the earlier of the end of the production period under the PSC, 26 August 2033 (as may be extended for another five years under the terms of the PSC) or the point where there are no more gas reserves commercially recoverable. The gas is delivered into the national gas distribution grid via the Bakhrabad-Ashuganj pipeline. The gas is metered at the point of entry.

The gas price in US dollars per thousand cubic feet ("mcf") is based on a formula that factors in 75.0 per cent. of the quarterly average benchmark price quotations for high sulphur fuel oil 180 CST FOB Singapore based on a calculated trailing six-month average. The gas price is subject to an equivalent floor gas price of US\$70 per metric tonne of fuel oil and equivalent ceiling price of US\$120 per metric tonne of fuel oil. A discount of 1.0 per cent. is applied to the resulting calculated gas price to arrive at the realised gas price. If the delivered gas fails to meet the quality specifications a 15.0 per cent. discount is applied and there is another further adjustment if the gross heating value of the gas delivered does not meet the 950 Btu/scf specification. The Block 9 PSC partners are required to deliver, and Petrobangla is required to accept, on a take-or-pay basis, no less than 80 mmcf/d with a specified daily contract quantity of 100 mmcf/d. The Block 9 PSC partners must compensate Petrobangla for any shortfall of take-or-pay supply via a cash payment or a credit in the seller's invoice in the first month of the following contract year. Scheduled outages agreed with Petrobangla for maintenance or approved work programmes are excluded from the calculation.

The entire production of Block 9 condensate is sold under a long-term condensate purchase and sales agreement with Petrobangla, which, subject to certain termination rights that are in line with industry practices, expires the earlier of 26 August 2033 or the point when the condensate is no longer commercially deliverable. The condensate price in US dollars per barrel is based on the average monthly benchmark price quotation for Indonesian Attaka crude on an FOB basis. A discount of 2.0 per cent. is applied to the price to account for transportation losses and metering discrepancies



downstream of the delivery point. The condensate from Block 9 is transported via road tankers to the Bakhrabad field facilities owned by Petrobangla, where it is metered and blended with Bakhrabad crude. The condensate storage and loading facility at Bangora is currently being comprehensively upgraded to provide more liquid capacity and streamline loading operations.

As the operator, KrisEnergy generates invoices for payment on a monthly basis and Petrobangla makes payment into a designated offshore bank account.

### *Interests*

The following table shows the participants in Block 9.

<b>Participant</b>	<b>Interest</b>
	<b>(per cent.)</b>
KrisEnergy (operator) . . . . .	30.0
Niko Exploration (Block 9) Limited. . . . .	60.0
Bangladesh Petroleum Exploration and Production Company . . . . .	10.0

The Block 9 PSC expires in 26 August 2033, however a five-year extension to the PSC is possible upon application under the PSC terms, bringing the final expiration date to August 2038.

### **Contract Areas Near Production**

KrisEnergy has three contract areas near production, namely G6/48 in the Gulf of Thailand, and two in Indonesia - Block A Aceh onshore Sumatra, and the Bulu PSC in the east Java Sea.

#### ***G6/48, Gulf of Thailand***

##### *Overview*

In 2014, KrisEnergy acquired a 30.0 per cent. operated Working Interest in G6/48, which covers 371 sq. km in the Gulf of Thailand, north of the G10/48 Wassana oilfield and to the south of the oil and gas producing B8/32 & B9A areas.

G6/48 lies over the Karawake Basin, a small but deep Tertiary sub-basin situated immediately west of the prolific Pattani Basin and partially separated from it by the Dara High, and lies in shallow waters of approximately 60 metres with a shallow target drilling depth of approximately 1,200 metres. The concession contains the Rossukon oil discovery, which was drilled in 2009 by the previous operator. In March and April 2015, KrisEnergy drilled four successful exploration/appraisal wells — Rossukon-2 and Rossukon-3 exploration wells and the Rossukon-2ST and Rossukon-3ST sidetrack wells. Each well intersected net oil and/or gas pay of between 106 feet true vertical depth (“TVD”) and 148 feet TVD. Subsequently, a PAA was submitted in June 2015 and approved by the Thai authorities in November 2015 covering an area of 87.74 sq. km. Discussions are ongoing between the joint-venture partners to finalise the development concept for the Rossukon oilfield prior to declaring final investment decision. The Rossukon development is expected to be similar to the G10/48 concept of a single platform with wells producing to a floating, storage and offloading vessel.

## Reserves and Resources

The following table summarises NSAI's estimates of KrisEnergy's Working Interest reserves and contingent resources in G6/48 as of 31 December 2015.

	Working Interest		
	Oil	Gas	Total
	(mmbo)	(bcf)	(mmboe)
<b>Reserves</b> <sup>(1)</sup>			
1P .....	—	—	—
2P .....	3.51	—	3.51
3P .....	4.74	—	4.74
<b>Contingent resources</b>			
1C .....	—	3.44	0.57
2C .....	—	3.97	0.66
3C .....	—	4.61	0.77

Note:

<sup>(1)</sup> Working Interest volumes of oil represented as 2P reserves are associated with the Rossukon development.

## Interests

The following table shows the participants in G6/48.

Participant	Interest (per cent.)
KrisEnergy (operator) .....	30.0
Mubadala .....	30.0
Northern Gulf Petroleum .....	40.0

The licence for G6/48 provides for an exploration period of nine years, split into three obligation periods of three years each, the last of which expired on 7 January 2016. The licence for G6/48 also provides for a petroleum production period of 20 years commencing on the day following expiration of exploration period (being 7 January 2016). The Rossukon production area was approved by DMF on 16 November 2015. The DMF has also approved a reservation area of approximately 284 sq. km, comprising areas contiguous and non-contiguous to the Rossukon production area, for up to five years from 7 January 2016.

## Block A Aceh

### Overview

KrisEnergy originally held a 41.6666 per cent. non-operated Working Interest in the Block A Aceh PSC and is currently completing a partial divestment to reduce its Working Interest to 15.0 per cent. On 9 November 2016, KrisEnergy entered into an agreement with the operator, Medco, to farm-out 26.6666 per cent. Working Interest. Completion of this farm-out is subject to the receipt of all government approvals.

Block A Aceh was historically an oil producing area onshore northeast Sumatra. Oil production ceased in 2001 and the current focus is on commercialisation of gas resources; these include accumulations at Alur Siwah for which a plan of development was approved in 2007. The accumulations at Alur Siwah account for 23.0 mmboe of Working Interest 2P reserves. Two other discoveries in the concession — Matang and the high-carbon dioxide Kuala Langsa — have an associated 74.3 mmboe Working Interest 2C resources in the development unclarified category.

The three fields to be initially developed are Alur Rambong, Alur Siwah and Julu Rayeu with the Matang discovery to be appraised and tied into the production facilities at a later date. Sweet gas from Alur Rambong is expected to go into production in 2017, followed by sour gas from Alur Siwah. The Matang field is anticipated to be brought on stream when production from the Alur Siwah field declines from plateau.

The development plan includes the construction of a 63 billion British thermal units per day gas plant for carbon dioxide and hydrogen sulphide removal. Up to 18 wells, involving a combination of new wells and re-entry and completion of existing wells, will be drilled during the development.

In January 2015, the operator, PT. Medco E&P Malaka, signed a gas sales agreement with PT. Pertamina (Persero) for deliveries of piped gas from Block A Aceh for a daily contract quantity of 58 billion Btu with an agreed gas price of US\$9.45 per million Btu and for a total gas volume of 198 trillion Btu. In March 2016, the engineering, procurement and construction contract for the Block A Aceh facilities was awarded and construction has commenced. First gas is expected to be produced in mid-2018.

#### *Reserves and Resources*

The following tables summarise NSAI's estimates of KrisEnergy's reserves and contingent resources in Block A Aceh as of 31 December 2015, based on Working Interests of 41.6666 per cent. and 15.0 per cent. (assuming completion of the farm-out to Medco).

#### **Based on 41.6666 per cent. Working Interest**

	Working Interest		
	Oil	Gas	Total
	(mmbo)	(bcf)	(mmboe)
<b><i>Reserves</i></b>			
1P .....	—	—	—
2P .....	2.20	159.13	28.73
3P .....	2.70	157.54	28.96
<b><i>Contingent resources</i></b>			
1C .....	0.09	309.46	51.67
2C .....	0.35	443.81	74.33
3C .....	1.01	649.69	109.29

## Based on 15.0 per cent. Working Interest

	Working Interest		
	Oil	Gas	Total
	(mmbo)	(bcf)	(mmboe)
<b>Reserves</b>			
1P .....	—	—	—
2P .....	0.79	57.29	10.34
3P .....	0.97	56.72	10.43
<b>Contingent resources</b>			
1C .....	0.03	111.41	18.60
2C .....	0.13	159.78	26.76
3C .....	0.36	233.90	39.35

### Interests

The following table shows the participants in Block A Aceh.

Participant	Interest
	(per cent.)
Medco (operator) .....	58.33 <sup>(1)</sup>
KrisEnergy .....	41.67

Note:

<sup>(1)</sup> The agreement to transfer 26.6666 per cent. Working Interest in Block A Aceh from KrisEnergy (Block A Aceh) B.V. to Medco was signed on 9 November 2016 and is pending approvals from the Government of Indonesia and the Government of Aceh. Upon completion of the farm-out, KrisEnergy's Working Interest will decrease from 41.6666 per cent. to 15.0 per cent..

### Bulu PSC, East Java Sea

#### Overview

KrisEnergy holds a 42.5 per cent. operated Working Interest in the Bulu PSC, which lies in the East Java Sea, offshore Java, Indonesia, where water depths are between 50 metres and 60 metres. The original Bulu PSC was awarded in 2003 and covered 3,495 sq. km. Following a series of relinquishments in line with Indonesian licensing regulations, the latest of which was approved on 1 February 2013, the block now covers 697 sq. km in three separate areas, designated as Bulu A, Bulu B and Bulu C.

Of the three separate Bulu areas, Bulu A and B are situated within the East Bawean Trough, whereas Bulu C occurs along the southernmost part of the northeast-southwest trending Bawean Arch and contains the Lengo-1 gas discovery.

In April and May 2013, KrisEnergy drilled the Lengo-2 appraisal well, approximately 3.3 km south of Lengo-1, to delineate the Lengo gas discovery in order to demonstrate sufficient reserves to justify development. The Lengo-2 appraisal well was drilled to a total measured depth of 2,748 feet and encountered gas within the Kujung I reservoir formation. A drill stem test over an interval from 2,415

feet to 2,485 feet flowed 4.3 mmcf/d with a flowing well head pressure (“FWHP”) of 587 psig. A second drill stem test over the interval between 2,415 feet to 2,511 feet flowed 21 mmcf/d with a FWHP of 487 psig with the flow rate limited by equipment. Gas composition includes 20.0 per cent. nitrogen and 13.0 per cent. carbon dioxide.

In late 2014, the Indonesian Government approved KrisEnergy’s plan of development for the Lengo gas field and the Issuer is currently negotiating a gas sales agreement with potential offtakers. The development concept comprises an unmanned wellhead platform with four to five wells located at Lengo and gas evacuation through a 65-km pipeline directly to shore.

#### Reserves

The following table summarises NSAI’s estimates of KrisEnergy’s Working Interest reserves in the Bulu PSC as of 31 December 2015.

	Working Interest		
	Oil	Gas	Total
	(mmbo)	(bcf)	(mmboe)
<b>Reserves</b>			
1P .....	—	—	—
2P .....	—	152.09	25.35
3P .....	—	177.80	29.63

#### Interests

The following table shows the participants in the Bulu PSC.

Participant	Interest (per cent.)
KrisEnergy (operator) .....	42.5
AWE Limited (“AWE”) <sup>(1)</sup> .....	42.5
PT Satria Energindo .....	10.0
PT Satria Wijayakusuma .....	5.0

Note:

<sup>(1)</sup> On 5 May 2016, AWE announced that it had concluded an agreement with HyOil Pte Ltd (“HyOil”) to transfer AWE’s entire interest in Bulu PSC (being 42.5 per cent. non-operated Working Interest) to HyOil. The transfer is pending approval from the Government of Indonesia.

As part of various farm-in and farm-out agreements prior to KrisEnergy’s acquisition of its interest in the Bulu PSC, and pursuant to the terms of its purchase of the Bulu PSC from Mubadala in 2011, KrisEnergy is responsible for 50.0 per cent. of a portion of the overall costs and expenses of operating the Bulu PSC until 22 December 2014 (being the day the Indonesian Government provided written approval of the plan of development for the Lengo gas field). KrisEnergy will be entitled to recover the past costs it has incurred in excess of its proportionate share of costs in this contract area from any future oil and gas production.

At the time the first plan of development in relation to the Bulu PSC is approved by the Indonesian Government, the participants under the PSC are obliged to offer a 10.0 per cent. Working Interest in the PSC to an Indonesian Participant designated by the regional government or the Indonesian Government who, in return for which, must reimburse the participants for an amount equal to 10.0 per cent. of the sum of the operating costs, compensation bonus and equipment and services expenses incurred up to the date the option is exercised.

Under the terms of KrisEnergy's acquisition of the Bulu PSC, KrisEnergy will be required to pay to Mubadala US\$7.5 million within five business days of the date at which the Bulu PSC has been in sustained production for 30 days or at which the Bulu PSC produces 20,000 boe. KrisEnergy will also be required to pay Mubadala US\$1.5 million within five business days of the one-year anniversary of such date.

### **Contract Areas with Development Pending**

KrisEnergy has two contract areas classified as Development Pending, namely Cambodia Block A in the Gulf of Thailand and the Kutai PSC in Indonesia.

#### **Cambodia Block A, Offshore Cambodia**

##### *Overview*

KrisEnergy holds a 95.0 per cent. operated Working Interest in Cambodia Block A, Offshore Cambodia, assuming completion of the formal transfer of 5.0 per cent. interest to the relevant government corporation as decided by the Cambodian MME. KrisEnergy's initial 23.75 per cent. Working Interest was acquired from Chevron in 2010 and subsequently increased to 52.25 per cent. in 2014 when it acquired the additional 28.5 per cent. and operatorship from Chevron. This interest was further increased to 95.0 per cent. on 7 October 2016 when the Cambodian MME approved the transfer of 28.50 per cent. from MOECO and 14.25 per cent. from GSE when both parties withdrew from the block.

Cambodia Block A covers an area of 4,709 sq. km over the Khmer Basin in the Gulf of Thailand, offshore Cambodia in water depths of 50 metres to 80 metres. There has been extensive exploration work on the contract area since it was awarded to the original operator in 2002 resulting in the Apsara oil discovery for which a PPA to develop the resources was submitted to the Cambodian National Petroleum Authority ("CNPA"), the predecessor petroleum regulator to the Cambodian MME, in September 2010 and updated in November 2012. After taking over operatorship in October 2014, KrisEnergy submitted an updated PPA in November 2014. Approval of the PPA by the Cambodian MME and the Cambodian Government is still pending, and KrisEnergy is still in the process of renegotiating terms of the concession with the Cambodian Government.

Cambodia Block A overlays the Khmer Basin, offshore in Cambodian waters lying to the east of the Pattani Trough within the central Gulf of Thailand. It is bounded to the west by the Narathiwat Ridge, which separates it from the Pattani Basin, and to the east by the Khmer High and to the south by the Kim Qui High, separating it from the Malay Basin. Similar to the other basins within the Gulf of Thailand, this basin is also characterised by an early Palaeocene phase of rifting with non-marine and lacustrine deposition, followed by a Neogene thermal subsidence phase with alluvial plain sedimentation.

While Cambodia has some offshore and onshore contract areas under licence to exploration and production companies, it has yet to become an oil and gas producing country. The former operator, Chevron, signed the PSC for Cambodia Block A in March 2002 and there has been substantial geological and geophysical work undertaken as well as exploration and appraisal drilling within the boundaries of the permit. In addition to vintage 2D seismic data, three separate 3D seismic acquisition

surveys have been undertaken, recording 865 sq. km in 1994, 548 sq. km in 1995 and 2,648 sq. km in 2003. Seven prospective areas (fields) in Cambodia Block A have been identified as a result of 3D seismic interpretation and exploratory drilling. These prospective areas are complexes of north-south trending fault blocks with multiple stacked reservoirs in individual fault blocks.

Twenty six exploration wells have been drilled within the current outline of Cambodia Block A of which 13 encountered oil with between three feet and 138 feet of net oil pay, eight wells were oil and gas discoveries with between four feet and 89 feet of net oil pay and between three feet and 55 feet of net gas pay, and two wells were gas discoveries with between three feet and 73 feet of gas with high carbon dioxide content.

Since KrisEnergy became a participant in 2010, three exploration wells have been drilled in Cambodia Block A with each well encountering commercial quantities of oil in multiple zones:

- Pimean Akas-3 encountered 73 feet of net oil pay;
- Pimean Akas-5 encountered 83 feet of net oil pay and 55 feet of net gas pay; and
- Pimean Akas-6 encountered 97 feet of net oil pay.

A PPA for the Apsara development area in Cambodia Block A was submitted to the CNPA on 30 September 2010 (and updated on 26 November 2012). A further updated PPA was submitted to the Cambodian MME in November 2014 after KrisEnergy took over operatorship. Final investment decision will be made once approval of the PPA and any associated terms and conditions required by the Cambodian MME and Cambodian Government have been made known to KrisEnergy. This is the first PPA to be evaluated by the Cambodian MME and Cambodian Government, and KrisEnergy continues to work with the Cambodian MME and Cambodian Government to agree the terms and conditions contained therein. As part of the review and approval process of the Cambodian MME and Cambodian Government, the terms of the petroleum agreement for Cambodia Block A (including its fiscal terms) will be subject to renegotiation. It is unclear when the PPA review and possible petroleum agreement renegotiations will be completed. This uncertainty makes ascertaining the date of the final investment decision difficult. Nonetheless, KrisEnergy has received assurances from the Cambodian MME of a possible conclusion of the PPA and renegotiations by the end of 2016.

Phase 1A of the phased development of Cambodia Block A includes up to 20 development wells from a single minimum facility platform, producing to a production barge with oil storage in a captive FSO vessel. The development concept as detailed in the PPA is similar to other field developments in the Gulf of Thailand, including B8/32 and the Jasmine field in B5/27, which KrisEnergy's management team developed prior to its incorporation.

Production from this initial development phase is anticipated to start approximately 24 months after KrisEnergy reaches a final investment decision. Production is estimated to peak at 10,000 bopd and, according to NSAI's 2C resources estimates, will result in a gross recovery of 8.5 mmbbl from the first platform.

Outside of the immediate development area of Apsara, a further six structural trends have been identified and mapped as a result of 3D seismic interpretation or exploration drilling. Additional future development phases will depend on the performance of the initial platform. Two additional future development phases in the Apsara area on the discoveries to date may involve the installation of up to nine platforms, each with up to 20 wells and producing to the same FSO.

#### *Resources*

The following tables summarise NSAI's estimates of KrisEnergy's Working Interest contingent resources in Cambodia Block A as of 31 December 2015, based on Working Interests of 52.25 per cent. and 95.0 per cent..



**Based on 52.25 per cent. Working Interest**

	Working Interest		
	Oil	Gas	Total
	(mmbo)	(bcf)	(mmboe)
<i>Contingent resources</i>			
1C .....	0.47	—	0.47
2C .....	5.37	—	5.37
3C .....	9.45	—	9.45

**Based on 95.0 per cent. Working Interest**

	Working Interest		
	Oil	Gas	Total
	(mmbo)	(bcf)	(mmboe)
<i>Contingent resources</i>			
1C .....	0.86	—	0.86
2C .....	9.76	—	9.76
3C .....	17.18	—	17.18

*Interests*

The following table shows the participants in Cambodia Block A.

Participant	Interest (per cent.)
KrisEnergy (operator) .....	95.0 <sup>(1)</sup>
Government participant .....	5.0

Note:

<sup>(1)</sup> The agreement to transfer 28.50 per cent. Working Interest in Cambodia Block A from MOECO and 14.25 per cent. Working Interest in Cambodia Block A from GSE, due to the withdrawal of MOECO and GS, was signed on 31 August 2016 and completed on 7 October 2016. As of completion on 7 October 2016, KrisEnergy's Working Interest in Cambodia Block A increased from 52.25 per cent. to 95.0 per cent. This 95.0 per cent. Working Interest holding assumes completion of the formal transfer of 5.0 per cent. Working Interest to the relevant government corporation as decided by the Cambodian MME.

On 15 November 2011, the CNPA announced its intention to exercise its right to take a 5.0 per cent. Working Interest in the contract area. Assuming completion of the formal transfer of the 5.0 per cent. Working Interest to the relevant government corporation as decided by the Cambodian MME, KrisEnergy's Working Interest in Cambodia Block A will be 95.0 per cent. KrisEnergy is still in negotiations with the Cambodian MME (successor entity to CNPA) regarding the final terms of their acquisition. KrisEnergy expects to be responsible for paying for relevant government corporation's costs in the block until first production. Such carried costs will be reimbursable to KrisEnergy out of the Cambodian MME's share of petroleum if and when Cambodia Block A reaches production.

## ***Kutai PSC, Onshore East Kalimantan & Offshore Makassar Strait***

### *Overview*

KrisEnergy holds a 54.6 per cent. operated Working Interest in the Kutai PSC, which is centrally located within the Kutai Basin, offshore Kalimantan in the Mahakam River delta. Pursuant to the withdrawal of Ophir from the Kutai PSC, the Group increased its Working Interest from 54.6 per cent. to 78.0 per cent. The transfer agreement was signed on 11 October 2016 and is pending governmental approvals.

The block comprises three separate areas totalling 944 sq. km following approval of the final relinquishment in January 2015 under the terms of the Indonesian licensing regulations. The Kutai PSC contains the Mangkok and Dambus gas accumulations discovered in 2001 and 2010, respectively, and the Tayum discovery drilled in 2013. A further exploration well would be required in order to progress the plan of development for submission to the Indonesian authorities. The current development concept entails re-drilling the discovery wells and installing single-well support structures, with production tied back to a platform at an adjacent field.

In December 2012, SKKMigas approved a four-year extension to the exploration period commencing on 16 January 2013 and expiring on 15 January 2017.

### *Resources*

The following tables summarise NSAI's estimates of KrisEnergy's Working Interest contingent resources in the Kutai PSC as of 31 December 2015, based on Working Interests of 54.6 per cent. and 78.0 per cent., assuming completion of the transfer.

#### **Based on 54.6 per cent. Working Interest**

	<b>Working Interest</b>		
	<b>Oil</b>	<b>Gas</b>	<b>Total</b>
	<b>(mmbo)</b>	<b>(bcf)</b>	<b>(mmboe)</b>
<b><i>Contingent resources</i></b>			
1C .....	—	—	—
2C .....	0.05	41.33	6.94
3C .....	0.08	64.13	10.77

#### **Based on 78.0 per cent. Working Interest**

	<b>Working Interest</b>		
	<b>Oil</b>	<b>Gas</b>	<b>Total</b>
	<b>(mmbo)</b>	<b>(bcf)</b>	<b>(mmboe)</b>
<b><i>Contingent resources</i></b>			
1C .....	—	—	—
2C .....	0.07	59.05	9.91
3C .....	0.11	91.61	15.38

## Interests

The following table shows the participants in the Kutai PSC.

<b>Participant</b>	<b>Interest</b>
	<b>(per cent.)</b>
KrisEnergy (operator) . . . . .	54.6 <sup>(1)</sup>
Ophir . . . . .	23.4 <sup>(1)</sup>
Orchid Kutai Limited (previously Ephindo Energy) . . . . .	22.0

Note:

<sup>(1)</sup> On 11 October 2016, KrisEnergy concluded an agreement with Ophir to transfer 23.4 per cent. Working Interest from Ophir due to its withdrawal from the block. This transfer is pending government approvals. Upon completion of the transfer, KrisEnergy's Working Interest will increase from 54.6 per cent. to 78.0 per cent.

At the time the first plan of development in relation to the Kutai PSC is approved by the Indonesian Government, the participants under the Kutai PSC are obliged to offer a 10.0 per cent. Working Interest in the Kutai PSC to an Indonesian Participant designated by the regional government or the Indonesian Government who, in return for which, must reimburse the participants for an amount equal to 10.0 per cent. of the sum of the operating costs, compensation bonus and equipment and services expenses incurred up to the date the option is exercised.

## Contract Areas with Development Unclarified

KrisEnergy has one contract area, namely the Bala-Balakang PSC (formerly the Tanjung Aru PSC) in the Makassar Strait, Indonesia, containing 2C resources classified as Development Unclarified. In addition, six other contract areas, namely G6/48, G10/48, G11/48, Block A Aceh, Cambodia Block A and Block 9, contain in addition to their other reserves and/or resources, 2C resources related to oil and gas discoveries that require further appraisal and are classified as Development Unclarified.

### *Bala-Balakang PSC, Makassar Strait*

#### *Overview*

KrisEnergy holds an 85.0 per cent. operated Working Interest in the Bala-Balakang PSC. In 2015, the Indonesian authorities approved the renaming of the Bala-Balakang PSC, formerly the Tanjung Aru PSC. KrisEnergy's working interest in the Bala-Balakang PSC increased to 85.0 per cent. from 43.0 per cent. in 2015 following the withdrawal of a joint-venture partner, Neon Energy. The Bala-Balakang PSC covers 3,143 sq. km over the offshore southern margin of the Kutai Basin in the Makassar Strait. Water depths in the area range from 20 metres to more than 1,000 metres.

Three exploration wells have been drilled in the current outline of the Bala-Balakang PSC, of which two — Halimun-1 and Papandayan-1 — encountered gas. Work has been undertaken to integrate existing 2D and 3D seismic interpretations and run petrophysical analysis of the wells to review the volumetrics of the discoveries. In March 2014, a 502 sq. km 3D broadband seismic acquisition program was completed. This data has been integrated with the existing geological model and work is underway to may additional prospects and leads.

## Resources

The following table summarises NSAI's estimates of KrisEnergy's Working Interest contingent resources in the Bala-Balakang PSC as of 31 December 2015.

	Working Interest		
	Oil	Gas	Total
	(mmbo)	(bcf)	(mmboe)
<b>Contingent resources</b>			
1C .....	—	—	—
2C .....	—	93.93	15.66
3C .....	—	132.44	22.07

## Interests

The following table shows the participants in the Bala-Balakang PSC.

Participant	Interest
	(per cent.)
KrisEnergy (operator) .....	85.0
Natuna Ventures Pte Ltd .....	15.0

## Exploration Contract Areas

KrisEnergy has a portfolio of seven exploration contract areas in Bangladesh, Indonesia and Vietnam: SS-11 offshore Bangladesh, the East Seruway PSC in the Malacca Strait; the Sakti PSC offshore East Java; the Udan Emas PSC onshore West Papua; and Block 105, Block 115/09 and Block 120, all offshore Vietnam. These assets were acquired or awarded at various stages since the Issuer was established in 2009 during a period when oil prices were rising and were stable at levels above US\$100.0 per barrel for a prolonged period. Given the prevailing depressed commodity environment, the Issuer intends to allocate capital to maximise its operating efficiencies at existing producing fields and development assets. However, the Issuer may undertake technical work on some of its exploration assets in order to be able to quickly resume exploration activities when there is a sustained recovery in oil prices.

### SS-11, Offshore Bangladesh

#### Overview

KrisEnergy holds a 45.0 per cent. non-operated Working Interest in SS-11, which it acquired as one of the original recipients of the PSC from the Bangladesh Government in March 2014. SS-11 covers 4,475 sq. km in the Bay of Bengal over the Bengal Fan, the world's largest submarine fan, approximately 3,000 km long and 1,000 km wide with a maximum thickness of 16.5 km. The majority of the block lies in shallow waters up to 200 metres with the furthest southwest portion extending into water depths up to 1,500 metres. The PSC has an initial five-year term, with an associated work commitment of the acquisition and processing of 1,893 km 2D seismic data and 300 sq. km 3D seismic data and the drilling of one exploration well.

There have been no wells drilled within the current boundary lines of SS-11, although four wells have been drilled immediately to the north and one to the west of the block. All of these wells were drilled between 1969 and 1978 on very loose seismic grids, and consequently were generally poorly located. A 3,146 km 2D seismic acquisition program was completed in SS-11 in January 2016. The data has been processed and interpretation is underway.

*Interests*

The following table shows the participants in SS-11.

Participant	Interest (per cent.)
KrisEnergy . . . . .	45.0
Santos (operator) . . . . .	45.0
BAPEX . . . . .	10.0

*East Seruway PSC, Malacca Strait*

*Overview*

KrisEnergy holds a 100.0 per cent. operated Working Interest in the East Seruway PSC, which covers 1,172 sq. km over the North Sumatra Basin where water depths in the Malacca Strait area are between 25 metres and 60 metres.

Exploration activity began in the general area of the East Seruway PSC in the 1960s with a number of 2D seismic surveys acquired through to 1998 by previous operators. From 1974 until 1984, six wells were drilled within the current boundary of the East Seruway PSC: Four of the wells were dry, one well in 1974 encountered gas and condensate, and one well in 1984 tested gas. A 2,142 km 2D seismic acquisition program was completed by the previous operator in 2010. However, at the request of the Government of Indonesia, work was suspended on the contract area pending the resolution of administrative issues between the Government of Indonesia and the provincial authorities in the Aceh province. For the time during which work was suspended, KrisEnergy was given an extension of the obligation period during which the required work program must be completed. Work resumed on the contract area in late 2012 and a 948 km 2D seismic acquisition program was conducted in February 2013, from which 15 prospects and leads have been identified and mapped.

The exploration period expired on 11 June 2016 and the PSC expires on 12 November 2038. An application has been submitted to SKKMigas on 21 April 2016 for a 4-year extension of the exploration period from 12 June 2016 to 11 June 2020, which is pending approval from SKKMigas.

*Interests*

The following table shows the participant in the East Seruway PSC.

Participant	Interest (per cent.)
KrisEnergy (operator) . . . . .	100.0

At the time the first plan of development in relation to the East Seruway PSC is approved by the Indonesian Government, the participants under the East Seruway PSC are obliged to offer a 10.0 per cent. interest in the East Seruway PSC to an Indonesian Participant designated by the regional government or the Indonesian Government who, in return for which, must reimburse the participants for an amount equal to 10.0 per cent. of the sum of the operating costs, compensation bonus and equipment and services expenses incurred up to the date the option is exercised.

### ***Sakti PSC, East Java Sea***

#### *Overview*

KrisEnergy holds a 95.0 per cent. operated Working Interest in the Sakti PSC, which the Group acquired as the original recipient of the Sakti PSC from the Indonesian Government in February 2014. The Sakti PSC covers 4,974 sq. km. in the East Java Sea over the western margin of the East Java Basin, Bawean Arch and the Muriah Trough. Water depths in the area are between 50 metres and 60 metres. The block is proximal to the Bulu PSC, which KrisEnergy operates and in which it is currently planning the development of the Lengo gas discovery.

The principal exploration targets in the Sakti PSC are carbonate reefal build-ups of the Upper Oligocene to Lower Miocene Kujung I Unit in addition to Mio-Pliocene clastics.

The Sakti PSC has an initial three-year term and an associated work commitment of 1,200 km 2D and 400 sq. km 3D seismic acquisition and processing, and one exploration well. In the fourth quarter of 2015, KrisEnergy drilled the Mustika-1 exploration well, which encountered gas in the Tuban and Kujung I formations. Initial indications from wireline logs were that the gases had a high carbon dioxide content and therefore were likely to be below the economic threshold for a commercial discovery. The well was plugged and abandoned and a detailed analysis of the well data and gas samples is being undertaken to review the remaining prospects and leads in the Sakti PSC.

#### *Interests*

The following table shows the participants in the Sakti PSC.

<b>Participant</b>	<b>Interest</b>
	<b>(per cent.)</b>
KrisEnergy (operator) . . . . .	95.0
Golden Heaven Jaya Ltd . . . . .	5.0

At the time the first plan of development in relation to the Sakti PSC is approved by the Indonesian Government, the participants under the Sakti PSC are obliged to offer a 10.0 per cent. Working Interest in the Sakti PSC to an Indonesian Participant designated by the regional government or the Indonesian Government who, in return for which, must reimburse the participants for an amount equal to 10.0 per cent. of the sum of the operating costs, compensation bonus and equipment and services expenses incurred up to the date the option is exercised.

### ***Udan Emas, Onshore West Papua***

#### *Overview*

KrisEnergy holds a 100.0 per cent. operated Working Interest in the Udan Emas PSC, which it acquired as the original recipient of the Udan Emas PSC from the Indonesian Government in July 2012. The Udan Emas PSC covers 4,044 sq. km in the neck of the Birds' Head area onshore West Papua. The contract area lies over the Bintuni Basin.

The general areas in and around Udan Emas have been explored intermittently from the mid-1930s. Geological fieldwork between 1935 and 1960 and exploration drilling in areas outside of the current Udan Emas PSC outline resulted in the discovery of two sub-commercial oilfields (Mogoi and Wasian) in the Bintuni Basin and one sub-commercial discovery (Wiriagar) in the Bomberai peninsula. Since that work, four separate licences have been held over areas that now comprise the Udan Emas PSC, namely the Bintuni PSC, West Lengguru PSC, East Arguni PSC and West Arguni PSC.

In January 2015, KrisEnergy commenced the recording of a 300 km 2D seismic acquisition program, which was completed in June 2015. Work is ongoing to build the geological model from the seismic data, along with 12,210 sq. km of airborne gravity and magnetic data along with samples and measurements of the surface geology.

*Interests*

The following table shows the participant in the Udan Emas PSC.

<b>Participant</b>	<b>Interest</b>
	<b>(per cent.)</b>
KrisEnergy (operator) . . . . .	100.0

At the time the first plan of development in relation to the Udan Emas PSC is approved by the Indonesian Government, the participants under the Udan Emas PSC are obliged to offer a 10.0 per cent. Working Interest in the Udan Emas PSC to an Indonesian Participant designated by the regional government or the Indonesian Government who, in return for which, must reimburse the participants for an amount equal to 10.0 per cent. of the sum of the operating costs, compensation bonus and equipment and services expenses incurred up to the date the option is exercised.

***Block 105, Offshore Vietnam***

*Overview*

KrisEnergy holds a 51.0 per cent. operated Working Interest in Block 105. In 2015, Eni Vietnam B.V. withdraw from Block 105 and transferred its 66.67 per cent. operated Working Interest in Block 105 to KrisEnergy, and KrisEnergy then assigned its non-operated 49.0 per cent. Working Interest in Block 105 to PetroVietnam. Such assignment includes the back-in right of 20.0 per cent. by PetroVietnam.

Block 105 covers an area of 7,192 sq. km offshore northern Vietnam, overlying the central Song Hong Basin where water depths range from 20 metres to 80 metres. A relinquishment of 20.0 per cent. of the contract area was originally scheduled for 4 February 2014 has been extended till 2 February 2017.

Prior to the drilling of the Cua Lo-1 well in 2013, no wells had been drilled in Block 105. Interpretation of 2D seismic data has proven up two distinct tertiary oil and gas plays with several drillable prospects in each. The contract area is located at the outlet of the extensive Song Ca river system in a favourable position for deposition of quartz-rich sand reservoirs in slope fans and basin floor fan/channel complexes.

Updated mapping using new seismic data, revised seismic interpretation and a new depth conversion scheme, together with nearby drilling results, identified three drillable oil and gas prospects, Song Ca 1, 2 and 3, and one gas prospect, Cua Lo, based on the chance of encountering commercial volumes of oil and/or gas. In addition, six gas leads were identified and mapped.



In 2013, the joint-venture partners drilled the Cua Lo-1 well. The well reached a total depth of 2,867 metres measured depth. Based on log interpretation, several gas bearing sandstone reservoirs were identified. A drill stem test was conducted on a reservoir evaluated with the largest potential within the prospect. Although gas flowed during the test, the poor reservoir deliverability rate combined with high carbon dioxide content suggests that development of the tested reservoir will be unlikely. The well was plugged and abandoned. The Cua Lo-1 well confirmed both the trapping mechanism and the existence of a petroleum system in Block 105 and provided valuable data for deciding the future exploration strategy in the block. The Cua Lo-1 data has been integrated into the geological model and is being reviewed alongside all previous seismic data.

*Interests*

The following table shows the participants in Block 105.

Participant	Interest (per cent.)
KrisEnergy (operator) . . . . .	51.0
PetroVietnam . . . . .	49.0

Any assignment of Working Interest in Block 105 is subject to the pre-emptive right of the PetroVietnam, the right of first refusal of other participants in Block 105 and the Prime Minister of Vietnam’s approval.

***Block 115, Offshore Vietnam***

*Overview*

KrisEnergy was awarded 100.0 per cent. Working Interest in Block 115 on 20 March 2014 as the original recipient of the block from the Vietnam Government. The exploration block covers an area of 7,382 sq km over the southern portion of the Song Hong Basin offshore central Vietnam where water depths range from 60 metres to 200 metres.

Block 115 is considered under-explored with approximately 3,600 km of 2D seismic data acquired in 1990. No 3D seismic data has been acquired to date. A single well, 115-A-1X was drilled in 1991 and encountered a 310-metre gas column with high carbon dioxide.

KrisEnergy intends to reprocess and then interpret at least 3,000 km of available 2D seismic data, prior to an 850 sq. km 3D seismic acquisition program over the areas that it has identified as being relatively more prospective areas. Reprocessing will be dependent upon the original seismic data and related technical documentation. The PSC has an initial four-year term, which as well as the seismic reprocessing and acquisition, includes a single exploration well.

*Interest*

The following table shows the participant in Block 115.

Participant	Interest (per cent.)
KrisEnergy (operator) . . . . .	100.0

The concession relating to Block 115 provides the Vietnamese Government with a back-in right of up to 20.0 per cent. of the Working Interest of the contract areas. The Vietnamese Government can exercise these back-in rights within 90 days of the declaration of the first commercial discovery from the relevant contract area.

If the back-in right is exercised, KrisEnergy is entitled to recover the Vietnamese Government affiliate's share of all its expenditures incurred up to the date of the declaration of the first commercial discovery (excluding the bonuses, data fee and the training costs). The Vietnamese Government affiliate pays as a lump sum the Group's proportionate share of the costs incurred during the period from the declaration of the first commercial discovery to the Vietnamese Government giving notice of its intention to exercise its back-in right. The Vietnamese Government's affiliate pays its *pro rata* share of future costs.

Any assignment of Working Interest in Block 115 is subject to the pre-emptive right of PetroVietnam and the Prime Minister of Vietnam's approval.

### ***Block 120, Offshore Vietnam***

#### *Overview*

KrisEnergy holds a 33.33 per cent. non-operated Working Interest in Block 120. Block 120 extends over 6,839 sq. km offshore northern-central Vietnam where water depths range from 50 metres to 1,100 metres. It lies over the Quang Ngai Graben and the Tri Ton Horst. The graben connects the Song Hong and Qiongdongnan basins in the north, to the Phu Khanh Basin in the south. Up until 2013, only one exploration well, 120-CS-1X, had been drilled in the contract area. An active petroleum system was proven in this well by the discovery of a six metre oil column, overlying 32 metres of oil shows.

Prior to the award of Block 120 to Neon Energy on 23 January 2009, there was a vintage 2D seismic database of approximately 5,500 km. Subsequently, 2,021 km of 2D seismic data was acquired in 2010 and 502 sq. km of 3D seismic data in June 2012.

The seismic data identified tertiary carbonate reefs, fractured granitic basement, sandstones within tilted fault blocks and structural inversion plays. Four drillable prospects were identified, Rua Bien, Ca Lang, Ca Sau and Ca Ngu based on their chance of encountering commercial volumes of oil and/or gas. In addition, nine oil and gas leads were identified and mapped.

The Ca Ngu-1 exploration well was drilled in 2013. The well reached a total depth of 1,290 metres measured depth. Wireline log data confirmed the presence of gas in Pliocene sandstone reservoirs and a 15.2 metre gross hydrocarbon column within the Miocene carbonate reservoir. The well encountered gas and oil volumes in the primary objective. Although the Ca Ngu well did not encounter significant volumes of hydrocarbons, it has confirmed the existence of a petroleum system in the area. Data from the Ca Ngu-1 well has been integrated into the seismic data and is being reviewed to decide the future exploration strategy.

#### *Interest*

The following table shows the participants in Block 120.

<b>Participant</b>	<b>Interest</b>
	<b>(per cent.)</b>
KrisEnergy . . . . .	33.33
Eni (operator) . . . . .	66.67

The concession relating to Block 120 provides the Vietnamese Government with a back-in right of up to 20.0 per cent. of the Working Interest of the contract areas. The Vietnamese Government can exercise these back-in rights within 90 days of the declaration of the first commercial discovery from the relevant contract area.

If the back-in right is exercised, KrisEnergy is entitled to recover the Vietnamese Government affiliate's share of all its expenditures incurred up to the date of the declaration of the first commercial discovery (excluding the bonuses, data fee and the training costs). The Vietnamese Government affiliate pays as a lump sum the Group's proportionate share of the costs incurred during the period from the declaration of the first commercial discovery to the Vietnamese Government giving notice of its intention to exercise its back-in right. The Vietnamese Government's affiliate pays its *pro rata* share of future costs.

Any assignment of Working Interest in Block 120 is subject to the pre-emptive right of PetroVietnam, the right of first refusal of other participants in Block 120 and the Prime Minister of Vietnam's approval.

### ***Other Activities and Interests***

#### *Glagah-Kambuna TAC, Offshore North Sumatra, Indonesia*

KrisEnergy held a 25.0 per cent. non-operated Working Interest in the Glagah-Kambuna TAC, which KrisEnergy acquired in January 2010. The Glagah-Kambuna TAC contains the Kambuna gas field in the North Sumatra Basin. Production ceased at the Kambuna gas field on 11 July 2013. The wells were shut in and the operator wound down operations and relinquished the Glagah-Kambuna TAC in 2013. The Glagah-Kambuna TAC accounted for 5.0 per cent. of its overall average daily liquids production and 8.6 per cent. of its overall average daily gas production for the year ended 31 December 2013. The Glagah-Kambuna TAC accounted for 5.8 per cent. of KrisEnergy's revenue in the year ended 31 December 2013.

#### *Joint Study Agreements ("JSA")*

From time to time KrisEnergy may participate in JSAs in Indonesia. JSAs are a scheme in Indonesia in which a participant nominates a study area for it to conduct geological and geophysical studies in cooperation with an Indonesian university to determine the prospectivity of the area. KrisEnergy participates in JSAs as a means to collect geological and geophysical data regarding potential contract areas and as a method to acquire such areas.

### ***Fiscal Terms***

The petroleum licences in which KrisEnergy has interests contain the terms of its concessions as agreed between the participants and the relevant host government. The economic terms of these licences, commonly known as fiscal terms, vary depending primarily on jurisdiction.

**Bangladesh**

The following table summarises certain fiscal terms of Block 9 and SS-11.

	<u>Block 9</u>	<u>SS-11</u>
Domestic Market Obligation (“DMO”) for oil . . . . .	With six months’ prior written notice, Petrobangla may require contractor to provide its pro rata share of oil, up to 25.0% of its share of profit oil, for domestic consumption.	With six months’ prior written notice, Petrobangla may require contractor to provide its pro rata share of oil, up to 80.0% of its share of profit oil, for domestic consumption.
DMO price for oil . . . . .	15.0% discount to fair market value.	15.0% discount to fair market value.
DMO for gas . . . . .	Contractor must first offer all its share of gas to Petrobangla and its affiliates. If Petrobangla or its affiliates does not purchase the gas within six months of contractor’s submission of an evaluation report, contractor is free to find a market outlet within Bangladesh.	Contractor must first offer all its share of gas to Petrobangla and its affiliates. If Petrobangla or its affiliates does not purchase the gas within six months of contractor’s submission of an evaluation report, contractor is free to find a market outlet within Bangladesh.
DMO price for gas . . . . .	Price of gas sold to Petrobangla and its affiliates is set at 75.0% of the average for each calendar quarter of Platt’s Oilgram quotations of High Sulphur Fuel Oil 180 CST, free-on-board (“FOB”), Singapore with a floor price of US\$70 per metric tonne and ceiling price of US\$120 per metric tonne.  Price of gas sold to Petrobangla is subject to a further 1% discount.  Price of gas sold to third parties shall be equal to or greater than the pricing formula described above.	Price of gas sold to Petrobangla and its affiliates is set at 75.0% of the average for each calendar quarter of Asian Petroleum Price Index quotations of High Sulphur Fuel Oil 180 CST, FOB, Singapore with a floor price of US\$100 per metric tonne and ceiling price of US\$200 per metric tonne.  Price of gas sold to Petrobangla is subject to a further 1% discount.  Price of gas sold to third parties shall be equal to or greater than the pricing formula described above.
Cost recovery limit . . . . .	Up to 40.0% per calendar year of all oil produced and saved from the contract area and not used in petroleum operations.	Up to 55.0% per calendar year of all oil produced and saved from the contract area and not used in petroleum operations.

