

ENECO ENERGY LIMITED
(the "Company")
(Company registration number 200301668R)
(Incorporated in the Republic of Singapore)

RESPONSE TO SGX QUERIES

The Board of Directors ("Board") of the Company refers to the announcement released by the Company via SGXNet on 12 June 2019 in relation to the Annual Report and Audited Financial Statements for the financial year ended 31 December 2018 (the "AFS2018").

The Board is pleased to provide the Company's responses to queries raised by SGX-ST on 13 June 2019 and 19 June 2019 in respect of the aforesaid announcements:-

1) Please disclose if the additional funding has been received, as mentioned in paragraph 3 of the Going Concern Assumption paragraph. Please also provide details of these additional funding including but not limited to the amount, the estimated timeline for receipt of funds.

The additional funding has not been received yet. The Company is currently in discussions with a few interested parties to secure additional funding but these discussions have not been finalized to-date.

2) Please provide the background of these interested parties, for instance, whether these are individuals, financial institutions etc. Please also advise the mode of raising the additional funding.

1. Prior to the placement to Eneco Investment Pte. Ltd. ("Eneco Inc") of Japan in November 2018, Eneco Inc had expressed interest in a placement of a significant stake in the Company. The range of the stake has been disclosed to SGX-ST. Eventually, as announced, Eneco Inc subscribed for an effective 14.99% stake in the interests of speed, in that no EGM was necessary for a placement of that size. Since December 2018, the Company's management had been in discussion with Eneco Inc for the latter to increase their stake in the Company (by way of placement of new shares or by way of convertible bonds). We understand from management that these discussions are still ongoing, and that it is likely that Eneco Inc is awaiting the release of the Annual Report and the outcome of the forthcoming AGM before making a decision.
2. We understand from the management that the discussions with a Third Party Lender are still in progress. We have been informed by management last week that the Third Party Lender had expressed interest in acquiring part or all of the O&G assets of the Company as part of the terms to restructure the Third Party Lender debt. We will update SGX Regco closely on these discussions. The present state of play in the discussions is that the Third Party Lender has agreed in principle to convert at least 30% of their debt into equity of the Company (on terms to be agreed) and to restructure the remaining portion of the loans. As far as the AC is able to ascertain, the Third Party Lender has not requested for any repayments of the outstanding loan since February 2019, which was the last time the Company made some payments to the Third Party Lender as a gesture of good faith during discussions. The AC is assured that the management that there is an informal standstill on debt repayments given the negotiations which are currently taking place.

(i) **Provide the background information of the loan from the Third Party Lender.**

The loan from the Third Party Lender arose a US\$10,000,000 facility granted to Ramba Energy Lemang Ltd for working capital needs in relation to the exploration and development activities of the Group. Kindly refer to Footnote 23 at page 100 of the Company's Annual Report for 2018.

What is the estimated timeline for the receipt of the additional funding?

3. The Company and its management are still negotiating with both Eneco Inc and the Third Party Lender. Whilst it is hoped that the respective discussions can be concluded soonest possible, it is not possible to say definitively the estimated timeline. For instance, Eneco Inc may decide as early as next month if they wish to have further participation. One possible driver is that fact that the Company is the distributor of Eneco Inc.'s products in 6 countries in South East Asia, and over the last couple of months, there has been great progress in making a maiden sale of Eneco's Emulsion Fuel machines to a buyer in a South East Asian Country. Each of these machines cost approximately USD 1 million, and presently the South East Asian Country potential partner have agreed to sign a MOU next week in Tokyo to purchase multiple machines for the South East Asian Country. Given that the Company has made progress in securing orders for Eneco Inc, management believes that Eneco Inc is more likely to look favorably upon a further investment in the Company by way of placement of new shares or convertible bonds.

(i) **Is there a definitive agreement in relation to the South East Asian Country potential partner agreeing to sign the MOU to purchase multiple machines?**

No. The MOU is scheduled to be signed next week. The Company will make the necessary announcement upon the signing of the MOU.

4. The Third Party Lender's interest in purchasing the O&G assets as part of the loan restructuring is more complicated, since they have to analyse the data of the oil assets. In addition, the terms of such purchase are complicated since the major asset in Lemang is presently operated by Mandala.

What is the deadline for the receipt of such additional funding failing which the Group and the Company will not be able to operate as a going concern?

5. The management assures the AC that unless the restructuring of the Third Party Lender totally fails, and if the Third Party Lender were to demand the complete repayment of its entire loan, the issue as to whether the Company can continue as a going concern does not arise. A copy of the Cashflow Summary has been furnished to the SGX-ST. As of 01 January 2019, we have opening cash balance of S\$8,417,000. If we include the Third Party Lender repayment in the 18 month forecast the cash flow becomes negative; however the reverse is true if the Third Party Lender repayments are excluded. We will update SGX Regco tomorrow on the latest discussions with the Third Party Lender.

(i) **Please clarify what is meant by "the reverse is true".**

If the amount due to the Third Party Lender for the 18 months is excluded from the cash flow projections, then the cash flow will become positive.

6. In addition, it is useful to note that the projected spending for Hexindo is around S\$6.061 million. The management is of the view that said spending can be managed or deferred, and should not affect the going concern issue. The AC believes this view to be reasonable.

(i) Please elaborate as to why the spending can be managed or deferred. What are the implications if the spending is deferred?

There are several moving parts to our company as it stands today.

The Logistics business as at end May 2019 have cash in bank balances that are equal to or better than they were at January 1 2019.

The Logistics business clearly is self-funding and self-sustainable, and as such, will not require cash support from its parent listed company. It has sufficient cash to fund all of its planned expenditure through to the end of 2020. In addition to this, Logistics have a pre-approved credit line with its bankers (which in the last 2 years has not been drawn upon), which can provide funding of at least another \$1.5m if necessary. However, we do not foresee this requirement.

The expenditure budget of Lemang, to which Hexindo holds a 16% participating interest, is prepared by the operator, Mandala. To that effect Hexindo has little control over the activity or expenditure by Mandala. The projected spending of Hexindo is based on the 18 month forecast of Lemang by Mandala and is not a guaranteed spend number; it can vary up or down based on numerous variables. If Mandala simply cut cost or decide not to carry out some planned works then the cash requirements of Hexindo drop proportionately and likewise if they accelerate the activity the reverse would apply. The operator would invoice Hexindo each month for its share of the costs based on its participating interest percentage, thus creating a payable for Hexindo after offsetting the proceeds from the oil produced in the month.

Currently, such payables billed to Hexindo are being offset against the agreed farm out proceeds to Hexindo, of the additional 6% of Hexindo's stake, which was called upon by Mandala in late 2018.

This carry facility is projected to expire somewhere in QTR 3 2019.

At this point Mandala continues to operate the Lemang asset. The management has just been informed by Mandala at a meeting yesterday that the Lemang operations have turned cash-positive in last month, and presently Mandala does not expect to make further cash calls this year. This is a new development, which management had just learned from Mandala.

As we move forward, even if further cash calls are necessary, one other option we have is to negotiate another farm out in participating interest to offset the potential cash carry requirements of Hexindo, thus alleviating pressure on cash outflow. Such divestment has been done previously and is not uncommon in this type of industry or situation.

It is our opinion that the cash requirements of Hexindo can be managed with Mandala to avert any possible cash crunch.

7. This of course ties in also with the fact the Third Party Lender is now actively looking to acquire the Company's O&G Assets.

3) How is the Audit Committee satisfied with the ability of the substantial shareholder to provide the necessary financial support and who is the substantial shareholder? What are the types of evidence sighted by the AC to be satisfied that the necessary financial support can be provided?

The substantial shareholder of the Company is Aditya Wisnuwardana Seky Soeryadjaya ("DAS"), who holds a deemed interest of 25.15% in the Company. The AC was satisfied that DAS has the ability to provide the necessary financial support based on his shareholdings in the company, his shareholding in another private Company in Singapore that is estimated to be worth approximately \$10 million, as well as the progress of the negotiations with the Third Party Lender. The loan from the Third Party Lender constituted the biggest single liability in the cash flow projections, and the AC was satisfied that the Third Party Lender loan have a high probability of being successfully restructured, such that the repayments to the Third Party Lender would commence only from January 2020.

(i) Please identify the "private company" and the basis in arriving at the "worth" of \$10 million (for example, whether this is based on audited financial statements of the private company).

DAS is the 30% owner of a private Singapore company. The name of the private company has been disclosed to SGX-ST. DAS has shown documentary evidence to the AC showing that another shareholder had just sold a 10% stake for US\$2.5 million. According to DAS, on the basis of this sale, his 30% stake is valued at US\$7.5 million.

(ii) What is the arrangement in place to ensure that the shares held by DAS in the private company would be able to fund the financial support to be extended to Eneco?

DAS has been asked to sign a letter of support.

(iii) Are the shares in the private company pledged to Eneco? Is the Audit Committee satisfied that the shares in the private company can be readily converted into cash as and when it is required by the Company?