	Block 9	SS-11
Oil . . . . .	Up to 40.0% per calendar year of all oil produced and saved from the contract area and not used in petroleum operations.	Up to 55.0% per calendar year of all oil produced and saved from the contract area and not used in petroleum operations.
Gas . . . . .	Up to 45.0% per calendar year of all gas produced and saved from the contract area and not used in petroleum operations.	Up to 55.0% per calendar year of all gas produced and saved from the contract area and not used in petroleum operations.

	During cost recovery	After cost recovery	
<b>Profit oil split</b>			
<b>(to contractor)</b>			
Up to 10,000 bopd . . . . .	33.0%	30.0%	—
Portion over 10,000 and up to 25,000 bopd . . . . .	30.0%	25.0%	—
Portion over 25,000 and up to 50,000 bopd . . . . .	25.0%	20.0%	—
Portion over 50,000 and up to 100,000 bopd . . . . .	20.0%	15.0%	—
Portion over 100,000 bopd . . . . .	17.0%	10.0%	—
<b>Profit gas split (to contractor)</b>			
Up to 75 mmcf . . . . .	39.0%	34.0%	45.0%
Portion over 75 and up to 150 mmcf . . . . .	34.0%	27.5%	40.0%
Portion over 150 and up to 250 mmcf . . . . .	34.0%	27.5%	35.0%
Portion over 250 and up to 300 mmcf . . . . .	27.5%	22.0%	30.0%
Portion over 300 and up to 400 mmcf . . . . .	27.5%	22.0%	30.0%
Portion over 400 and up to 450 mmcf . . . . .	25.0%	17.5%	25.0%
Portion over 450 and up to 600 mmcf . . . . .	18.0%	15.0%	25.0%
Portion over 600 mmcf . . . . .	18.0%	15.0%	20.0%
<b>Profit condensate/liquids</b>			
<b>(to contractor)</b>			
Up to 3,000 boepd . . . . .	35.0%	30.0%	—
Portion over 3,000 and up to 6,000 boepd . . . . .	32.0%	27.0%	—
Portion over 6,000 and up to 10,000 boepd . . . . .	28.0%	25.0%	—

	<u>During cost recovery</u>	<u>After cost recovery</u>	
Portion over 10,000 and up to 15,000 boepd . . . . .	25.0%	20.0%	—
Portion over 15,000 boepd . . . . .	20.0%	15.0%	—

**Profit oil and  
condensate/liquids  
(to contractor) . . . . .**

Up to 5,000 boepd . . . . .	—	—	45.0%
Portion over 5,000 and up to 12,500 boepd . . . . .	—	—	42.5%
Portion over 12,500 and up to 25,000 boepd . . . . .	—	—	40.0%
Portion over 25,000 and up to 40,000 boepd . . . . .	—	—	35.0%
Portion over 40,000 and up to 65,000 boepd . . . . .	—	—	30.0%
Portion over 65,000 and up to 100,000 boepd . . . . .	—	—	25.0%
Portion over 100,000 boepd . . . . .	—	—	20.0%

**Production Bonus Payments**

	<u>General</u>	<u>General</u>
Within 30 days of first commercial discovery . . . . .	US\$1,000,000	US\$3,000,000
	<u>Oil</u>	<u>Oil</u>
Upon daily average of 10,000 bopd for 30 consecutive days . . . . .	US\$1,000,000	US\$ 500,000
Upon daily average of 20,000 bopd for 30 consecutive days . . . . .	US\$1,000,000	US\$1,000,000
Upon daily average of 30,000 bopd for 30 consecutive days . . . . .	US\$1,000,000	US\$2,000,000
Upon daily average of 40,000 bopd for 30 consecutive days . . . . .	US\$2,000,000	US\$2,500,000
Upon daily average of 50,000 bopd for 30 consecutive days . . . . .	US\$2,000,000	US\$3,000,000
Upon daily average of 100,000 bopd for 30 consecutive days . . . . .	US\$2,000,000	US\$4,000,000

	Gas	Gas
Upon daily average of 75 mmcf for 30 consecutive days . . . . .	US\$1,000,000	US\$ 500,000
Upon daily average of 150 mmcf for 30 consecutive days . . . . .	US\$1,000,000	US\$1,000,000
Upon daily average of 225 mmcf for 30 consecutive days . . . . .	US\$1,000,000	US\$2,000,000
Upon daily average of 300 mmcf for 30 consecutive days . . . . .	US\$2,000,000	US\$2,500,000
Upon daily average of 375 mmcf for 30 consecutive days . . . . .	US\$2,000,000	US\$3,000,000
Upon daily average of 450 mmcf for 30 consecutive days . . . . .	—	US\$4,000,000
Upon daily average of 600 mmcf for 30 consecutive days . . . . .	US\$5,000,000	US\$6,000,000
<b>Income tax</b> . . . . .	All Bangladesh income tax levied on petroleum operations are borne and discharged by Petrobangla.	Petrobangla will not bear and discharge income tax levied on the contractor's petroleum operations
Bangladesh Participation Option . . . . .	None.	None.
Contract expiry date. . . . .	26 August 2033 <sup>(1)</sup>	Initial exploration period expires 11 March 2019 <sup>(2)</sup>

Notes:

- <sup>(1)</sup> The contract may be extended for up to an additional five years on terms and conditions to be mutually agreed between Petrobangla and KrisEnergy.
- <sup>(2)</sup> The exploration period may be extended for up to an additional three years. In the event of commercial discovery, the production period shall be 25 years (for gas), subject to a possible extension of up to an additional five years on terms and conditions to be mutually agreed between us and Petrobangla.



**Cambodia**

The following table summarises certain fiscal terms of Cambodia Block A.

	<u>Cambodia Block A</u>	
Royalty . . . . .	12.5% of production	
Cost recovery petroleum . . . . .	90.0% of production	
Allocation of remaining oil (to contractor) . . . . .	1-10,000 bopd	58.0%
(average annual production) . . . . .	in excess of 10,000-25,000 bopd	53.0%
	in excess of 25,000-50,000 bopd	48.0%
	Over 50,000 bopd	38.0%
Allocation of remaining gas (to contractor). . . . .	65.0%	
Income Tax (not payable on the royalty petroleum or cost recovery petroleum). . . . .	25.0% for five years from first profit and then 30.0% thereafter.	
Production bonus payment . . . . .	None.	
Annual surface rental fee . . . . .	US\$500 per sq. km of unrelinquished production area and up to US\$40 per sq. km of unrelinquished exploration area.	
MME option . . . . .	5.0% exercised on 15 November 2011 and completion to conclude upon effective date of production permit.	
Concession expiry date . . . . .	The Petroleum Agreement shall remain in full force and effect pending the Cambodian Government's approval of the PPA for the block. Upon approval of the PPA, the production permit will be for 30 years from the date of first commercial production.	

KrisEnergy is permitted under the petroleum agreement for Cambodia Block A to recover its proportionate share of certain costs associated with operating Cambodia Block A. Specifically, KrisEnergy is entitled to take cost recovery petroleum equivalent in value to certain of its exploration, development, production, general and administrative and overhead costs, up to 90.0 per cent. of the post-royalty petroleum in any given year.

The Cambodian MME and Cambodian Government are currently reviewing the updated PPA submitted in November 2014. As part of the review and approval process by the Cambodian MME and Cambodian Government, the petroleum agreement for Cambodia Block A may be subject to renegotiation. As such, it is uncertain whether the terms provided in the table above are the fiscal terms that will be in place once Cambodia Block A reaches development or production. It is unclear when the PPA review and possible petroleum agreement negotiations will be completed. Nonetheless, KrisEnergy has received assurances from the Cambodian MME of a possible conclusion of the PPA and renegotiations by end of 2016.

## Indonesia

The following table summarises certain fiscal terms of the Block A Aceh, Bulu PSC, the East Seruway PSC, the Kutai PSC, the Sakti PSC, the Bala-Balakang PSC and the Udan Emas PSC.

	<b>Block A Aceh</b>	<b>Bulu</b>	<b>East Seruway</b>	<b>Kutai</b>	<b>Sakti</b>	<b>Bala- Balakang</b>	<b>Udan Emas</b>
First tranche petroleum (oil and gas) (as a % of total petroleum production) <sup>(1)</sup>	20.0%	10.0%	20.0%	10.0%	20.0%	20.0%	20.0%
Effective tax rate <sup>(2)</sup>	40.0%	44.0%	44.0%	44.0%	44.0%	44.0%	44.0%
DMO for oil <sup>(3)</sup>	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
DMO for gas <sup>(3)</sup>	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
DMO price for oil (as a % of market price)	15.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
DMO price for gas (as a % of market price)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Pre-tax profit oil split <sup>(4)</sup> (to contractor)	25.0%	35.7%	26.8%	35.8%	41.7%	58.3%	58.3%
Pre-tax profit gas split <sup>(4)</sup> (to contractor)	58.3%	62.5%	53.6%	53.6%	58.3%	66.7%	66.7%
<b>Production bonus payments upon cumulative production having reached<sup>(6)</sup></b>							
25 mboe	US\$1.0 million	—	US\$1.0 million	US\$1.0 million	US\$1.0 million	US\$1.0 million	US\$1.0 million
50 mboe	US\$2.0 million	US\$0.5 million	US\$1.0 million	US\$2.0 million	US\$1.5 million	US\$1.5 million	US\$1.5 million
75 mboe	—	US\$1.0 million	US\$1.0 million	US\$3.0 million	US\$2.0 million	US\$2.0 million	US\$2.0 million
100 mboe	US\$4.0 million	—	—	—	—	—	—
125 mboe	—	US\$2.0 million	—	—	—	—	—
<b>Indonesian participation option</b>	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
<b>Aceh participation option</b>	10.0%	—	—	—	—	—	—
<b>Local community fund contribution</b>	1.0% of gross revenue	—	—	—	—	—	—

	<b>Block A Aceh</b>	<b>Bulu</b>	<b>East Seruway</b>	<b>Kutai</b>	<b>Sakti</b>	<b>Bala- Balakang</b>	<b>Udan Emas</b>
<b>Contract expiry date . . . . .</b>	The exploration period expires once exploration work ceases for a continuous period of two year or such longer period determined by SKKMigas. PSC expires 31 August 2031	The exploration period expired on 13 October 2013. PSC expires 13 October 2033	The exploration period expired on 11 June 2016 <sup>(7)</sup> . PSC expires 12 November 2038	The exploration period expires 15 January 2017. PSC expires 15 January 2037	The exploration period expires 25 February 2020. PSC expires 25 February 2044	The exploration period expires 18 December 2017. PSC expires 18 December 2041	The exploration period expires 19 July 2018. PSC expires 19 July 2042

Notes:

- (1) SKKMigas has the right to take all of the first tranche petroleum under the Bulu PSC and Kutai PSC before any deduction for operating costs and available investment credits. The first tranche petroleum in the East Seruway PSC, Sakti PSC, Bala-Balakang PSC and Udan Emas PSC is split between SKKMigas and the participants in the same proportion as the pre-tax oil and gas split above. Operating costs are not recoverable from the participants' share of first tranche petroleum, and the first tranche petroleum is subject to taxation.
- (2) Effective tax rate of 44.0 per cent. comprises corporate tax rate of 30.0 per cent. and dividend withholding tax rate of 20.0 per cent..
- (3) DMO is the obligation of a contractor to a PSC to supply to the Indonesian market a proportion of its entitlement from oil and gas production in the PSC at a specified price. The DMO for oil in each case starts 60 months after the first delivery of crude oil.
- (4) The percentage of oil or natural gas, as applicable, produced from a contract area that the contractor is entitled to take and receive after deducting the first tranche petroleum and any petroleum sold to recover the contractor's permitted operating costs.
- (5) KrisEnergy is entitled to claim an investment credit of up to its *pro rata* share (55.0 per cent.) of the capital investment cost directly required for developing gas production facilities.
- (6) Production bonus payments are payments due from the contractor under the terms of a PSC to the Indonesian Government upon cumulative production from the PSC having reached certain specified thresholds. In each case, six mmbtu of gas is deemed equivalent to one barrel of oil.
- (7) An application has been submitted to SKKMigas on 21 April 2016 for a 4-year extension of the exploration period from 12 June 2016 to 11 June 2020, which is pending approval from SKKMigas.

Under the terms of each of the PSCs, KrisEnergy is entitled to recover all of its operating costs (as defined in the PSC) out of the sales proceeds of crude oil taking into account the principles established by the Indonesian Tax Office. KrisEnergy is also required to employ qualified Indonesian personnel for labour and staff positions including administrative and executive management positions.

In Indonesia, the contractor generally has the right to recover its costs, defined as “Operating Costs” in each PSC and Technical Assistance Contract, against available revenues generated by the PSC. Operating Costs consist of current year noncapital costs, current year depreciation on capital costs and current year allowed recovery of prior year’s unrecovered operating costs. Non-capital costs relate to costs incurred with respect to current year’s operations, the cost of geological and geophysical activity and the intangible costs of drilling exploration, delineation and development wells. Capital costs include expenditures for items which have useful lives in excess of one year, and are depreciated commencing in the year the asset is placed into service at rates which vary depending on the type of asset. Exploration and production costs are “ring-fenced”, meaning that expenditures in nonproducing or under-producing PSCs cannot be offset against revenues from other PSCs. However, within any one PSC, these unrecovered costs can be carried forward to future years for cost recovery purposes.

After commercial production of oil commences, the contractor will typically have a domestic market obligation to account for a portion, not generally exceeding approximately 25.0 per cent. of the oil produced from the contract area, at a specific price.

Post cost-recovery, SKKMigas (formerly, BP Migas) is entitled to a specified profit share of oil production (after-tax profit share is typically between 65.0 per cent. to 85.0 per cent. to SKKMigas) and of gas production (after-tax profit share is typically 25.0 per cent. to 40.0 per cent. to SKKMigas). Under the PSC, SKKMigas (formerly, BP Migas) is also entitled to take and receive each year petroleum equal to 10.0 per cent. of the total production from each year (the “**First Tranche Petroleum**”), before any deduction for recovery of operating costs, investment credits and handling of production.

### *Thailand*

The following table summarises certain fiscal terms of B8/32, B9A, G10/48, G11/48 and G6/48.

	<u>B9A</u>	<u>B8/32, G10/48, G11/48 and G6/48</u>	
Royalty (as a % of the value of petroleum sold or disposed in each month) <sup>(1)</sup> . . . . .	12.5%	0-60,000 barrels	5.0%
		60,000-150,000 barrels	6.25%
		150,000-300,000 barrels	10.0%
		300,000-600,000 barrels	12.5%
		Over 600,000 barrels	15.0%
Income tax rate . . . . .	50.0%		50.0%
Annual surface reservation fee . . . . .	THB4000 per sq. km per year		None
Special remuneratory benefit . . . . .	None	Payable at the end of each fiscal year in various rates based on the profit earned during the year, up to a maximum payment of 75.0% of the profit earned.	

		B8/32	G10/48	G11/48	G6/48
Production bonus payment <sup>(2)</sup> . . . . .	Fully discharged	Fully discharged	US\$500,000 payable within 30 days from the day the total production from the contract area first averages 20,000 boepd for 30 consecutive days	US\$500,000 payable within 30 days from the day the total production from the contract area first averages 20,000 boepd for 30 consecutive days	US\$300,000 payable within 30 days from the day the total production from the contract area first averages 10,000 boepd for 90 consecutive days
Thai participant option. . . . .	None	None	10.0%	10.0%	None
Concession expiry date <sup>(3)</sup> . . . . .	16 July 2041	Tantawan: 31 July 2020 Benchamas South and Pakarong: 31 July 2020 Maliwan: 31 July 2020 North Jarmjuree: 31 July 2020 North Benchamas: 31 July 2020 Chaba: 31 July 2020	Exploration period expires 7 December 2015 <sup>(4)</sup> Wassana: 7 December 2035	Exploration period expires 12 February 2016 <sup>(5)</sup> Nong Yao: 12 February 2036	Exploration period expires 7 January 2016 <sup>(6)</sup> Rossukon: 7 January 2036

Notes:

- (1) For purposes of calculating the royalty payable, 10 mmbtu of gas is deemed equivalent to one barrel of crude oil. For B9A, the royalty may also be paid in kind with a volume of petroleum equivalent in value to one seventh the value of the petroleum sold or disposed of in each month. For B8/32, G6/48, G10/48 and G11/48, the royalty may also be paid in kind with a volume of petroleum equivalent in value to the amount of the royalty payable in the table above, with the petroleum delivered as payment included as petroleum sold or disposed of in the calculation. The following uses of petroleum are exempted from the royalty: (a) petroleum delivered as payment of royalty in kind; (b) petroleum produced and used in Thailand in its natural state for analyses, tests and in the conduct of petroleum exploration, production, conservation or transportation; (c) petroleum used or exported for analyses and tests; (d) gas transferred without consideration to other concessionaires for the purpose of conservation of petroleum resource; and (e) gas flared unavoidably in connection with petroleum production operations.
- (2) 6 mmbtu of gas is deemed equivalent to one barrel of crude oil for purposes of calculating the production per day in connection with the production bonus payment.
- (3) The production area licences may be extended up to 10 years with the consent of the Department of Mineral Fuels.
- (4) This exploration period does not include an additional exploration period of up to five years from 8 December 2015 for the reservation area of approximately 1,651 sq. km, comprising areas contiguous and non-contiguous to the Wassana production area.
- (5) This exploration period does not include an additional exploration period of up to five years from 13 February 2016 for the reservation area of approximately 1,056 sq. km, comprising areas contiguous and non-contiguous to the Nong Yao production area.
- (6) This exploration period does not include an additional exploration period of up to five years from 7 January 2016 for the reservation area of approximately 284 sq. km, comprising areas contiguous and non-contiguous to the Rossukon production area.

In addition to the above, the petroleum concessions provide the Thai Government with certain privileges. In relation to B8/32, the Thai Government has a right of first refusal to purchase oil and gas produced from the field. The cost which the Thai Government must pay for oil and gas is subject to a cap, which for oil is calculated based on a formula incorporating the yield of refined products obtained from the oil using the hydroskimming method, the average price of those products in Singapore and the aggregate refiner's cost and gross refinery margin, and for gas is determined as agreed upon by the operator and the Petroleum Committee in accordance with Section 58 of the Petroleum Act B.E. 2514. For B9A, the operator is required to give priority to local vessels for the transportation of petroleum supplies and equipment in Thailand and provide a scholarship to be granted to officers. For B8/32, G6/48, G10/48 and G11/48, the concessionaire must give preference to the use of local contractors, materials and equipment available in Thailand with regard to transport vehicles, road construction and other matters related to petroleum operations. Further, the concessionaire must spend a minimum of a sum ranging from US\$20,000 to US\$150,000 per year for the training of Department of Mineral Fuels personnel and the acquisition of technical and scientific literature, data and instruments for the Department of Mineral Fuels.

Special Remuneratory benefit (“**SRB**”) is a unique form of tax on “windfall profits” or annual additional petroleum profits, arising from substantial increases in the price of petroleum, or very low-cost discoveries. SRB is calculated annually on a block-by-block basis and varies from year-to-year, depending on the revenue per one meter of well drilled in a given year. SRB will not apply unless capital expenditures have been recovered in full.

The SRB will be calculated annually, and will be calculated on a block-by-block basis.

If the concessionaire has “Petroleum Profit for the Year”, calculated based on related annual income per one meter of well, the SRB is calculated at the following rates, subject to a ceiling of 75.0 per cent. of Petroleum Profit for the Year.

Rated Annual Income Per One Meter of Well	SRB
Up to Baht 4,800 . . . . .	Zero
Baht 4,800 to 14,400 . . . . .	1.0% per each Baht 240 increment
Baht 14,400 to 33,600. . . . .	1.0% per each Baht 960 increment
Over Baht 33,600 . . . . .	1.0% per each Baht 3,840 increment

In order to determine “Rated Annual Income per One Meter of Well”:

1. calculate annual Petroleum Income for the year, and adjust for inflation and exchange rates;
2. calculate the accumulated total meters of all wells (exploration wells, appraisal wells, production wells, etc.) drilled during the period of the concession; and

Rated Annual Income per One Meter of Well = Adjusted Annual Petroleum Income *divided by* (Total depth of all wells + GSF)

”**GSF**” means “Geological Stability Factor”, which shall be fixed for each geological region of Thailand, and shall not be less than 150,000 meters. The number will increase in areas where drilling is more difficult.

## Vietnam

The following table summarises certain fiscal terms of Blocks 105, 115 and 120.

	Block 105	Block 115	Block 120
<b>Royalty on oil</b>			
0-20,000 bopd . . . . .	6.0%	7.0%	4.0%
Over 20,000-50,000 bopd . . . . .	8.0%	9.0%	6.0%
Over 50,000-75,000 bopd . . . . .	10.0%	11.0%	8.0%
Over 75,000-100,000 bopd . . . . .	12.0%	13.0%	10.0%
Over 100,000-150,000 bopd . . . . .	17.0%	18.0%	15.0%
Over 150,000 bopd . . . . .	22.0%	23.0%	20.0%
<b>Royalty on gas</b>			
0-5 mmcf . . . . .	1.0%	0.0%	0.0%
Over 5-10 mmcf . . . . .	3.0%	3.0%	3.0%
Over 10 mmcf . . . . .	6.0%	6.0%	6.0%
Cost recovery limit <sup>(1)</sup> . . . . .	70.0% of gross reserves	70.0% of gross reserves	70.0% of gross reserves
<b>Pre-tax profit oil split (to contractor)</b>			
0-20,000 bopd . . . . .	75.0%	75.0%	40.0%
Over 20,000-50,000 bopd . . . . .	70.0%	70.0%	35.0%
Over 50,000-75,000 bopd . . . . .	65.0%	65.0%	30.0%
Over 75,000-100,000 bopd . . . . .	60.0%	60.0%	25.0%
Over 100,000-150,000 bopd . . . . .	55.0%	55.0%	20.0%
Over 150,000 bopd . . . . .	50.0%	50.0%	15.0%
<b>Pre-tax profit gas split (to contractor)</b>			
0 to 5 mmcf . . . . .	77.0%	77.0%	50.0%
Over 5 to 10 mmcf . . . . .	70.0%	70.0%	47.5%
Over 10 to 15 mmcf . . . . .	60.0%	60.0%	45.0%
Over 15 mmcf . . . . .	50.0%	50.0%	42.5%
Over 20 mmcf . . . . .	50.0%	50.0%	40.0%
<b>Income tax</b>			
During the first 12 months . . . . .	0.0%	32.0%	0.0%
During the second 12 months . . . . .	16.0%	32.0%	16.0%
After the second 12 months . . . . .	32.0%	32.0%	32.0%
Oil export duty . . . . .	10.0%	10.0%	4.0%
<b>Production bonus payments</b>			
<b>General</b>			
Within 30 days of first commercial discovery . . . . .	US\$1,000,000	US\$1,000,000	US\$ 2,000,000
Within 30 days of first commercial production . . . . .	US\$1,000,000	US\$1,000,000	US\$ 2,000,000
<b>Oil</b>			
Upon 20,000 bopd for 30 consecutive days . . . . .	US\$1,000,000	US\$1,000,000	US\$ 2,000,000
Upon 50,000 bopd for 30 consecutive days . . . . .	US\$2,000,000	US\$2,000,000	US\$ 3,000,000
Upon 75,000 bopd for 30 consecutive days . . . . .	US\$3,000,000	US\$3,000,000	US\$ 5,000,000
Upon 100,000 bopd for 30 consecutive days . . . . .	US\$4,000,000	US\$4,000,000	US\$ 7,000,000
Upon 150,000 for 30 consecutive days bopd . . . . .	US\$5,000,000	US\$5,000,000	US\$10,000,000



	Block 105	Block 115	Block 120
<b>Gas</b>			
Upon 5 mmcf for 30 consecutive days . . . . .	US\$1,000,000	US\$1,000,000	US\$2,000,000
Upon 10 mmcf for 30 consecutive days . . . . .	US\$1,000,000	US\$1,000,000	US\$3,000,000
Upon 15 mmcf for 30 consecutive days . . . . .	US\$1,000,000	US\$1,000,000	US\$4,000,000
PetroVietnam option . . . . .	20.0%	20.0%	20.0%
Expiry date . . . . .	The phase one exploration period expires 2 February 2017	The phase one exploration period expires 30 March 2018	The phase two exploration period expires 22 January 2017

Note:

<sup>(1)</sup> The contractor is entitled to recover its costs out of net production. The costs are recovered on a first-in-first-out basis and carried forward to the next succeeding quarter (without interest) until fully recovered. There is no depreciation of capital costs. The cost recovery limit is the maximum percentage of hydrocarbons which is permitted to be allocated to cost recovery.

### Unrecovered and Sunk Cost Pools

Under a PSC environment, the contractor's revenue entitlements include a component that provides the contractor with the right to recover eligible operating and capital costs that the contractor has incurred. Unrecovered cost pools are the outstanding balances of recoverable costs that the contractor is entitled to receive from future revenue streams, these balances occur when eligible expenditures are greater than revenue streams.

In the case of KrisEnergy's contract areas in Thailand (which is not a PSC environment), the sunk cost pools goes towards carried forward tax losses which could be offset against future revenues from petroleum production.

The following table shows KrisEnergy's Working Interest (excluding the Recent Transactions) in the unaudited unrecovered and sunk cost pools for each contract area in which KrisEnergy has an interest. These costs are unaudited and subject to audit by the respective host government and the non-operator participants.

Country	Asset	Classification	Unaudited Working Interest amount as of 30 September 2016 (US\$ thousands)
Bangladesh . . . . .	Block 9	Unrecovered cost pool	—
Bangladesh . . . . .	SS-11	Unrecovered cost pool	3,389
Cambodia . . . . .	Cambodia Block A	Unrecovered cost pool	179,720 <sup>(1)</sup>
Indonesia . . . . .	Bulu PSC	Unrecovered cost pool	42,744
Indonesia . . . . .	Block A Aceh	Unrecovered cost pool	105,474 <sup>(2)</sup>
Indonesia . . . . .	East Seruway PSC	Unrecovered cost pool	10,454
Indonesia . . . . .	Kutai PSC	Unrecovered cost pool	50,364 <sup>(3)</sup>
Indonesia . . . . .	Bala-Balakang PSC	Unrecovered cost pool	10,516
Indonesia . . . . .	Udan Emas PSC	Unrecovered cost pool	31,651
Indonesia . . . . .	Sakti PSC	Unrecovered cost pool	16,764

Country	Asset	Classification	Unaudited Working Interest amount as of 30 September 2016  (US\$ thousands)
Thailand	B8/32	Sunk cost pool	—
Thailand	B9A	Sunk cost pool	—
Thailand	G6/48	Sunk cost pool	13,575
Thailand	G10/48	Sunk cost pool	258,800
Thailand	G11/48	Sunk cost pool	66,931
Vietnam	Block 105 PSC	Unrecovered cost pool	46,268
Vietnam	Block 115 PSC	Unrecovered cost pool	2,391
Vietnam	Block 120 PSC	Unrecovered cost pool	34,528
<b>Total</b>			<u>873,568</u>

Notes:

- (1) Cambodia Block A calculated based on 95 per cent. working interest.
- (2) Block A Aceh calculated based on 41.6666 per cent. of working interest.
- (3) Kutai calculated based on 54.6 per cent. of working interest.

### Joint Operating Agreements

All of the contract areas in which KrisEnergy participates (other than the East Seruway PSC and Udan Emas PSC in Indonesia, in which KrisEnergy holds 100.0 per cent. interests) operate under the terms of JOAs to which all of the participants in the relevant contract area are party (although B8/32 and B9A operate under JOAs as well, because KrisEnergy holds its interest in these contract areas through its minority interests in B8/32 Partners and OEL, KrisEnergy is not a party to the JOAs for these contract areas). Under these agreements, the operator carries out the day-to-day operations of the contract areas including, among others, tasks such as preparing and submitting a proposed work programme and budget, acquiring the relevant permits and licences and procuring necessary insurance. The relevant operator operates these contract areas under the direction of an operating committee consisting of one nominee from each party to the JOA. The operating committee is responsible for strategic decision making at these contract areas and generally makes decisions regarding, among others, minimum work obligations, whether to drill, deepen, test, sidetrack, plug back, complete or explore, appraise and develop wells, development plans and production programmes, whether to abandon, construct, purchase or lease equipment, work programmes and budgets and whether a discovery is commercial. Each nominee on the operating committee has total votes in proportion to the nominating party's interest in the relevant contract area. Decisions of the operating committee can be made by votes of the operating committee ranging from a simple majority for routine decisions to super majorities or unanimous requirements in the case of important decisions. Generally, to be approved, votes must include votes by nominees from at least two non-affiliated parties.

The operators also maintain a joint account for the participants in the contract area, generally denominated in US dollars, in which the operator charges to the account expenses related to operating the contract area and credits to the account revenue received in connection with operating the contract area. For operating the contract areas, the operators may charge to the joint account their direct costs and expenditures incurred in connection with joint operations conducted, as well as indirect costs representing the cost of general assistance and support services it and its affiliate provide. The participants in each contract area must provide the relevant operator with monthly cash calls equivalent to their proportionate interest in the estimated monthly expense of operating the contract area.

Petroleum operations other than operations pursuant to an approved development plan can be conducted unilaterally by any participant in a contract area as an exclusive operation. To undertake an exclusive operation, such an operation has to be properly proposed to the other parties to the contract area, who then have the ability to consent or not consent to the operation. All parties that consent to the operation will bear the costs of and own the interests in the operation in proportion to their respective participating interests. Non-consenting parties bear no costs and have no rights in relation to the operation.

## MARKETING ACTIVITIES AND CUSTOMERS

For a description of KrisEnergy's sales and marketing in connection with these contract areas, see "*Description Of The Group—Contract Areas—Producing Contract Areas—B8/32 and B9A, Gulf of Thailand—Sales and Marketing*", "*Description Of The Group—Contract Areas—Producing Contract Areas—G10/48, Gulf of Thailand—Sales and Marketing*", "*Description Of The Group—Contract Areas—Producing Contract Areas—G11/48, Gulf of Thailand—Sales and Marketing*" and "*Description Of The Group—Contract Areas—Producing Contract Areas—Block 9, Onshore Bangladesh—Sales and Marketing*". The relevant operator of each of KrisEnergy's contract areas is responsible for marketing all jointly marketed products.

Although Petrobangla and PTT contributed 100.0 per cent. to the Issuer's revenues for each of the years ended 31 December 2013<sup>(1)</sup>, 2014, 2015 and the first nine months of 2016, in line with its accounting policy for joint operations (in the case of Block 9 and G10/48) and its accounting policy for a party to a joint arrangement (in the case of B8/32, B9A and G11/48), KrisEnergy recognises its Working Interest share of the sale of oil and gas in its financial statements from the joint interest accounts issued to it by the operators of the contract areas. As KrisEnergy is not the operator of B8/32, B9A and G11/48, and in line with industry practice, it is not provided with a breakdown of its share of revenue by customer from these concessions, nor does it have the means to obtain such information.

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Note:

<sup>(1)</sup> Gas and condensate sales from Glagah-Kambuna TAC to PT Perusahaan Listrik Negara ("PLN") and PT Pertiwi Nusantara Resources ("PNR") and Pertamina contributed to the Issuer's revenues for the year ended 31 December 2013. Gas and condensate production from Glagah-Kambuna TAC ceased on 11 July 2013 and the block was relinquished on 31 December 2013

## INSURANCE

Insurance policies for a contract area are typically procured by the relevant operator on behalf of the joint-operations participants and maintained for the benefit of the joint account under the relevant JOA with the exception of general liability risks, which is procured individually. For those blocks that KrisEnergy operates, its policy is to maintain insurance arrangements that comply with the insurance requirements of the jurisdictions in which it operates, currently Bangladesh, Cambodian, Indonesian and Thai law. In line with this policy, KrisEnergy's insurance (including that which the operators of the assets in which it has interests are required to maintain pursuant to the terms of relevant laws and the relevant JOA) currently includes coverage relating to damage caused by fire, lightning or explosion to properties, physical loss or damage to project property works, damage to drilling rigs and equipment, cost of well control, seepage, pollution, clean-up and contamination, re-drilling and restoration, damage in respect of cargo conveyance of materials, comprehensive general liability, and coverage for damage caused by earthquake and volcanic eruptions, windstorms, tornadoes, cyclones, hurricanes and similar storms. In addition, KrisEnergy's insurance also provides coverage for personal accident and medical health. In Vietnam, KrisEnergy maintains the requisite social and health coverage for employees working at its office. The Directors undertake regular review of the insurance adequacy on an annual basis and believe that the existing insurance coverage is adequate. Further, KrisEnergy believes that its existing insurance coverage is generally in line with international and

industry standards in the countries where it operates. However, industry standards with respect to insurance coverage in Southeast Asia may differ from that which investors may be accustomed in other regions. See “*Risk Factors — Risks Relating to the Group — The Group’s insurance coverage may not cover all types of possible losses and may be insufficient to cover certain losses*”.

## COMPETITION

The oil and gas industry is highly competitive in the search for, and acquisition of, assets, resources and licences, the procurement of rigs and other production equipment, the production and marketing of oil and gas and in the recruitment and employment of qualified personnel. The primary areas in which KrisEnergy encounters substantial competition are in locating and acquiring desirable acreage for its drilling and development operations, locating and acquiring attractive contract areas, and obtaining equipment for drilling operations. In addition, KrisEnergy competes with oil and gas companies in the bidding for exploration and production licences that are made available by governments or are for sale by third parties. In some jurisdictions in Southeast Asia, such as Malaysia, competitive bidding is the predominant method for acquiring contract areas. There is also competition between producers of oil and gas and other industries producing alternative energy and fuel.

Although KrisEnergy competes with companies engaged in oil and gas activities within Southeast Asia, it also engages in joint operations with many of these companies through its farm-in, farm-out and resource sharing arrangements, which presents it with opportunities to collaborate for the procurement of acreage, resources and equipment.

KrisEnergy competes with a substantial number of other companies that have greater resources than it does. Many of these companies explore for, produce and market oil and gas, carry on refining operations and market the resulting products on a worldwide basis. Such competitors include national oil and gas companies, major oil and gas companies and independent oil and gas companies.

## EMPLOYEES

The following tables summarise the number of employees by location as of 31 December 2013, 2014 and 2015 and 30 September 2016.

### Employees by Geographical Location

	As of 31 December			As of 30 September
	2013	2014	2015	2016
Singapore . . . . .	33	41	43	38
Bangladesh . . . . .	74	83	80	74
Cambodia . . . . .	2	7	10	10
Indonesia . . . . .	39	51	56	29
Thailand . . . . .	8	34	42	35
Vietnam . . . . .	8	8	8	8
<b>Total . . . . .</b>	<b>164</b>	<b>224</b>	<b>239</b>	<b>194</b>

The increase in the number of KrisEnergy’s employees from 31 December 2013 to 31 December 2015 was in line with the general expansion of the Group’s activities.

The decrease in the number of KrisEnergy's employees from 31 December 2015 to 30 September 2016 was in line with its focus on cutting costs through a combination of reductions, including a reduction in employee headcount across its Group.

## LEGAL PROCEEDINGS

From time to time KrisEnergy and/or its subsidiaries and joint operations are party to, and its properties are the subject of, litigation, arbitration or administrative proceedings. However, KrisEnergy is not and has not been, and none of its subsidiaries or joint operations is or has been, a party to, nor has its property been the subject of, any legal or arbitration proceedings, including those which are pending or known to be contemplated, which it believes may have or which have had during the 12 months immediately preceding the date of Information Memorandum, a material adverse effect on its financial position or profitability, and, insofar as KrisEnergy is aware, no such legal or arbitration proceedings are pending or threatened.

In connection with the Group's acquisition of a 30.0 per cent. operated Working Interest in Block 9 onshore in Bangladesh in 2013, the Group signed a sale and purchase agreement with Tullow Oil International Limited ("**Tullow**") to acquire all of the outstanding shares in KrisEnergy Bangladesh Limited (formerly known as Tullow Bangladesh Ltd) ("**KrisEnergy Bangladesh**"). As the operator of Block 9, KrisEnergy Bangladesh had on 3 February 2013 successfully obtained judgement from the High Court of Bangladesh against the Commissioner of Taxes of Bangladesh for a tax assessment confirming the deductibility of up to US\$118.63 million in respect of past expenditure in Block 9 (the "**Bangladesh Tax Dispute**"). Based on the prevailing Bangladesh corporate income tax rate of 37.5 per cent., the Bangladesh Tax Dispute presents a potential tax liability of around US\$44.49 million excluding late interests and penalties. Although the decision of the High Court of Bangladesh was given in favour of KrisEnergy Bangladesh, an appeal to the Appellate Division of the Supreme Court of Bangladesh was filed by the Commissioner of Taxes of Bangladesh on 2 June 2013. The appeal to challenge the decision of the High Court of Bangladesh in favour of KrisEnergy Bangladesh is due to be heard in the last quarter of 2016. Should the appeal be delayed or the appeal judgement be contested, the ultimate outcome may not be determined until the legal process is complete, which may take many years. Under the terms of the Block 9 Production Sharing Contract, Bangladesh Oil, Gas & Minerals Corporation ("**Petrobangla**"), which among its functions acts as the Bangladesh petroleum public sector statutory and regulatory body, is liable to pay properly assessed income tax on behalf of Block 9 Contractor parties.

In this connection, the purchaser of KrisEnergy Bangladesh, KrisEnergy Asia Holdings BV, a wholly-owned subsidiary of the Issuer, and the vendor, Tullow had on 8 April 2013 entered into a tax deed for which Tullow shall indemnify KrisEnergy Asia Holdings BV as to any tax, claims or losses arising from the Bangladesh Tax Dispute, whether before or following the completion of the acquisition of KrisEnergy Bangladesh. In addition, Tullow Oil plc, the ultimate parent of Tullow and an international oil and gas company listed on the London Stock Exchange plc, has provided a deed of guarantee dated 8 April 2013 guaranteeing all obligations of Tullow, including that under the tax deed.

Based on Indonesian Regulation No. PER-11/PJ/2012, which came into force on 20 April 2012, the Directorate General of Tax in Indonesia calculated the LBT for applicable production sharing contract areas in assessment years 2012-2014 based on a broad interpretation of "area" as the taxable object to mean the entire PSC area. The tax position was later clarified by Indonesian Regulation No. PER-45/PJ/2013 ("**PER-45**"), which came into force on 1 January 2014, such that the taxable object may be land and/or buildings within an area used for an oil, gas or geothermal mining business (and not the entire area). PER-45 further clarified that areas on which exploration activities were carried out would not attract the LBT. However, notwithstanding the clarifications provided in PER-45, existing assessments (for years 2012-2014) were not automatically readjusted but were instead required to be appealed to the Indonesian Tax Court.

Two of KrisEnergy's Indonesian blocks, Udan Emas PSC and Bala-Balakang PSC, held by KrisEnergy (Udan Emas) B.V. and KrisEnergy (Bala-Balakang) B.V. respectively have received LBT assessments for the years 2012-2014 (6 assessments in all). KrisEnergy is appealing all of these assessments. Three of the appeals were dismissed on technical grounds by the Indonesian Tax Court and have been appealed to the Indonesian Supreme Court. KrisEnergy is currently awaiting their decision. Two of the appeals have been heard by the Indonesian Tax Court and we are awaiting a decision. One of the appeals is still being heard by the Tax Court. If all appeals are lost, the potential total tax liability is around USD5.3 million excluding late interests and penalties.

## **ENVIRONMENTAL, HEALTH, SAFETY AND SECURITY MATTERS**

KrisEnergy is committed to upholding procedures to protect the environment and enforce EHSS mechanisms through accountability at all levels, suitable policies, feedback and full compliance by each employee and contractor to all policies KrisEnergy develops. The Issuer requires adherence to these policies as they are crucial elements for the sustainable development and continued success.

The purpose of KrisEnergy's EHSS policies is to provide overall direction for its EHSMS. EHSMS is a company-wide system consisting of environment, health and safety management systems, standards and procedures, which detail the requirements for effective environmental, personal and process safety practices that supplements KrisEnergy's EHSS policies. The policies demonstrate KrisEnergy's commitment to strive for EHSS performance improvement and provide a framework for setting the overall EHSS objectives against which KrisEnergy's performance is ultimately measured.

The Chief Executive Officer is responsible for approving, endorsing and signing policy documents and providing the necessary support to achieve the requirements of the EHSS policies. The Vice President Operations is responsible for the general management of EHSS policies, including the development and maintenance of draft policies and an annual review of those policies.

As of 2016, as part of the EHSMS, in the Dhaka, Jakarta and Singapore offices and Bangladesh operations, KrisEnergy has achieved the OHSAS 18001 (an internationally recognised Occupation Health and Safety management standard) and ISO 14001 certification (an internationally recognised environmental management standard) from SGS International Certification Services accredited by the Swiss Accreditation Service and the United Kingdom Accreditation Service respectively. It is KrisEnergy's intention to undertake the auditing and certification processes at all of its offices and operations in the near future. All of KrisEnergy's EHSS policies and procedures are compliant with the OHSAS 18001 and ISO 14001 requirements.

Each of KrisEnergy's subsidiaries, employees and direct contractors are made aware of and are required to comply with all of its EHSS policies, procedures and processes as well as applicable host country laws, regulations and requirements governing environmental protection and related issues. In a case where no host country regulations exist or a regulation is inadequate, KrisEnergy will employ KrisEnergy's subsidiaries conduct all aspects of petroleum exploration and production operations. Each subsidiary complies with KrisEnergy's corporate environmental policies and local environmental regulations in the planning of operational activities to minimise their impact on the environment and to conserve natural resources. KrisEnergy's subsidiaries are also responsible for communication of its activities to concerned individuals and groups and continuous improvement of activities via performance monitoring, audits, feedback and training.

Mandatory adherence to these key principles ensures that each of the subsidiaries' employees and contractors are aware of and fulfil their EHSS responsibilities in all operational and business activities. All contracting companies and individuals are required to comply with their own EHSS policies as well as those of the Issuer. KrisEnergy will not knowingly conduct business or contract with individuals or companies who cannot comply with its EHSS requirements.



## **ANTI-BRIBERY AND ANTI-CORRUPTION**

KrisEnergy has issued policies and implemented internal procedures and measures designed to ensure compliance with applicable anti-bribery and anti-corruption laws and regulations, including the Foreign Corrupt Practices Act and the UK Bribery Act. As part of the compliance programme, employees receive regular briefings and annual training on the code of conduct and associated policies and expected standards of behaviour. All directors and employees undergo, at a minimum, training that deals with fraud and corruption risks and receive briefings as needed in each office. The training and briefings are repeated annually as part of the ongoing compliance programme.

Consistent with KrisEnergy's commitment to good governance, measures have been for its contractors, suppliers' agents and partners to be familiar with KrisEnergy's policies and act in accordance with its policies.

## **CORPORATE SOCIAL RESPONSIBILITY**

Although KrisEnergy's activities are mostly conducted offshore, it recognises that its activities are likely to affect nearby communities. KrisEnergy takes its responsibilities towards local communities seriously and is committed to ensuring that the impact is positive. The Issuer believes that education empowers people, therefore it supports various educational programmes across Southeast Asia, and charities which specifically focus on the needs and development of children. Over the last three years, the Issuer has provided financial support to an Australian trust which runs orphanages in Cambodia, a scholarship programme for impoverished girls to attend school in Thailand and several primary schools in Vietnam. Where appropriate, community development programmes are planned in consultation with local communities and authorities to provide practical and sustainable results. Throughout the years, KrisEnergy has supported several educational programmes throughout Southeast Asia and contributed to the welfare and development of children and teenagers. KrisEnergy's contributions included educational sponsorships, mentoring and supporting students in social entrepreneurship initiatives, financial and equipment donations to orphanages and donations for disaster relief.

## **INTELLECTUAL PROPERTY**

KrisEnergy licenses from various host governments and third-party data providers digital geological and well data comprising in the aggregate over 1.5 million sq. km of seismic data throughout the entire Southeast Asia region from Myanmar in the west to Papua New Guinea in the east. The data includes base maps showing existing wells, fields and contract boundaries, seismic and well data, topographic and hydrographic basins, surface geology and regionally compiled basement structure. KrisEnergy uses this data to aid in its evaluation of opportunities and its exploration efforts. Its business and profitability are not dependent on and it does not have any registered trademark or patent or any material intellectual property rights other than its data licences.

## **RESEARCH AND DEVELOPMENT**

The nature of KrisEnergy's business does not require it to carry out research and development, and KrisEnergy has not carried out any significant research and development in the last three fiscal years.

## **SEASONALITY**

Seasonal weather conditions can limit the Group's exploration, drilling and production activities and other oil and gas operations in certain areas. KrisEnergy typically does not experience and has not experienced any other significant seasonality in its business in the last three fiscal years.



## MATERIAL INDEBTEDNESS

*The following summaries of the material terms of the Revolving Credit Facility, Zero Coupon Secured Notes and Unsecured Term Loans do not purport to be complete and is subject to, and qualified in their entirety by reference to, the definitive underlying documents once in final and agreed form.*

### **Revolving Credit Facility**

In March 2014, KrisEnergy (Asia) Ltd, the Issuer's wholly-owned subsidiary (the "**RCF Borrower**"), entered into a US\$100.0 million revolving credit facility with HSBC as the lender. The original two year term of the facility has been extended previously and the current maturity date is 30 June 2018. All of the commitments under the facility and participations in loans made under the facility were transferred to DBS Bank Ltd (the "**RCF Lender**") pursuant to transfer certificates dated on 30 June 2016. The facility was increased to US\$148.3 million in July 2016.

### **November 2016 Bridge Upsize**

The facility amount was further increased in November 2016 by US\$50.0 million (the "**Bridge Commitments**"). The Bridge Commitments are available for a period of six months and will be automatically cancelled at the end of this period or, if earlier, at the time(s) of receipt by any member of the Group of the gross proceeds of any funds raising (subject to certain exceptions including, without limitation, the proceeds of certain permitted disposals, permitted financial indebtedness, permitted loans and permitted transactions, a "**Funds Raising**"). It is expected that the utilisations under the Bridge Commitments will be repaid, and the Bridge Commitments cancelled, using the proceeds from the Funds Raising pursuant to the issuance of the Zero Coupon Secured Notes. Of the Bridge Commitments, US\$15.0 million was utilised on 8 November 2016 and US\$35.0 million may only be utilised following the satisfaction (or waiver by the RCF Lender) of certain conditions precedent (additional to those applicable to all loans requested under the facility) (the "**Additional Bridge CPs**"). The Additional Bridge CPs include, among other things: (i) a requirement that KrisEnergy (Apsara) Ltd and KrisEnergy (Cambodia) Holding Ltd (the "**Additional CBA Obligors**") accede to the facility agreement as guarantors and that security is granted over all of the issued shares in each of them and over certain accounts held by them (the "**CBA Security**"); (ii) a requirement to provide supplemental security reflecting the existing security package outlined below; and (iii) a requirement to provide evidence that the Extraordinary Resolutions proposed in respect of each series of the Existing Notes in each Notes Exchange have been duly passed or are otherwise irrevocable. The Additional Bridge CPs have not yet been satisfied and, pursuant to the terms on which the Bridge Commitments have been made available, were required to be satisfied by 19 December 2016 or such later date as the RCF Lender may agree. On 19 December 2016 it was agreed that the Longstop Date (as defined in the December 2016 Amendment Agreement (as defined below)) would be extended to 28 December 2016 or such later date as the RCF Lender may agree and on 23 December 2016 it was agreed that the Longstop Date would be extended to 5 January 2017 or such later date as the RCF Lender may agree. The Longstop Date was further extended to 6 January 2017 and the Additional Bridge CPs have, save for the requirements to grant new share security over, and to enter into amendment agreements in respect of the existing security documents securing, shares in Orange Energy Limited and B8/32 Partners Limited (the "**Thai Share Security CPs**"), now been satisfied. The Thai Share Security CPs have been waived on the condition that amendment agreements in respect of the existing share pledges over the shares in Orange Energy Limited and B8/32 Partners Limited respectively (which were granted to secure the Revolving Credit Facility) are entered into, and any required board approvals of the boards of directors of Orange Energy Limited and B8/32 Partners Limited are provided, by the earlier of (i) the date falling 150 days after 6 January 2017 and (ii) the date falling one business day after the date of the next meeting of the board of directors of Orange Energy Limited and B8/32 Partners Limited respectively to occur after 6 January 2017.

The Company has entered into an amendment agreement with the RCF Lender on 9 December 2016 (the "**December 2016 Amendment Agreement**") amending the amendment agreement dated 3 November 2016 in respect of the Revolving Credit Facility to waive the requirement to provide certain

of the Additional Bridge CPs prior to utilisation of US\$25.0 million of the remaining US\$35.0 million of the Bridge Upsize (without prejudice to the requirement to deliver these Additional Bridge CPs by 19 December 2016 or such later date as the RCF Lender may agree). The December 2016 Amendment Agreement also requires security over the shares of the Additional Security Providers and security over certain accounts held by the Additional Security Providers (which the Company had previously agreed with the RCF Lender would be granted to secure the Revolving Credit Facility) to be granted no later than the earlier of (i) the Issue Date of the Zero Coupon Secured Notes and (ii) 31 January 2017.

In addition to the Additional Bridge CPs, it has been agreed with the RCF Lender that the following additional security will be granted to secure the Revolving Credit Facility:

- i. security over the shares in each of:
  - a. KrisEnergy (Phu Khanh 120) Ltd;
  - b. KrisEnergy (Vietnam 115) Ltd;
  - c. KrisEnergy (Song Hong 105) Ltd;
  - d. KrisEnergy (Bangladesh SS-11) Ltd;
  - e. KrisEnergy East Seruway B.V.;
  - f. KrisEnergy (Bala-Balakang) B.V.;
  - g. KrisEnergy (Sakti) B.V.; and
  - h. KrisEnergy (Udan Emas) B.V.,(together, the “**Additional Security Providers**”); and
- ii. security over certain accounts held by the Additional Security Providers,  
(together with the CBA Security, the “**Additional Security**”).

### **Intercreditor Agreement**

It is intended that the security under the Revolving Credit Facility (including the Additional Security) will secure both the Revolving Credit Facility on a first ranking basis and the Zero Coupon Secured Notes on a junior ranking basis. The priority of payments as between the Group’s secured creditors will be governed by an intercreditor agreement to be entered into on or before the issuance of the Zero Coupon Secured Notes which will provide, among other things, (1) that the security which secures the Group’s obligations under the Revolving Credit Facility on a first ranking basis may, until such time as the Revolving Credit Facility has been discharged in full, only be enforced by the common security agent following instructions to this effect from the agent under the Revolving Credit Facility and, thereafter, on the instructions of the trustee for the Zero Coupon Secured Notes and (2) that the security which secures the Issuer’s obligations under the Zero Coupon Secured Notes on a first ranking basis may only be enforced by the common security agent following instructions to this effect from the trustee for the Zero Coupon Secured Notes.

### ***Additional Proposed Amendments***

The Issuer is currently in discussions with the RCF Lender to make certain other commercial changes to the facility, in particular to some of the more onerous provisions which were included in connection with the amendment and restatement of the Revolving Credit Facility in March 2016. The proposed changes include (without limitation):

- i. express permission for the Group to enter into disposals and divestments which have been approved by the Issuer's board of directors in line with the New Business Plan;
- ii. the conversion of the financial covenants in the facility into information undertakings (i.e. so that breach of those financial covenants will not result in a default under the facility);
- iii. the removal of the requirement to reduce the Total Commitments to US\$55.0 million on or before 31 July 2016;
- iv. the removal of the requirement to maintain a minimum available liquidity level and a minimum cash balance;
- v. the removal of the requirement to maintain compliance with a minimum loans to reserves ratios; and
- vi. the removal of the requirement to complete capital raisings in a minimum amount of US\$150.0 million by 30 November 2016,

together, the "**Proposed Amendments**".

The Proposed Amendments set out in paragraphs (iii) to (vi) above (as well as the leverage ratio) have been conditionally waived in anticipation of completion of the amendment and restatement of the facility to reflect these proposed changes (among other things).

#### ***Other terms***

Since July 2016, the purpose and amount of all new loans requested under the facility (excluding rollover loans) have required the approval of a transition committee consisting of no less than four of the Issuer's directors.

The facility bears interest at a rate of 2.6 per cent. per annum (in respect of utilisations of the Bridge Commitments) and 5.2 per cent. per annum (in respect of utilisations of commitments other than the Bridge Commitments), in each case above LIBOR.

#### ***Purpose***

The RCF Borrower is required to apply all amounts that it borrows under the facility towards (a) paying fees, costs and expenses incurred in connection with the facility; and (b) the general corporate purposes and working capital requirements of the Borrower Group (as defined below) (including onlending to the Group for their general corporate purposes to the extent the same is provided for in the then most recent model delivered to the RCF Lender).

#### ***Prepayment***

The RCF Borrower may, by giving five business days' prior notice, prepay in whole or in part (if in part, in a minimum amount of US\$5.0 million and in integral multiples of US\$1.0 million) the outstanding amount under the facility without premium or penalty other than funding breakage costs for prepayments occurring other than at the end of an interest period. The available commitments of any lender for whom it becomes illegal to fund, issue or maintain its participation in any utilisation of the facility will be immediately cancelled, and all of that lender's participations in outstanding loans will be payable on the last day of the relevant interest period or, if earlier, on the last day of any applicable grace period under law. If there is a change of control, the lender(s) may, subject to a negotiation period of not more than ten days, declare the outstanding loans immediately due and payable. A change of control event under the facility occurs when any person or group of persons, acting in concert, directly or indirectly gains control over the Issuer, which is defined as: (i) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to (A) cast, or control

the casting of, more than one-half of the maximum number of votes that might be cast at a general meeting of the Issuer; (B) appoint or remove all, or the majority, of the directors or other equivalent officers of the Issuer; or (C) give directions with respect to the operating and financial policies of the Issuer with which the directors or other equivalent officers of the Issuer are obliged to comply; or (ii) the holding beneficially of more than 50 per cent. of the issued share capital of the Issuer (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital).

The RCF Borrower also has the right to prepay a lender to whom it is required to make increased gross-up payments or who makes a claim under the tax indemnity or increased costs provisions or who is a defaulting lender (being, a lender who, among other things, fails to fund its participation in a loan or becomes insolvent). The RCF Borrower is also required to prepay the facility using the proceeds of any capital raising (being, in summary, the raising of funds by any member of the Group by way of the issuance of shares, any option or other right to acquire shares or any other means which would be treated as equity under IFRS (a “**Capital Raising**”). To the extent that the gross proceeds of any Capital Raisings from time to time exceed US\$100.0 million, the RCF Borrower is required to prepay utilisations of the facility by the lesser of (i) 25 per cent. of the amount by which those proceeds exceed (in aggregate) US\$100.0 million and (ii) the amount required to reduce all outstanding utilisations at the relevant time to US\$30.0 million (subject to certain exceptions).

### ***Financial covenants***

The RCF Borrower shall ensure that:

- a. on each of 31 March, 30 June, 30 September and 31 December, the borrower group under the facility, being each of the Existing Obligors (as defined below) other than the Issuer (the “**Borrower Group**”), has a ratio of consolidated total debt to consolidated EBITDAX for a period of 12 months ending on that date that does not exceed 3.75 to 1; and
- b. (i) on each of 31 March, 30 June, 30 September and 31 December and the last day of any calendar month in which Capital Raising proceeds are received, available liquidity for each of the twelve successive calendar month periods following such date exceeds total expenditure for each such calendar month by at least US\$15.0 million (or its equivalent); and (ii) at all times the aggregate amount standing to the credit of the Collection Accounts is no less than US\$15.0 million (or its equivalent).

(As referred to above, these requirements have been conditionally waived).

The Issuer is required to ensure that on each of 31 March, 30 June, 30 September and 31 December, the consolidated total debt of the Group does not exceed the consolidated equity of the Group.

As mentioned above, the financial covenants are intended to be converted to information undertakings as part of the Proposed Amendments.

No member of the Borrower Group may make any Distributions (as defined in the Revolving Credit Facility Agreement), including dividends or distributions on its share capital and any repayments of principal or payments of interest or other amounts on shareholder loans, if on the last date of the most recent financial quarter the ratio of consolidated EBITDAX for the Borrower Group to net finance charges of the Borrower Group for the period of 12 months ending on that date is less than 2.25:1 and, in any event, only to the extent that such payment is permitted to be made from the relevant obligor’s accounts under the facility agreement. The Issuer may not make any Distributions without the prior written consent of the RCF Lender.

### ***General undertakings***

The facility contains customary operating and financial covenants, subject to certain agreed exceptions, including covenants restricting the ability of the RCF Borrower and each guarantor (and, in certain circumstances, the subsidiaries of such parties and/or the Issuer) to, among other things:

- create security (this only applies to the Issuer in respect of the shares it holds in KrisEnergy Holding Company Ltd and any financial indebtedness extended by it to any obligor);
- sell, lease, transfer or dispose of assets (this does not apply to the Issuer);
- merge or consolidate with other companies (this does not apply to the Issuer);
- make a substantial change to the general nature of its business (this does apply to the Issuer);
- incur indebtedness (this does apply to the Issuer, subject to exceptions); and
- make loans or issue guarantees (this does not apply to the Issuer).

### ***Events of default***

The facility sets out certain events of default, the occurrence of which would allow the lender(s) to accelerate all outstanding loans and cancel their commitments and/or declare that all or part of the utilisations and other amounts outstanding are immediately due and payable and/or (subject to the terms of the Intercreditor Agreement) enforce the relevant security. The events of default include, among other events and subject in certain cases to grace periods, thresholds and other qualifications:

- (a) payment default;
- (b) change in ownership of an obligor (other than the Issuer);
- (c) breach of representations and warranties, general covenants, information covenants, financial covenants and other obligations;
- (d) bankruptcy, insolvency, expropriation, audit qualification, cessation of business, insolvency proceedings, creditors' process or analogous events in relation to the obligors;
- (e) cross default with any other indebtedness of the Group;
- (f) any of the facility documents becoming ineffective or unlawful or being repudiated;
- (g) delisting or suspension from trading on the SGX-ST for a continuous period exceeding 20 market days of our shares; and
- (h) any event or circumstance occurs which the majority lenders reasonably believe has or is reasonably likely to have a material adverse effect.

### ***Security and Guarantees***

The facility is or will be secured and guaranteed by:

- (a) security over the shares of KrisEnergy (Asia) Ltd, KrisEnergy Holding Company Ltd, KrisEnergy International (Thailand) Holdings Ltd, KrisEnergy (Satria) Ltd, KrisEnergy Asia Coöperatief UA, KrisEnergy Asia Holdings B.V., KrisEnergy (Gulf of Thailand) Ltd., KrisEnergy Bangladesh Limited, KrisEnergy (Block A Aceh) B.V., KrisEnergy Netherlands Holdings Pte Ltd, KrisEnergy Management Ltd (and, together with the Issuer, the “**Existing Obligors**”). The Additional Bridge CPs include a requirement that the Additional CBA Obligors

accede to the facility agreement as guarantors and that security is granted over all of the issued shares in each of them. The Additional CBA Obligor are also required to grant security over certain accounts held by each of them. Security will be granted over all of the issued shares in each of the Additional Security Providers and each of the Additional Security Providers will be granting security over certain accounts held by each of them;

- (b) security over the shares held by KrisEnergy (Gulf of Thailand) Ltd in Orange Energy Limited and B8/32 Partners Limited;
- (c) “all asset security” over the present and future assets and rights of the Existing Obligors (except the Issuer and except for each of KrisEnergy Satria Ltd, KrisEnergy (Block A Aceh) B.V. and KrisEnergy Management Ltd, who have each granted an assignment of their rights under certain intercompany loans and account security);
- (d) assignment by the Existing Obligors and certain other members of the group of their present and future claims under intercompany loans;
- (e) account charges over certain accounts held by certain Existing Obligors, as well as KrisEnergy Pte Ltd and KrisEnergy G10 (Thailand) Ltd; and
- (f) unconditional and irrevocable guarantees of payment from each of the Existing Obligors. As noted above, the Additional Bridge CPs include a requirement that the Additional CBA Obligor accede to the facility agreement as guarantors and each of the Additional CBA Obligor will thereby grant unconditional and irrevocable guarantees of payment.

### **The Zero Coupon Secured Notes**

Pursuant to the Preferential Offering, the Issuer will issue up to S\$140 million of Zero Coupon Secured Notes. See “*The Proposals — Background, reasons for and benefits of the Proposals*” of the Consent Solicitation Statement.

#### ***Interest***

The Zero Coupon Secured Notes will not bear any interest.

#### ***Covenants***

The Zero Coupon Secured Notes will have the benefit of the same covenants as the New Notes, except that the terms and conditions of the New Notes restrict the ability of the Issuer to redeem, repurchase, defease or otherwise retire for value the Zero Coupon Secured Notes prior to the Maturity Dates of the New Notes.

#### ***Security***

The Zero Coupon Secured Notes will benefit from (a) first ranking security over the shares of SJ Production Barge Ltd and (if applicable) an account charge over certain accounts held by SJ Production Barge Ltd (together, the “**Notes Security**”) and (b) junior ranking security over the security granted or to be granted in favour of the Revolving Credit Facility, including:

- (i) security over the shares of KrisEnergy (Asia) Ltd, KrisEnergy Holding Company Ltd, KrisEnergy International (Thailand) Holdings Ltd, KrisEnergy (Satria) Ltd, KrisEnergy Asia Coöperatief UA, KrisEnergy Asia Holdings B.V., KrisEnergy (Gulf of Thailand) Ltd., KrisEnergy Bangladesh Limited, KrisEnergy (Block A Aceh) B.V., KrisEnergy Netherlands Holdings Pte Ltd, KrisEnergy Management Ltd (and, together with the Issuer, the “**Existing Obligors**”);



- (ii) security over the shares in KrisEnergy (Apsara) Ltd, KrisEnergy (Cambodia) Holding Ltd, KrisEnergy (Phu Khanh 120) Ltd, KrisEnergy (Vietnam 115) Ltd, KrisEnergy (Song Hong 105) Ltd, KrisEnergy (Bangladesh SS-11) Ltd, KrisEnergy East Seruway B.V., KrisEnergy (Bala-Balakang) B.V., KrisEnergy (Sakti) B.V. and KrisEnergy (Udan Emas) B.V. (the “**Additional Entities**”);
  - (iii) security over the shares held by KrisEnergy (Gulf of Thailand) Ltd in Orange Energy Limited and B8/32 Partners Limited;
  - (iv) “all asset security” over the present and future assets and rights of the Existing Obligors (except the Issuer and except for each of KrisEnergy Satria Ltd, KrisEnergy (Block A Aceh) B.V. and KrisEnergy Management Ltd, who have each granted an assignment of their rights under certain intercompany loans and account security);
  - (v) assignment by the Existing Obligors and certain other members of the group of their present and future claims under intercompany loans; and
  - (vi) account charges over certain accounts held by certain Existing Obligors and certain Additional Entities as well as KrisEnergy Pte Ltd and KrisEnergy G10 (Thailand) Ltd,
- (together, the “**RCF Security**”).

It is intended that (a) the Notes Security will secure the Zero Coupon Secured Notes only on a first ranking basis and (b) the RCF Security will secure both the Revolving Credit Facility on a first ranking basis and the Zero Coupon Secured Notes on a junior ranking basis. The priority of payments as between the Group’s secured creditors will be governed by an intercreditor agreement to be entered into on or before the issuance of the Zero Coupon Secured Notes which will provide, among other things, (i) that the security which secures the Group’s obligations under the Revolving Credit Facility on a first ranking basis may, until such time as the Revolving Credit Facility has been discharged in full, only be enforced by the common security agent following instructions to this effect from the agent under the Revolving Credit Facility and, thereafter, on the instructions of the trustee for the Zero Coupon Secured Notes and (2) that the security which secures the Issuer’s obligations under the Zero Coupon Secured Notes on a first ranking basis may only be enforced by the common security agent following instructions to this effect from the trustee for the Zero Coupon Secured Notes.

### ***Events of Default***

The terms and conditions of the Zero Coupon Secured Notes provide for the same events of default as the Events of Default under the terms and conditions of the Notes (with certain updates to reflect the secured nature of the instrument).

### **Unsecured Term Loans**

Pursuant to the Swap Restructuring, the Issuer is in discussions with the Swap Banks to enter into the Unsecured Term Loans with the Swap Banks in an amount approximately equal to the mark-to-market loss resulting from unwinding the Swap Transactions. See “*The Proposals — Background, reasons for and benefits of the Proposals*” and “*Risk Factors — Elements of the Proposed Restructuring Plan may change after the date of this Consent Solicitation Statement and/or following the Meetings of each series of Notes*” of the Consent Solicitation Statement.

### ***Interest***

The proposed applicable interest rate is 4 per cent. per annum above LIBOR, payable in cash.

### ***Covenants***

The current proposal is for the Unsecured Term Loans to have the benefit of the same covenants as the New Notes.



### ***Security***

The current proposal is for the Unsecured Term Loans to be unsecured.

### ***Events of Default***

The current proposal is for the Unsecured Term Loans to provide for the same events of default as the Events of Default under the terms and conditions of the New Notes.

## SELECTED CONSOLIDATED FINANCIAL INFORMATION

The selected consolidated financial information as of and for the years ended 31 December 2013, 2014 and 2015 has been derived from the Issuer's audited consolidated financial statements incorporated by way of reference and are qualified in its entirety by reference to those consolidated financial statements and the notes thereto. The selected consolidated financial information as of and for the three months ended 30 September 2015 and 2016 has been derived from the Issuer's unaudited interim consolidated financial statements as of and for the three months ended 30 September 2015 and 2016 incorporated by way of reference. The Issuer has prepared the unaudited interim consolidated financial statements on the same basis as its audited consolidated financial statements. The Issuer's historical results for any prior or interim periods are not necessarily indicative of results to be expected for a full fiscal year or for any future period. Unless otherwise stated, all financial information relating to the Issuer is prepared and presented in accordance with IFRS.

### 1. FINANCIAL RESULTS

Set out below are the audited consolidated income statements of the Group for FY2013, FY2014 and FY2015 and the unaudited consolidated income statements of the Group for 3Q2015 and 3Q2016.

	FY2013	FY2014	FY2015	3Q2015	3Q2016
	Audited		Unaudited		
	US\$				
<b>Revenue</b> . . . . .	69,050,403	74,905,229	60,171,199	12,715,729	44,402,038
Cost of sales . . . . .	<u>(43,586,834)</u>	<u>(55,236,207)</u>	<u>(95,494,556)</u>	<u>(19,386,197)</u>	<u>(59,409,244)</u>
<b>Gross profit/(loss)</b> . . . . .	25,463,569	19,669,022	(35,323,357)	(6,670,468)	(15,007,206)
Other income . . . . .	16,235,154	9,330,854	110,777,899	26,835,841	1,173,354
General and administrative expenses . . . . .	<u>(31,736,435)</u>	<u>(35,718,914)</u>	<u>(33,696,980)</u>	<u>(6,831,219)</u>	<u>(8,414,822)</u>
Other operating income/(expenses) . . . . .	1,631,311	(9,983,883)	(67,871,371)	(61,178)	(124,059)
Finance income . . . . .	1,853,888	577,251	289,750	65,442	75,364
Finance costs . . . . .	<u>(13,333,991)</u>	<u>(23,153,200)</u>	<u>(19,458,084)</u>	<u>(4,932,293)</u>	<u>(7,935,528)</u>
<b>Profit/ (Loss) before tax</b> . . . . .	113,496	(39,278,870)	(45,282,143)	8,406,125	(30,232,897)
Tax (expense)/ credit . . . . .	<u>(12,758,629)</u>	<u>(11,091,626)</u>	<u>(3,291,691)</u>	915,429	<u>(1,376,031)</u>
<b>(Loss)/ Profit for the year/ period</b> . . . . .	(12,645,133)	(50,370,496)	(48,573,834)	9,321,554	(31,608,928)
Attributable to: . . . . .					
Owners of the Group . . . . .	(12,645,133)	(50,370,496)	(41,675,825)	9,504,186	(31,608,928)
Non-controlling interests . . . . .	<u>—</u>	<u>—</u>	<u>(6,898,009)</u>	<u>(182,632)</u>	<u>—</u>
<b>(Loss)/ Profit for the year/ period</b> . . . . .	(12,645,133)	(50,370,496)	(48,573,834)	9,321,554	(31,608,928)
Other comprehensive income: . . . . .					
Items that may be reclassified subsequently to profit or loss . . . . .					
Exchange differences on translation of foreign operations . . . . .	(79,567)	(164,523)	(232,955)	(87,392)	6,748
Items that will not be reclassified to profit or loss					
Re-measurement of defined benefit obligations . . . . .	<u>—</u>	<u>(139,139)</u>	<u>303,144</u>	<u>—</u>	<u>—</u>
<b>Total comprehensive (loss)/ income for the year/period</b> . . . . .	<u>(12,724,700)</u>	<u>(50,674,158)</u>	<u>(48,503,645)</u>	<u>9,234,162</u>	<u>(31,602,180)</u>
Attributable to: . . . . .					
Owners of the Group . . . . .	(12,724,700)	(50,674,158)	(41,605,636)	9,416,794	(31,602,180)
Non-controlling interests . . . . .	<u>—</u>	<u>—</u>	<u>(6,898,009)</u>	<u>(182,632)</u>	<u>—</u>
<b>Total comprehensive (loss)/ income for the year/period</b> . . . . .	<u>(12,724,700)</u>	<u>(50,674,158)</u>	<u>(48,503,645)</u>	<u>9,234,162</u>	<u>(31,602,180)</u>
<b>(Loss)/ Profit per share attributable to owners of the Company (cents per share)</b> . . . . .					
Basic . . . . .	(2)	(5)	(3)	1	(2)
Diluted . . . . .	(2)	(5)	(3)	1	(2)

## FY2015 compared to FY2014

### Revenue

Higher average daily production volumes as a result of new production from the Wassana and Nong Yao oilfields supported the Group's revenues. Audited consolidated revenue for FY2015 decreased by 19.7 per cent. to US\$60.2 million compared to US\$74.9 million in FY2014, whereas the average realised sales prices for oil and liquids dropped by 60.2 per cent. and average realised gas price achieved at B8/32 & B9A in FY2015 was 23.3 per cent. lower than in FY2014 following the downturn in the global commodity cycle.

The 27.3 per cent. increase in production to an average 9,692 boepd in FY2015 compared to 7,612 boepd in FY2014 helped cushion the impact of lower oil prices. Average Brent prices were 46.2 per cent. lower in 2015 at US\$53.52/bbl compared to US\$99.45/bbl in 2014.

Full-year production at the B8/32 & B9A oil and gas complex in the Gulf of Thailand and the Bangora gas field in Block 9, onshore Bangladesh, remained stable compared with 2014.

	<u>FY2015</u>	<u>FY2014</u>
Sales of crude oil (US\$ million) . . . . .	40.7	49.8
Sales of gas (US\$ million) . . . . .	<u>19.5</u>	<u>25.1</u>
<b>Revenue (US\$ million) . . . . .</b>	<b><u>60.2</u></b>	<b><u>74.9</u></b>
<b>Production volumes</b>		
Oil and liquids (bopd) . . . . .	3,492	1,396
Gas (mmcf) . . . . .	<u>37.2</u>	<u>37.3</u>
<b>Total (boepd) . . . . .</b>	<b><u>9,692</u></b>	<b><u>7,612</u></b>
<b>Average sales price</b>		
Oil and liquids (US\$/bbl) . . . . .	40.18	100.93
Gas <sup>(1)</sup> (US\$/mcf) . . . . .	4.45	5.80

Note:

<sup>(1)</sup> Average realised gas sales price from B8/32 & B9A in Thailand. The average realised gas sales price from Block 9 remained fixed at US\$2.32/mcf.

### Cost of Sales

Cost of sales increased by 72.9 per cent. to US\$95.5 million in FY2015 compared to US\$55.2 million in FY2014, primarily due to higher operating costs, which increased to US\$30.5 million in FY2015 compared to US\$19.2 million in FY2014 because of additional expenses associated with the start-up of the Wassana and Nong Yao oilfields in the G10/48 and G11/48 concessions, respectively.

In line with the ramp up in production associated with Wassana and Nong Yao fields in the second half 2015, the Group's lifting costs for FY2015 increased by 30.2 per cent. to US\$8.49/boe compared to US\$6.52/boe in FY2014.

Depreciation, depletion and amortisation (“**DD&A**”) expense in FY2015 increased 47.6 per cent. to US\$42.4 million compared to US\$28.7 million in FY2014 due to the contribution to production from Wassana and Nong Yao. Non-cash expenses such as DD&A and a write down of inventory were US\$60.0 million in aggregate and contributed to a gross loss of US\$35.3 million.

	<u>FY2015</u>	<u>FY2014</u>
<b>Average lifting cost</b>		
Oil, liquids and gas (US\$/boe) . . . . .	8.49	6.52
Operating costs (US\$ million) . . . . .	30.5	19.2
Total production (mmboe) . . . . .	3.6	2.8

### ***EBITDAX***

EBITDAX increased 21.6 per cent. to US\$37.2 million in FY2015 compared to US\$30.5 million in FY2014. Supporting the increase in EBITDAX was a reduction in corporate general and administrative expenses, which decreased 32.4 per cent. to US\$12.1 million in FY2015 compared to US\$17.9 million in FY2014, through reductions in headcount and operating and capital expenditure.

	<u>FY2015</u>	<u>FY2014</u>
<b>EBITDAX (US\$ million)</b> . . . . .	37.2	30.5
Loss before tax (US\$ million) . . . . .	(45.3)	(39.3)
Tax expense (US\$ million) . . . . .	<u>(3.3)</u>	<u>(11.1)</u>
<b>Loss after tax (US\$ million)</b> . . . . .	<u>(48.6)</u>	<u>(50.4)</u>

### ***Finance Costs***

Finance costs decreased 16.0 per cent. to US\$19.5 million in FY2015 compared to US\$23.2 million in FY2014 due to financing fees incurred in 2014 related to the issuance of the Existing Notes.

### ***Loss before Tax***

The Group recorded a loss before tax of US\$45.3 million in FY2015 compared to a loss before tax of \$39.3 million in FY2014 as a result of lower gross profit due to higher DD&A expenses, asset impairments and an inventory write-down.

### ***Capital Expenditure and Capital Investment***

In accordance with IFRS, the Group reclassified in FY2015 its capital expenditure for exploration, appraisal and development. Exploration and appraisal expenditure includes, among others: spending on exploration and appraisal wells; geological and geophysical activities; general and administrative costs; field development costs; platform and facility costs; and pipeline and equipment costs as they relate to non-producing assets. This includes development activities in relation to Nong Yao in G11/48 and Wassana in G10/48. Expenditures in the development classification relate to cost incurred in producing assets, namely B8/32, B9A and Block 9.

In FY2015, the Group’s share of capital expenditure for non-producing blocks was mainly comprised of: (i) US\$7.2 million for the appraisal well drilling program in the KrisEnergy-operated G6/48 concession; (ii) US\$20.9 million for the seismic acquisition in the Udan Emas PSC; (iii) US\$10.0 million for the exploration drilling in the Sakti PSC; and (iv) US\$14.8 million in aggregate on activities in the Block A Aceh, Bulu PSC and Cambodia Block A development assets.

During the year, the Group saw the average cost of rigs and services fall 20 to 40 per cent. and in order to take advantage of the lower rates, it was decided to drill one exploration well in the Sakti PSC offshore East Java. The Group's share of expenditure for the Mustika-1 well totalled US\$10.0 million and it has now satisfied the well commitment for the PSC.

The Group's share of capital expenditure for producing assets was in aggregate US\$165.2 million comprising US\$2.8 million for B8/32 & B9A (52 development wells and the installation of one platform), US\$1.5 million for Block 9 and the Group's share of expenditure at the newly producing G11/48 and G10/48 fields of US\$34.4 million and US\$126.5 million, respectively.

	<u>FY2015</u>	<u>FY2014</u>
	(US\$ million)	
Exploration and appraisal . . . . .	104.3	82.6
Development . . . . .	193.3	24.5
Acquisitions . . . . .	50.5	167.2
Others (includes proceeds from disposals) . . . . .	(102.9)	70.3
<b>Total</b> . . . . .	<u>245.2</u>	<u>344.6</u>

### ***Loans and Borrowings***

The Group's loans and borrowings as at 31 December 2015 amounted to US\$304.6 million compared to US\$257.4 million as at 31 December 2014, comprising the drawn amount of the Revolving Credit Facility of US\$75.0 million and the Existing Notes.

In November 2015, we launched a consent solicitation exercise in connection with the Existing Notes issued under the S\$500.0 million MTN Program. The exercise was to seek approval from noteholders of the Existing Notes to amend the consolidated EBITDAX to consolidated interest expense ratio covenant. On 23 November 2015, the Issuer received the necessary votes from noteholders. The consent solicitation exercise was completed and the amendments proposed pursuant to such exercise were approved by the noteholders on 4 December 2015.

### ***Cash***

Net cash flow from operating activities increased to US\$51.3 million in FY2015 compared to US\$6.3 million in FY2014, primarily due to an increase in trade payables and lower estimated tax payable in relation to B8/32 & B9A.

Net cash flow used in investing activities decreased 28.8 per cent. to US\$245.2 million in FY2015 compared to US\$344.6 million in FY2014 as a result of capital expenditure and capital investment activities, which was offset by proceeds received from the farm-out of an effective 11.0 per cent. working interest in G10/48 and from the sale of marine assets.

Net cash flow generated from financing activities increased 26.2 per cent. to US\$174.4 million in FY2015 compared to US\$138.2 million in FY2014, mainly attributable to the receipt of net proceeds of US\$121.1 million from the rights issue and proceeds from the bank borrowings.

	<u>FY2015</u>	<u>FY2014</u>
	(US\$ million)	
Net cash flow from operating activities . . . . .	51.3	6.3
Net cash flow used in investing activities . . . . .	(245.2)	(344.6)
Net cash flows from financing activities . . . . .	<u>174.4</u>	<u>138.2</u>
<b>Cash and bank balances.</b> . . . . .	<u><u>29.4</u></u>	<u><u>51.3</u></u>

### **FY2014 compared to FY2013**

#### ***Revenue***

Audited consolidated net revenue increased 8.5 per cent. to US\$74.9 million in FY2014, as compared to US\$69.1 million in FY2013 as a result of a 161.0 per cent rise in production for the Group, which was driven by a full year's contribution from the Bangora gas field. However, the fall in global oil prices in the second half of 2014 resulted in a 7.7 per cent. decline in the average selling price for oil and liquids to US\$100.93/bbl. The average gas price achieved from the Group's gas assets in Thailand decreased 4.2 per cent. to US\$5.80/mcf due to penalties arising from production falling below the daily contracted volume in the third and fourth quarters of 2014. Future gas production in B8/32 will be boosted by a new platform, which was put on stream before the end of 2014, and a second additional facility by mid-2015.

	<u>FY2014</u>	<u>FY2013</u>
Sales of crude oil (US\$ million) . . . . .	49.8	54.7
Sales of gas (US\$ million). . . . .	<u>25.1</u>	<u>14.4</u>
<b>Revenue (US\$ million)</b> . . . . .	<u><u>74.9</u></u>	<u><u>69.1</u></u>
<b>Production volumes</b>		
Oil and liquids (bopd) . . . . .	1,396	1,366
Gas (mmcf) . . . . .	<u>37.3</u>	<u>9.3</u>
<b>Total (boepd)</b> . . . . .	<u><u>7,612</u></u>	<u><u>2,916</u></u>
<b>Average sales price</b>		
Oil and liquids (US\$/bbl). . . . .	100.93	109.40
Gas <sup>(1)</sup> (US\$/mcf) . . . . .	5.80	6.06

Note:

<sup>(1)</sup> Average realised gas sales price from B8/32 & B9A in Thailand. The average realised gas sales price from Block 9 in Bangladesh remained fixed at US\$2.32/mcf.

## *Cost of Sales*

Cost of sales increased 26.7 per cent. to US\$55.2 million in FY2014 compared to US\$43.6 million in FY2013 primarily due to higher DD&A charges as well as an increase in operating costs.

DD&A charges increased to US\$28.7 million in FY2014 compared to US\$19.4 million in FY2013 as a result of the contribution from the Bangora gas field and a non-recurring adjustment associated with decommissioning costs at the Glagah-Kambuna technical assistance contract (“TAC”). Operating costs increased to US\$19.2 million in FY2014 compared to US\$16.1 million in FY2013 due to the recognition of a full year of production from the Bangora gas field. The increase in cost of sales was partially offset by lower Thai petroleum special remuneratory benefits and royalties paid as a result of a 5.2 per cent. year-on-year decrease in production from B8/32 & B9A during FY2014.

The production contribution in FY2014 from the Bangora field led to a 54.4 per cent. decrease in the Group-wide average lifting cost to US\$6.91/boe compared to US\$15.14/boe in FY2013. The Bangora gas field’s low cost of production made it the Group’s highest margin contributor in the Group, even with the relatively low realised sales price of US\$2.32/mcf.

	<u>FY2014</u>	<u>FY2013</u>
<b>Average lifting cost</b>		
Oil, liquids and gas (US\$/boe) . . . . .	6.91	15.14
Operating costs (US\$ million)act . . . . .	19.2	16.1
Total production (mmboe) . . . . .	2.8	1.1

## *EBITDAX*

The Group’s EBITDAX increased 8.4 per cent. to US\$30.5 million in FY2014 compared to US\$28.2 million in FY2013 and was in line with the Group’s expectations.

	<u>FY2014</u>	<u>FY2013</u>
<b>EBITDAX (US\$ million)</b> . . . . .	30.5	28.2
Finance costs (US\$ million) . . . . .	(23.2)	(13.3)
(Loss)/profit before tax (US\$ million) . . . . .	(39.3)	0.1
Tax expense (US\$ million) . . . . .	<u>(11.1)</u>	<u>(12.7)</u>
<b>Loss after tax (US\$ million)</b> . . . . .	<u><u>(50.4)</u></u>	<u><u>(12.6)</u></u>

## *Finance Costs*

In FY2014, the Group implemented and executed a defined debt capital markets strategy to take advantage of the lower interest rate environment and the significant appetite for debt securities issued by oil and gas companies. Although finance costs increased to US\$23.2 million in FY2014 compared to US\$13.3 million in FY2013, the Group significantly reduced its cost of borrowing from approximately 10.5 per cent. to approximately 5.0 per cent. whilst increasing total borrowings to support potentially accretive acquisitions as well as progress the development of the Group’s projects. Higher finance costs were attributable to one-time expenses of US\$8.2 million relating to the redemption of the 10.5 per cent. senior guaranteed secured bonds due 2016 issued in July 2011 (the “**2016 Bonds**”) and upfront fees of US\$4.7 million associated with the establishment of the Revolving Credit Facility, the MTN Program and the issuance of the Existing Notes. Interest expense was US\$8.5 million as a result of borrowings amounting to US\$257.4 million in FY2014.



### *Loss/Profit before Tax*

The Group recorded a loss before tax of US\$39.3 million in FY2014 compared to a profit before tax of US\$0.1 million in FY2013 as a result of a decrease of US\$13.2 million in gross profit contribution from the Glagah-Kambuna TAC, which ceased production in 2013, and a reduction in production and associated realised gas prices from B8/32 & B9A. In addition, the Group incurred non-recurring expenses associated with debt restructuring.

### *Capital Expenditure and Capital Investment*

Exploration and appraisal expenditure increased 27.8 per cent. to US\$82.6 million in FY2014 compared to US\$64.6 million in FY2013, which was primarily attributed to seismic acquisition amounting to US\$24.6 million in the Udan Emas PSC, Sakti PSC and Tanjung Aru PSC in Indonesia; exploration wells drilled and capitalised in the G10/48 and G11/48 concessions; and ongoing development activities for the Wassana and Nong Yao oilfields. In addition, the Group spent US\$66.2 million in 2014 to secure and commence refurbishment of the mobile offshore production unit (“MOPU”) for the Wassana oil development.

Development expenditure increased 77.3 per cent. to US\$24.5 million in FY2014 versus US\$13.8 million in FY2013. During 2014, the Group’s Working Interest share of development expenditure in B8/32 & B9A amounted to US\$22.8 million, representing the Issuer’s participation in the drilling of 55 development wells and the installation of two new platforms that were brought on stream during the year.

The acquisition of additional working interests and operatorships in G10/48 and Cambodia Block A amounted to US\$167.2 million.

	<u>FY2014</u>	<u>FY2013</u>
	(US\$ million)	
Exploration and appraisal . . . . .	82.6	64.6
Development . . . . .	24.5	13.8
Acquisitions . . . . .	167.2	41.4
Others . . . . .	<u>70.3</u>	<u>2.3</u>
<b>Total</b> . . . . .	<u><u>344.6</u></u>	<u><u>122.1</u></u>

### *Loans and Borrowings*

Following redemption of the 2016 Bonds in January 2014, the Group’s loans and borrowings at 31 December 2014 amounted to US\$257.4 million, compared to US\$119.1 million as at 31 December 2013, comprising the drawn amount under the Revolving Credit Facility and the Existing Notes.

	<u>FY2014</u>	<u>FY2013</u>
	(US\$ million)	
Amount repayable in one year or less . . . . .	25.1	127.3
Amount repayable after one year . . . . .	286.0	—

## *Cash*

As a result of increased development activities, net cash flow from operations declined 61.1 per cent. to US\$6.3 million compared to US\$16.2 million in FY2013. This was primarily driven by non-recurring expenses in relation to debt restructuring, increase in inventories, trade and other receivables as well as the decrease in trade and other payables.

Net cash flow used in investing activities increased 182.3 per cent. to US\$344.6 million from US\$122.1 million in FY2013 following the acquisition of the additional working interests in G10/48 and Cambodia Block A and continued investment in portfolio growth through exploration, appraisal and development activities.

Net cash flow from financing activities decreased 40.4 per cent. to US\$138.2 million from US\$231.8 million in FY2013. KrisEnergy Holding Company Ltd. fully redeemed the 2016 Bonds and returned US\$126.3 million to bondholders, which comprised principal repayment, a redemption premium and accrued interest. The Issuer issued the Existing Notes and, following a series of U.S. dollar swap transactions, realised gross proceeds of US\$263.9 million.

	<u>FY2014</u>	<u>FY2013</u>
	(US\$ million)	
Net cash flow from operating activities . . . . .	6.3	16.2
Net cash flow used in investing activities . . . . .	(344.6)	(122.1)
Net cash flow from financing activities . . . . .	138.2	231.8
Cash at banks and on hand . . . . .	47.6	247.8
Short-term structured deposits . . . . .	<u>3.7</u>	<u>4.0</u>
<b>Cash and bank balances.</b> . . . . .	<u><u>51.3</u></u>	<u><u>251.8</u></u>

### **3Q2016 compared to 3Q2015**

#### *Revenue*

Working interest production in 3Q2016 averaged 14,895 boepd, a 68.4 per cent. increase compared with the same period last year (3Q2015: 8,847 boepd). The increase was primarily attributable to full quarter of sustained production at peak levels at the Nong Yao field in G11/48, increased levels of production versus a year ago from the Wassana field in G10/48 and improved production efficiencies at the B8/32 & B9A complex.

Revenue for 3Q2016 more than tripled to US\$44.4 million, from a year ago (3Q2015: US\$12.7 million) due to the increase in crude oil sales from the Wassana and Nong Yao fields, despite the fall in average realised selling prices.

The average realised oil and liquids sales price in 3Q2016 was US\$35.61/bbl, 8.2 per cent. higher than the preceding quarter (2Q2016: US\$32.90/bbl), but 26.5 per cent. lower than the same period last year (3Q2015: US\$48.48/bbl). The reduced average crude oil selling price reflected movements in global benchmark markets, which also affected the average realised gas price achieved for gas sales from B8/32 & B9A at US\$3.31/mcf in 3Q2016, 19.3 per cent. lower than a year ago (3Q2015: US\$4.10/mcf).

	<u>3Q2016</u>	<u>3Q2015</u>
<b>Production volumes</b>		
Oil and liquids (bopd) . . . . .	9,007	2,778
Gas (mmcf) . . . . .	<u>35.3</u>	<u>36.4</u>
<b>Total (boepd)</b> . . . . .	<u><u>14,895</u></u>	<u><u>8,847</u></u>
<b>Average sales price</b>		
Oil and liquids (US\$/bbl) . . . . .	35.61	48.48
Gas — B8/32 and B9A (US\$/mcf) . . . . .	3.31	4.10
Gas — Block 9 (US\$/mcf) . . . . .	2.32	2.32

### *Cost of Sales*

Operating costs increased to US\$33.6 million in 3Q2016 (3Q2015: US\$6.6 million), in line with a full quarter contribution from the Wassana and Nong Yao oilfields in 3Q2016. The June 2016 lifting from the Wassana field was delayed to July 2016 resulting in the Group's operating costs for 3Q2016 to be represented as four liftings in three months (as opposed to three). We recognised higher operating costs and hence lifting costs during the quarter (3Q2016: US\$24.52/boe compared with 3Q2015: US\$8.76/boe). Lifting costs in 3Q2016 were also adversely impacted by lower production output from the Wassana field following mechanical issues and well workover costs associated with analysing and repairing those wells.