Presently the aforesaid shares are not pledged to the Company. The AC did not merely rely on this particular stake to form a conclusion that the Company can continue as a going concern. The AC's conclusion is on the basis of all the above matters, and considering all matters on a holistic basis.

4) Please identify :

(i) both the director who withdrew S\$3.88mil from the other subsidiary's bank account; and

Aditya Wisnuwardana Seky Soeryadjaya.

(ii) the subsidiary from which the monies were withdrawn.

PT Hexindo Gemilang Jaya.

(iii) Please confirm if the amount of S\$3.88mil was derived from the fund raising in December 2018.

We confirm that the amount is not from the fund raising in December 2018. The aforesaid amount were already in Henxindo's accounts for some time before the withdrawal in November 2018.

5) With reference to question 4 above, please confirm if the director has any continuing role/duties in the Company and/or is involved in the day-to-day operations and Management of the Company.

Yes, Aditya Wisnuwardana Seky Soeryadjaya remains the CEO and executive director of the Company and is involved in the day to day operations and management of the Company.

6) What are the additional controls instituted to safeguard the assets/cash of the Company? Please provide the AC's assessment on the adequacy and effectiveness of these controls.

The AC has decided to appoint an independent investigator to investigate the circumstances surrounding the payment to the broker. The scope of investigations will also include recommending internal controls and checks to safeguard the cash and assets of the Company and Group. In the meantime, the Board has directed that with immediate effect, all payments above S\$100,000 would require the approval of two directors of the Board including a member of the AC. The AC is of the view that the above step is sufficient for the time being, given that all the members of the AC are independent directors.

7) With regards to the "Amount due from a broker" paragraph, please tabulate the differences between the information provided by the Management and the information independently obtained from the bank by the auditors.

On 29 May 2019, EY Jakarta met with Sofyan (President Director of MPK) in person. Sofyan explained that the funds that MPK had received from DAS/Hexindo had been placed as a time deposit with Bank Mandiri, to be used as a collateral to BJB, if necessary, when BJB issues an official bank guarantee to Pertamina. The differences in information is this: The Company's management was informed by the broker, MPK, that MPK had secured a bank guarantee to be issued by its bank, Bank Jawa Barat ("BJB"), in favour of the Concession holder. However, management has now been informed by their external auditor that when the external auditor queried Pertamina, Pertamina did not confirm they have received a guarantee. The exact circumstances as to whether a Bank Guarantee was issued, and if so, in what form, remains unclear.

8) Per the "Amount due from a broker" paragraph, please provide details on the arrangement between the concession holder and REWJ is. What is the rationale for making the advance to a broker? Why is the guarantee "in favour" of REWJ?

The Concession holder will extend the period for exploration rights of REWJ upon receipt of the required bank guarantee from REWJ. According to the management, in Indonesia, it is common to use the services of third party service providers to procure bank guarantees. From checks conducted by REWJ, MPK is a reliable broker/service provider with the connections and resources to procure a bank guarantees through their relationships with state owned banks, which in turn could issue bank guarantees that would be acceptable to the Concession holder. The Bank guarantee is procured by MPK on behalf of REWJ in favour of the Concession holder. Payment has to be made to MPK in order for MPK to arrange for BJB to issue the bank guarantee in favour of the Concession holder.

- i) **It is disclosed in the Auditors' Report that, "The exploratory permit for West Jambi concession had expired and, as the management was successful in obtaining the extension of the exploratory permit in the past, they are confident that further extension would be granted."**

The Management explains that the REWJ concession is still valid, and the best evidence of this is the fact that REWJ is still being invited by Pertamina for discussions on the strategy forward for the concession. With regard to the Bank Guarantee, the Management's explanation is that the Pertamina had requested for the Bank Guarantee to be valid from 2016 onwards, which was the date the last Bank Guarantee expired; however, in Indonesia, there is a practical difficulty in getting government-linked banks to issue bank guarantees that are back-dated that far back. The management is confident that they are able to resolve the issues of the Bank Guarantee with Pertamina, and that the permit will be extended.

- a) **Did the AC sight any written request from Pertamina that the Bank Guarantee needs to be valid from 2016 to 2018?**

The AC has sighted a minutes of meeting between Pertamina and REWJ dated 24 September 2018 where Pertamina requested for a Bank Guarantee from 22 September 2016 to 21 September 2020.

- b) **Please provide a description of the flow of funds (including the banks and amounts) starting from the withdrawal from the subsidiary to the Company's bank account, to the purported issuance of the Bank Guarantee.**

The AC was informed that the flow of funds was as follows:

6 November 2018:
US\$2,832,633.14 from Hexindo's account to DAS's personal account

7 November 2018:
US\$2,877,500 from DAS's personal account to MPK

- ii) **Please advise whether the past instances of extension of the exploratory permit involved the requirement for REWJ or any of the Group company to provide a bank guarantee. If yes, please provide details of how the bank guarantees were obtained.**

The management informed us that it was the same in 2014, when the last Bank Guarantee was issued. On that occasion, the Bank Guarantee was issued by another provincial bank "Bank Jawa Timur" and it was procured through the use of a broker.

- iii) **Did the Company procure the services of a broker to obtain the bank guarantees? If not, what is the reason for the Company to do so through MPK?**

The management informed us the answer is Yes, but it was a different broker; on this occasion, MPK was one that confirmed that they were able to procure the bank guarantee.

a) **Why was there a change in the broker? Who was this previous broker?**

Mr. Bambang Satya Murti did not know the previous broker. Bambang knew MPK from previous transactions and selected MPK because MPK represented that it could procure the Bank Guarantee on behalf of REWJ.

b) **Please clarify what that MPK stands for.**

PT Mandiri Pratama Khatulistiwa.

iv) **What was the purpose of transferring S\$3.88m to MPK?**

The management informed us that the said S\$3.88 million was transferred to MPK as security for MPK using its own facility to procure the issuance of a Bank Guarantee to Pertamina on behalf of REWJ.

v) **When was S\$3.88m transferred to MPK?**

7 November 2018.

vi) **Is the transfer of sum evidenced by any supporting document?**

To the extent there were documentation, all available documentation had been made available to the external auditors. To the extent the documents are as yet not available, these will undoubtedly form part of the scope of the investigation that the AC is pursuing. This will be part of the investigation.

vii) **Did the supporting document show to whom S\$3.88m was transferred?**

The external auditor formed the view that documentation presently available does not show to whom the said S\$3.88m was transferred. Both the management and external auditors have been trying (for a few weeks now) to obtain confirmation of the transfer from Bank Mayapada directly. For one reason or another, the confirmation has not been obtained. We are informed that even as of today, both the management in Jakarta and EY Jakarta are trying to obtain the necessary confirmation.

viii) **Is MPK supposed to transfer the funds to the bank to issue the bank guarantee?**

The management understood that MPK had a credit line in place with Bank Jawa Barat, and there was no agreement that MPK were obliged to transfer the funds to Bank Jawa Barat.

ix) **What was the amount of the alleged bank guarantee?**

US\$2.88m.

x) **What are the checks conducted by the Company to ensure that MPK has indeed secured a bank guarantee in favour of the concession holder?**

The management informed us that BJB has confirmed that a pro forma Bank Guarantee has been issued by the Bank and the credit line of MPK to cover the Bank Guarantee has been blocked off, and the Bank Guarantee is subject to acceptance by Pertamina.

a) **Has the AC sighted this pro forma BG (issued by BJB)?**

Yes.

xi) **Who introduced MPK to the Company? What are the controls that have been put in place to ensure this arrangement with MPK is secure?**

Eneco's Head of Oil and Gas, Mr. Bambang Satya Murti, met MPK from past transactions and introduced MPK on this occasion. The management informed us that there was a written agreement with MPK in place and Eneco had also obtained a postdated cheque from MPK as security for the repayment of the \$3.88m upon the expiry of the Bank Guarantee.

xii) **Did the Company seek the Board's approval to transfer the amount of S\$3.88m to the broker?**

The transfer took place before the present members of the AC were appointed as directors. The management informed us that the investment in REWJ and the West Jambi concession was approved by the Board in 2010, which approval included the issuance of the Bank Guarantee of US2.88 million.

xiii) **Why did the Company not obtain a bank guarantee directly instead of doing so through a broker?**

The management informed us that in Indonesia, a Bank Guarantee is considered as a contingent Liability, and it is difficult for foreign companies to procure such a Bank Guarantee from an Indonesian state-owned Banks. The company had been trying through various contacts to procure such a Bank Guarantee to be issued by an Indonesian state-owned Bank, but with no success.

xiv) **Please confirm if MPK and its directors and substantial shareholders (if applicable) have any connections (including any business relationship) with the issuer and its directors and substantial shareholders?**

The company confirms that MPK and its directors do not have any connection with Eneco and its employees.

a) **Are there any connections between MPK, its directors or shareholders and its employees and the Company, its Directors or Shareholders and its employees?**

There are no connections whatsoever.