In line with higher revenue, Thai royalty payments in 3Q2016 also more than tripled to US\$3.7 million (3Q2015: US\$1.0 million).

DDA charges increased to US\$22.1 million in 3Q2016 (3Q2015: US\$11.8 million) which was solely a function of higher production volumes in 3Q2016 compared to 3Q2015 where three full months of production was recognised in 3Q2016 versus production ramping up in each of the Wassana and Nong Yao fields in 2015.

	<u>3Q2016</u>	<u>3Q2015</u>
<b>Average lifting cost</b>		
Oil, liquids and gas (US\$/boe) . . . . .	24.52	8.76
Operating costs (US\$ million) . . . . .	33.6	6.6
Total production (mmboe) . . . . .	1.4	0.8

## **EBITDAX**

The Group's EBITDAX, which is a measure of the Group's ability to generate income from the Group's operations, increased to US\$4.2 million in 3Q2016 (3Q2015: US\$1.6 million) due to higher revenue and lower corporate general and administrative expenses.

	<u>3Q2016</u>	<u>3Q2015</u>
<b>EBITDAX (US\$ million)</b> . . . . .	4.2	1.6
Finance costs (US\$ million) . . . . .	(7.9)	(4.9)
(Loss)/profit before tax (US\$ million) . . . . .	(30.2)	8.4
Tax (expense)/credit (US\$ million) . . . . .	<u>(1.4)</u>	<u>0.9</u>
<b>(Loss)/profit after tax (US\$ million)</b> . . . . .	<u><u>(31.6)</u></u>	<u><u>9.3</u></u>

### ***Other income***

Other income was US\$1.2 million in 3Q2016 compared with US\$26.8 million in 3Q2015. The year-on-year decrease was attributable to the gain recognised on the transfer of working interests in Block 105 and Bala-Balakang PSC in 3Q2015.

### ***General and administrative expenses***

General and administrative expenses increased 23.2 per cent. to US\$8.4 million in 3Q2016 (3Q2015: US\$6.8 million) primarily due to the recognition of general and administrative expenses allocated to G10/48 and G11/48.

### ***Other operating expenses***

Other operating expenses of US\$0.1 million in 3Q2016 was stable compared with 3Q2015.

### ***Finance income***

Finance income was higher year-on-year due to higher average bank balances in 3Q2016.

### ***Finance costs***

Finance costs amounted to US\$7.9 million in 3Q2016 (3Q2015: US\$4.9 million). The increase was mainly attributable to financial advisory fees and higher interest expense attributable to the Facility.

### ***Loss/profit before tax***

The loss before tax of US\$30.2 million in 3Q2016 compared with a profit before tax of US\$8.4 million in 3Q2015 is a result of recognition of incremental DDA expenses on producing assets and higher finance costs.

### ***Tax credit/expense***

Tax expense amounted to US\$1.4 million in 3Q2016 compared to a tax credit of US\$0.9 million in 3Q2015, mainly due to higher provision of tax expenses in line with higher revenue and reversal of previously recognised deferred tax assets.

### ***Loss/profit after tax***

The net loss after tax was US\$31.6 million in 3Q2016 compared with a profit of US\$9.3 million in 3Q2015 as a result of the above-mentioned factors.

## 2. STATEMENT OF FINANCIAL POSITION

Set out below are the audited consolidated balance sheets of the Group as at 31 December 2013, 2014 and 2015 and the unaudited consolidated balance sheets of the Group as at 30 September 2016.

	As at 31 December 2013	As at 31 December 2014	As at 31 December 2015	As at 30 September 2016
		Audited		Unaudited
		US\$		
<b>ASSETS</b>				
<b>Non—current assets</b>				
Exploration and evaluation assets . . . . .	200,261,113	402,778,672	447,405,007	486,723,027
Oil and gas properties . . . . .	140,596,081	136,334,779	415,068,053	331,557,351
Other property, plant and equipment . . . . .	332,225	1,161,203	11,219,620	10,997,185
Intangible assets . . . . .	43,890,735	91,452,905	33,182,972	33,049,584
Embedded derivatives . . . . .	6,137,226	—	—	—
Investment securities . . . . .	182,057	—	216,000	216,000
	<b>391,399,437</b>	<b>631,727,559</b>	<b>907,091,652</b>	<b>862,543,147</b>
<b>Current assets</b>				
Inventories . . . . .	7,027,163	14,670,074	28,272,387	28,463,368
Trade and other receivables . . . . .	54,149,712	65,165,491	66,226,269	58,453,800
Prepayments . . . . .	2,762,318	1,545,274	2,507,550	958,623
Cash and bank balances . . . . .	251,809,697	51,334,088	29,351,634	40,135,647
	<b>315,748,890</b>	<b>132,714,927</b>	<b>126,357,840</b>	<b>128,011,438</b>
Assets held for sale . . . . .	—	64,986,883	—	—
	<b>315,748,890</b>	<b>197,701,810</b>	<b>126,357,840</b>	<b>128,011,438</b>
<b>Total assets . . . . .</b>	<b>707,148,327</b>	<b>829,429,369</b>	<b>1,033,449,492</b>	<b>990,554,585</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital . . . . .	1,307,693	1,309,955	1,867,564	1,869,966
Share premium . . . . .	602,938,278	604,582,768	727,245,039	728,657,227
Other reserves . . . . .	(771,805)	225,266	1,494,936	(8,811,687)
Accumulated losses . . . . .	(136,641,361)	(187,150,996)	(228,523,677)	(303,593,647)
Non—controlling interests . . . . .	—	—	(6,833,794)	—
<b>Total equity . . . . .</b>	<b>466,832,805</b>	<b>418,966,993</b>	<b>495,250,068</b>	<b>418,121,859</b>
<b>Non-current liabilities</b>				
Employee benefit liability . . . . .	884,691	1,483,647	1,888,841	789,824
Loans and borrowings . . . . .	—	257,440,512	304,571,912	291,490,790
Deferred tax liabilities . . . . .	41,909,685	40,309,640	40,959,937	39,397,857
Provisions . . . . .	23,741,232	38,602,143	48,472,869	49,581,279
Other payables . . . . .	—	—	34,843,307	—
	<b>66,535,608</b>	<b>337,835,942</b>	<b>430,736,866</b>	<b>381,259,750</b>
<b>Current liabilities</b>				
Trade and other payables . . . . .	35,990,001	27,393,025	31,911,859	41,053,789
Accrued operating expenses . . . . .	13,012,320	20,191,470	38,015,365	30,153,426
Loans and borrowings . . . . .	119,141,003	—	—	94,432,646
Derivative liabilities . . . . .	—	19,388,642	35,545,033	22,301,929
Withholding tax payable . . . . .	56,880	561,305	734,860	1,138,306
Tax payable . . . . .	5,579,710	5,091,992	1,255,441	2,092,880
	<b>173,779,914</b>	<b>72,626,434</b>	<b>107,462,558</b>	<b>191,172,976</b>
<b>Total liabilities . . . . .</b>	<b>240,315,522</b>	<b>410,462,376</b>	<b>538,199,424</b>	<b>572,432,726</b>
<b>Total equity and liabilities . . . . .</b>	<b>707,148,327</b>	<b>829,429,369</b>	<b>1,033,449,492</b>	<b>990,554,585</b>

### 3. CONSOLIDATED STATEMENT OF CASH FLOWS

Set out below are the audited cash flow statements of the Group for FY2013, FY2014 and FY2015 and the unaudited cash flow statements of the Group for 3Q2015 and 3Q2016.

	FY2013	FY2014	FY2015	3Q2015	3Q2016
	Audited			Unaudited	
	US\$				
<b>OPERATING ACTIVITIES</b>					
<b>Profit/(loss) before tax</b> . . . . .	113,496	(39,278,870)	(45,282,143)	8,406,125	(30,232,897)
Adjustment to reconcile profit/(loss) before tax to net cash flows:					
Depreciation, depletion and amortisation . . . . .	20,404,684	29,141,379	43,196,999	12,017,854	22,293,057
Decommissioning provisions . . . . .	1,284,797	14,218,838	8,951,487	12,645,000	—
Employee defined benefit . . . . .	884,691	226,224	708,338	227,854	(290,901)
Equity-settled transactions with employees . . . . .	527,847	2,808,346	2,531,789	266,724	333,366
Excess of fair value of identifiable net assets acquired over consideration paid . . . . .	(12,936,286)	—	(42,993,442)	—	—
Gain on disposal of assets . . . . .	—	—	(24,558,714)	—	—
Impairment loss on exploration and evaluation assets . . . . .	—	—	584,309	—	—
Impairment loss on oil and gas properties . . . . .	—	—	11,116,545	—	—
Impairment loss on intangible assets . . . . .	—	—	58,177,765	—	—
Loss on disposal of other plant and equipment . . . . .	—	12,508	1,140	—	44,497
Loss on disposal of investment securities . . . . .	—	182,057	—	—	—
Net fair value (gain)/loss on financial instruments . . . . .	(2,284,698)	9,097,672	(2,151,703)	(50,290)	124,059
Finance cost . . . . .	12,902,199	22,511,127	18,538,845	4,702,484	7,359,085
Unwinding of discount on decommissioning provisions . . . . .	431,792	642,073	919,239	229,810	576,444
Write-back of unused decommissioning provisions . . . . .	(667,226)	—	—	—	—
Interest income . . . . .	(1,853,888)	(577,251)	(289,750)	(65,442)	(75,364)
<b>Operating cash flows before changes in working capital</b> . . . . .	18,807,408	38,984,103	29,450,704	38,380,119	131,346
<b>Changes in working capital</b>					
(Increase)/decrease in inventories . . . . .	(883,084)	(7,504,782)	(3,465,666)	(8,890,719)	12,323,171
(Increase)/decrease in trade and other receivables . . . . .	(6,458,170)	(4,713,161)	(664,678)	(5,537,302)	14,382,997
Decrease in other current assets . . . . .	500,000	—	—	61,616	—
Increase/(decrease) in trade and other payables . . . . .	23,011,716	(278,270)	37,162,383	(6,065,890)	(19,570,438)
<b>Cash flows from operations</b> . . . . .	34,977,870	26,487,890	62,482,743	17,947,824	7,267,076
Interest received . . . . .	1,853,888	577,251	289,750	65,442	75,364
Interest paid . . . . .	(1,568,367)	(7,566,799)	(4,998,038)	(1,384,662)	(1,528,982)
Taxes paid . . . . .	(19,019,114)	(13,179,388)	(6,473,965)	(1,385,751)	(1,829,672)
<b>Net cash flows from operating activities</b> . . . . .	<u>16,244,277</u>	<u>6,318,954</u>	<u>51,300,490</u>	<u>15,242,853</u>	<u>3,983,786</u>

	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>	<b>3Q2015</b>	<b>3Q2016</b>
	<b>Audited</b>		<b>Unaudited</b>		
	<b>US\$</b>				
<b>INVESTING ACTIVITIES</b>					
Additions to exploration and evaluation assets . . .	(64,607,295)	(82,553,592)	(104,342,738)	(37,091,419)	(24,971,708)
Additions to oil and gas properties . . . . .	(13,794,344)	(24,453,401)	(193,346,053)	(75,329,081)	(7,784,684)
Advances for acquisition . . . . .	—	(4,152,697)	—	—	—
Expenditure on decommissioning provisions . . . . .	(1,832,774)	—	—	—	—
Expenditure on assets refurbishment . . . . .	—	(8,986,883)	(21,370,227)	(35,499)	(89,476)
Proceeds from disposal of other plant and equipment . . . . .	—	7,486	—	—	1,995
Proceeds from disposals of assets . . . . .	—	—	110,000,000	—	—
Proceeds from disposal of ownership of interest in subsidiary . . . . .	—	—	20,111,846	—	—
Purchase of other plant and equipment . . . . .	(427,875)	(57,271,702)	(5,833,092)	(20,284)	—
Acquisition of subsidiaries net of cash acquired . .	(41,396,066)	(167,216,439)	(50,456,505)	—	—
<b>Net cash flows used in investing activities . . . .</b>	<b>(122,058,354)</b>	<b>(344,627,228)</b>	<b>(245,236,769)</b>	<b>(112,476,283)</b>	<b>(32,843,873)</b>
<b>FINANCING ACTIVITIES</b>					
Proceeds from issuance of shares . . . . .	212,986,061	—	124,775,550	124,775,550	—
Proceeds from issuance of bonds . . . . .	36,750,000	263,868,708	—	—	—
Proceeds from bank borrowings . . . . .	—	135,000,000	189,000,000	20,000,000	35,000,000
Share issuance expense . . . . .	(12,490,090)	—	(3,660,530)	(3,660,530)	—
Repayment of bonds . . . . .	—	(126,300,000)	—	—	—
Repayment of bank borrowings . . . . .	—	(125,000,000)	(124,000,000)	(65,000,000)	—
Payment of bond interest . . . . .	(9,445,625)	(9,567,573)	(13,962,569)	(3,973,151)	(4,464,323)
Decrease in short-term deposits . . . . .	4,000,000	4,000,000	—	—	—
Decrease in cash collateralised . . . . .	—	—	2,258,824	1,500,000	—
Increase in cash collateralised . . . . .	—	(3,758,824)	—	—	—
<b>Net cash flows from financing activities . . . . .</b>	<b>231,800,346</b>	<b>138,242,311</b>	<b>174,411,275</b>	<b>73,641,869</b>	<b>30,535,677</b>
<b>Net increase/(decrease) in cash and cash equivalents . . . . .</b>	<b>125,986,269</b>	<b>(200,065,963)</b>	<b>(19,525,004)</b>	<b>(23,591,561)</b>	<b>1,675,590</b>
Net effect of exchange rate changes . . . . .	(77,526)	(168,470)	(198,626)	(72,735)	1,263
Cash and cash equivalents at 1 January/1 July . . .	121,900,954	247,809,697	47,575,264	74,190,954	30,188,794
<b>Cash and cash equivalents at 31 December/30 September . . . . .</b>	<b>247,809,697</b>	<b>47,575,264</b>	<b>27,851,634</b>	<b>50,526,658</b>	<b>31,865,647</b>



## CAPITALISATION AND INDEBTEDNESS

*The table below sets out the capitalisation and indebtedness of the Group as of 30 September 2016 on an actual basis and as adjusted to give effect to the issue of the New Notes before deduction of any fees, commissions and expenses.*

The information in this table should be read in conjunction with “*Selected Consolidated Financial Information*” and the consolidated historical financial statements and the notes thereto included by reference.

	As at 30 September 2016		
	Actual	Adjusted <sup>(1,3)</sup>	Adjusted <sup>(1,2,3)</sup>
	US\$		
<b>Loans and borrowings</b> . . . . .	385,923,436	376,749,553	475,422,857
Secured . . . . .	143,270,000	143,270,000	241,943,304
Unsecured <sup>(4)</sup> . . . . .	242,653,436	233,479,553	233,479,553
<b>Current portion of loans and borrowings</b> . . . . .	94,432,646	—	—
<b>Total equity</b> <sup>(4)</sup> . . . . .	418,121,859	417,043,797	413,898,660
<b>Total capitalisation and indebtedness</b> . . . . .	804,045,295	793,793,350	889,321,517

<sup>(1)</sup> As adjusted to give effect to the issue of the New Notes after deduction of any fees, commissions and expenses, but before the deduction of any Earlybird Consent Fee which may be payable.

<sup>(2)</sup> As adjusted to give effect to the issue of the Zero Coupon Secured Notes after deduction of any fees, commissions and expenses and after deduction of any fees, commissions and expenses relating to the Bridge Upsize.

<sup>(3)</sup> Excludes any adjustments relating to the Unsecured Term Loans.

<sup>(4)</sup> Based on the exchange rate of US\$1.00=S\$1.4134 (sourced from Bloomberg LP as at 16 November 2016).

## DISTRIBUTION AND SELLING RESTRICTIONS

The New Notes were initially issued on 11 January 2017 pursuant to extraordinary resolutions of noteholders of the Existing Notes, respectively, sanctioning, approving, assenting and agreeing irrevocably to, *inter alia*, (i) the exchange of the 2017 Notes for the 2022 Notes on the terms and conditions of the 2022 Notes set out and more fully described in this Information Memorandum and the Consent Solicitation Statement; and (ii) the exchange of the 2018 Notes for the 2023 Notes on the terms and conditions of the 2023 Notes set out and more fully described in the Consent Solicitation Statement. No New Notes were offered, sold or distributed to investors other than holders of the Existing Notes in the Notes Exchanges and as such, no new capital was raised from the issuance of the New Notes. Accordingly, no action has been or will be taken that would permit a public offering of the New Notes in any country or jurisdiction. Accordingly, the New Notes may not be publicly offered or sold, directly or indirectly, and neither the Information Memorandum nor any other offering material, circular, form of application or advertisement in connection with the New Notes may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

### United States

The New Notes have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States, and the New Notes may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, any U.S. person.

## **SUMMARY OF PROVISIONS RELATING TO THE CERTIFICATES WHILE IN GLOBAL FORM**

The Global Certificate contains provisions which apply to the Certificates while they are in global form, some of which modify the effect of the terms and conditions of the Certificates set out in this Information Memorandum. The following is a summary of certain of these provisions:

### **Transfer of Notes represented by Global Certificates**

If the Principal Schedule to the Global Certificate states that the Notes are to be represented by a Global Certificate on issue, transfers of the holding of Notes represented by such Global Certificate pursuant to Condition 2(c) may only be made:

- (a) in whole but not in part, if the Notes represented by such Global Certificate are held by or on behalf of the Depository and (i) an Event of Default or analogous event entitling an Accountholder or the Trustee to declare the Notes to be due and payable as provided in the Conditions has occurred and is continuing, (ii) the Depository is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise), (iii) the Depository has announced an intention to permanently cease business and no alternative clearing system is available or (iv) the Depository has notified the Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties set out in the Depository Agreement and no alternative clearing system is available;
- (b) in whole but not in part, if the Notes represented by such Global Certificate are held on behalf of Depository and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so;
- (c) in whole or in part, with the consent of the Issuer,

provided that, in the case of a transfer pursuant to (b) above, the holder of the Notes represented by the Global Certificate has given the Registrar not less than 30 days' notice at its specified office of such holder's intention to effect such transfer. Where the holding of Notes represented by a Global Certificate is only transferable in whole, the Certificate issued to the transferee upon transfer of such holding shall be a Global Certificate. Where transfers are permitted in part, Certificates issued to transferees shall not be Global Certificates unless the transferee so requests and certifies to the Registrar that it is, or is acting as a nominee for, the Depository.

### **Accountholders**

In accordance with the requirements of the Depository, for so long as any of the Notes is represented by a Global Certificate and such Global Certificate is held by the Depository, each Accountholder shall be deemed to be (and shall be treated by the Issuer, the Agents, all other agents of the Issuer and the Trustee as) the holder of that principal amount of Notes for all purposes (including, without limitation, for the purpose of giving notices under the Conditions) other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and/or any other amounts in respect of the Notes, the right to which shall be vested, as against the Issuer, solely in the person whose name appears in the Register on the Record Date, in accordance with and subject to its terms. Each Accountholder must look solely to the Depository for its share of each payment made to the person whose name appears in the Register on the Record Date as holder of the Global Certificate. Any certificate or other document issued by the Depository as to the principal amount of Notes standing to the account of any Accountholder shall be conclusive and binding for all purposes save in the case of manifest error.

The Issuer has covenanted in favour of the Trustee and each Accountholder that it will make all payments in respect of the principal amount of Notes for the time being shown in the records of the Depository as being held by the Accountholder and represented by a Global Certificate to the bearer of such Global Certificate and has acknowledged the rights of each Accountholder under the Deed of Covenant.

### **Meetings**

The holder of a Global Certificate shall (unless such Global Certificate represents only one Note) be treated as two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each principal amount of Notes equal to the minimum Denomination Amount of the Notes for which such Global Certificate may be exchanged.

### **Direct Rights**

If there shall occur any event of default entitling the Trustee to declare all of the Notes to be due and payable, as provided in the Conditions, the Trustee may exercise the right to declare Notes represented by a Global Certificate due and payable in the circumstances described in the Conditions by stating in the default notice the principal amount of Notes (which may be less than the outstanding principal amount of such Global Certificate) which is being declared due and payable.

Following the giving of the default notice, the holder of the Notes represented by such Global Certificate may (subject as provided below) elect that Direct Rights under the provisions of the Deed of Covenant shall come into effect in respect of a principal amount of Notes up to the aggregate principal amount in respect to which such default notice has been given. Such election shall be made by notice to the Principal Paying Agent and presentation of such Global Certificate to or to the order of the Principal Paying Agent for reduction of the principal amount of Notes represented by such Global Certificate by such amount as may be stated in such notice and by (i) endorsement of the Principal Schedule to the Global Certificate and (ii) notation in the Register of the principal amount of Notes in respect of which Direct Rights have arisen under the Deed of Covenant. Upon each such notice being given, the Global Certificate shall become void to the extent of the principal amount stated in such notice, save to the extent that the appropriate Direct Rights shall fail to take effect. No such election may however be made on or before the date of transfer described under “Transfers of Notes Represented by Global Certificates” above unless the holder elects in such notice that the exchange for such Notes shall no longer take place.

### **Notices**

Notices required to be given in respect of the Notes represented by a Global Certificate may be given by their being delivered (so long as such Global Certificate is held on behalf of the Depository) to the Depository or, as the case may be, such other clearing system, or otherwise to the holder of such Global Certificate rather than by publication as required by the Conditions, except that so long as the Notes are listed on Singapore Exchange Securities Trading Limited and the rules of that exchange so require, notices in respect of such Notes shall also be published in a daily newspaper in the English language having general circulation in Singapore.

### **Others**

No provision of a Global Certificate shall alter or impair the obligation of the Issuer to pay the principal and premium of and interest on the Notes when due in accordance with the Conditions.

## TAXATION

*The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and the Cayman Islands, announced budget measures and administrative guidelines issued by the relevant authorities in force as of the date of this Information Memorandum and are subject to the enactment of such budget measures and any changes in such laws or administrative guidelines, or in the interpretation of those laws or guidelines, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the New Notes or of any person acquiring, selling or otherwise dealing with the New Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the New Notes, including participation in the Notes Exchange. The statements made herein do not purport to be a comprehensive or exhaustive description of all of the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the New Notes, including participating in the Notes Exchange, and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive tax incentive(s)) may be subject to special rules or tax rates. The statements below should not be regarded as advice on the tax position of any holder of the New Notes or of any person acquiring, owning, disposing or otherwise dealing with the New Notes, including participation in the Notes Exchange, or on any tax implications arising from the subscription, acquisition, sale or other dealings in respect of the New Notes, including participation on the Notes Exchange. Holders and prospective holders of the Notes are advised to consult their own professional tax advisers as to the Cayman Islands, Singapore or other tax consequences of the subscription for, acquisition, holding or disposal of the New Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Consent Solicitation Agent or any other persons involved in the Notes Exchange accepts responsibility for any tax effects or liabilities resulting from the acquisition, holding or disposal of the New Notes, including participation in the Notes Exchange.*

### **Singapore Taxation**

*The statements below are general in nature and are based on certain aspects of current tax laws in Singapore, administrative guidelines and circulars issued by the Monetary Authority of Singapore (“MAS”) in force as of the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, administrative guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the New Notes or of any person acquiring, selling or otherwise dealing with the New Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the New Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all of the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the New Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive tax incentive(s)) may be subject to special rules or tax rates. The statements below should not be regarded as advice on the tax position of any holder of the New Notes or of any person subscribing for, acquiring, owning, disposing or otherwise dealing with the New Notes or on any tax implications arising from the subscription, acquisition, sale or other dealings in respect of the New Notes. Holders and prospective holders of the New Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the subscription for, acquisition, holding or disposal of the New Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Solicitation Agent, the Agents or any other persons involved in the Notes Exchange accepts responsibility for any tax effects or liabilities resulting from the subscription for, acquisition, holding or disposal of the New Notes.*

## 1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for Singapore tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0 per cent. final withholding tax described below) to non-resident persons other than non-resident individuals is currently 17.0 per cent.. The applicable withholding tax rate for non-resident individuals is currently 22.0 per cent.. However, if the payment is derived by a person not resident in Singapore other than from any trade, business, profession or vocation carried on or exercised by such person in Singapore, and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0 per cent.. The rate of 15.0 per cent. may be reduced by applicable tax treaties.

## QUALIFYING DEBT SECURITIES

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

The terms “break cost”, “prepayment fee” and “redemption premium” are defined in the ITA as follows:

“**break cost**”, in relation to debt securities, qualifying debt securities or qualifying project debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

“**prepayment fee**”, in relation to debt securities, qualifying debt securities or qualifying project debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

“**redemption premium**”, in relation to debt securities, qualifying debt securities or qualifying project debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

Any references to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure shall have the same meanings as defined in the ITA.

In addition, to the extent that the New Notes are arranged / managed by a Financial Sector Incentive — Bond Market (“**FSI-BM**”) company, Financial Sector Incentive — Standard Tier (“**FSI-ST**”) company or Financial Sector Incentive — Capital Market (“**FSI-CM**”) company during the period from the date of this Information Memorandum to 31 December 2018 (“**Relevant Notes**”), the Relevant Notes would be, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled “Extension and Refinement of Tax Concessions for Promoting the Debt Market” issued by the MAS on 28 June 2013 (“**MAS Circular**”), “qualifying debt securities” (“**QDS**”) for the purposes of the ITA, and the following treatments shall apply:

- (i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer or such other person as the MAS may direct of a return on debt securities for the Relevant Notes in the prescribed format within such a period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require to the MAS and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost are derived from the Relevant Notes by any person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if such person acquires the Relevant Notes using funds and profits from such person’s operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the “**Qualifying Income**”) from the Relevant Notes paid by the Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person’s operation through a permanent establishment in Singapore, are exempt from Singapore tax;

subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or as such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such a period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require), Qualifying Income from the Relevant Notes paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10.0 per cent. (except for holders of the relevant Financial Sector Incentives(s) who may be taxed at different rates); and

- (ii) subject to:
  - (aa) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and



- (bb) the furnishing by the Issuer or such other person as the MAS may direct to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify, and other particulars in connection with the Relevant Notes as the MAS may require.

Qualifying Income derived from the Relevant Notes and made by the Issuer is not subject to withholding of tax.

However, notwithstanding the foregoing:

- (A) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons, and 50.0 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related party/parties of the Issuer, such Relevant Notes would not qualify as “qualifying debt securities”; and
- (B) even though a particular tranche of Relevant Notes is “qualifying debt securities”, if, at any time during the tenure of such tranche of Relevant Notes, 50.0 per cent. or more of the issue of such Relevant Notes which are outstanding at any time during the life of their issue are beneficially held or funded, directly or indirectly, by any related party/parties of the Issuer, Qualifying Income derived from such Relevant Notes held by:
  - (i) any related party of the Issuer; or
  - (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax of 10.0 per cent. as described above.

The term “**related party**”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Notwithstanding that the Issuer is permitted to make payments of interest, discount income, prepayment fee, redemption premium and break cost in respect of the Relevant Notes without deduction or withholding of tax under Section 45 or Section 45A of the ITA, any person whose Qualifying Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

The 10.0 per cent. concessionary tax rate for qualifying debt securities does not apply to persons who have been granted the financial sector incentive (standard-tier) status (within the meaning of Section 43N of the ITA).

### **The New Notes may not qualify as Qualifying Debt Securities (QDS)**

As there is no specific arranger or manager involved in the issuance of the New Notes, the New Notes may not be seen as satisfying the primary QDS condition of being arranged or managed by a FSI-ST, FSI-CM or FSI-BM company.

Notwithstanding the above, the Issuer has sought a ruling from the MAS that the New Notes should retain the QDS status of the Existing Notes on the following basis: (i) the New Notes are inextricably linked to the Existing Notes because the Notes Exchange has been effected pursuant to a power expressly provided for in the trust deed; (ii) only holders of the Existing Notes will be entitled to receive the New Notes in the Notes Exchange; (iii) there are no proceeds received by the Issuer from the issuance of the New Notes; and for these reasons, there is no commercial need for an arranger or manager for the Notes Exchange. While the Issuer has obtained preliminary feedback from the MAS, on a no-name basis, that the New Notes should retain the QDS status of the Existing Notes, the Issuer is currently seeking written confirmation from the MAS.

There is no assurance that a favourable ruling will be obtained from the MAS, which may view the New Notes and the Existing Notes as separate issuances of new debt securities. If the Issuer does not obtain a favourable ruling from the MAS, the New Notes will not have QDS status and the Issuer and certain holders of the New Notes may be subject to adverse tax consequences.

Where the outcome from the above written request is negative, the New Notes should still be treated as “debt securities” under the ITA.

The following income derived by individual holders of the New Notes, from the New Notes, should be exempt from Singapore tax, except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore:

- (a) interest income;
- (b) discount income (not including discount income arising from secondary trading); and
- (c) prepayment fee, redemption premium and break cost.

Any interest, commission, fee or any other payment in connection with the New Notes, derived by any company or body of persons (as defined in the ITA) in Singapore should generally be subject to tax at the prevailing corporate income tax rate of 17.0 per cent.

Any interest, commission, fee or any other payment in connection with the New Notes, made to non-resident persons other than non-resident individuals is currently subject to withholding tax in Singapore at a rate of 17.0 per cent. (unless subject to the 15.0 per cent. final withholding tax described below). The applicable withholding tax rate for such payments to non-resident individuals is currently 22.0%. However, if the payment is derived by a person not resident in Singapore other than from any trade, business, profession or vocation carried on or exercised by such person in Singapore, and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0 per cent. The rate of 15.0 per cent. may be reduced by applicable tax treaties.

## **2. Capital Gains**

Singapore does not impose tax on gains of a capital nature. Any gains considered to be in the nature of capital made from the sale of the New Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the New Notes which are gains derived from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

There are no specific statutory laws or regulations which deal with the characterisation of gains. The characterisation of gains arising from the sale of the New Notes will depend on the facts and circumstances of each holder.

Holders of the New Notes who apply or are required to apply Singapore Financial Reporting Standard 39—Financial Instruments: Recognition and Measurement (“**FRS 39**”), may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the New Notes, irrespective of disposal, in accordance with FRS 39. Please see the section below on “*Adoption of FRS 39 treatment for Singapore income tax purposes*”.

### **3. Adoption of FRS 39 treatment for Singapore income tax purposes**

The Inland Revenue Authority of Singapore has issued a circular entitled “Income Tax Implications arising from the adoption of FRS 39—Financial Instruments: Recognition & Measurement” (the “**FRS 39 Circular**”). Legislative amendments to give effect to the tax treatment set out in the FRS 39 Circular have been enacted in Section 34A of the ITA.

The FRS 39 Circular and Section 34A of the ITA generally apply, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the New Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the New Notes.

### **4. Estate Duty**

Singapore estate duty has been abolished for deaths occurring on or after 15 February 2008.

### **Cayman Islands Taxation**

*The following is a discussion on certain Cayman Islands income tax consequences of an investment in the New Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor’s particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.*

Payments of interest and principal on the New Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal or a dividend or capital to any holder of the New Notes nor will gains derived from the disposal of the New Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

No stamp duty is payable in respect of the issue of the New Notes. The New Notes themselves will be stampable if they are executed in or brought into the Cayman Islands or produced before a Cayman Islands court.

## GENERAL INFORMATION, CLEARANCE AND SETTLEMENT

- **Clearing Systems:** The New Notes have been accepted for clearance through CDP. The following table sets forth certain trading information for the New Notes.

Instrument	ISIN
2022 Notes .....	SG77J4000001
2023 Notes .....	SG77J3000002

- **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in the Cayman Islands in connection with the issue and performance of the New Notes. The entering into of the Trust Deed and the Agency Agreement relating to the New Notes, and the issue of the New Notes have been authorised by a resolution of the Issuer's Board of Directors dated 2 November 2016.
- **No Material Adverse Change:** Except as disclosed in this Information Memorandum, there has been no adverse change in the Issuer's financial condition since 30 September 2016 that is material in the context of the issue of the New Notes.
- **Documents available:** For so long as any of the New Notes is outstanding, copies of this Information Memorandum, the Consent Solicitation Statement, the draft Agency Agreement, the draft Trust Deed, and any other documents relating to the 2022 Notes Exchange and the 2023 Notes Exchange may be inspected free of charge during normal business hours on any weekday (except public holidays) at the office of the Issuer.
- **Listing of the New Notes:** Approval in-principle has been received from the SGX-ST for permission to deal in and the listing and quotation of the New Notes on the SGX-ST. Such permission will be granted when the New Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission of the New Notes to the Official List of the SGX-ST and quotation of any New Notes on the SGX-ST are not to be taken as an indication of the merits of the New Notes or of the Issuer, its subsidiaries (if any), its associated companies (if any), its joint venture companies (if any) or such New Notes. For so long as such New Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such New Notes will be traded on the SGX-ST in a minimum board lot size of at least S\$250,000. For so long as the New Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where the New Notes may be presented or surrendered for payment or redemption, in the event that any Global Notes are exchanged for definitive New Notes. In addition, in the event that a Global Note Certificate is exchanged for definitive New Notes, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST, and such announcement shall include all material information with respect to the delivery of the definitive New Notes, including details of the paying agent in Singapore.

The Issuer cannot assure the liquidity of the trading market for the New Notes. If an active trading market for any of the New Notes does not develop, the market price and liquidity of such New Notes may be adversely affected. If any New Notes are traded, the trading price of such New Notes will depend on prevailing interest rates, the market for similar securities, the Issuer's operating performance and financial condition, general economic conditions and other factors.

## APPENDIX A INDUSTRY REPORT

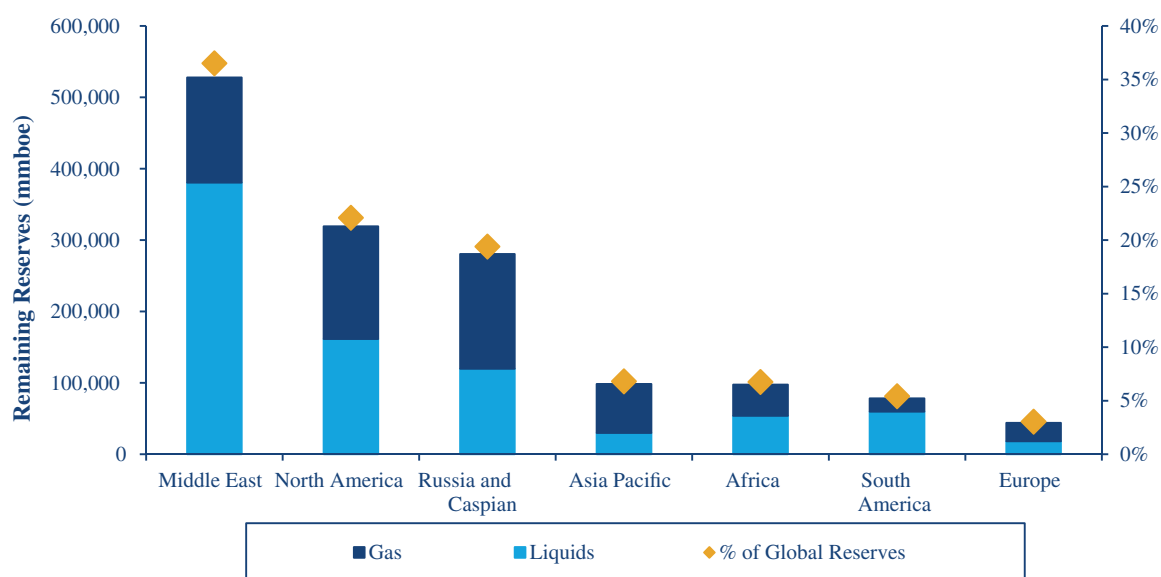
### I. Global Oil and Gas Market Overview

#### Global and regional reserves<sup>1</sup>

##### *Global reserves by region*

Wood Mackenzie estimates total global commercial oil and gas reserves at approximately 1,446 billion boe<sup>2</sup>(as of Q1 2016A), with the Middle East region accounting for 37% of the total, followed by North America (22%), Russia & Caspian (19%), and Asia Pacific (7%).

**Commercial Oil and Gas Reserves by Region**



Source: Wood Mackenzie

#### Global oil and gas demand

##### *Crude oil demand by region*

Global oil demand has risen since 2011A, with Wood Mackenzie projecting oil demand to continue increasing from 31,065 mmboc in 2016F to 31,855 mmboc in 2021F, equating to a 0.5% average annual growth rate. Despite demand cooling in Europe (where oil demand actually declines over the next five years), development in the rest of the world looks set to drive continued demand growth, albeit at a slower pace than in previous years. Wood Mackenzie expects that the volumetric demand for oil in Asia Pacific will surpass the total increase in demand from the rest of the regions, with 483

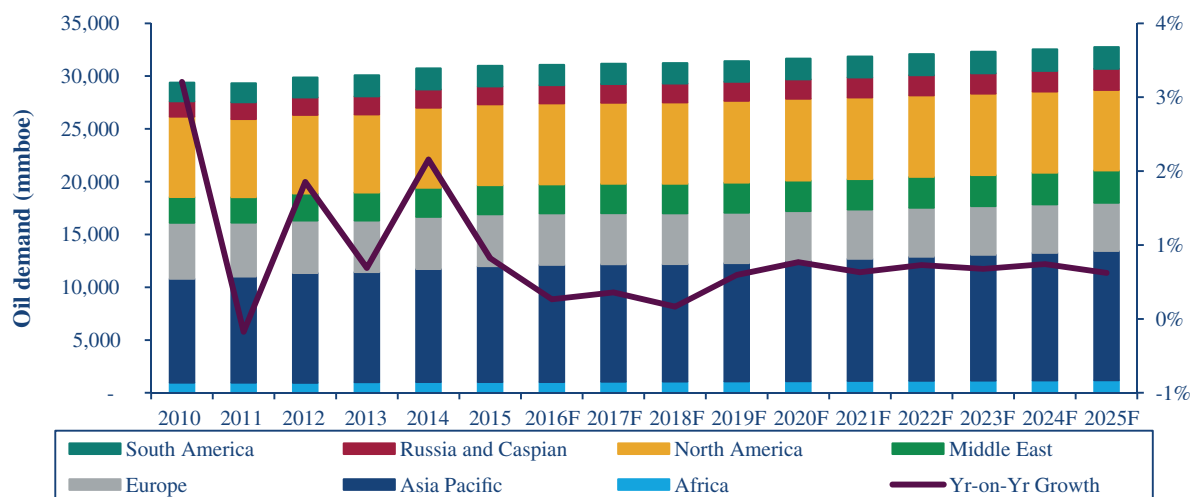
<sup>1</sup> Using Wood Mackenzie's methodology, commercial reserves are broadly equivalent to proven and probable reserves. In particular, Wood Mackenzie considers commercial reserves to be fields which are currently in production, under development or regarded as probable developments. Fields under development are fields where the development plan has been approved by the government authorities and the field participants have made the final investment decision for the project to proceed. Probable developments are discoveries where reserve estimates have been sufficiently proved-up and any development plan would be economically viable. Wood Mackenzie would expect probable developments to be either on-stream or under development within a five-year timescale.

<sup>2</sup> This includes both conventional and unconventional commercial reserves such as shale gas, tight oil, and oil sands.

mmboe of additional demand expected between 2016F to 2021F, or an average annual growth rate of 0.9%. This demand is underpinned increased transport demand in China and India. The implications for Asia Pacific include a continued (and growing) dependence on imported oil and regional governments focusing on increasing domestic supply.

In Wood Mackenzie’s view, oil demand in South East Asia is on an overall upward trend, with demand expected to reach 2,310 mmboe in 2021F, a 2.0% average annual increase from 2016F. Indonesia is the largest market for oil in South East Asia, driven by transport requirements, although Brunei will be the fastest growing oil consumer through 2021F, with an average annual 40.6% growth rate, followed by Cambodia and Vietnam at 4.5% and 4.1%, respectively.

**Crude Oil Demand by Region, 2010A-2025F**



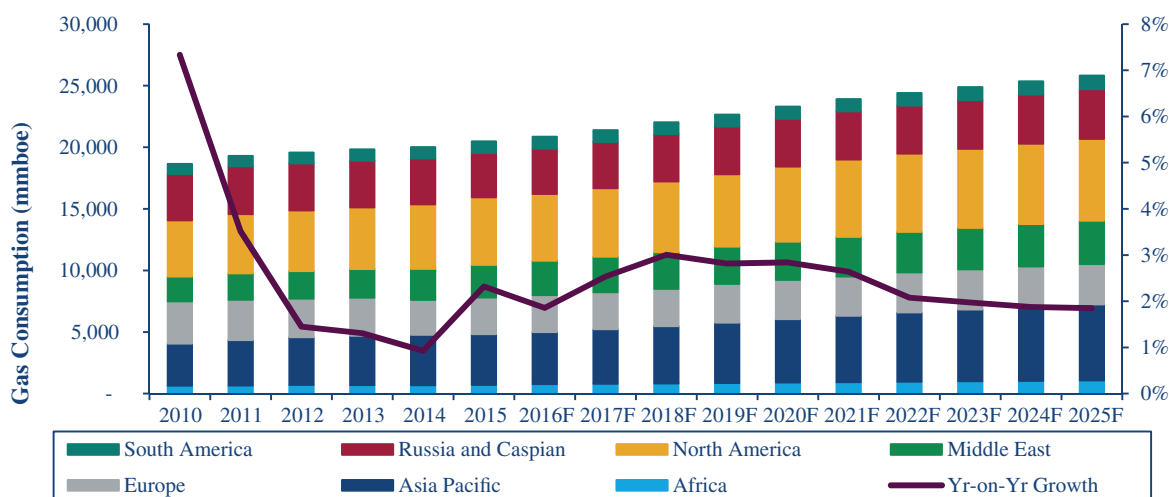
Source: Wood Mackenzie

*Gas demand by region*

In Wood Mackenzie’s view, gas looks set to take on a greater role globally, with gas demand expected to steadily increase into the future, from 20,864 mmboe (119 tcf) in 2016F to 23,914 mmboe (136 tcf) in 2021F, equating to an average annual growth rate of 2.8%. The main regions that contribute to this rise (volumetrically) are Asia Pacific, North America, and the Middle East with gas demand in Asia Pacific growing at an average of 5.0% per year between 2016F and 2021F. The Chinese gas market remains the largest driver for Asia gas demand growth, although the forecast has been slightly lowered recently. Wood Mackenzie still expects the Chinese gas market to increase by over 360 bcm between 2015A and 2035F (vs. 420 bcm in H2 2015 forecast), with gas penetration increasing from 5% to 11% over the same period.

Gas looks set to take on greater importance for South East Asia in the coming years, as Wood Mackenzie expects the region to see an average 2.5% annual increase in regional gas demand from 977 mmboe (5,551 bcf) in 2016F to 1,104 mmboe (6,272 bcf) in 2021F. Malaysia, Thailand, and Indonesia are the top three drivers of this gas demand volumetrically; Myanmar is the fastest growing gas demand center through 2021F with an 5.5% average annual growth rate.

## Gas Consumption by Region, 2010A-2025F



Source: Wood Mackenzie

### Global oil and gas production

#### *Crude oil production by region*

Based on Wood Mackenzie estimates, global oil production is set to rise from 31,398 mmboe in 2016F to 33,793 mmboe in 2021F, at an average annual growth rate of 1.2%. This is led by the projected growth in production in North America, the Middle East, and South America.

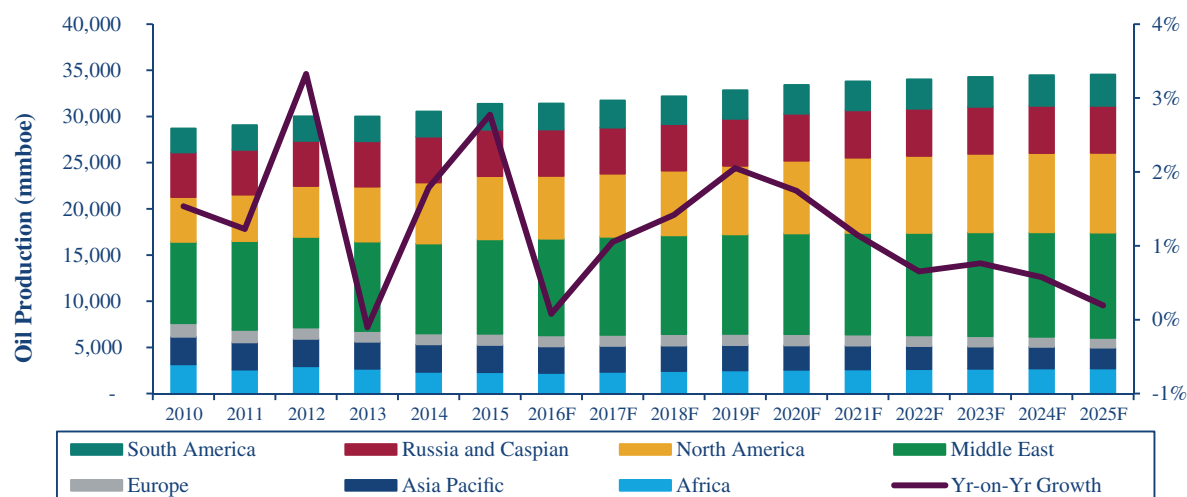
US tight oil production is forecast to rise from 4.1 million b/d in 2016F to 6.6 million b/d in 2020F, showing resilience in the face of a prolonged lower oil price environment. Growth is expected to stabilise at around 8.5 million b/d from 2025F. Tight oil plays outside North America are forecast to contribute around 1.2 million b/d by 2025F, with the bulk of production growth expected in the next decade.

In Asia Pacific, oil production between 2016F and 2021F is set decline at an average annual rate of 2.2%, as the region's current producing fields mature and smaller oil discoveries are made.

Wood Mackenzie projects oil production in South East Asia to decline between 2016F and 2021F, from 898 mmboe to 738 mmboe. While Indonesia is the largest oil market and has the largest reserves base in South East Asia, it is expected to experience the steepest decline in production in the region; Malaysia is expected to replace Indonesia as South East Asia's largest oil producer in 2017F. Other countries in the region are also expected to see a drop in oil production, including Thailand and Vietnam.



### Crude Oil Production by Region, 2010A-2025F

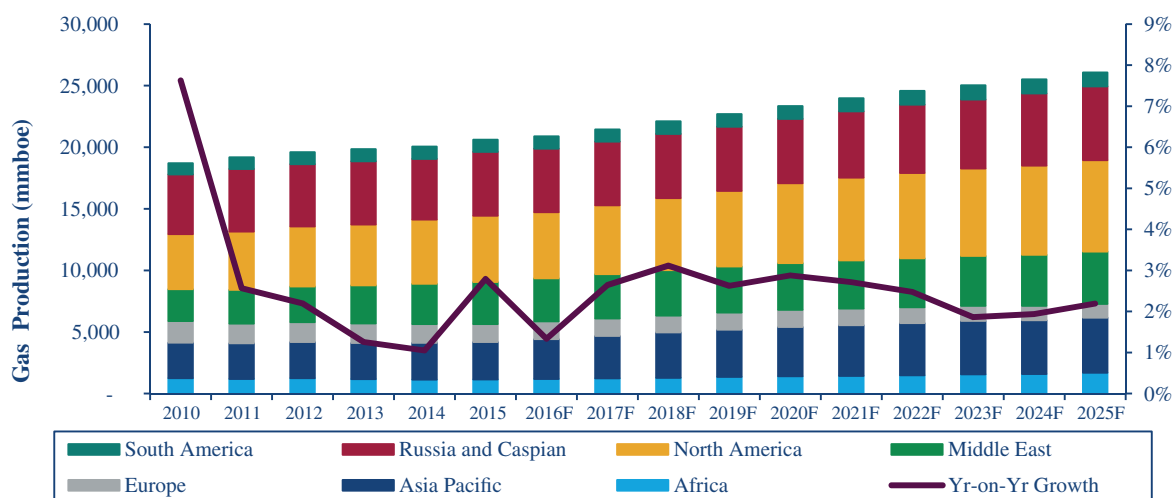


Source: Wood Mackenzie

### Gas production by region

Wood Mackenzie expects a 2.6% average annual increase in global gas production, from 20,892 mmboe (119 tcf) in 2016F to 23,980 mmboe (136 tcf) in 2021F. While the North America and Russia & Caspian regions are expected to maintain their positions as the leading producers of gas globally, Asia Pacific is expected to grow its gas production at an annual average rate of 5.2% between 2016F and 2021F, outperforming other regions. This production growth is driven by increases in Chinese (conventional and unconventional) and Australian (LNG) output; however gas production in South East Asia is also on the rise. Malaysia in particular is projected to significantly increase its gas production rate from 2016F to 2021F, with an average annual growth rate of 3.6%. Regionally, gas production will increase at an average annual rate of 0.8% through 2021F, with growth also coming from Thailand (1.7%), Myanmar (1.4%), Brunei (0.9%), and Philippines (0.7%), offsetting declines in Indonesia (-1.6%) and Vietnam (-2.8%).

### Gas Production by Region, 2010A-2025F



Source: Wood Mackenzie

## II. Crude Oil and Natural Gas Pricing

### Crude oil pricing

#### *Key global benchmarks: Oil Outlook*

By the end of 2014A, oil prices were falling steeply and continued doing so in January 2016A. This was due to the continuing impact of strong non-OPEC and OPEC supply growth during 2015A. Supply outpaced demand every quarter in 2015A and then in January 2016A, sanctions were lifted against Iran causing increases in Iran's production. Fears about weak economic growth in China and the US were also predominant at the beginning of the year, helping to drive Brent prices to their likely lowest level for 2016A, on 20 January, of \$26 per barrel.

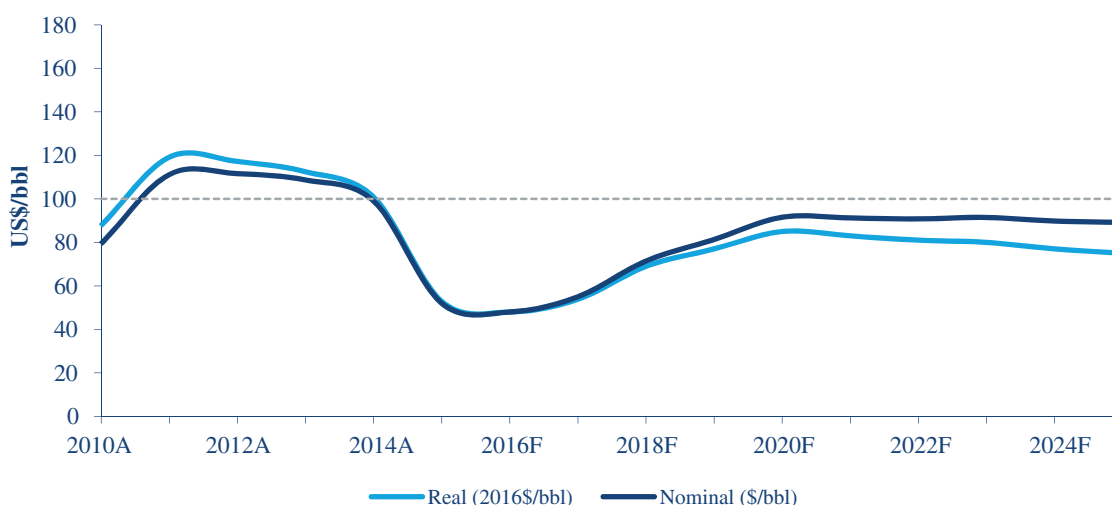
In the short term, Wood Mackenzie's Brent price outlook is driven by a tightening global supply-demand balance. By Q4 2016, our short term forecasts show world oil demand will nearly surpass total global supply. During 2017F, the tightening in the supply and demand balance is expected to continue because non-OPEC supply will again fall year-on-year and OPEC supply growth is forecast to slow. In H2 2017, two quarters in a row of implied stock draws will support oil prices into the \$60-\$70 per barrel range.

In the medium term (2018F-2020F), Wood Mackenzie's methodology relies more on the crude oil capacity of OPEC and the comparison with the call on OPEC. When there is a widening of OPEC spare capacity, it indicates ample supply and weaker oil prices. For the entire period, we assume no action by OPEC to cut production to support prices. How far oil prices weaken when there is growth in spare capacity is partly determined by our modelling and analysis of breakeven prices for marginal sources of supply. From 2018F oil prices rise to \$85 per barrel annual average for Brent in 2020F. OPEC spare capacity is relatively low and is expected to support prices. It is expected that it is only after 2018F that US oil production will start to grow again. However, Wood Mackenzie expects that non-OPEC production will take longer to recover because the slowdown in this period is due to the longer lead times for sanctioning and executing conventional projects.

Longer term (2020F-2025F), due to the effect on supply and demand from current low prices, we expect Brent to average \$85 per barrel in real terms in 2020F. With these higher prices, non-OPEC supply will grow until it reaches a plateau from 2026F-2028F. With a slow rate of oil demand growth OPEC spare productive capacity will widen out to an estimated nearly 6 million b/d in 2025F and prices will fall from \$85 per barrel in 2020F for Brent to \$75 per barrel (real) in 2025F and hold there in 2026F.

The forecast reflects the assumption that there will be continuity in this period of OPEC following a policy of vying for market share, with no attempt to cut output to support oil prices while there is excess supply. Also, due to the lower rate of oil demand growth, the higher cost sources of supply we had included in our long term forecast previously are not needed until later in the decade and we have adjusted the prices through 2025F lower to reflect this.

**Brent**



Source: 2010A-2015A historical data— Thomson Datastream; 2016F-2025F forecast— Wood Mackenzie.

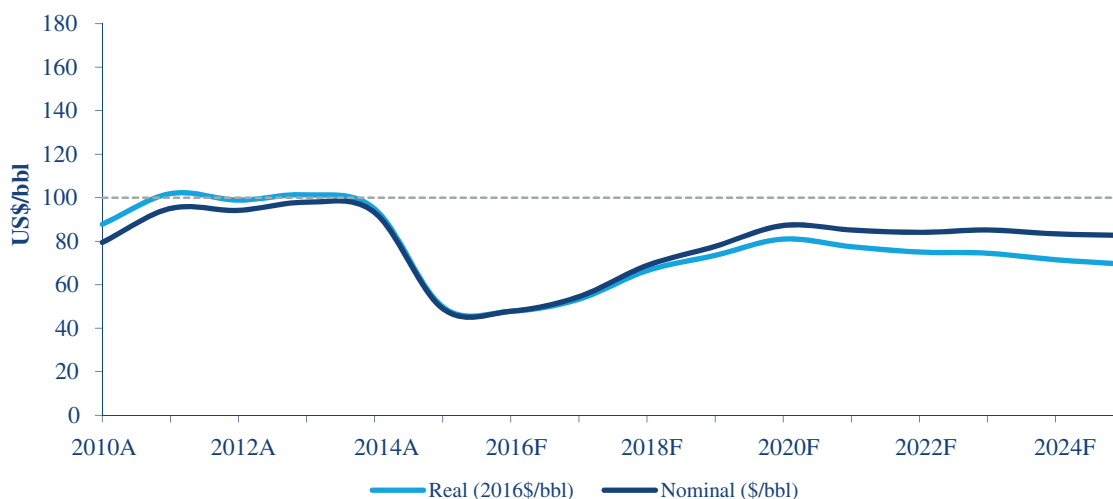
*Brent-West Texas Intermediate (“WTI”) Differential*

There have been significant changes in the US oil markets since our last long-term update. The ban on the US crude oil exports has been lifted and US onshore crude oil supply has continued to decline. Low oil prices and lower US onshore crude oil supply has given the pipeline infrastructure an opportunity to catch-up. Now, most of the key oil producing plays in the US have surplus pipeline takeaway capacity. In some cases, pipeline tariffs have been temporarily reduced in a bid to secure more throughput. Declining US onshore supply amidst lower tariffs and surplus takeaway capacity have exerted a narrowing impact on Brent-WTI in 2016A. Looking ahead:

- We forecast the Brent-WTI differential will widen as US onshore oil supply recovers and reaches new highs
- We expect US crude oil exports will rise substantially as US oil supply grows
- We expect the role of Bakken crude-by-rail to be challenged in the near-term as new pipelines start-up

In the long-term we forecast crude oil supply will outstrip known pipeline takeaway capacity in basins like the Permian. More pipelines will need to be developed otherwise there could be a call on more expensive crude-by-rail. It is reasonable to anticipate that additional pipeline capacity will be added, particularly in the corridor from the Permian to the Gulf Coast. However, our analysis is based on known infrastructure projects.

## WTI



Source: 2010A-2015A historical data— Thomson Datastream; 2016F-2025F forecast— Wood Mackenzie

### *Brent-Dubai differential*

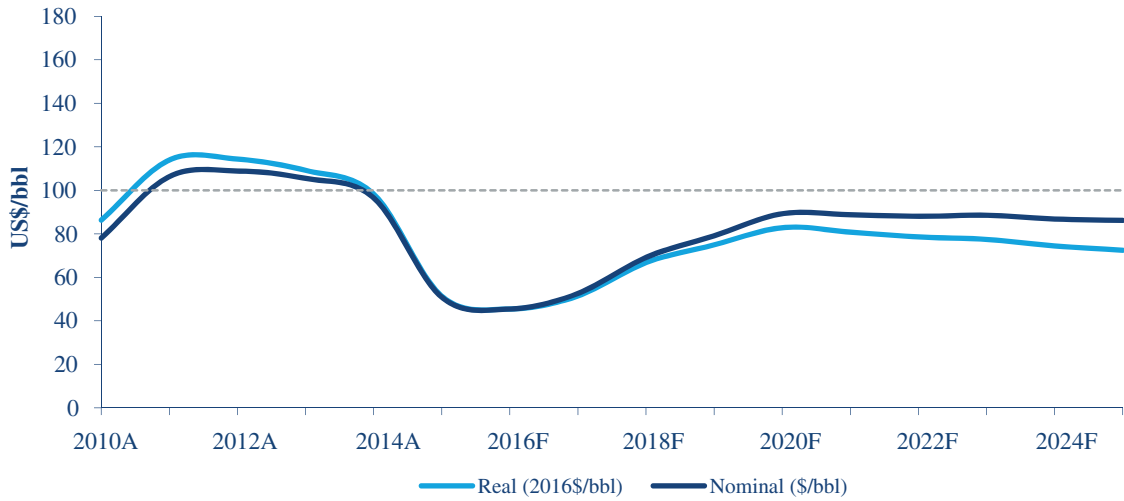
The Brent-Dubai differential narrowed in 2015A, reflecting lower outright crude prices. Normally a difference in crude prices stems from different densities of the two crudes with Dubai being heavier and typically pricing at a discount to Brent. However, there were also some unexpected market developments with Dubai at times trading at a strong premium to Brent. This reflected some oversupply of crude in the Atlantic Basin but there were also unusual trading patterns by some market participants which distorted the spread. From its widest differential in 2011A, at \$4.89/bbl, the gap has narrowed to \$1.14/bbl in 2015A.

The value of Dubai has been undermined somewhat in 2016A by the ample supply of medium and heavy crudes, as the crude supply demand balance tightens, this should have a supportive effect on Dubai values versus Brent.

Our long-term forecast for the Brent-Dubai differential is based on the relative refined value of the two crudes using our long term products price forecast. Throughout the forecast period, we expect that refineries will invest in increasing their capacity to upgrade heavier more sour crudes into higher value light products. These investments in coking and hydrocracking capacity are set to support the value of heavier more sour crudes relative to lighter sweet crudes.

We forecast that demand for high sulphur fuel oil will increase more quickly than supply and this will result in strong fuel oil crack spreads which supports the relative value of Dubai versus Brent. Our forecast is that the Brent-Dubai differential will remain relatively tight throughout the forecast period due to strong fuel oil cracks. However, this is offset by rising outright prices which tend to result in wider differentials and so the differential widens slightly in the longer term.

## Dubai

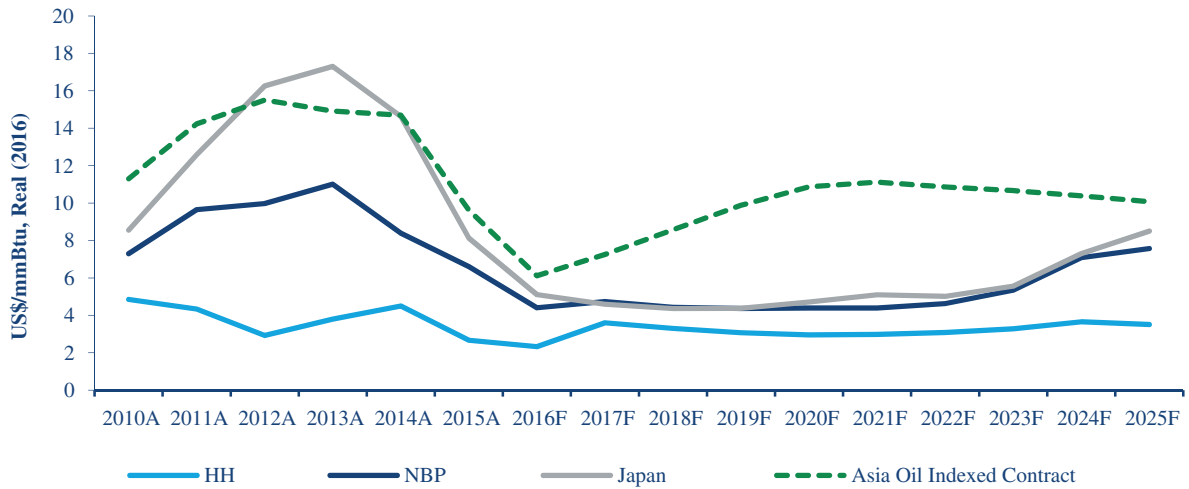


Source: 2010A-2015A historical data— Thomson Datastream; 2016F-2025F forecast— Wood Mackenzie

## Natural gas pricing

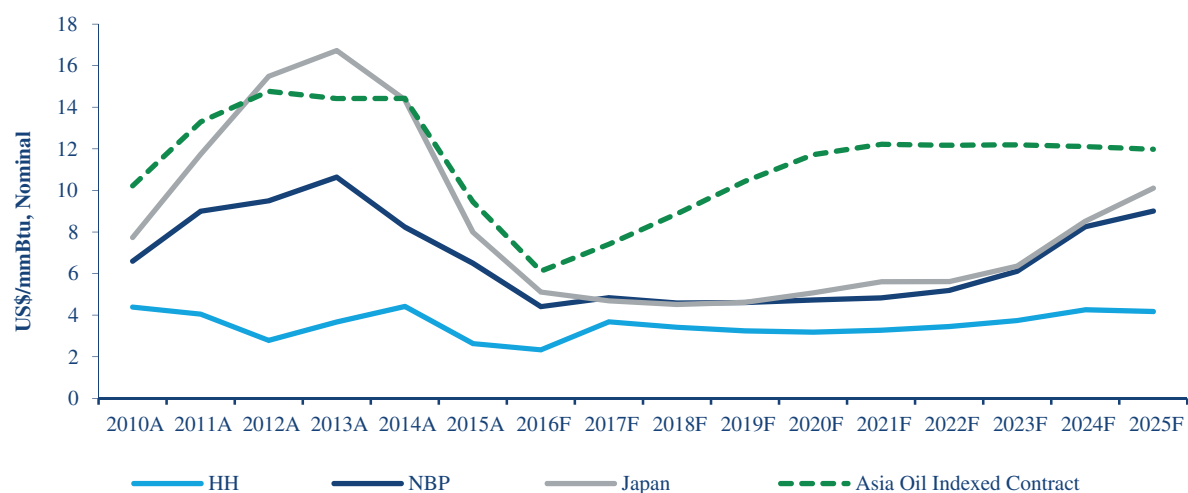
*Overview of regional pricing dynamics*

### Global Gas Spot Prices (real 2016 terms)



Source: 2010A-2015A Oil Indices— Thomson Datastream, 2010A-2015A NBP— Argus, Others and all forecast 2016F-2025F— Wood Mackenzie

## Global Gas Spot Prices (nominal terms)



Source: 2010A-2015A Oil Indices— Thomson Datastream, 2010A-2015A NBP— Argus, Others and all forecast 2016F-2025F— Wood Mackenzie

Wood Mackenzie forecasts a “lower for longer” outlook for LNG spot pricing, both in the Atlantic and Pacific. Wood Mackenzie believes that a significant tipping point has been reached, whereby Russia is now incentivised to pursue market share in Europe. This is due to a combination of greater LNG supply availability to Europe, lower coal prices and a higher US gas price.

Chinese and Indian LNG demand has grown in 2016A helped by rising oil prices and low spot prices. This reinforces our positive view of medium-term LNG demand growth in both countries. Growing LNG imports in Egypt and Pakistan have benefited from plug and play FSRU connectivity. And while emerging LNG markets present upside potential, most require market/downstream development and will take time.

The combination of slower economic growth and competition from other fuels in the power sector, notably coal, has reduced LNG demand growth expectations in established Asian markets, particularly Japan. A lower LNG demand outlook ex-Europe and strong LNG supply growth globally sets the scene for more LNG volumes seeking market in Europe, potentially increasing to 100 mmtpa by 2020F, a rise of nearly 60 mmtpa from 2015A imports (equivalent to over 80 bcm or 8 bcf/d).

Wood Mackenzie’s coal price forecast to 2020F has reduced below US\$55/tonne. As a result, gas spot prices of US\$4.50/mmbtu are capable of displacing coal volumes equivalent to only an additional 10 bcm (1 bcf/d) of gas demand in Europe. At European prices of US\$4.50/mmbtu and US gas prices forecast in excess of US\$3/mmbtu for much of the next 5 years, the differential necessary to sustain the exports of LNG from the US to Europe will be threatened at times. We expect US gas prices to rise from their current levels of around US\$2/mmbtu due to the combination of structural demand growth and limits to the availability of low cost gas.

Wood Mackenzie assumes that Russia’s European pipe export strategy is one that maximises profit. Until recently, our analysis showed this was achieved by Russia accommodating rising LNG imports in Europe through backing out its own pipe gas and supporting spot prices. However, the combination of greater LNG supply availability to Europe, lower coal prices and a higher US gas price outlook has changed that. Our global gas modelling now shows that Russia is unable to influence prices to a level that compensates for lower exports in the medium term, and instead Russia is incentivised to compete for market share. Consequently we anticipate that Russian pipe exports to Europe will remain in the 155-165 bcm range over the next 5 years.

With US LNG at the margin in Europe, at prices higher than the bulk of coal to gas switching, the scene is set for lower cost Russian pipe gas displacing US LNG, forcing the shut-in of some US LNG export capacity at times. In some forthcoming summers, when seasonal demand is low and market space for LNG imports limited, Atlantic price differentials could settle at 70 cents, supportive of only the most cost efficient US LNG plants and of those offtakers with sunk regas capacity in Europe. While in the winter, Atlantic price differentials will be higher, a level more supportive of a wider range of plants and offtakers. Our analysis suggests that average utilisation of total US LNG capacity could be around 70% through 2020F, reducing the availability of LNG to Europe.

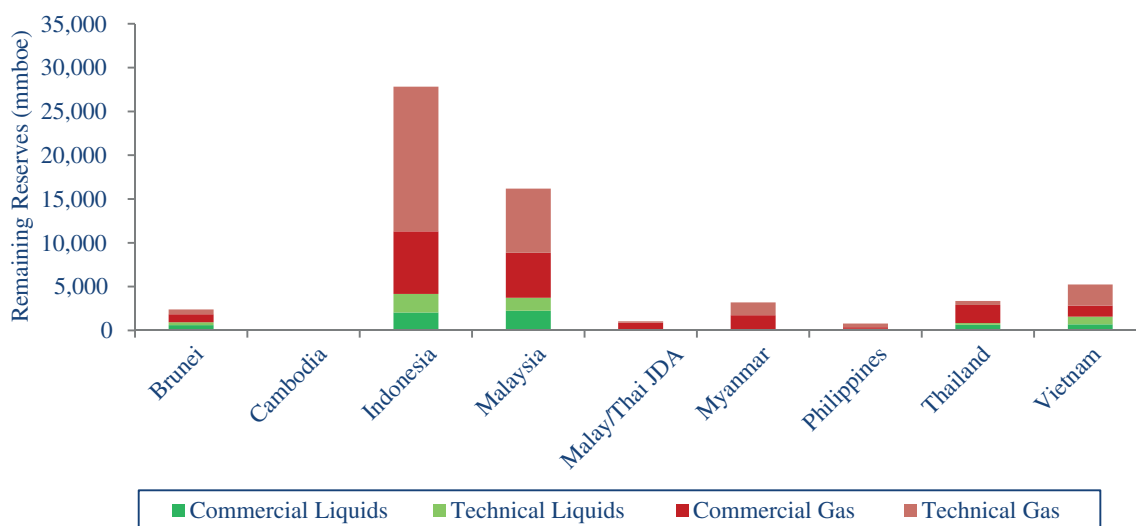
European spot prices through this period therefore risk being set by US gas prices, subject to the cost of routing LNG to Europe. We forecast annualised European spot prices at between US\$4.35-4.75/mmbtu through 2022F. Asian LNG spot prices, which will be priced off Europe through the same period, will also ultimately be set by Henry Hub. We forecast annualised Japan equivalent spot prices at between US\$4.35-5.10/mmbtu through 2022F.

Longer-term the rising cost of new supply required to meet demand in Pacific and European markets will push European and Asian prices above US\$8/mmbtu from 2026F. Henry Hub prices will rise above US\$4/mmbtu from 2028F and over US\$5/mmbtu by 2032F. Russia will adopt a new target price for its gas in line with the life cycle cost of the alternative sources of supply available to buyers and still maintain its markets share in Europe. The NBP prices will rise to US\$9.50/mmbtu by 2030F and towards US\$11/mmbtu by 2035F. The Japanese spot price will trend to US\$11.50/mmbtu by 2035F, based on alternative prices in Europe — with US LNG being the pivotal supplier - and also on the breakeven cost of new LNG supply.

### III. South East Asia Regional Oil and Gas Market Overview

#### Reserves and resources by country<sup>3</sup>

Commercial and Technical Oil and Gas Reserves by Country (2016A)



Source: Wood Mackenzie

<sup>3</sup> Technical reserves are defined as reserves that have been discovered but are currently not considered commercial. This may be due for example to low levels of recoverable reserves, perceived technical difficulties with a development, low product quality or the lack of available markets (e.g. 'stranded gas' deposits).

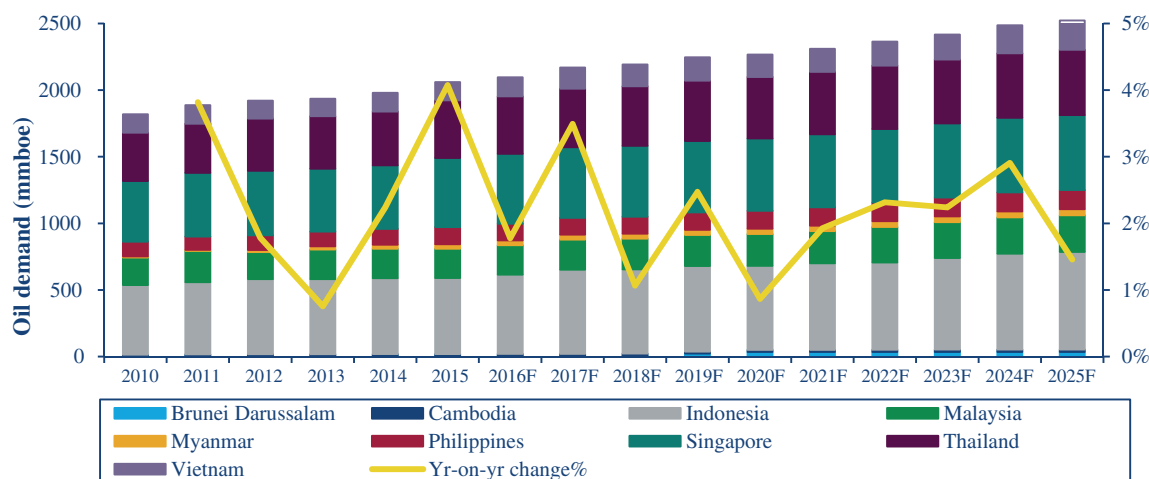


As of Wood Mackenzie's latest estimates from Q1 2016A, the South East Asian region holds about 60,121 mmboe of commercial and technical oil and gas reserves<sup>3</sup>. The bulk of the reserves are located in Indonesia and Malaysia, which contribute 27,820 mmboe (46%) and 16,196 mmboe (27%) to the regional total, respectively. In South East Asia, 81% of commercial and technical reserves are gas, demonstrating the strong regional bias toward gas.

### Demand and production (historical and forecast)

#### Crude oil demand

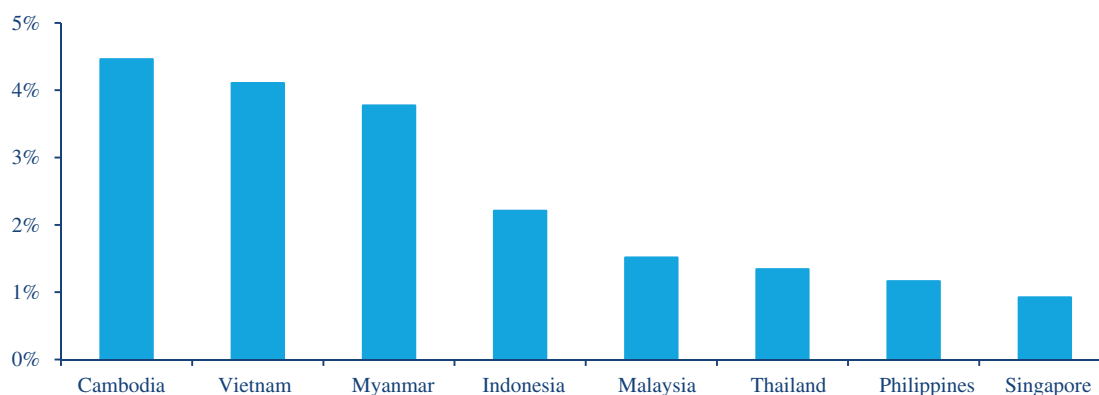
South East Asia Oil Demand, 2010A-2025F



Source: Wood Mackenzie

In Wood Mackenzie's view, total primary oil demand (including bunkers/stocks and refining losses/gains) in South East Asia is on an overall upward trend, with demand expected to reach 2,310 mmboe in 2021F, a 2.0% average annual increase from 2016F. Indonesia is the largest market for oil in South East Asia, driven by transport requirements, although Brunei will be the fastest growing oil consumer through 2020F, with an average annual 40.6% growth rate, followed by Cambodia and Vietnam at 4.5% and 4.1%, respectively.

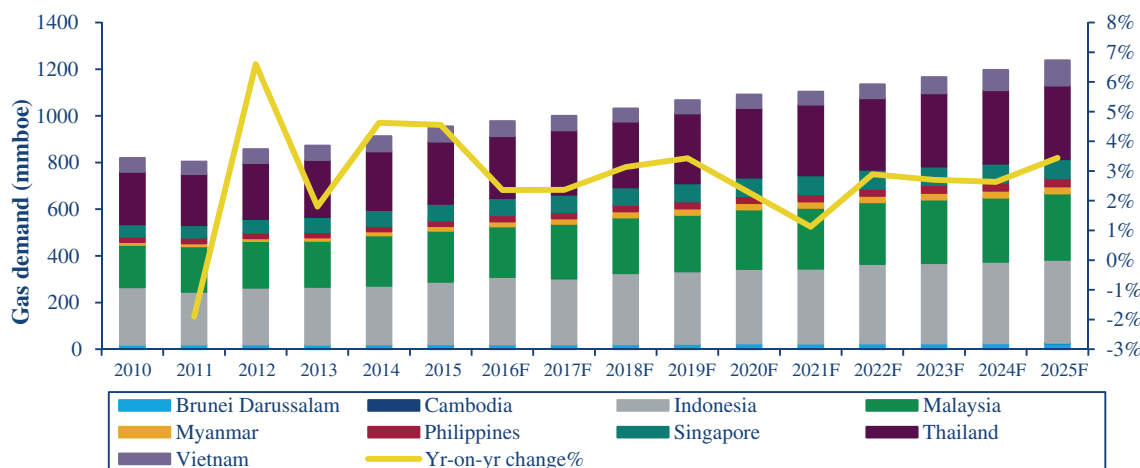
Average Annual Increase in Oil Demand by Country, 2016F-2021F



Source: Wood Mackenzie

Not shown is Brunei's average annual increase of 41%, which is comparatively high due to the recently announced integrated refinery and petrochemicals complex at Pulau Muara Besar expected to be built by 2020.

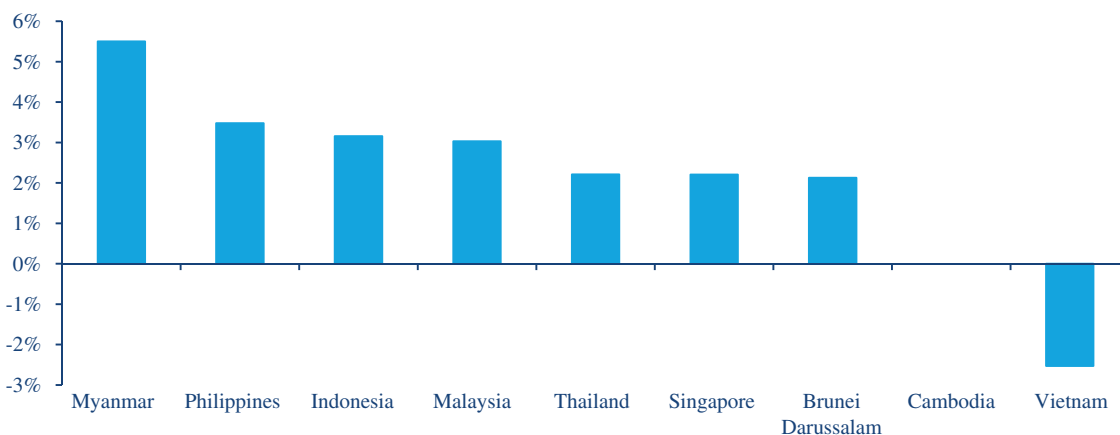
South East Asia Gas Demand, 2010A-2025F



Source: Wood Mackenzie

Gas takes on greater importance for South East Asia in the coming years, as Wood Mackenzie expects the region to see an average 2.5% annual increase in regional gas demand from 977 mmboe (5,551 bcf) in 2016F to 1,104 mmboe (6,272 bcf) in 2021F. Malaysia, Thailand, and Indonesia are the top three drivers of this gas demand volumetrically; Myanmar is the fastest growing gas demand center through 2021F with an 5.5% average annual growth rate.

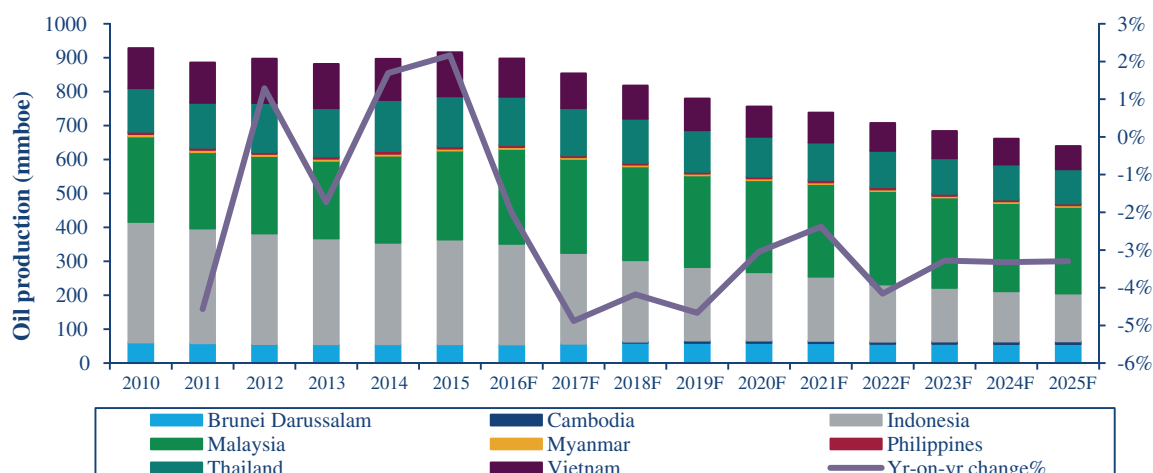
Average Annual Increase in Gas Demand by Country, 2016F-2021F



Source: Wood Mackenzie

Crude oil production

South East Asia Oil Production, 2010A-2025F

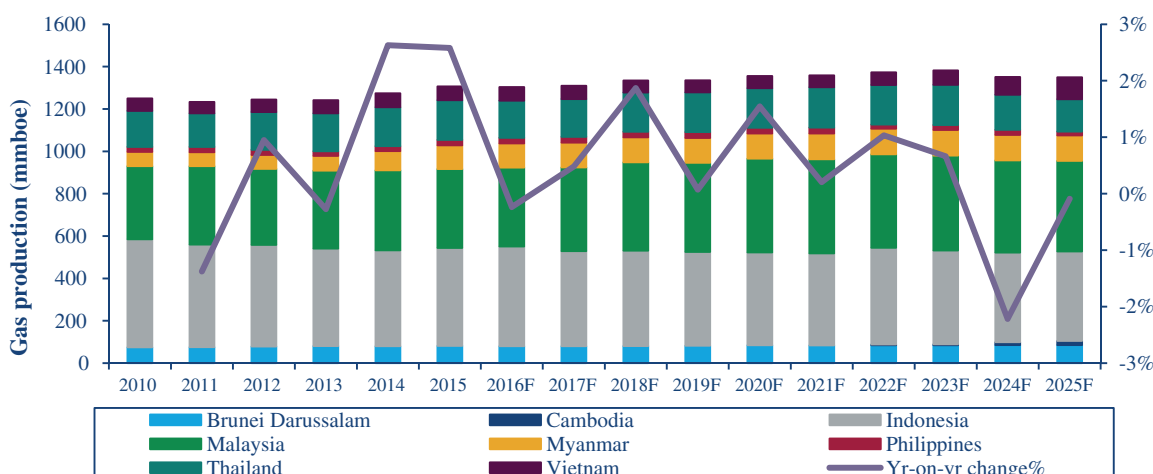


Source: Wood Mackenzie

Wood Mackenzie projects oil production in South East Asia to decline between 2016F and 2021F, from 898 mmboe to 738 mmboe. While Indonesia is the largest oil market and has the largest reserves base in South East Asia, it is expected to experience the steepest decline in production in the region; Malaysia is expected to replace Indonesia as South East Asia’s largest oil producer in 2017F. Other countries in the region are also expected to see a drop in oil production, including Thailand and Vietnam.

Gas production

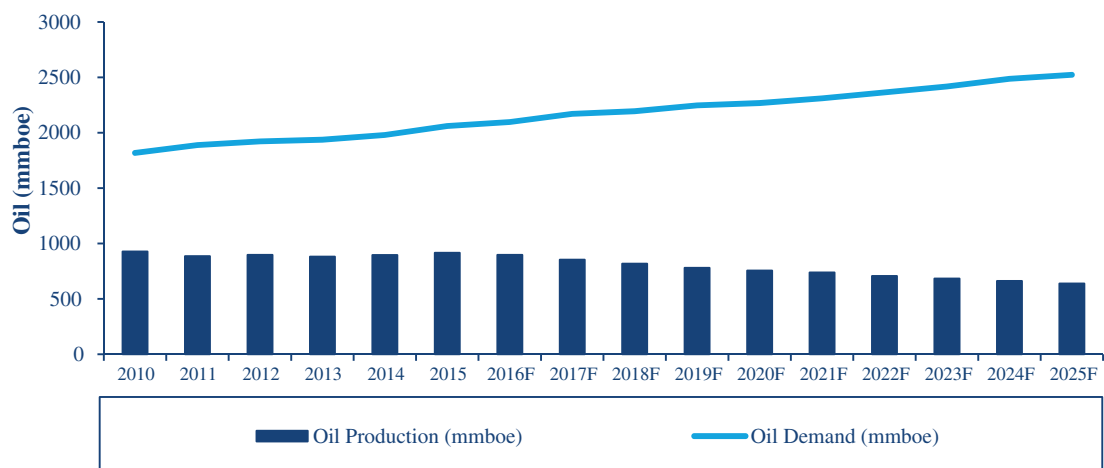
South East Asia Gas Production, 2010A-2025F



Source: Wood Mackenzie

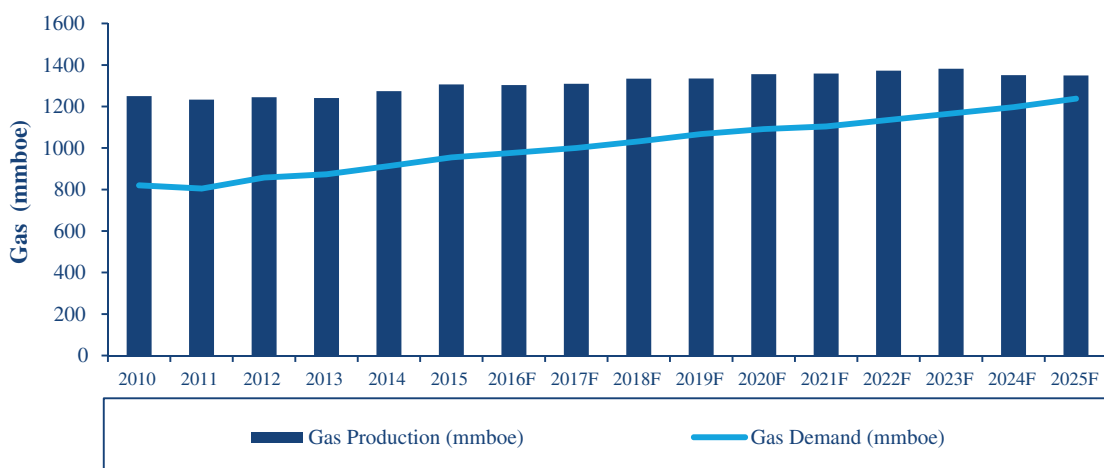
Gas production in South East Asia is on the rise. Malaysia in particular is projected to significantly increase its gas production rate from 2016F to 2021F, with an average annual growth rate of 3.6%. Regionally, gas production will increase at an average annual rate of 0.8% through 2021F, with growth also coming from Thailand (1.7%), Myanmar (1.4%), Brunei (0.9%), and Philippines (0.7%), offsetting declines in Indonesia (-1.6%) and Vietnam (-2.8%).

### South East Asia Oil Supply-Demand, 2010A-2025F



Source: Wood Mackenzie

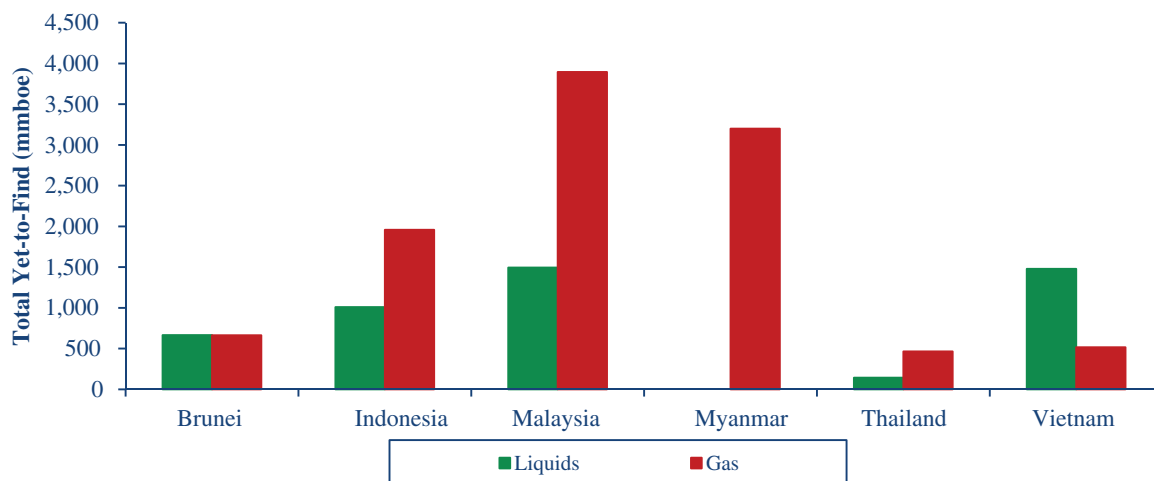
### South East Asia Gas Supply-Demand, 2010A-2025F



Source: Wood Mackenzie

### Oil and gas prospectivity of region

#### Yet-to-Find Commercial and Technical Reserve Volumes



Source: Wood Mackenzie

Based on Wood Mackenzie’s projections, the total yet-to-find (“YTF”) volume in South East Asia is 15,490 mmboe, of which 4,791 mmboe (31%) is liquids and 10,699 mmboe (61 tcf, 69%) is gas.<sup>4</sup>

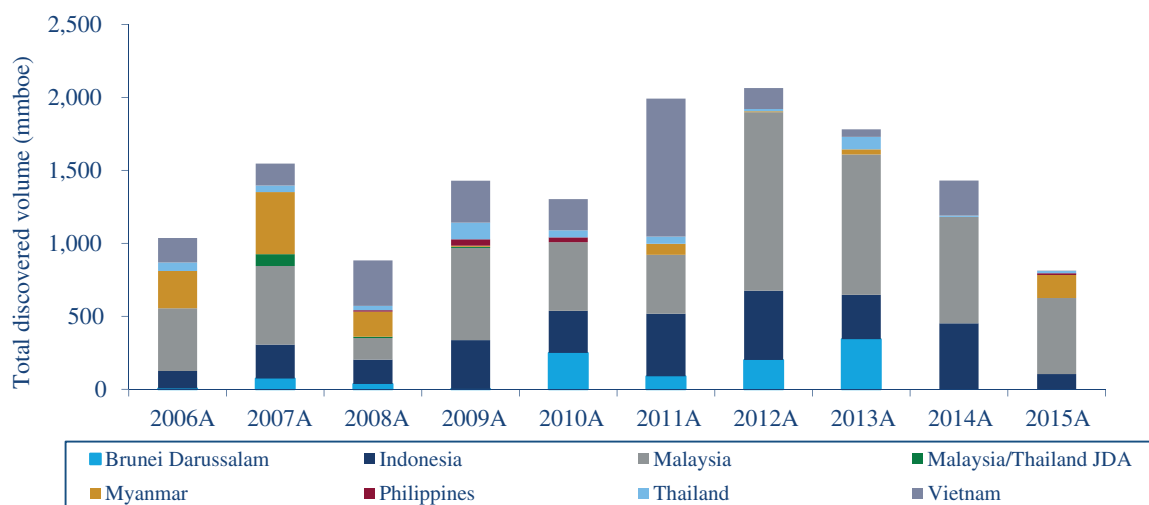
Malaysia, Myanmar and Indonesia are highly prospective for gas reserves, while Malaysia and Vietnam have the highest YTF liquids volumes at 1,494 mmboe and 1,478 mmboe, respectively.

*Exploration discoveries by country*

In recent years, the region has seen a mixed trend in discovered volumes, with an average 1,428 mmboe discovered per year since 2006A.

**Discovered Volume by Country, 2006A-2015A**

**(Commercial and Technical Reserves)**



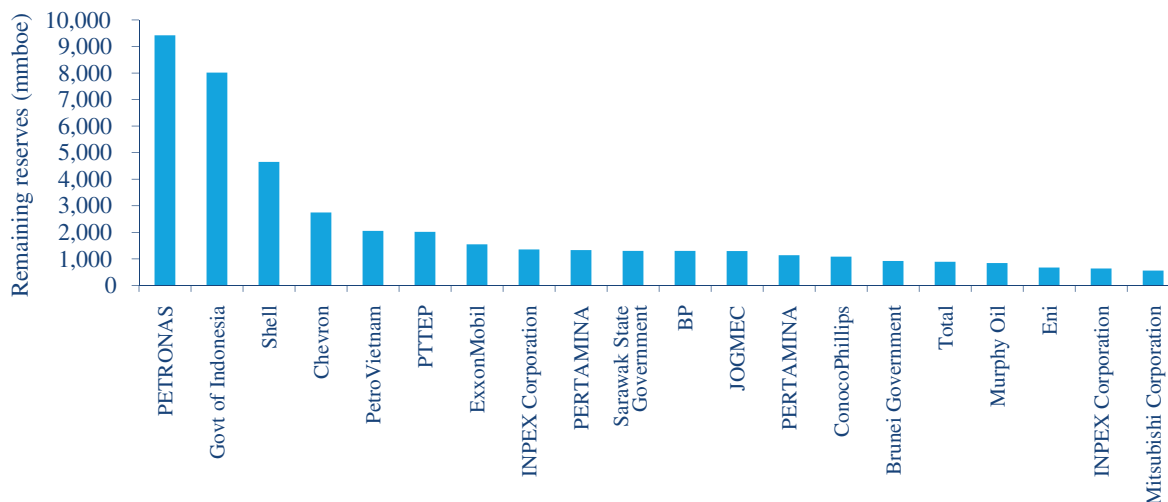
Source: Wood Mackenzie

On a country basis, Malaysia has had the largest volumes discovered between 2006A and 2015A, with 6,060 mmboe of commercial and technical reserves. Indonesia is second highest, with 2,907 mmboe, with Vietnam following with 2,514 mmboe of commercial and technical reserves added since 2006A.

<sup>4</sup> Wood Mackenzie bases its YTF resource on the potential from the discovery of conventional oil and gas new fields. Unconventional resource potential is excluded from the scope of reporting, as is the potential from upgrades and extensions on existing discoveries. Wood Mackenzie uses a projected creaming curve to derive the assumption of YTF potential in a basin. The curve is generated using best fit of a hyperbolic trend to historic data on cumulative reserves by cumulative exploration wells. The curve’s trajectory is also an assumption of reserves that will be discovered per exploration well. The overall basin YTF assumption is constrained by Wood Mackenzie’s forecast of exploration well numbers to 2030F. This YTF assumption is intended to be a broadly realistic input to Wood Mackenzie’s future economics evaluation, and is not a substitute for a geologically-constrained resource assessment. Basin coverage excludes Cambodia.

Major players active in the region

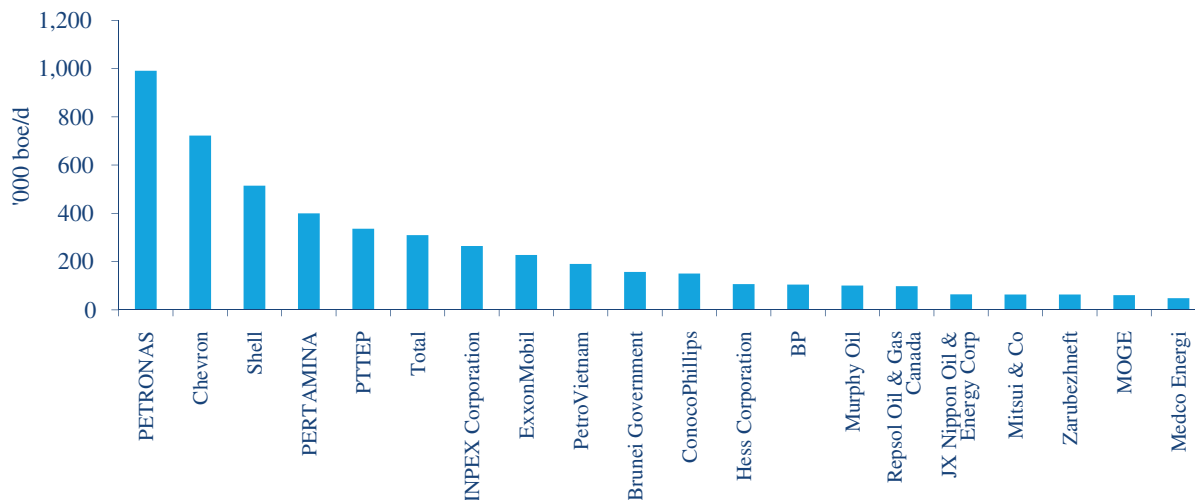
**Oil and Gas Reserves in South East Asia by Company, 2016A**  
(Commercial and Technical Reserves)



Source: Wood Mackenzie

Based on total remaining reserves as estimated by Wood Mackenzie at Q1 2016, the top three players in South East Asia are Petronas, the Government of Indonesia, and Shell. Petronas has about double the remaining reserves of Shell in the region.

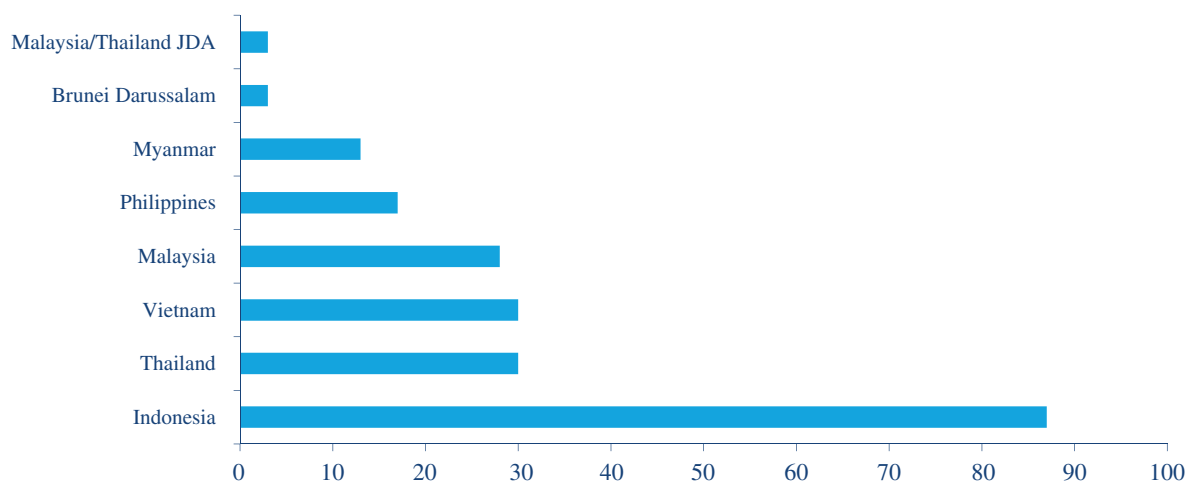
**Average WI Production in South East Asia 2011A-2015A**



Source: Wood Mackenzie

In terms of production, Petronas, Chevron and Shell are the largest companies in the region, based on the average working interest production in South East Asia from 2011A-2015A. Petronas averaged approximately 991,000 boe/d, as compared to Chevron’s 722,000 boe/d and Shell’s 515,000 boe/d over the period.

### Number of Producing Companies by Country, 2011A-2015A

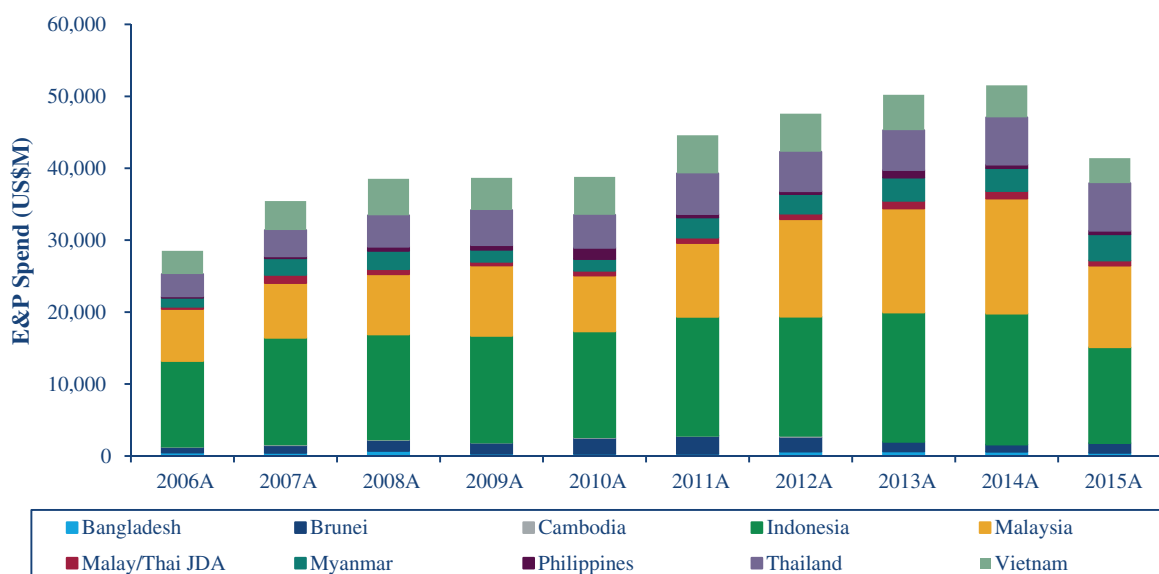


Source: Wood Mackenzie

On a country basis, Indonesia has by far the largest number of companies producing oil and gas. Between 2011A — 2015A, 87 producers (National Oil Companies, Majors, Independents, and Others) were active in Indonesia, compared to 30 in Vietnam in Thailand.

### E&P expenditure

#### E&P Spend by Country, 2006A-2015A



Source: Wood Mackenzie

According to Wood Mackenzie estimates, E&P expenditure has increased by more than 45% in the past 10 years (on a nominal basis) from US\$28,034 million in 2006A to US\$40,971 million in 2015A. The top two countries by E&P spend in 2015A are Indonesia (US\$13,332 million) and Malaysia (US\$11,345 million). The oil price decline in mid 2014, and continuing throughout 2015, had a significant negative impact on E&P spend in the region in 2015A, decreasing by 20% year-on-year.

In estimating the overall E&P expenditure, Wood Mackenzie includes the exploration spend, capital expenditure and operating expenditure associated with each country.



#### IV. Overview of Oil and Gas Industry for Selected Countries

##### Indonesia

###### Overview

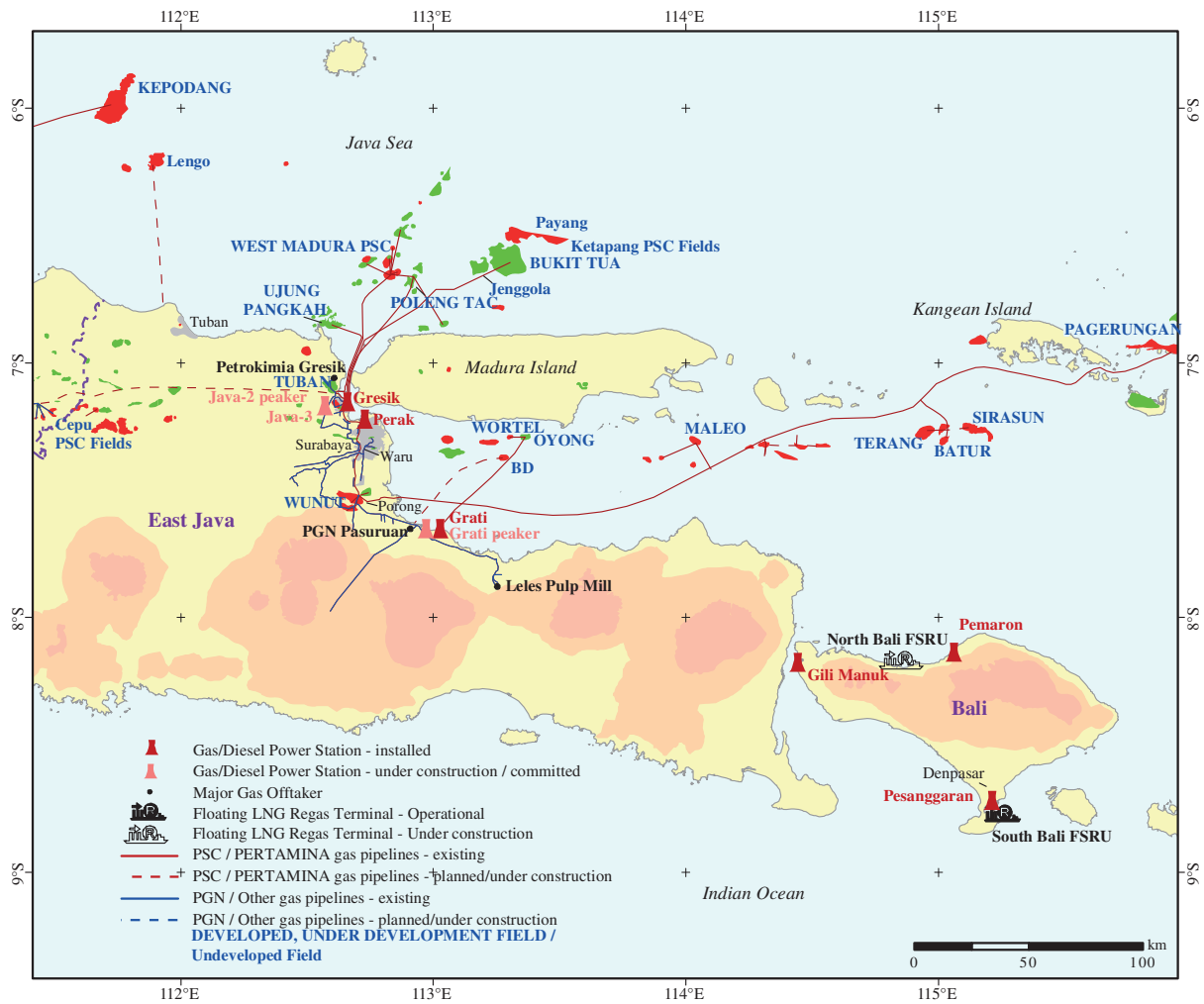


Source: Wood Mackenzie

Indonesia is South-Eastern Asia’s largest oil and gas producer, and also has the highest remaining commercial reserves, estimated at 9.2 billion boe. Indonesia’s growing economy is driving higher domestic demand for energy, but oil production is declining, and several major gas developments are facing project delays.

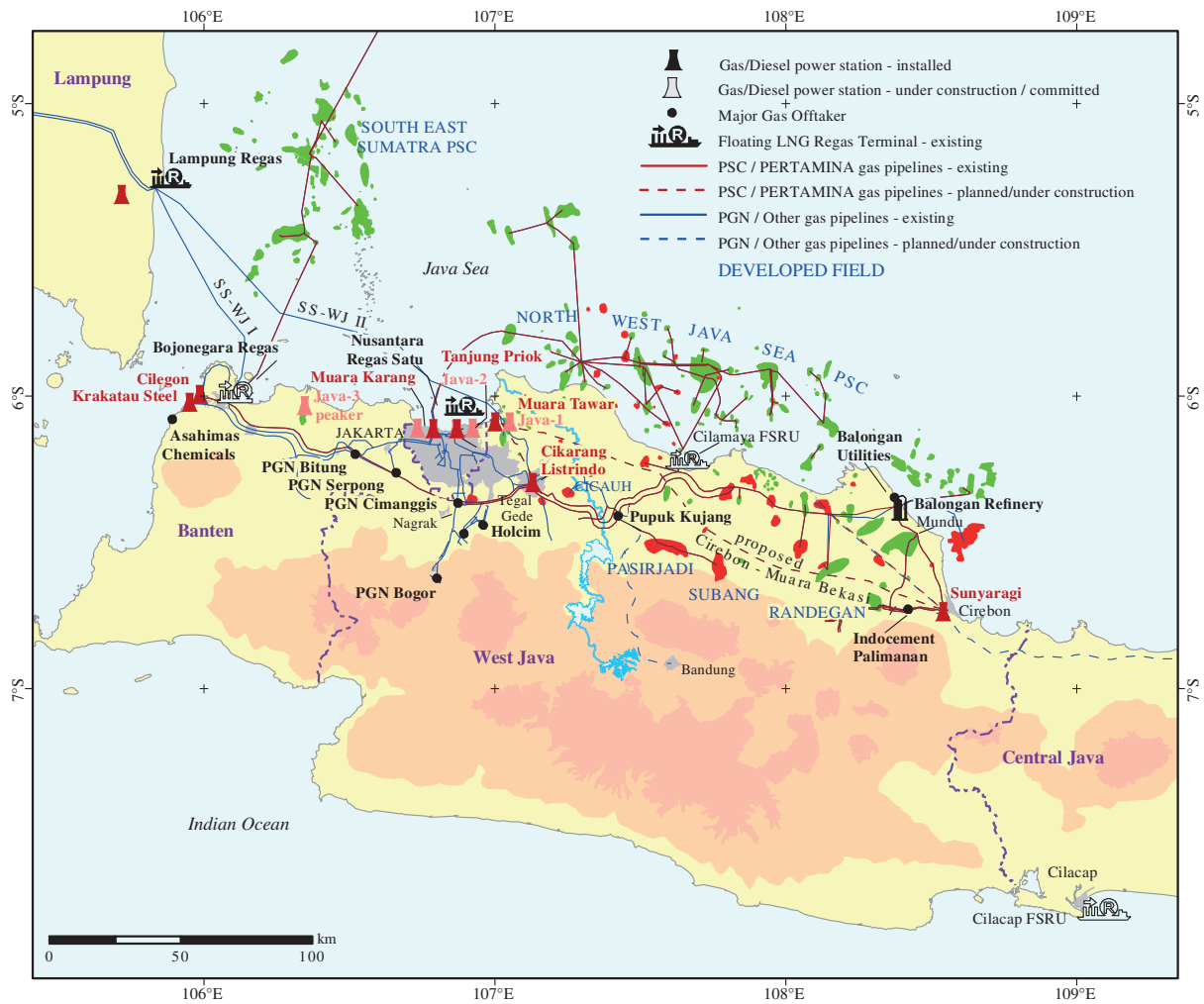
The majority of oil and gas production is sourced from the well-explored basins of Sumatra, Java and East Kalimantan. Given the maturity of the core producing areas within these regions, the country must increasingly rely on the development of smaller and more challenging fields to meet its requirements.

Exploration and development activity has been negatively impacted by regulatory and fiscal uncertainty, with the 2012 dissolution of BPMIGAS and recent series of negative regulations affecting investor confidence. The Indonesian government is proposing incentives and revising some of the negative regulations, in hopes of increasing exploration activity and reversing the production decline.



Source: Wood Mackenzie

Exploration in Indonesia has underperformed over the last decade, and a lack of major success has contributed to a lack of significant development projects on the horizon. While exploration potential remains in Indonesia's more remote and frontier basins, attracting continued investment will be vital if Indonesia is to maximise the recovery of its remaining oil and gas resources.

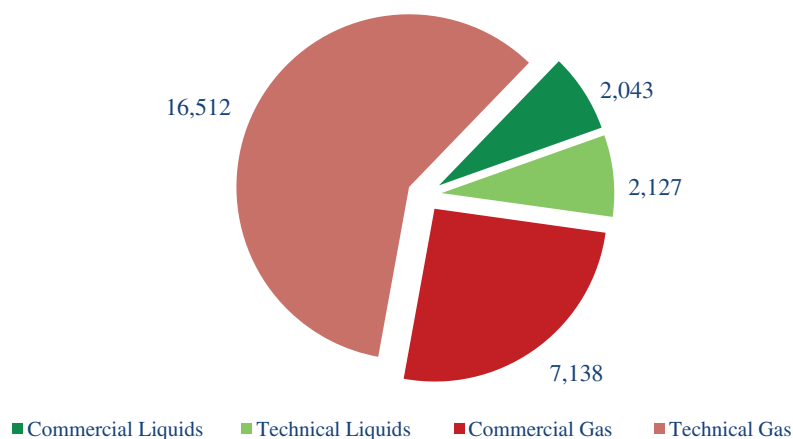


Source: Wood Mackenzie

### Oil and gas reserves/resources

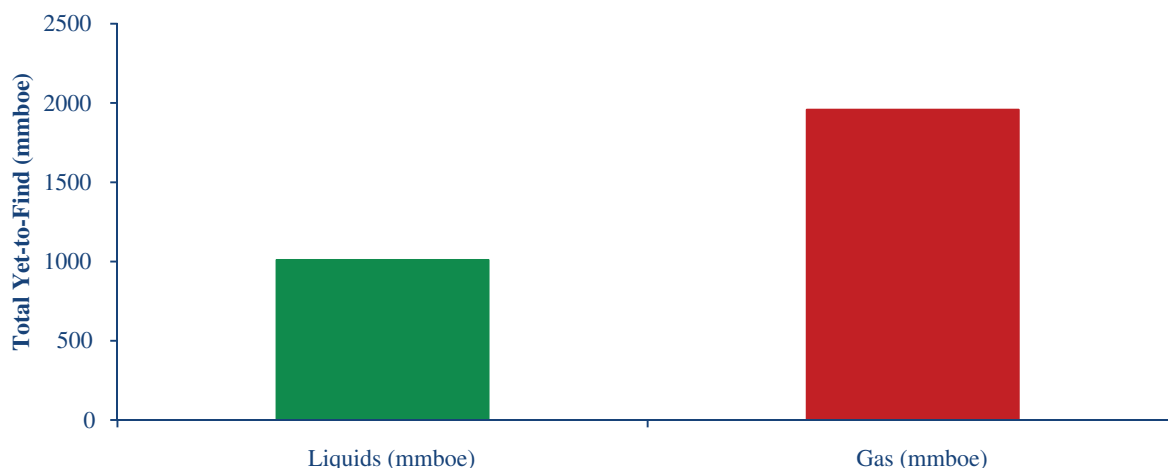
Indonesia has 27,820 mmboe of remaining commercial and technical oil and gas reserves. Gas accounts for a significant portion of Indonesia's petroleum reserves (contributing 85% on a commercial and technical basis), and continues to be a primary energy source for Indonesia. The largest remaining gas reserves in Indonesia are in Sumatra, West Papua, Natuna Sea and East Kalimantan.

Indonesia Commercial and Technical Oil and Gas Reserves (mmboe)



Source: Wood Mackenzie

**Indonesia Yet-to-Find Commercial and Technical Reserve Volumes**



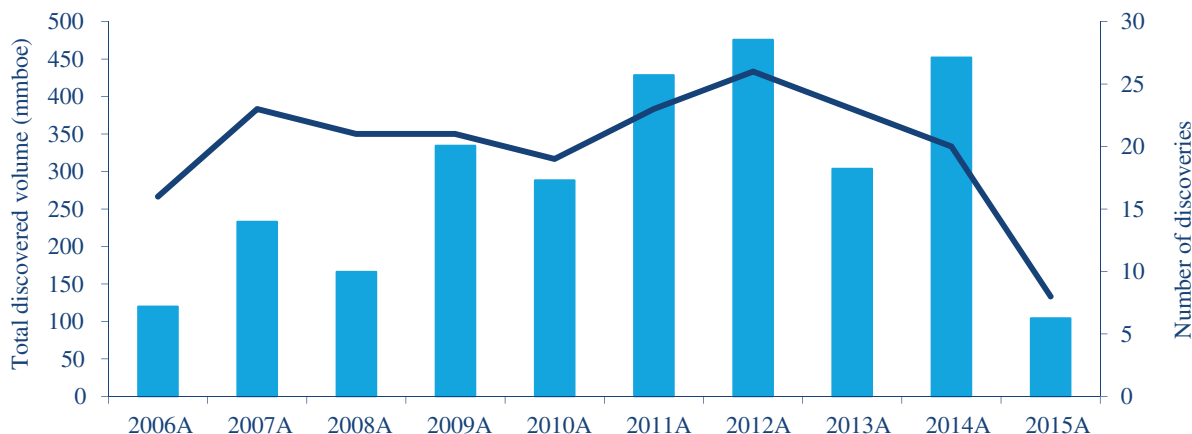
Source: Wood Mackenzie

Indonesia is viewed by many as having considerable remaining oil and gas potential, with Wood Mackenzie estimating about 2,968 mmboe of total YTF reserves. This is anticipated to be in the eastern basins, where large areas, both onshore and offshore, remain relatively unexplored. The major problem faced by potential explorers in these basins is the sheer size and remoteness of the areas to be explored. This, in combination with the lack of infrastructure and the harshness of the terrain (many of the prospective onshore areas are in remote jungle regions), makes the logistics of petroleum exploration very difficult.

In the last 10 years, the country has seen between 8 to 26 fields discovered per year. The volumes discovered each year has varied considerably, with 2012A seeing a high of 476 mmboe added (mainly from the Asap field in the Bintuni basin and Jangkrik North East field in the Kutei basin). Overall, there has been 2,907 mmboe of discovered commercial and technical volumes from 2006A-2015A.

Indonesia’s coal bas methane (“CBM”) resource potential is estimated in the range of 36 tcf, located in the Barito (9.7 tcf), Kutei (11.1 tcf), and South Sumatra (15.2 tcf). However, there are no material commercial CBM operations to date in Indonesia, and these estimates remain highly uncertain until further exploration and appraisal work is completed.

**Indonesia Recent Discoveries, 2006A-2015A**



Source: Wood Mackenzie

### Oil production and demand

Indonesia has been a net importer of oil since 2004A. Indonesian oil production has been in decline since the turn of the decade, as smaller new oil developments have struggled to replace output from the mature, legacy fields such as the giant Minas and Duri fields in central Sumatra that lie at the heart of the nation’s liquids output. In the absence of recent discoveries, oil production is forecast to decline from 813,000 b/d in 2016F to 387,000 b/d in 2025F. Future liquids output will increasingly rely on new EOR investment in existing fields, many of these being licenses that are due to expire soon with no certainty of extension for existing contractors.

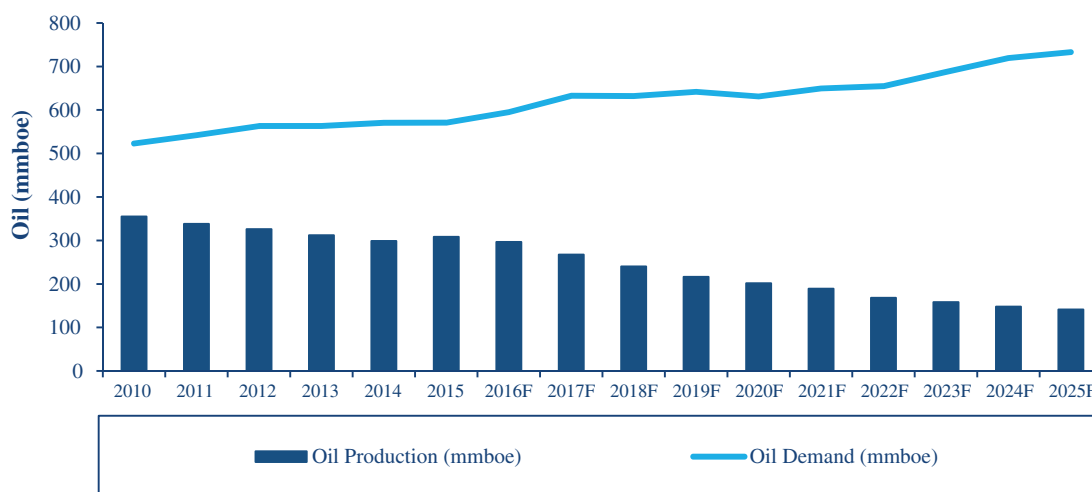
Significant efforts have been undertaken by many operators over the last two decades to add reserves in existing Indonesian fields. Large enhanced oil recovery projects such as the Duri steamflood have had substantial impact (several hundred million barrels) on increasing the level of recoverable reserves from mature producing fields. With the progress of technology, there is potential for further increases in recovery from a number of important producing areas, especially onshore Sumatra. One example comes from a polymer-flooding project which is being trialled on the giant Minas fields.

Further development of Pertamina’s fields, especially in Sumatra and Java provides significant potential for reserves growth, albeit relatively unquantifiable. Pertamina has historically been constrained in terms of capital and access to technology and there is a perception that many of its operated concession areas remain under-exploited. The company is now seeking to engage international companies to assist in the exploration and development of a number of its producing areas. Should these efforts be successful, there could be an appreciable impact on Indonesian production in the post-2020F period.

In terms of demand, growth averaged 6.1% a year between 2010 and 2012 primarily due strong transport demand. However, Indonesia’s oil-use profile flattened from 2013 to 2015, as price reforms for gasoline and diesel/gasoil put a temporary dampener on transport sector demand. Even amid the tumble in crude oil prices and the government’s downward adjustment of prices in January 2016, retail prices remain some 25% (diesel) to 50% (gasoline) higher compared to pre-reform levels back in 2012. Poor mining sector demand for diesel/gasoil in 2014/2015 also contribute to a weaker demand outlook.

Looking ahead, Indonesia total product demand is forecast to grow from 1.6 million b/d in 2015 to 2.7 million b/d in 2035, at a compound annual growth rate of 2.5%. Transportation demand accounts around 73% of the demand increase (with road transport alone accounting for 63% of growth), petrochemical feedstock demand represents another 12% of the increase, with moderate growth expected from the residential and industrial sectors.

Indonesia Oil Supply-Demand, 2010A-2025F



Source: Wood Mackenzie

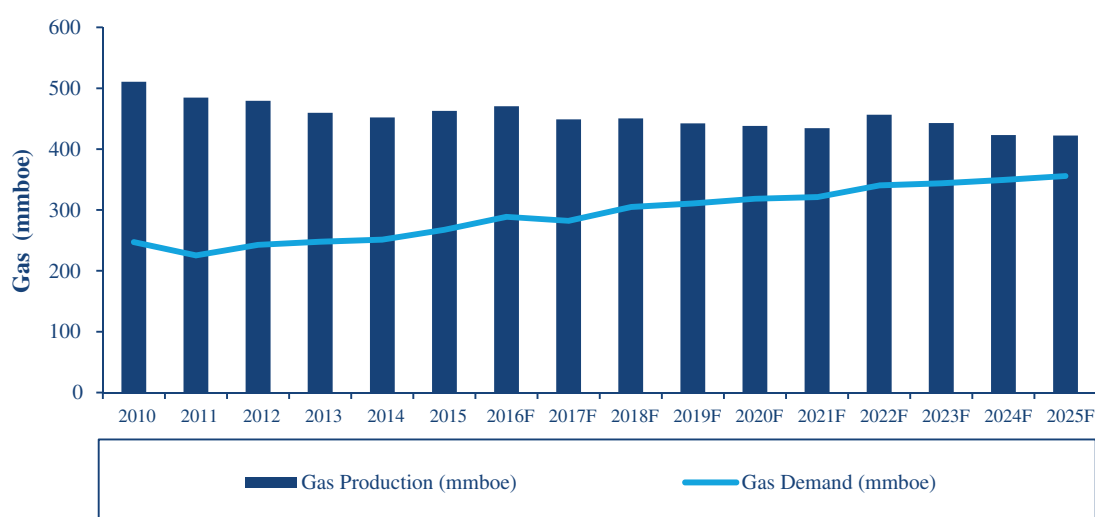
## Gas production and demand

Overall gas output in Indonesia increased significantly when the Tangguh LNG facility in West Papua started commercial production in mid-2009A. Output from the venture ramped up to plateau rate of 1.2 bcf/d in 2012A. In the future, new supply will be brought onstream from developments within the Jambi Merang, Kangean, Madura Strait, Muriah and North Sumatra Block A PSCs. But these smaller developments will only partially offset declining output from North Sumatra, associated with the aging Arun LNG plant, and falling output from many of the PSCs in East Kalimantan that feed into the Bontang LNG facility. Longer-term LNG projects such as Chevron’s Indonesia Deepwater Development, Eni’s Muara Bakau and INPEX’ Abadi LNG scheme may add new sources of supply.

The overall progress of the CBM development in Indonesia is slower than expected, with no additional blocks awarded in 2013A. 62 CBM blocks have been awarded across the country, but only around 15% have active exploration. Wood Mackenzie considers shale gas in Indonesia too nascent to include in supply forecasts.

Currently contracted production from Indonesia is equally split between the domestic market and exports, at a ratio of 48%:52% respectively. In 2010A the split was 40%:60%. This decline in exports share of supply is set to continue, as the market grows and new supply struggles to adequately replace falling production.

**Indonesia Gas Supply-Demand, 2010A-2025F**



Source: Wood Mackenzie

Wood Mackenzie forecasts strong gas demand growth from power generation in the next five years. Gas demand from the power sector will grow robustly from 2016 to 2021, driven by LNG regas projects in West Java and North Sumatra, and new piped gas supply projects in Central and East Java. Several gas-fired power plant projects are expected to be commissioned within the next five years, providing a strong growth on the demand side. From 2021, we expect to start seeing the completion of around 13 GW new coal-fired power capacity in Java Island, together with the 3 GW Sumatra - Java HVDC link, which will cause a decline in gas demand until 2025.

Industries and fertilisers are the key demand drivers for the non-power sector. Increased industrial activities and new fertiliser production facilities will drive gas demand growth in the short to medium term. Further upside above our base-case forecast is possible, with speculative demand coming from new smelters and refinery projects. The mineral ore export ban will eventually see the development of new domestic smelters and processing facilities, while new grass root refineries could be built in Bontang (East Kalimantan) and Tuban (East Java).

## *Indicative crude oil and natural gas pricing*

### Liquids Pricing

Traditionally, Indonesia followed the OPEC line when pricing its crude for export, via an official Government Selling Price. In March 1989A, the new Indonesian Crude Price (“ICP”) formula was introduced and was calculated as a 52-week historic average of the Asian Petroleum Price Index (“APPI”) for the Minas, Tapis, Dubai, Oman and Gippsland crudes.

In October 1999A, the formula for calculating the ICP was changed. It was calculated as 40% of the month’s average of Platts’ price assessments, 40% of the month’s average of Rim Intelligence (“RIM”) assessments and 20% of the month’s average of the APPI assessments. This was changed again in 2007A, with the weight of APPI assessments reduced to 5% and Platts and RIM increased to 47.5% each. In 2008A, the Indonesian government removed APPI assessments all together, and derived ICP prices from 50% of the month’s average of Platts’ price assessments, and 50% of the month’s average of RIM assessments. In July 2016A, the Indonesian government switched the ICP to a dated Brent formula.

### Natural Gas Pricing

Gas exported as LNG is usually priced on a cost, insurance and freight (CIF) basis or free on board (FOB) basis. The gas price for each individual LNG contract is different. However, they are intrinsically indexed to average export crude prices excluding the premium crudes. Although the vast majority is sold on long-term contracts, a spot market has evolved. The prices for LNG exported from Arun and Bontang are similar, with only slight differentials reflecting the longer distance from Arun to Japan. Tangguh LNG pricing is slightly lower given its different contract structuring - please see the relevant asset analysis for further details.

Prices for gas exported to Malaysia and Singapore are linked to high sulphur fuel oil prices as quoted on the Singapore market.

Domestic gas has historically realised lower value with prices fixed (i.e. flat in nominal terms) for the duration of the contract. However, more recent gas sales contracts incorporate linkages to the Indonesian Crude Price and/or other escalation components, such as ammonia prices. Recently, gas prices for contracts supplying to Java and Sumatra have been revised upwards.

### *Domestic demand, pricing tension and domestic market obligation (“DMO”)*

Gas prices in Indonesia are negotiated on a bilateral basis between the producers and the gas aggregators or end-users. However, contracts are subject to approval from SKKMIGAS, which have sought to keep prices low.

In 2012, a number of gas contracts were renegotiated with approval from the regulator. This led to a doubling of pipeline gas prices from around US\$2-3/mmbtu to US\$5-6/mmbtu. For new gas production, operators are able to achieve prices in the range of US\$6-8/mmbtu.

Gas prices continued to increase further. We have seen an upward trend in the prices of more recent gas contracts. The Gundih-Tambak Lorok contract was signed at US\$7.4/mmbtu with 2% annual escalation. More recently, North Sumatra Block A signed a contract with Pertamina at US\$9.4/mmbtu (flat nominal).



As a result, consumer prices have increased. PGN raised its selling prices from US\$6.9/mmbtu to US\$9.2/mmbtu in West Java after securing the government’s approval. This took place in two phases, in September 2012 and April 2013. Higher costs for the more recent development is understood to be the key driver behind the price increase. Although piped gas price increases will not continue indefinitely because prices of competing fuels such as LNG, coal and oil products will set the boundary.

The fertiliser sector has also seen a marked increase in prices. New contracts range between US\$5.0-7.5/mmbtu. In East Kalimantan, the Kaltim fertiliser plant is buying gas from the Sebuku PSC at US\$6.72/mmbtu with an upside to gas prices depending on the international ammonia price.

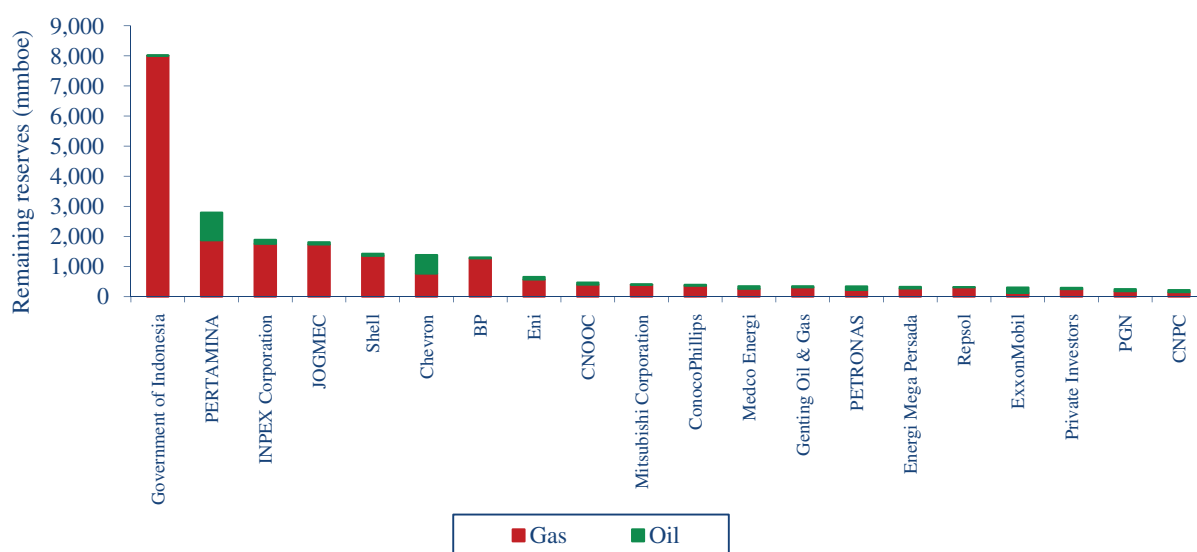
Although the government has allowed gas prices to rise in the power, fertiliser and industrial sectors, small consumers in the transport sector are protected to promote the NGV growth. Gas sold to the transport sector through PERTAMINA is capped at \$4.72/mmbtu. Gas prices for city gas residential users are set at US\$9-15/mmbtu depending on the consumption size.

In May 2016, the government released Presidential Regulation no. 40/2016 on the reference gas price for industrial buyers. Under the regulation, reference gas price for particular industries is set at US\$ 6/mmbtu. Higher prices above this level are still possible at the energy ministry’s discretion. Currently, the price reduction only applies to targeted industrial consumers: fertiliser, petrochemical, oleochemical, steel, ceramics, glass and rubber gloves manufacturers. The government is in the process of implementing the changes, and seeks to maintain the revenues for upstream operators by reducing the government take from the impacted PSCs.

The 2001 Oil & Gas Law requires upstream operators to provide at least 25% of production to fulfil domestic needs. As the domestic market obligation (DMO) is implemented on a case-by-case basis, this creates uncertainties for developers. As they are uncertain what proportion will be allocated domestically and some projects may have to supply up to 100% sales to the local market.

*Major players active in the country*

**Oil and Gas Reserves in Indonesia by Company, 2016A  
(Commercial and Technical Reserves)**

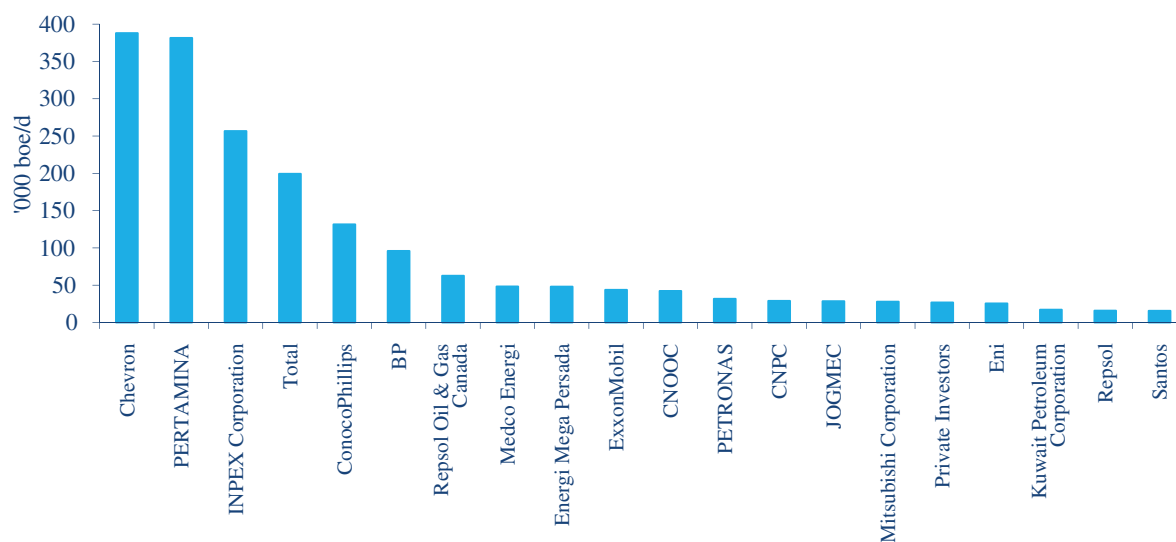


Source: Wood Mackenzie  
Top 20 companies shown

Indonesia has one of the most diverse upstream industries of any country in the world, with over 200 active PSC participants of varying capability and size. In terms of remaining reserves and production, the top 20 companies include US and European majors (Chevron, BP, ConocoPhillips, ExxonMobil), Indonesian independents (Medco Energi and Energi Mega Persada), international independents (Repsol) and oil companies from Japan (INPEX, JOGMEC, Mitsubishi), China (CNOOC), and Indonesia’s own state player (PERTAMINA).

Chevron is the leading producer in Indonesia with 338,064 boe/d of average working interest production from 2011-2015. This is driven by its operatorship of the CPI Area, which includes the large Minas and Duri oil developments. Other major players include INPEX and Total, which have significant production through the Offshore Mahakam PSC that supplies the majority of the gas feedstock into the Bontang LNG facility; this is now operated by PERTAMINA which increases its production capacity as well.

**Indonesia Average WI Production 2011A-2015A by Company**

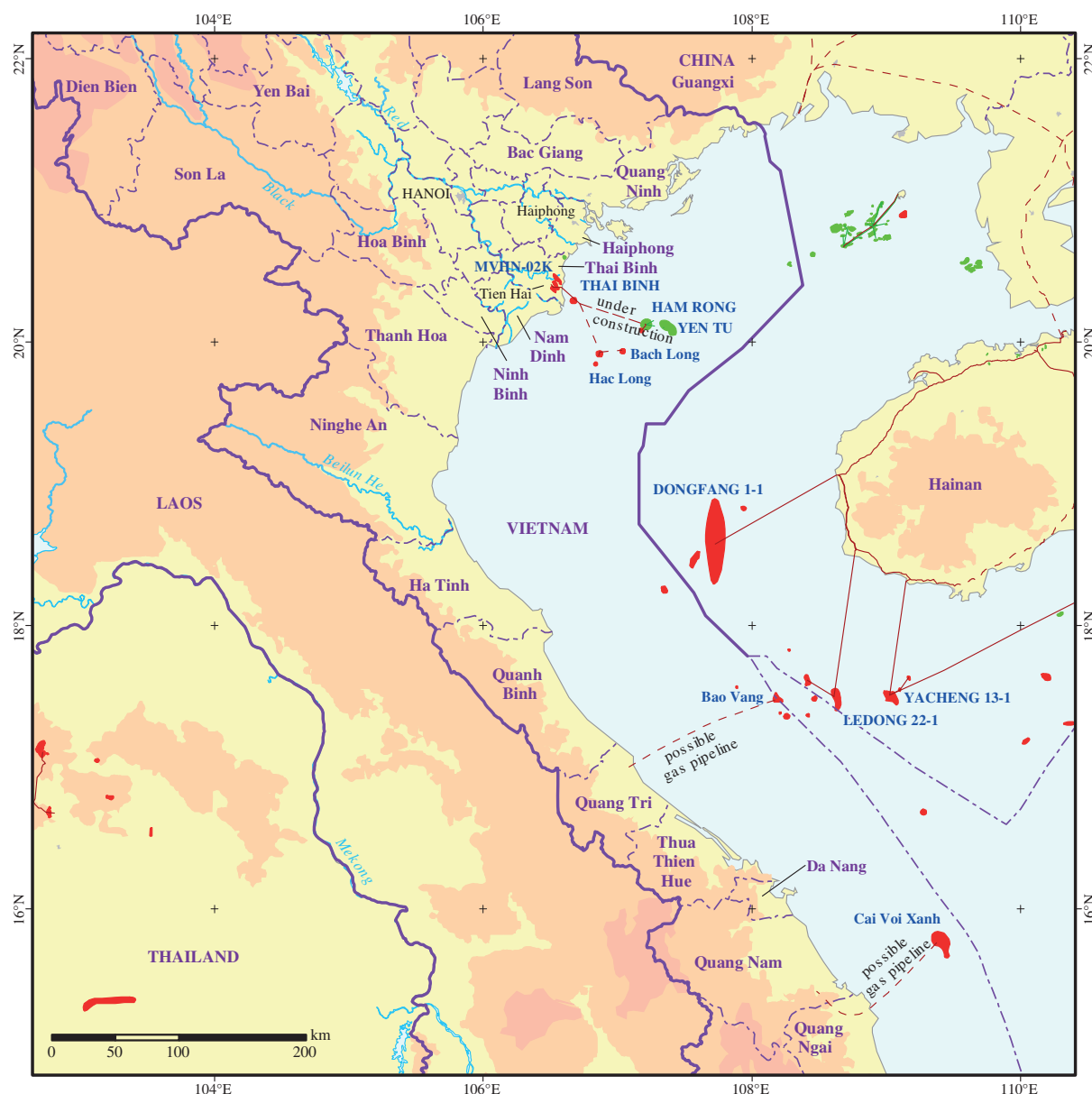


Source: Wood Mackenzie

Top 20 companies shown

## Vietnam

### Overview



Source: Wood Mackenzie

Vietnam has two core producing regions, the Cuu Long and Nam Con Son basins, both located off the country's south coast.

The Cuu Long Basin, located nearer to the shore, contains the giant Bach Ho oilfield, which is now in terminal decline, plus a number of other oilfields. Gas from nearby developments is routed through the Bach Ho gas facilities and piped onshore to market. The Nam Con Son Basin is mostly gas-prone, and is home to the Lan Tay/Lan Do project, which supplies around half of Vietnam's gas.

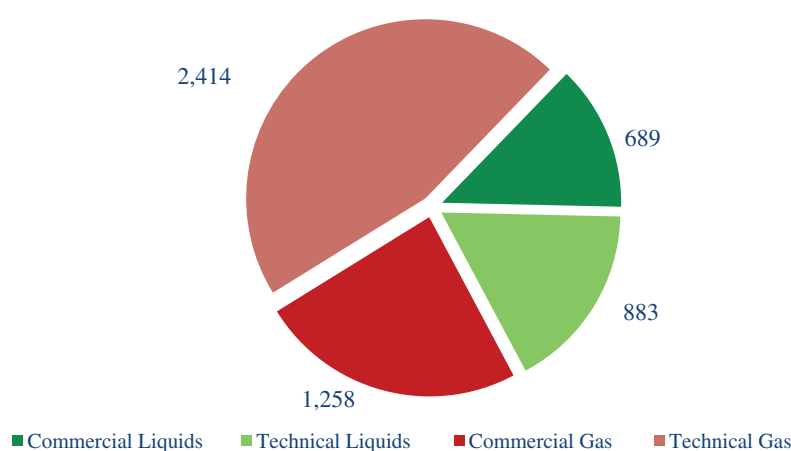
A number of new oilfields have been developed in recent years, predominantly by smaller players. There are also two large gas developments which will have a key impact on the country's medium-long-term gas production: the PetroVietnam-operated Hai Thach/Moc Tinh in the Nam Con Son Basin was brought onstream in August 2013, and the Block B project in the Malay Basin, which may be developed in the 2024 timeframe, which is now operated by PetroVietnam.

As part of plans to develop the centre of the country, the Dung Quat refinery was commissioned in early-2010. To secure long-term gas supplies, Vietnam is currently considering building a LNG regasification terminal in the south of the country.

### *Oil and gas reserves/resources*

The majority of oil reserves in Vietnam have been discovered in the Cuu Long Basin. The basin is generally oil-prone, with some associated gas. Bach Ho, the first and largest oil and gas producing field in the basin, has been in production since 1986. The Rang Dong, Su Tu Den and Ruby fields, with total 2P reserves of over 500 million barrels of oil, are some of the key fields that have come onstream in the last 10 years. Recent discoveries such as the Te Giac Trang and Ca Ngu Vang fields in Blocks 9-2 and 16-1, and Su Tu Vang and Su Tu Trang in Block 15-1, are expected to offset the production decline from Bach Ho.

**Vietnam Commercial and Technical Oil and Gas Reserves (mmboe)**



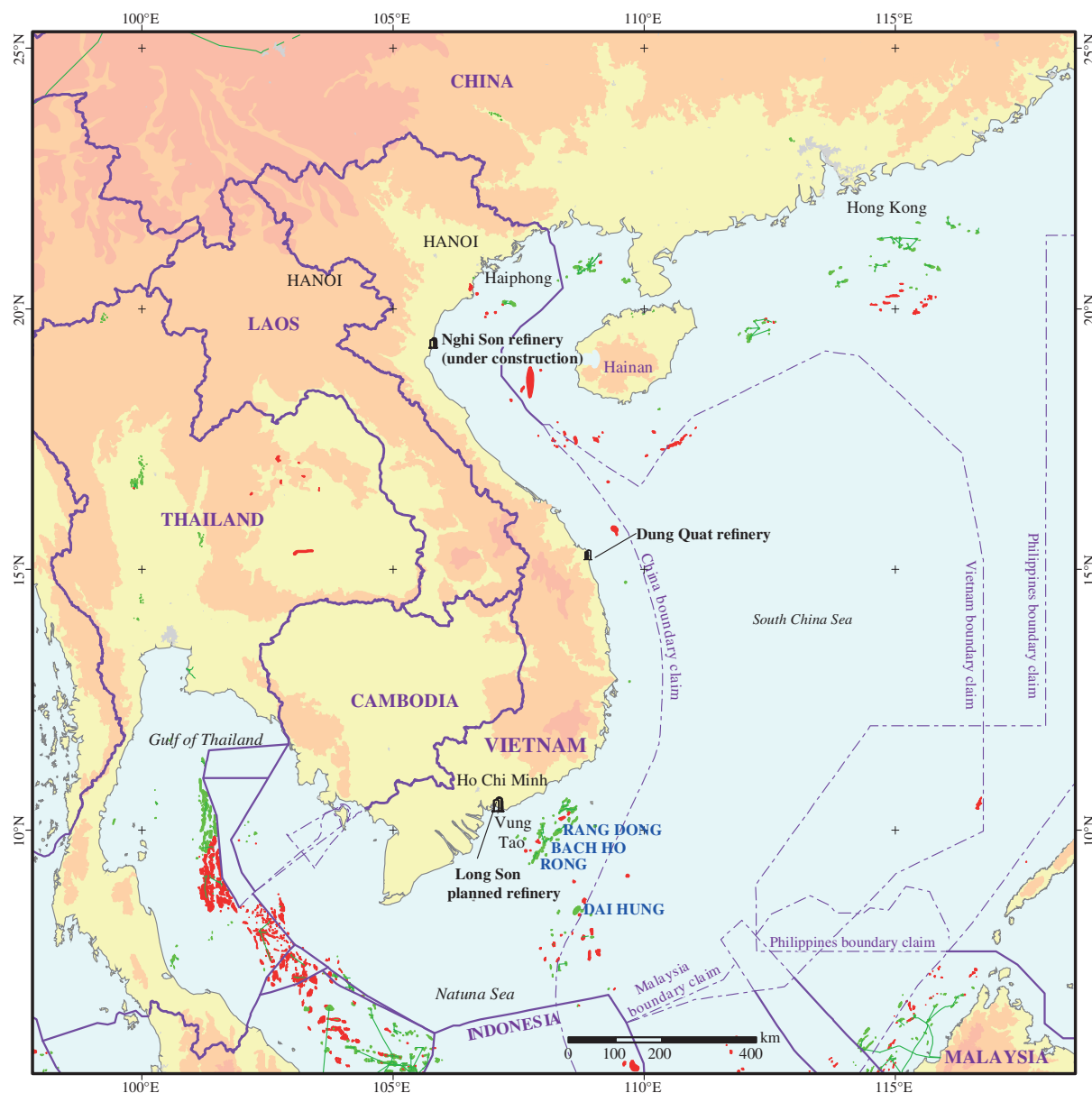
Source: Wood Mackenzie

The majority of Vietnam’s non-associated gas reserves can be found in the Nam Con Son Basin. Arguably the country’s most significant offshore gas finds to date are the TNK-BP-operated Lan Tay/Lan Do fields in Block 06-1. Recoverable gas reserves from the block are estimated to be in the region of 2.44 tcf. Large gas discoveries have also been made in the KNOC-operated Block 11-2 and Blocks 5-2 and 5-3 (Hai Tach/Moc Tinh), which were relinquished by BP in early-2009. With a growing gas market in south Vietnam, Wood Mackenzie expects other gas reserves in the basin to be developed in the near to medium term. The Nam Con Son Basin also has oil potential, as proved by the Dai Hung, Chim Sao, Dua and Ca Rong Do discoveries. Dai Hung started oil production in 1994. Chim Sao was brought onstream in October 2011, and Dua began production in February 2014.

The Malay Basin can broadly be divided into the southern oil and associated gas fields and the northern fields which are generally gas-prone. Chevron has made several large discoveries in the basin including the Kim Long, Ca Voi and Ac Quy fields. The reserve potential of these fields is estimated at around 3.8 tcf, and first commercial gas sales are expected around 2024. Repsol’s Cai Nuoc field in Block 46, and PetroVietnam’s Song Doc oilfield in Block 46/02 are the only two producing fields in the basin.

In the frontier Phu Khanh Basin, Eni made an oil discovery in 2009 at the Great Shark field but no development plans are in place. Drilling activity has been marginal with only three wells drilled to date.

The Song Hong Basin has been more explored and is home of Exxon Mobil's Ca Voi Xanh field, a 5 tcf gas discovery made in 2011. In 2010, Vietgazprom discovered the Bao Vang gas field which is believed to hold 600 bcf of gas. Finally in late 2015, Petronas Carigali put onstream the 300 bcf Thai Binh gas field located at the North of the basin, Another number of small gas discoveries or gas shows have been encountered in the basin like KrisEnergy's Cualo, Vietgazprom's Bao Dang, PetroVietnam's Hac Long, Bach Long and Hong Long grouping in Blocks 103&107.

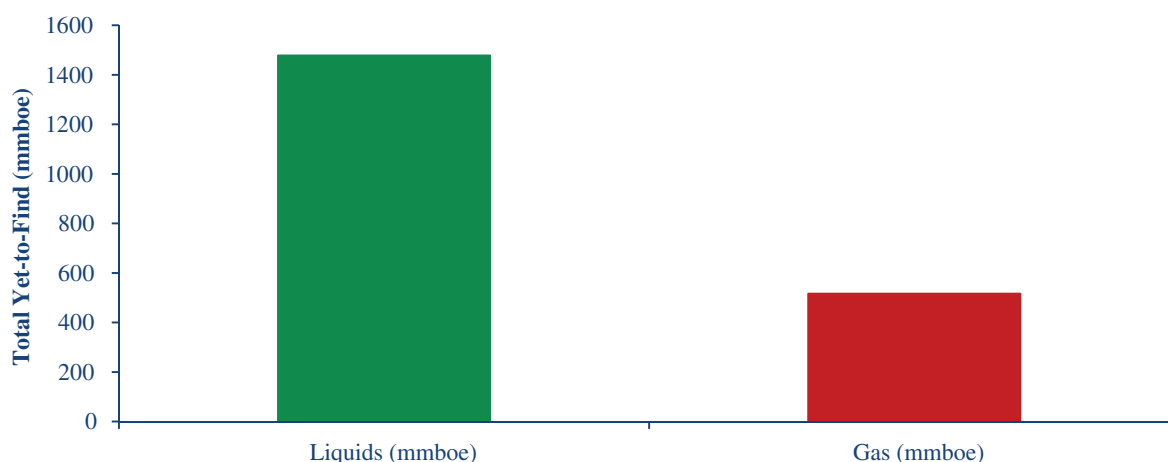


Source: Wood Mackenzie

Gas remains relatively unexploited compared to liquids. The start-up of the Lan Tay field, and the commissioning of the Nam Con Son (Lan Tay to Dinh Co) pipeline, marked a major step in the development of Vietnamese gas.

Recent developments include the construction of the gas gathering infrastructure in the Thai Binh/Ham Rong region, the completion of phase one of the Nam Con Son Pipeline 2 (NSCP2) project and the completion of the Dai Hung gas collection project.

### Vietnam Yet-to-Find Commercial and Technical Reserve Volumes

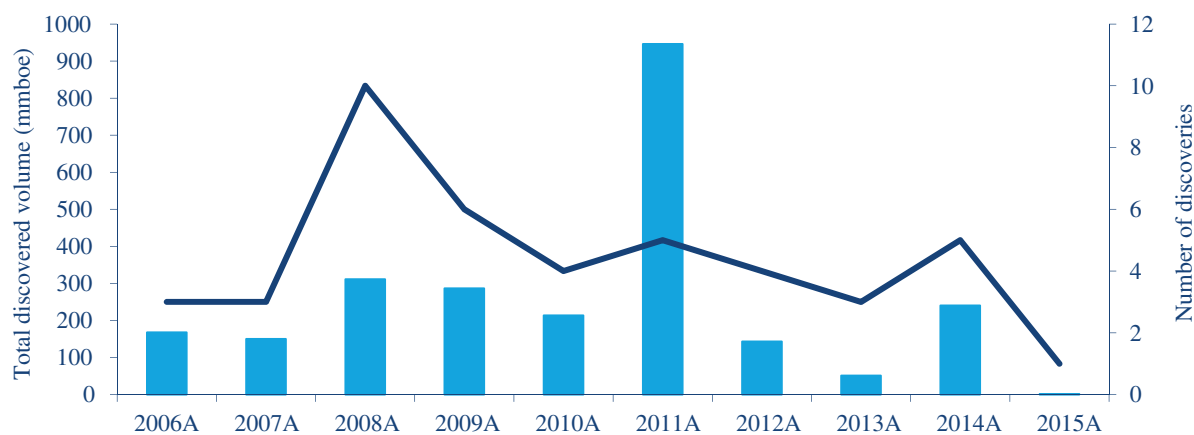


Source: Wood Mackenzie

Vietnam has considerable remaining oil and gas potential, with Wood Mackenzie estimating about 1,995 mmboe of total YTF reserves, mostly liquid (74%).

Over the last 10 years, Vietnam has seen between one to ten discoveries per year, ranging from total discovered volumes of 2 mmboe in 2015A to a high of 946 mmboe in 2011A. Over the entire period, 2,514 mmboe were discovered, from 44 discoveries.

### Vietnam Recent Discoveries, 2006A-2015A



Source: Wood Mackenzie

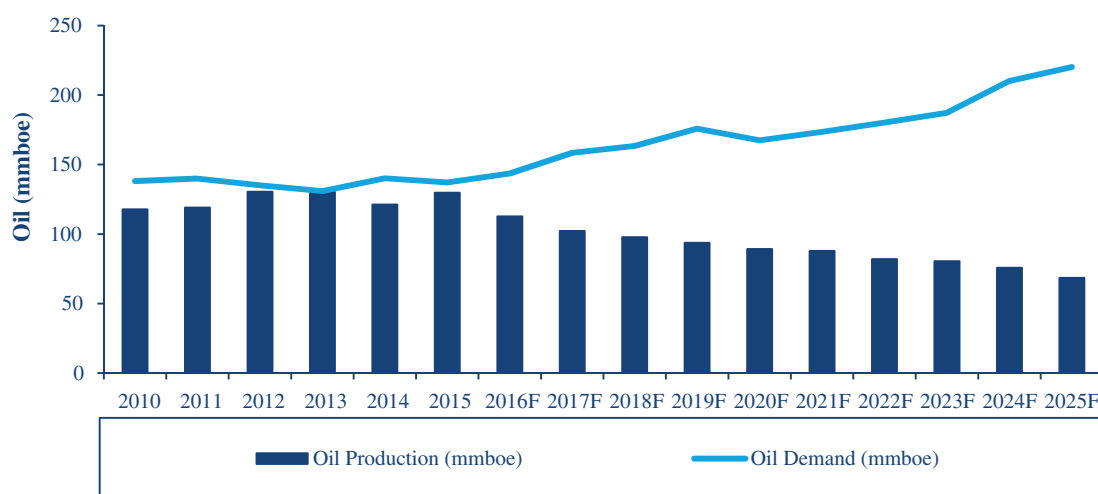
### Historical and forecast oil and gas demand and production

Vietnam started oil production in June 1986, when Vietsovetro brought the Bach Ho field onstream. Production from the field averaged around 800 b/d in 1986 and grew to an estimated peak of 285,000 b/d in 2002. Dai Hung, Rong, Ruby and Rang Dong were all brought onstream in the 1990s and contributed to rising liquids production at that time. Since then, many of these fields have begun to decline.

Production started from the Su Tu Den field in 2003, and peak daily production of around 79,000 b/d was achieved in 2004. However, field output declined fairly rapidly soon after. New oil production began from the Song Doc, Phuong Dong, Ca Ngu Vang and Su Tu Vang fields during the latter half of 2008, leading to an increase in liquids production in 2009. Nonetheless the impact of these new fields has been muted by the accelerated decline of the mature Rang Dong field and poorer than expected performance from Su Tu Vang.

Output peaked at 318,000 b/d in 2015 following production ramp-up from Su Tu Nau & Su Tu Vang NE (Block 15-1) and Chim Sao & Dua (Block 12W) fields. Ca Rong Do development is expected to be onstream in 2020. However, lack of any other new developments would see production falling below 300,000 b/d in 2016.

**Vietnam Oil Supply-Demand, 2010A-2025F**



Source: Wood Mackenzie

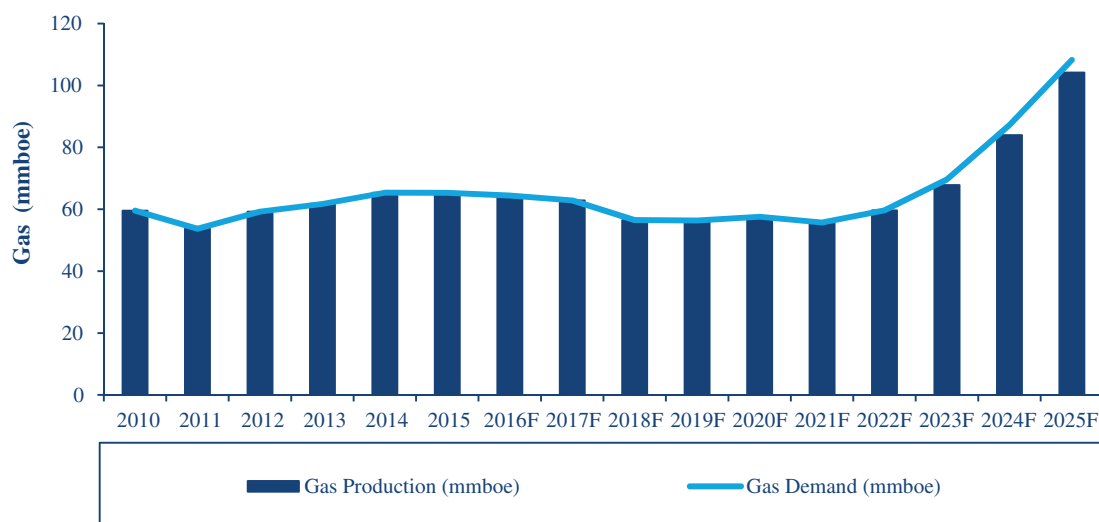
Vietnam’s gas production has risen steadily over the years, when the Bach Ho field began supply to the Ba Ria power plant. Rates increased further in 2002 following the construction of the 399 kilometre Nam Con Son pipeline from the Lan Tay field to Dinh Co. The spare capacity of this line has allowed for nearby gas fields to be developed and tied in.

A proposal for a new 350 kilometre pipeline to landfall at Dinh Co was approved in 2011. In May 2014, the Russia-Vietnam JV, Vietsovetpetro, signed an EPC contract for the phase one of Nam Con Son Pipeline 2 (NSCP2) project with PetroVietnam Gas (PV Gas), which is a 155-kilometer, 26-inch pipeline from Thien Ung field to Bach Ho’s central processing facilities. The first phase of the construction of the NSCP2 was completed in December 2015 and Dai Hung is the first field to feed into this new pipeline. Other nearby fields such as Thien Ung, Su Tu Trang, Sao Vang and Dai Nguyet are expected to follow in the coming years via phases two and three.

Gas prices in Vietnam have historically been very low, which has hampered development of gas fields. Although there have been signs of prices rising, the Block B project continues to be stalled by gas price negotiations. In June 2015, PetroVietnam acquired all of Chevron’s Vietnamese interests in Block 52/97, Block 48&95 & B and the Kim Long pipeline for an undisclosed amount. This deal could potentially accelerate the development of the Block B gas project. However, it is likely PetroVietnam would seek a new partner before progressing to FID stage. We anticipate first sales gas will be achieved in 2024 at the earliest.



## Vietnam Gas Supply-Demand, 2010A-2025F



Source: Wood Mackenzie

### *Indicative crude oil and natural gas pricing*

#### Liquids Pricing

Liquids price is generally at a premium to that of benchmark Brent Crude on the world market. All crude sold to third parties is valued at the net realised price, at the point of delivery received by contractor.

#### Natural Gas Pricing

The gas price used for fiscal purposes is the realised sales price.

Gas from the Block 46 (Cai Nuoc) PSC and the PM3 CAA area, a portion of which is currently supplied to Vietnam, is sold at a price which is linked to the price of Medium Sulphur Fuel Oil (MSFO) in Singapore. Other gas currently sold to domestic users in Vietnam is not linked to any index.

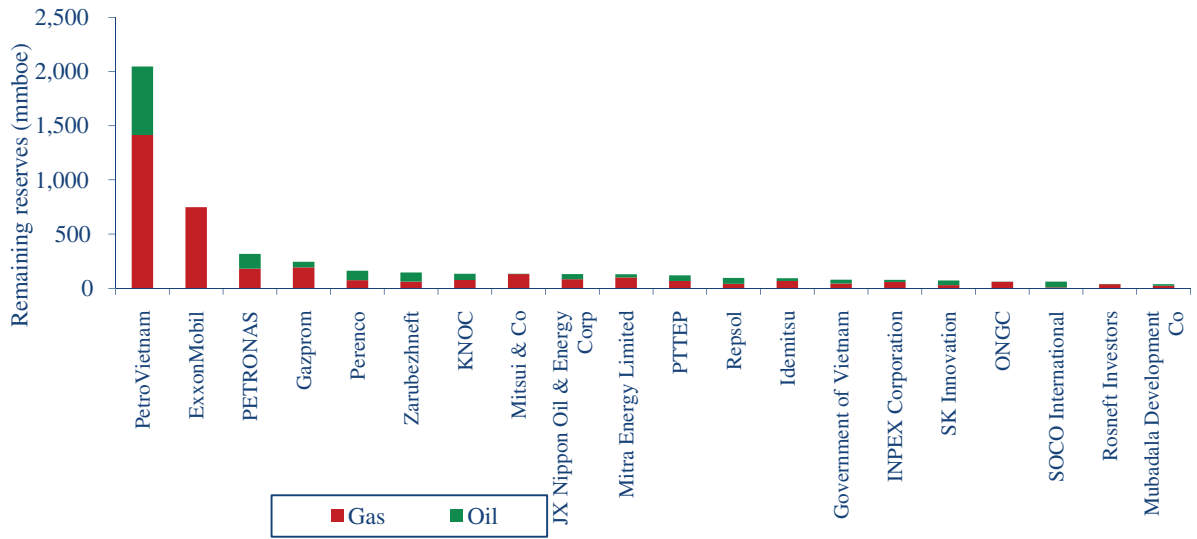
The Block B project in the Malay Basin has stalled over disputes around the upstream gas price. Associated gas in Vietnam receives a nominal fee of around US\$1-1.50/mcf.

#### *Domestic demand, pricing tension and domestic market obligation (“DMO”)*

From the 2014 draft decree on Petroleum, it states that “In case of necessity, at the request of the Government of Vietnam, the Contractor is obliged to sell a portion or all of its natural gas on the basis of agreements in gas development and production projects.” LNG and piped gas exports are unlikely to be sanctioned due to domestic demands.

Major players active in the country

**Oil and Gas Reserves in Vietnam by Company, 2016A**  
(Commercial and Technical Reserves)

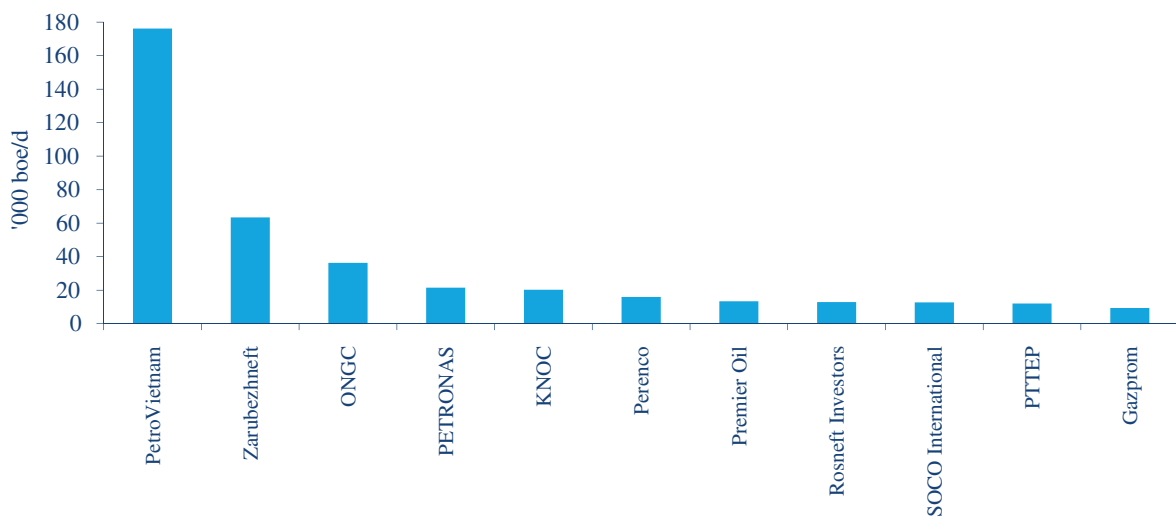


Source: Wood Mackenzie

Top 20 companies shown

State oil company PetroVietnam is the dominant player in the country, having stakes in all projects. Vietsovpetro, a JV between PetroVietnam and Russia’s Zarubezhneft, has a large commercial asset with Block 09-1 (Bach Ho/Rong). ONGC operates the Block 06-1 (Lan Tay/Lan Do) fields, Petronas has a sizeable technical reserves portfolio across the country, while Perenco has a large volume of technical reserves in the Cuu Long Basin, acquired through its purchase of ConocoPhillips’ assets in 2011.

**Vietnam Average WI Production 2011A-2015A by Company**

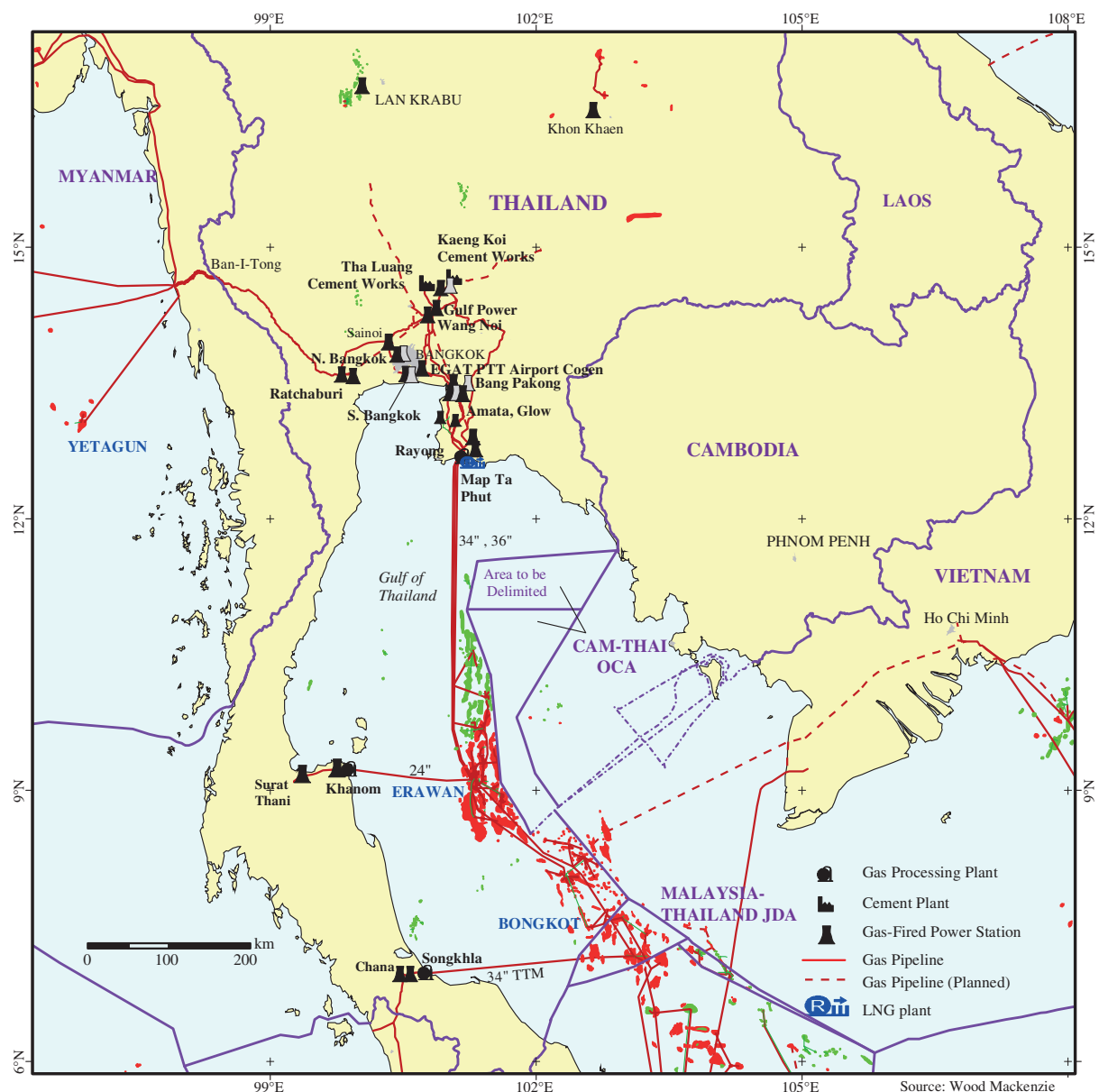


Source: Wood Mackenzie

Top 20 companies shown

# Thailand

## Overview



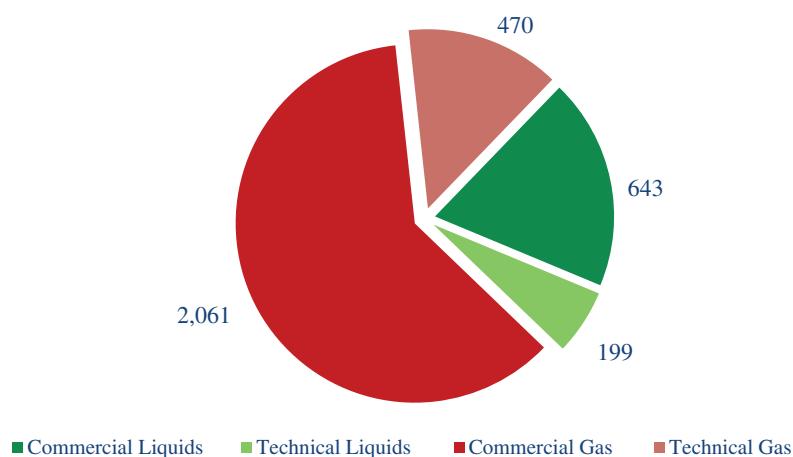
Thailand’s upstream oil and gas production is predominately sourced from two offshore areas in the Gulf of Thailand: the Pattani basin and the Malay basin. The fractured nature of the offshore geology means no one field or area dominates reserves or output - instead the majority of production is provided by thousands of separate (but relatively heterogenous) reservoirs spread across the two basins.

### Oil and gas reserves/resources

To date, the bulk of Thailand’s petroleum reserves have been discovered offshore in the Gulf of Thailand. Although the Gulf is now a relatively mature area, it still contains the vast majority of the country’s remaining reserves.

The continuing importance of gas as a primary energy source is shown in the following chart. On an oil equivalent basis, gas accounts for almost three-quarters of the country’s remaining petroleum reserves.

### Thailand Commercial and Technical Oil and Gas Reserves (mmboe)

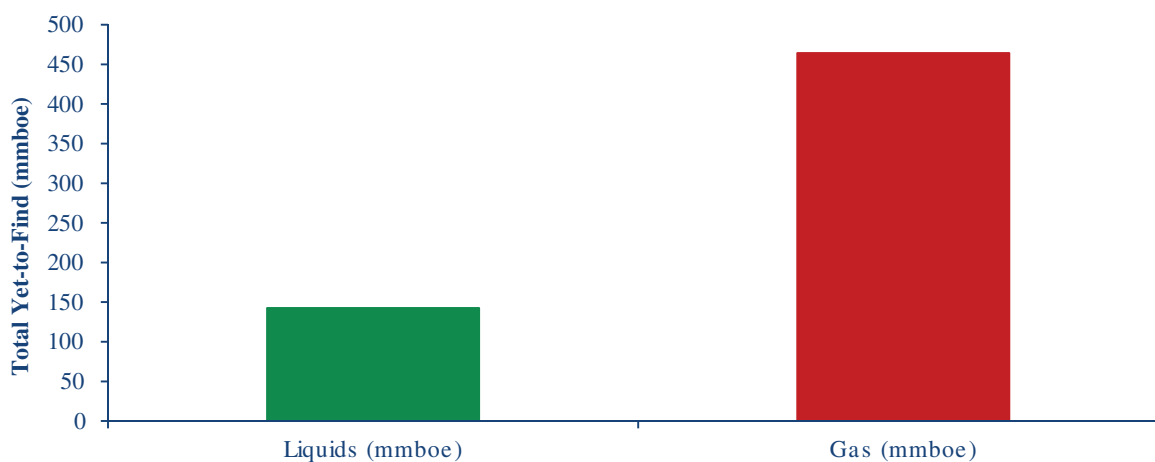


Source: Wood Mackenzie

Remaining reserves as of Q1 2016

#### Prospectivity and recent discoveries

### Thailand Yet-to-Find Commercial and Technical Reserve Volumes



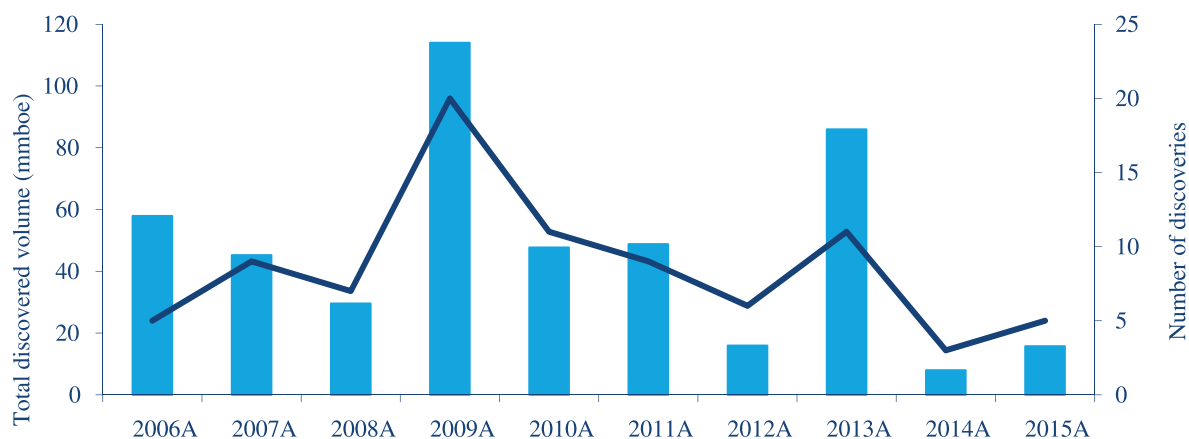
Source: Wood Mackenzie

Much of Thailand's yet-to-find potential lies in gas reserves, with Wood Mackenzie estimating 464 mmboe of gas potential, compared to 143 mmboe of liquids.

Thailand has also seen a string of recent discoveries. With at least three discoveries a year since 2006A, the country saw a high of 20 discoveries made in 2009A. Despite the number of discoveries, sizes have tended to be smaller. The 114 mmboe discovered in 2009A from 20 discoveries was the peak in the last 10 years, contributing to a total of 469 mmboe discovered in the entire period.

Many of the recent finds have been near-field step-out discoveries, adding small incremental volumes.

### Thailand Recent Discoveries, 2006A-2015A



Source: Wood Mackenzie

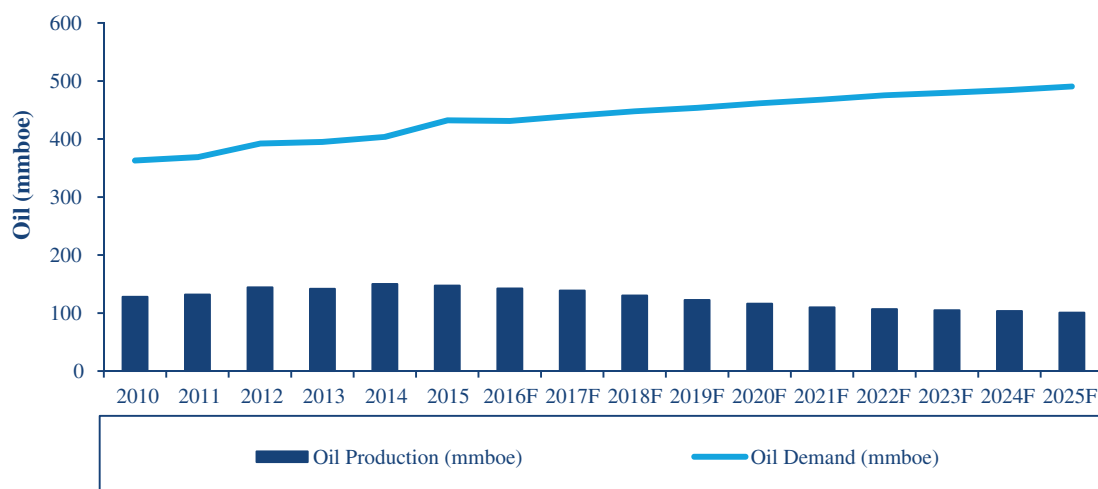
### Historical and forecast oil and gas demand and production

In terms of oil production, Thailand's largest onshore oil producing field has been the Sirikit Area, operated by PTTEP. Current development work is expected to maintain oil production from the Sirikit Area above 20,000 b/d until 2020.

Thailand's liquid output (including condensate) is forecast to peak in 2016 at 265,000 b/d, and will remain above 200,000 b/d until 2018. The two largest liquid producing areas are the Chevron-operated B8/32 and Contract 3 areas, with condensate volumes expected to increase in 2014 as gas output ramps up. Elsewhere liquid production is supplemented by the onshore Sirikit Area (S1), and CEPESA's Songkhla development in G5/43. Mubadala's G1/48 (Manora) project will add further production from 2014.

Longer-term, liquid production is forecast to decline in line with falling output from the main gas producing fields in the Pattani and Malay basins.

### Thailand Oil Supply-Demand, 2010A-2025F



Source: Wood Mackenzie

In the last decade Thailand's domestic gas demand has grown strongly. In 2003, a number of sales agreements for the supply of domestic gas were signed. Incremental supply was secured from existing suppliers such as Unocal's B12/27 concession, and in January 2004, a Gas Sales Agreement was signed for the supply of gas from PTTEP's Arthit fields. This was the first new source of gas to be contracted to the Thai market since early-2000. In addition, Unocal secured a Heads of Agreement for the supply of additional gas from Contract Areas 1, 2 and 3, in 2006. The HoA was converted into a full GSA in 2007 and a 10-year extension to the concession agreements was secured. Supply from Arthit started in April 2008, via the third Gulf of Thailand gas trunk line.

To date, the vast majority of Thailand's gas output has come from the Gulf of Thailand, where production started in 1981 from Unocal's Erawan field. Chevron acquired Unocal in August 2005, and became Thailand's premier gas producer.

The largest producing onshore gas field is the Hess-operated Sinphuhorm, which in 2016 is estimated to have sales output of 110 mmcf. Thailand is also supplied gas from the Malaysia-Thailand JDA, from both the CPOC-operated B-17 block and the CTOC operated A-18 block. A-18 and B-17 are expected to supply 400 mmcf and 270 mmcf, respectively. The sales agreements for A-18 and B-17 have an option to increase supply if demand and reserves allow. First production from the Malaysia-Thailand JDA was achieved in 2008.

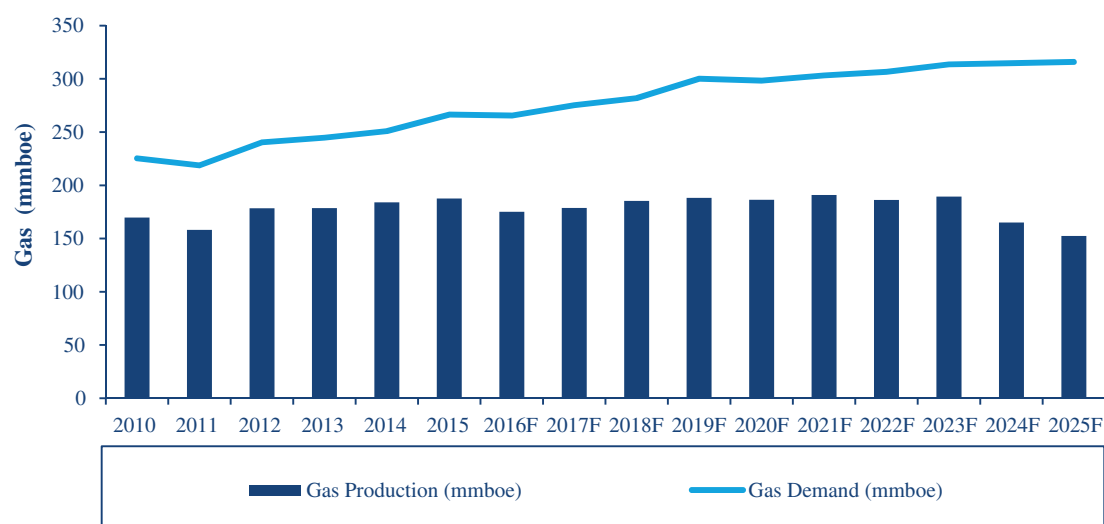
To meet growing demand, Thailand's domestic gas supply has been augmented by imported gas from Myanmar and the Malaysia-Thailand JDA. Since the inception of the LNG regas terminal in 2011, LNG imports augment the domestic and piped gas supply. As there are limited options for supply, Thailand will need to seek cooperation with Cambodia to develop the Overlapping Claims Area.

In recent years, two major projects have been brought onstream to increase the supply of gas to Thailand's domestic market. Chevron's Platong II project began commercial production in October 2011, whilst PTTEP's Bongkot South development began production in April 2012. These projects will increase supply capacity by 420 mmcf and 320 mmcf respectively.

In the medium term, Thailand will need to contract for more LNG to reduce its vulnerability and diversify its supply sources. PTT has signed the first long term LNG contract with QatarGas for a 20-year LNG volume from 2015 onwards. It recently secured approvals to purchase LNG from Shell and BP, with both companies supplying one million tonne of LNG each for up to 20 years. In addition, PTT is supplementing the long-term volumes with quarterly tenders to buy short-term LNG from the international market.

The LNG regasification terminal has an initial capacity of five million tonnes per annum, and is located at Map Ta Phut, south of Bangkok. An expansion plan would see capacity double by 2017. A third phase, approved by PTT's board of directors, could add another five million tonnes, but there are currently no firm dates.

## Thailand Gas Supply-Demand, 2010A-2025F



Source: Wood Mackenzie

### *Indicative crude oil and natural gas pricing*

#### **Liquids Pricing**

Oil is sold at a price referenced to local crudes (e.g. Tapis) or baskets of crude (e.g. Oman blend, Ardjuna and Minas).

Condensate pricing is based on an average of a basket of five crudes and condensates (Berri, Murbau, Seria Light, North West Shelf, Tapis) posted in Singapore, usually at a discount of between 5% and 9%.

#### **Natural Gas Pricing**

Gas sold in Thailand is generally sold at a price dictated by a formula contained within the gas sales agreement. Details of these formulae remain confidential and vary between individual GSAs and suppliers. The formulae reference a variety of indices, the most common of which are as follows:

- A basket of Medium Sulphur Fuel Oils from Singapore
- The Wholesale Price Index in Thailand
- The US Index of Export Prices
- The Producer Price of Oilfield Machinery and Tools Index
- The Baht/US\$ Exchange Rate
- The Inflation Rate
- Fluctuations in Foreign Currency Exchange Rates

Individual formula may reference only one or a number of these indices. To account for variance of the indices referenced, gas prices are generally adjusted every six months or every year, depending on the terms of the contract. In some cases, the GSA allows for more frequent adjustment in the event that certain indices and factors on which the price is based fluctuate outside a given range.

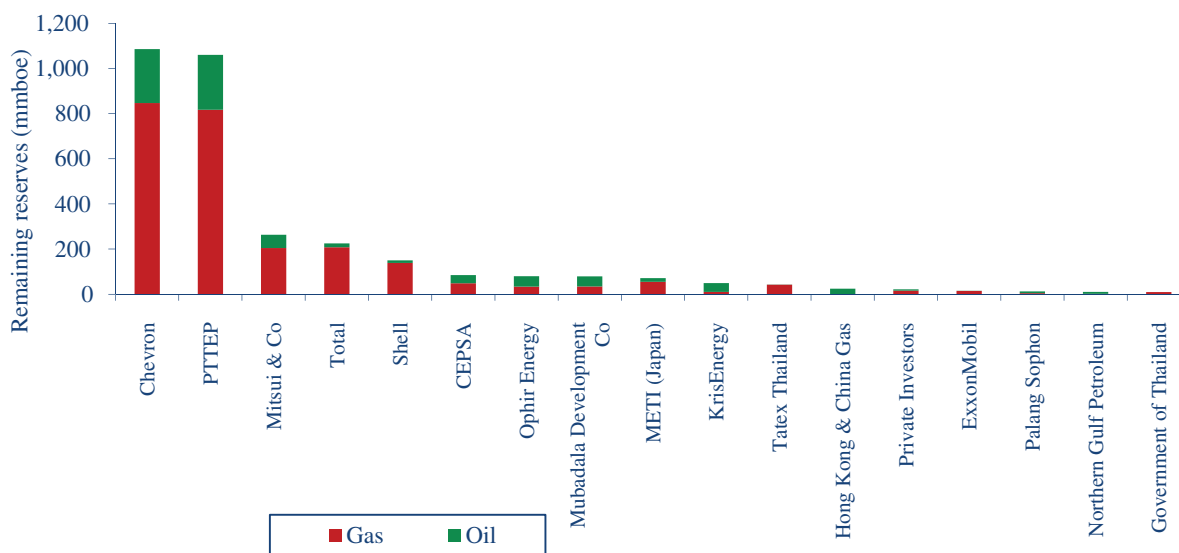


*Domestic demand, pricing tension and domestic market obligation (“DMO”)*

While the Thai contracts do not require a DMO supply, under the terms of the Petroleum Act, should the government determine that Thailand requires additional oil supply, concessionaires “may be required to supply petroleum of suitable quality for the purpose of having an adequate supply of petroleum for the demand in Thailand ... each concessionaire shall be required to supply such petroleum in the ratio that his petroleum production bears to total petroleum production in Thailand as shown in the last six months.” Where it is deemed a matter of “national security”, the government can temporarily prohibit the export of all or part of petroleum produced.

*Major players active in the country*

**Oil and Gas Reserves in Thailand by Company, 2016A  
(Commercial and Technical Reserves)**

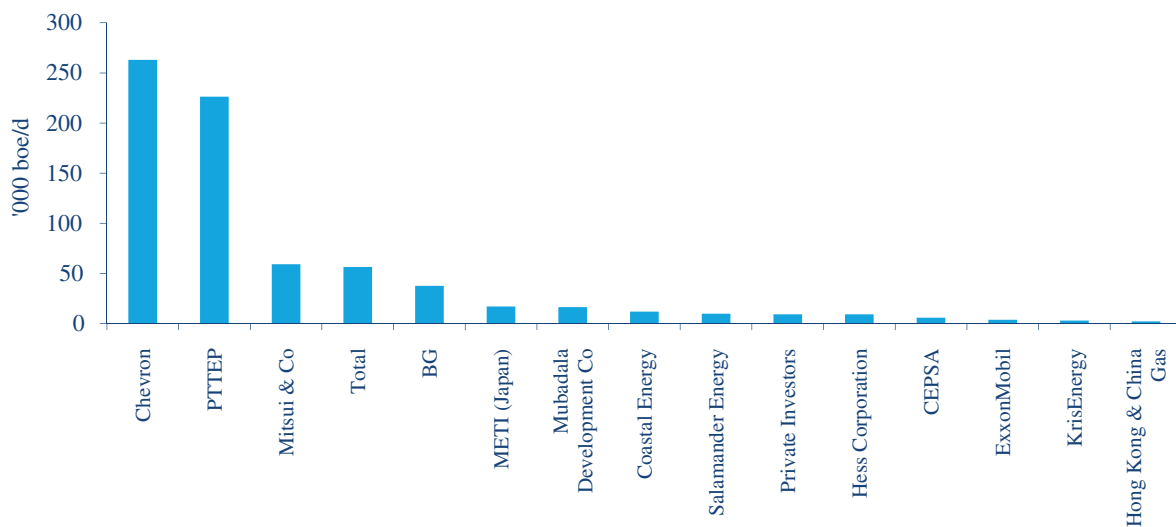


Source: Wood Mackenzie

*Only top companies shown*

Thailand’s upstream industry is dominated by two operators - Chevron and state company PTTEP. They manage the largest gas, oil and condensate projects in the country, with MOECO, Total and BG (now Shell) predominately in non-operated roles. PTTEP operates the Sinphuhorm onshore gas project.

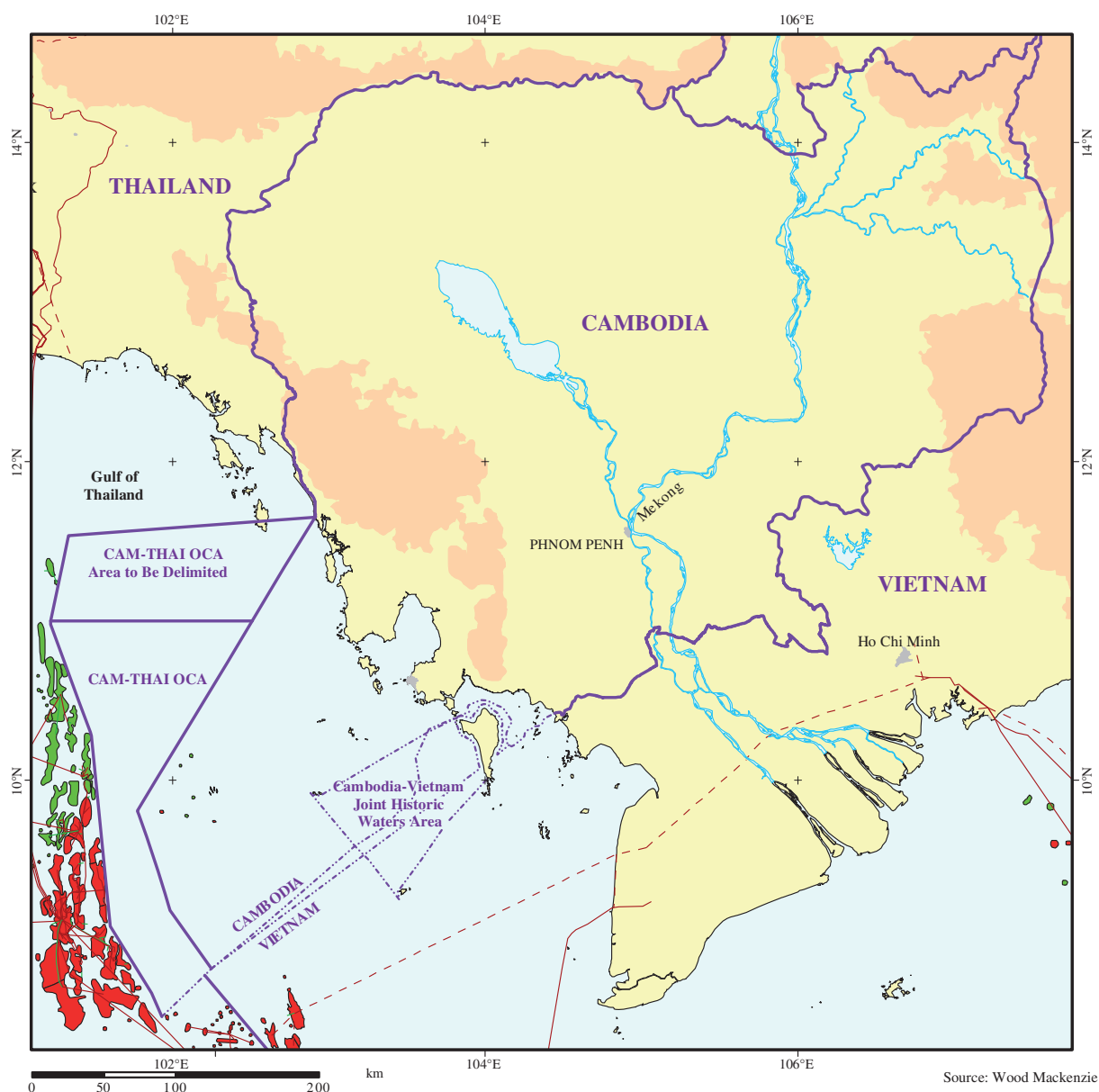
**Thailand Average WI Production 2011A-2015A by Company**



Source: Wood Mackenzie  
Top 15 companies shown

## Cambodia

### Overview



The Cambodian upstream industry is still in its infancy compared to the majority of its South East Asian neighbours. The greatest potential is thought to exist in the disputed Overlapping Claims Area (OCA) between Thailand and Cambodia, which could hold up to 11 tcf of gas and over a billion barrels of liquids. However, exploration is on-hold pending resolution of the OCA issue.

Interest in Cambodia's undisputed offshore waters slowly gained momentum following a series of small oil discoveries made by Chevron in Block A in 2004 and 2006. Exploration acreage was acquired by companies such as PTTEP, Medco Energi, Lundin Petroleum and CNOOC. However, the wells drilled so far have mostly not been successful, and some of these PSCs have since been relinquished. In 2016, the Cambodian authorities revoked blocks B, D and F as the companies failed to meet their exploration and financial obligations as set in the petroleum agreement.

The Block A oil project will be Cambodia's first upstream project, and is expected onstream in Q3 2019. The project had previously been stalled by ongoing uncertainty over petroleum taxation. However, KrisEnergy took over operatorship in October 2014, and Wood Mackenzie expects that FID

will be taken by late-2016. The country’s onshore acreage remains largely unexplored, due to a lack of available data and logistical issues, such as poor infrastructure, access and unexploded war-time ordinance and land-mines. The Cambodian authorities have indicated they intend to open up a licensing round for 19 onshore and six offshore blocks in the near future.

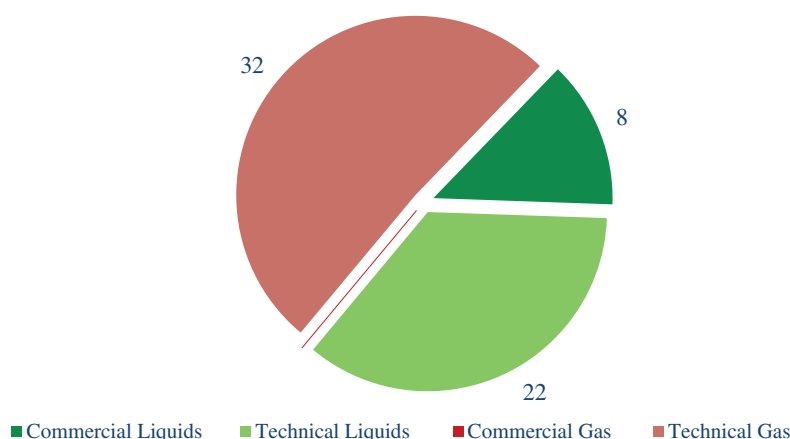
*Oil and gas reserves/resources*

No commercial oil or gas reserves have been proven in Cambodia to-date, although the Chevron discoveries in Block A are likely to be confirmed as commercial in the future. The results of Chevron’s recent appraisal drilling have not been released and Wood Mackenzie continues to categorise reserves in the Pimean Akas, Sirey Sambat, Pisonuka, Sovann Phum and Mealdey discoveries as non-commercial at the current time, with tentative estimates of 9 million barrels, 8 million barrels, 5 million barrels, 5 million barrels and 200 bcf, respectively. Original oil in place reserves on the block were independently certified at 672 million boe in 2011. However, reservoir performance and recovery levels remain unknown for Block A.

CNPA estimates based on basin level analysis, suggest that Blocks A-F could cumulatively contain up to three tcf of gas and 400 million barrels of crude. These figures remain speculative and appraisal results from Block A and other PSCs will provide a more substantiated view of the potential in the offshore areas.

The CNPA estimates that the OCA contains undetermined quantities of oil and condensate and up to 11 tcf of gas, although again this is subject to uncertainty.

**Cambodia Commercial and Technical Oil and Gas Reserves (mmboe)**



Source: Wood Mackenzie  
 Remaining reserves as of Q1 2016

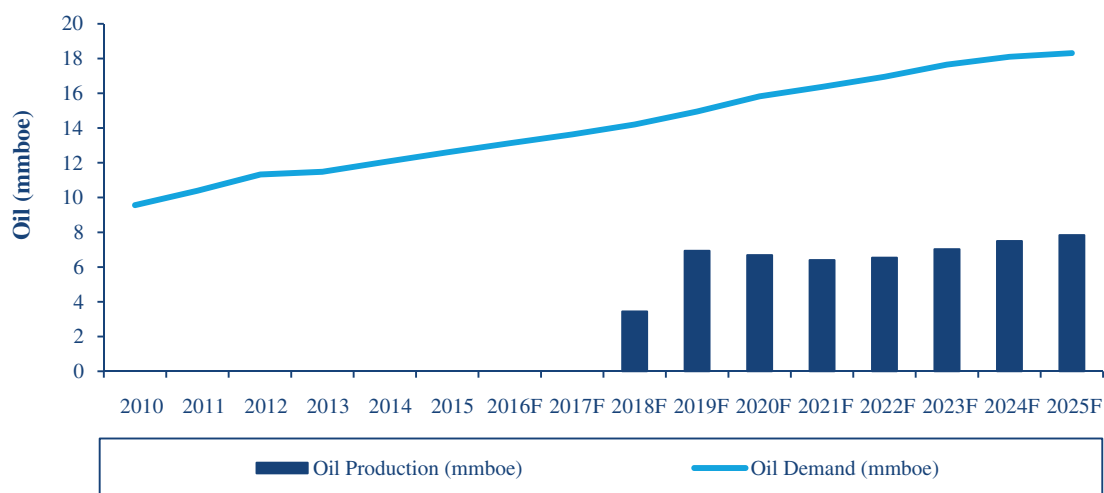
*Prospectivity and recent discoveries*

Cambodia’s prospectivity is yet to be proven, with the last discoveries made in 2004A (3 discoveries) and 2005A (2 discoveries), totalling 62 mmboe. No commercial or technical discoveries have been made in the past 10 years.

*Historical and forecast oil and gas demand and production*

There is currently no oil or gas production in Cambodia, with some oil production expected to start in 2018F. KrisEnergy’s Block A project offer the best potential for near-to-medium term oil production, while the Mealdey discovery offers the best potential for near to medium term gas production.

### Cambodia Oil Supply-Demand, 2010A-2025F



Source: Wood Mackenzie

#### Indicative crude oil and natural gas pricing

Liquids and natural gas pricing in Cambodia is based on forecast oil and gas prices which would apply for any future development.

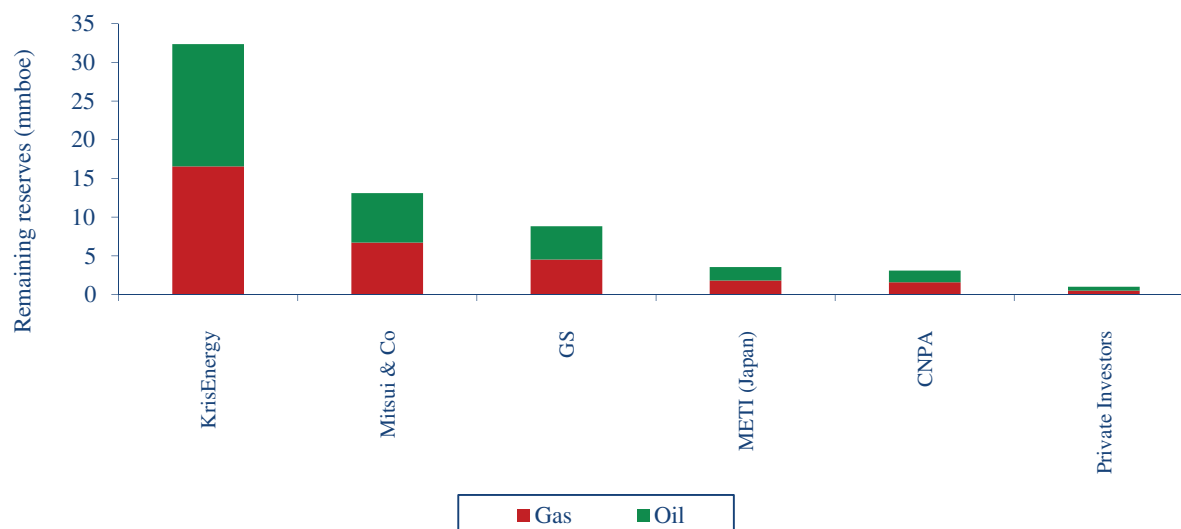
#### Domestic demand, pricing tension and domestic market obligation (“DMO”)

The Government of Cambodia with one calendar quarter’s notice has the right to require the contractor to sell its proportion of net petroleum output to the Ministry in order to meet internal demand in the country.

#### Major players active in the country

### Oil and Gas Reserves in Cambodia by Company, 2016A

(Commercial and Technical Reserves)



Source: Wood Mackenzie

Most of the reserves currently held by companies active in Cambodia relate to the Block A project, with KrisEnergy as operator.

# Bangladesh

## Overview



Bangladesh's hydrocarbon industry is dominated by natural gas, which provides its main source of energy. However, in recent years, demand for gas has grown significantly faster than supply, leaving the country facing an energy shortfall. The state oil and gas company, Petrobangla, is the dominant producer in the country, but severe funding issues have constrained its ability to fully explore and develop its position.

Chevron is the main international player in Bangladesh, operating the Bibiyana, Jalalabad and Moulavi Bazar fields, which provide almost 60% of the country's gas production. Since 2013, the company has invested in enhancement projects at Bibiyana and Jalalabad which has increased combined output to nearly 1.5 bcfd.

In mid-2011, Petrobangla signed a contract with ConocoPhillips to explore two deepwater blocks awarded to the company during the 2008 licensing round. However, ConocoPhillips relinquished these blocks as part of global deepwater retrenchment.

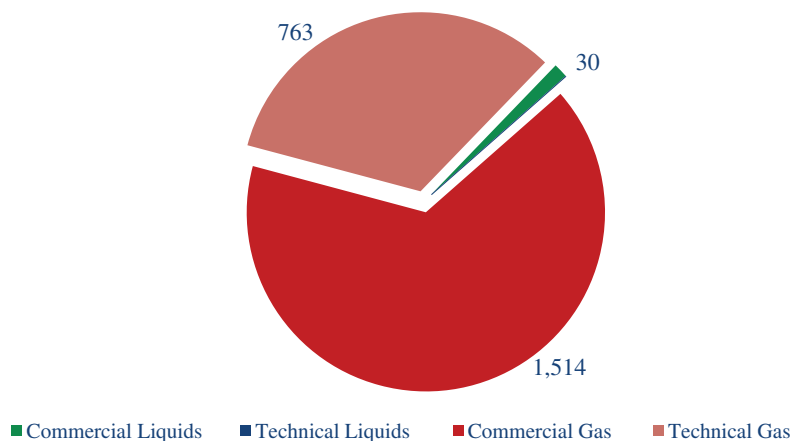
In November 2012, Bangladesh launched an offshore licensing round which received a dismal response with only three shallow water blocks awarded initially. The bid submission period was extended after which one more block was awarded. The deepwater blocks received no bids and Petrobangla offered those with revised terms in late-2013. A Statoil-ConocoPhillips partnership bid on three of the blocks. Eventually, ConocoPhillips exited the consortium and no contract was signed.

In early-2016, the government invited direct offers for these three blocks via the Speedy Supply of Power and Energy Act. Daewoo submitted a bid for one of the blocks and we expect a contract to be signed before the end of the year. Furthermore, in September 2016, the blocks relinquished by ConocoPhillips and one shallow water block (SS-10) were also offered up via the same route with Statoil, Daewoo and KrisEnergy filing an expression of interest.

#### *Oil and gas reserves/resources*

Bangladesh's reserves are dominated by gas, however, liquids reserves were boosted by the discovery of the Bibiyana gas/condensate field where we estimate potential recoverable condensate reserves of 26 million barrels.

**Bangladesh Commercial and Technical Oil and Gas Reserves (mmboe)**

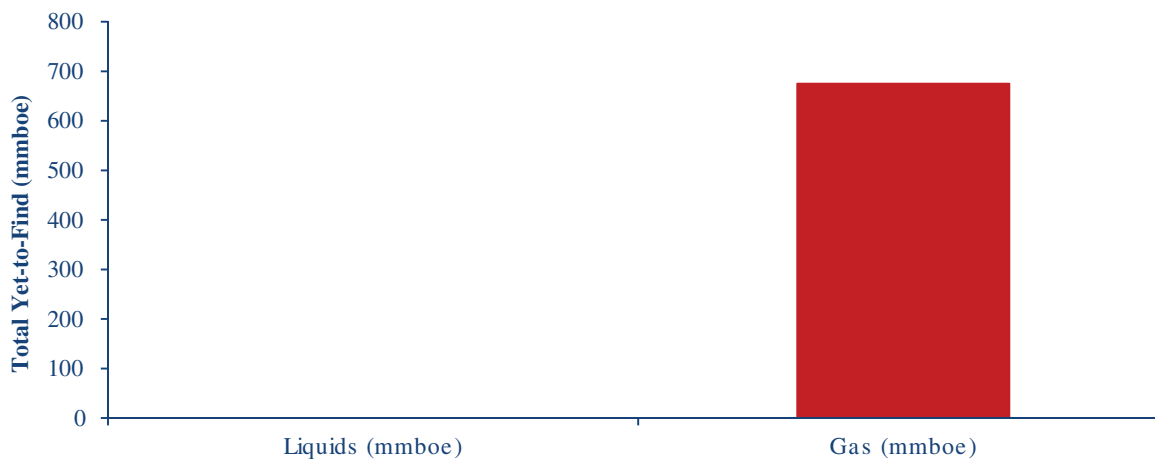


Source: Wood Mackenzie

Remaining reserves as of Q1 2016

#### *Prospectivity and recent discoveries*

**Bangladesh Yet-to-Find Commercial and Technical Reserve Volumes**

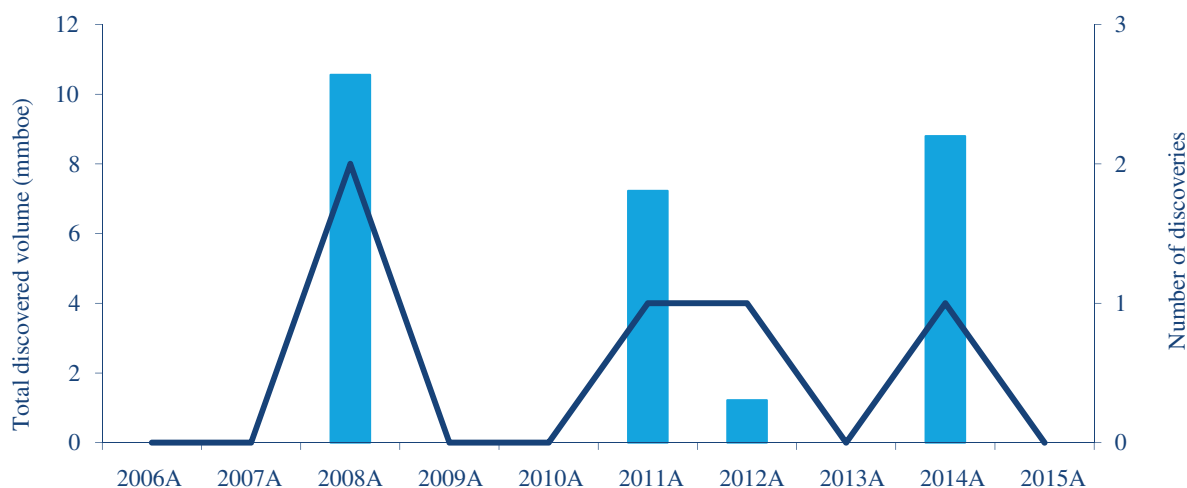


Source: Wood Mackenzie

Gas makes up all the potential yet-to-find volume in Bangladesh, with Wood Mackenzie estimating 675 mmbbl of gas potential.

The country's history of discoveries has been relatively limited, with 2 discoveries in 2008A, and 1 discovery made in the years 2011A, 2012A, and 2014A. Total discovered volumes in 2008A was 11 mmbbl, with a total of 28 mmbbl of commercial and technical oil and gas discovered in the last 10 years.

**Bangladesh Recent Discoveries, 2006A-2015A**



Source: Wood Mackenzie

#### *Historical and forecast oil and gas demand and production*

The only oil production in Bangladesh occurred between 1987 and 1994, when the Sylhet (Haripur) field produced an average of 200 b/d of waxy, low sulphur, 28°API oil from the Sylhet-7 well. The pipeline from Sylhet-7 waxed up and production ceased in July 1994, with the field having produced 550,000 barrels of oil. It is understood that there are no plans to bring Sylhet-7 back onstream.

As a result of the high methane content of the majority of Bangladesh's gas fields, associated condensate production has remained at a proportionately low level. Total liquids production remained fairly flat during the early 1990s at between 1,000 and 2,000 b/d.

Gas production in Bangladesh started in 1960 when the Chattak field was brought onstream and has been steadily rising. Until 1998, Petrobangla had retained exclusive responsibility for all hydrocarbon production in Bangladesh, operating 15 gas fields via its two subsidiaries, Sylhet Gas Fields Limited (SGFL) and Bangladesh Gas Fields Company Limited (BGFCL). Petrobangla's monopoly ended when Cairn brought the Sangu field onstream in June 1998. The Sangu field ceased producing in 3Q 2013 as volumes reached sub-commercial levels.

Feni and Fenchuganj began production in 2004. Feni previously produced gas under Petrobangla operatorship but was shut-in during 1998. Niko took over in 2003 and began production from the field in November 2004, at a rate of 20 mmcf/d. BAPEX brought the Fenchuganj field onstream in May 2004, at a rate of just under 25 mmcf/d.

In April 2005, Chevron brought the Moulavi Bazar field onstream at a rate of around 70 mmcf/d. Production was ramped up to 110 mmcf/d in July 2005. Following the commissioning of the Bibiyana field in March 2007, production from Moulavi Bazar was reduced on account of compression constraints.



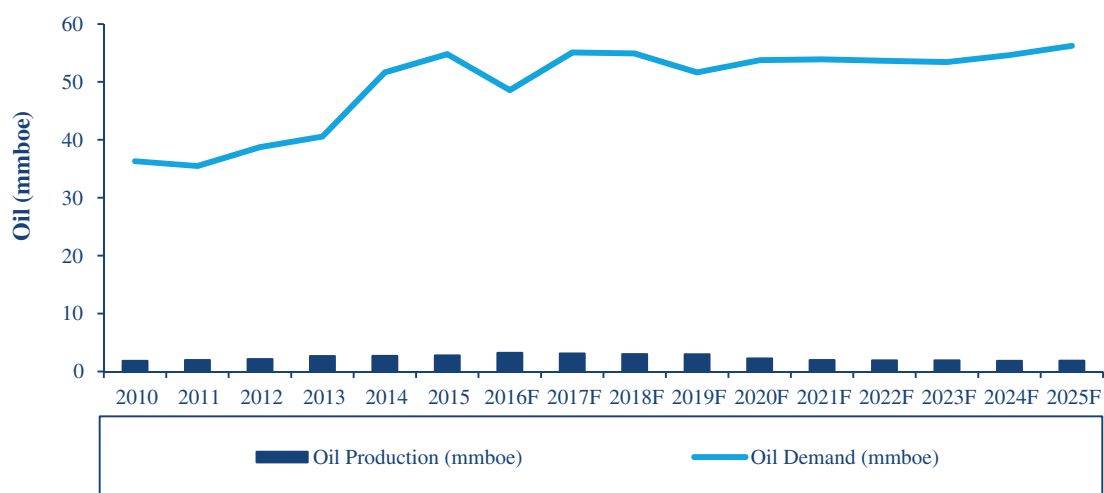
The Bangora field achieved first production in May 2006, when the Bangora-1 exploration well began producing 30-40 mmcf/d on a long term test. Production was then increased to 60 mmcf/d in November 2006 when Bangora-2 was brought onstream, and to 70 mmcf/d in May 2007 when Bangora-5 was tied-in. In April 2009, following the work-over of the Bangora-3 well, production increased to 120 mmcf/d. The field is currently producing from four wells, Bangora-1, 2, 3 and 5. KrisEnergy announced in April 2013 that it had acquired this asset from operator Tullow. The company began development drilling in the field in 2016 to maintain output around 100 mmcf/d.

Petrobangla operates 17 fields in Bangladesh, through its three subsidiaries, Bangladesh Gas Fields Company Limited (BGFCL), Sylhet Gas Fields Limited (SGFL), and Bangladesh Petroleum Exploration and Production Company Limited (BAPEX). Thirteen of these fields are currently producing. However, many Petrobangla-operated fields are mature and in decline and the company has been unsuccessful in adding new reserves through exploration, due to financial constraints in the past and but more recently due to poor geology

Chevron, now the largest producer in Bangladesh, successfully increased production at the Bibiyana field to 1,200 mmcf/d by 2015 after completion of the Bibiyana enhancement project. The Bibiyana field is now the swing producer in Bangladesh and will supply the rise in Bangladeshi gas demand going forward. Output was also increased to over 200 mmcf/d from the Jalalabad field after a successful drilling project in 2015.

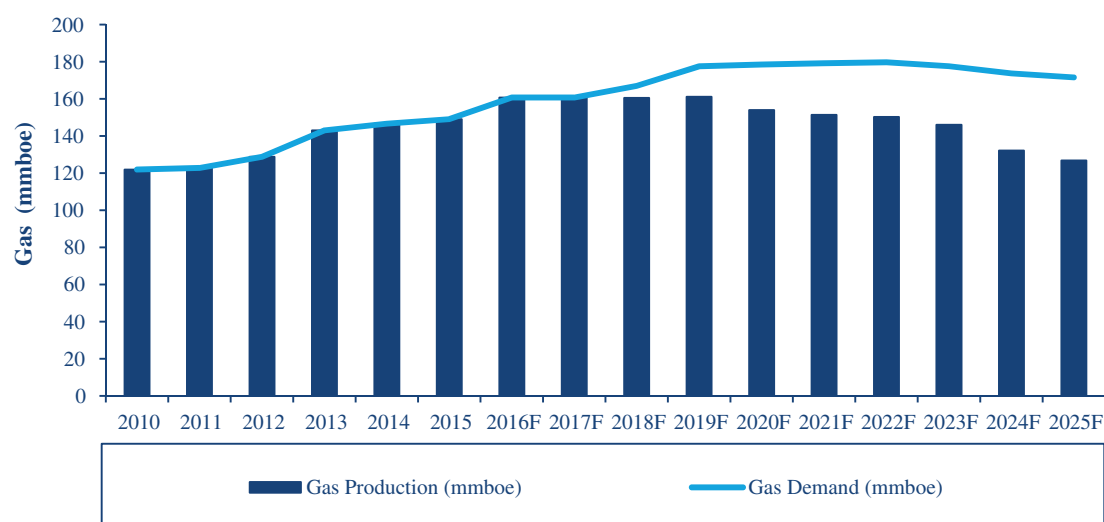
Post-2017, we expect Bangladesh’s gas production to enter into decline, unless large scale development work is carried out at currently onstream and discovered fields.

**Bangladesh Oil Supply-Demand, 2010A-2025F**



Source: Wood Mackenzie

## Bangladesh Gas Supply-Demand, 2010A-2025F



Source: Wood Mackenzie

### *Indicative crude oil and natural gas pricing*

#### Liquids Pricing

The value of oil/condensate from each production area is determined on the basis of market value comparable to the Asia Pacific Petroleum Price Index (APPI). The price of locally produced LPG is linked to the international price of kerosene on a BTU basis.

#### Natural Gas Pricing

For the upstream companies, there is no fixed gas purchase price. In the 1990s, Cairn and Occidental were involved in protracted negotiations over the price that Petrobangla would pay. Under the 1993 Petroleum Policy, the pricing for associated gas is on a cost plus basis. For non-associated onshore gas, the price is indexed to 75% of the price of High Sulphur Fuel Oil (HSFO) 180 CST f.o.b. Singapore, less negotiated discounts. Offshore gas pricing is 25% higher than for onshore, equivalent to 93.75% HSFO, again less negotiated discounts.

Floor and ceiling prices for HSFO, negotiable by PSC, are applied to ensure price competitiveness of domestic gas. Under the 1997 Model PSC, the floor and ceiling prices for HSFO were set at US\$70/tonne and US\$120/tonne respectively (equivalent to around US\$1.31/mcf and US\$2.25/mcf onshore and around US\$1.73/mcf and US\$2.97/mcf offshore, with the above linkage index considered).

Under the 2008 Model PSC, offshore gas pricing for Type-A blocks was unchanged from the 1997 Model PSC. However, the price for Type-B blocks was indexed to 100% of HSFO.

In 2009, Cairn announced that it has been given the rights to freely market gas from its Block 16 (non-Sangu areas) with the buyers.

Under the 2012 PSC, gas prices remained linked to high sulphur fuel oil (HSFO), but with the floor and ceiling increased to US\$100/Mt and US\$200/Mt. Assuming a 100% linkage, this generates a ceiling gas price of US\$5.00/mcf for a shallow block, which compares favourably to the US\$4.22/mcf offered in 2008 round. Gas from deepwater blocks received a 110% linkage to the cap resulting in a price of US\$5.50/mcf (compared to US\$4.50/mcf in 2008). However, a muted response to the round forced Petrobangla to revise the deepwater price terms. Under this revised model the ceiling was fixed at US\$220/Mt resulting in a price of US\$6.05/mcf.

The price for each calendar quarter is calculated based on the arithmetic average of the daily APPI price quotations, for the six months ending on the last day of the second month preceding the quarter.

Sales of gas to Petrobangla are invoiced monthly with payments made within 45 days from the issue of invoice.

*Domestic demand, pricing tension and domestic market obligation (“DMO”)*

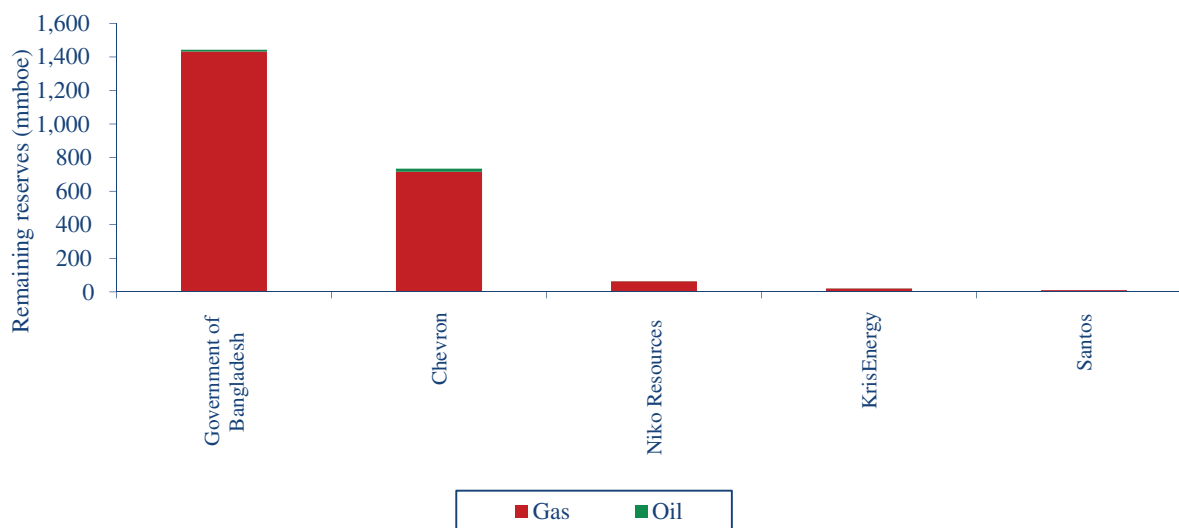
Under the revised 2012 terms for deepwater blocks, contractors will be able to sell half of their volumes directly to third parties without Petrobanglas’ right of first refusal, and contractors are also prohibited from exporting gas. Other than this, Bangladesh does not apply DMOs, and gas producing companies will be assured a market outlet within reasonable time of a discovery being declared commercial. If an indication of an outlet is not provided by the government within 12 months, the producer is free to find a market outlet within Bangladesh.

The contractor may export natural gas in the form of LNG, subject to negotiation with the government.

Petrobangla will compensate the contractor for relinquishment of rights for the ‘Required Volume’ of discovered and appraised natural gas located west of the Padma-Jamuna Rivers, up to a maximum of 1 tcf. The Required Volume is the minimum volume estimated to be economically recoverable for domestic use.

*Major players active in the country*

**Oil and Gas Reserves in Bangladesh by Company, 2016A**  
(Commercial and Technical Reserves)



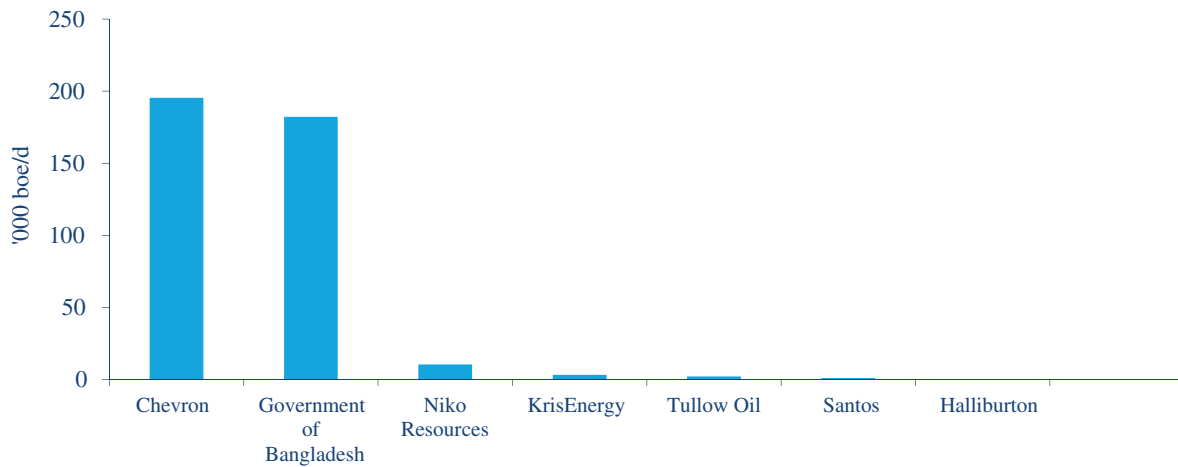
Source: Wood Mackenzie

Bangladesh’s oil and gas industry is dominated by state company Petrobangla and its subsidiaries. Chevron also holds a key position, through its operatorship of the Bibiyana, Moulavi Bazar and Jalalabad gas fields, acquired via its 2005 acquisition of Unocal. However, Chevron’s entire position in Bangladesh is up for sale as part of a wider divestment initiative with several companies reportedly interested, including Petrobangla.

Several other international companies hold reserves in the country, although on a much smaller scale. Niko Resources operates the Feni and Chattak fields, under a joint venture agreement with Petrobangla subsidiary Bangladesh Petroleum Exploration and Production Company (BAPEX). It also holds reserves in the Bangora field, operated by KrisEnergy. In October 2010, Cairn Energy announced that it had sold its interest in Bangladesh to Santos, marking Cairn's departure from Bangladesh. Santos' only producing assets, the Sangu Area fields, ceased production in 3Q 2013. Petrobangla also holds considerable technical gas reserves, which remain undeveloped due to a lack of funding.

Santos continues to maintain a presence due via its interest in the SS-11 block, awarded under the 2012 bid round. The company is partnered by KrisEnergy and BAPEX. An ONGC Videsh and Oil India consortium was also awarded two blocks during the round. Daewoo is expected to sign a deal before the year end for one of the blocks offered under the Speed Supply of Power and Energy Act.

**Bangladesh Average WI Production 2011A-2015A by Company**



Source: Wood Mackenzie

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