9) **Under the "Amount due from a broker" paragraph, what is the basis for the Company's full impairment allowance of S\$3.88mil?**

During the AC's meeting with the external auditor, the auditor said they would not express an opinion on the Financial Statements of the Group and the balance sheet and statement of changes in equity of the Company. This is because they had not been able to obtain sufficient appropriate audit evidence in order to provide a basis for an audit opinion on the Financial Statements. The external auditor also said that management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s"). In view of the auditor's position as stated above and their queries on the payment to the broker, the board made the decision to make full provision for the S \$ 3.88 million in view of the doubts raised by the auditor. The AC had decided to appoint an independent investigator so that this issue may be properly investigated and adjudged.

i) **What are the actions taken by the Group to recover S\$3.88m from MPK?**

As explained earlier, the external auditors raised various questions with regards to the payment to MPK. Given that the available documentation was inconclusive, the AC, taking into account the views of the external auditor, decided to make a provision for this amount because it is prudent to do so. For the same reason, the AC also decided to appoint an independent investigator to properly look into this issue.

ii) **Did the Company query MPK and require MPK to provide supporting documents as evidence that a bank guarantee was obtained on behalf of REWJ in favour of the concession holder?**

Yes, the Company has been active in assisting EY Jakarta to query MPK, and has been seeking MPK's assistance in getting the necessary supporting documentation from BJB. MPK's assistance was necessary in this regard because the Company does not have a direct banking relationship with BJB.

10) **Please provide a detailed explanation as to why the concerns relating to the "Amount due from a broker" are not areas that the external auditors could have investigated, for example, through agreed-upon procedures.**

The external auditor is required to provide the auditor's report by 10 June 2019 as the Company's AGM had to be held by end June 2019. At the time of issuing the auditor's report, enquiries into the payment to the broker is still ongoing and there is insufficient definitive evidence which could enable the external auditor to come to a conclusion on the matter. The external auditor had further informed the Company that they do not wish to be appointed as the external auditor for the next financial year. The external auditor had advised the AC and the Board to carry out an investigation of the payment to the broker, and the Company is currently taking steps to appoint an independent investigator.

i) **It is disclosed in Note 18 to the financial statements that the Group recorded an impairment of S\$9,195,000 (2017: S\$Nil) for the amounts due from NCI holder. Please advise the rationale of the loan to NCI, reasons for the impairment and actions taken by the Company to recover the amount from the NCI holder.**

It is disclosed in Note 18 to the financial statements that, "Cash call advanced to a former joint venture partner. The Group recorded an impairment of S\$1,075,000 (2017: S\$Nil) for the cash call advanced to the former joint venture partner." and "Advance to a former joint venture partner (non-current). The Group recorded an impairment of S\$5,058,000 (2017: S\$Nil) for the advance to made to the former joint venture partner."

Please identify the former joint venture partner. Please also advise the background and rationale of the cash call and the advance to former joint venture partner, reasons for the impairment and actions taken by the Company to recover the amount from the former joint venture partner.

According to management, the parties are:

PT Tridatu Energy is the original 99% shareholder the PT Hexindo Gemilang Jaya. The current composition is 80.4% Eneco (indirect) and 19.6% Tridatu. As part of the Lemang farm out to Mandala Energy in 2016, Mandala Energy required certain agreements and approvals to be signed off by the NCI holder, and hence the loan was part of the commercial agreement that was agreed upon with the NCI holder. The funds lent were from the proceeds of the Mandala Energy's 35% farm-in into the Lemang PSC.

a) Please provide the background for the amount owing by PT Tridatu.

It is important to understand the shareholding structure and thus how such Account receivable balances have developed over many years (more than 8).

- Hexindo today is the legal owner of 16% of the Lemang asset.
- Mandala is the owner of the other 84% and they are the operator.
- Hexindo has two shareholders, 1) Tridatu 19.6% and Eneco (indirect) 80.4%.
- At one point, Pre 2016 Farm out to Mandala, Hexindo held over 50% of the Lemang asset and was the operator.
- During the years prior to 2016 Farm out Hexindo as the operator would expend capital to develop and establish Lemang as a viable and potential Oil and Gas asset.
- During these years, Tridatu, as a minority shareholder was unable to fund its share of the expenditure.
- Hence, Hexindo as the majority (Eneco) and operator funded the exploration and development costs and allocated the 19.6% share of the cost to Tridatu on its books.
- At that time, Eneco (as the majority shareholder of Hexindo) as the field came into production Eneco could (as the majority owner) control the cash flow proceeds from the field and thus offset against the Account receivable balance with Tridatu.
- Unfortunately cash flow proceeds have never been sufficient to eliminate the balance.
- Since the Farm out to Mandala in 2016 and subsequently in 2018 the % of ownership in Lemang of Hexindo has declined to 16% and will be 10% at some point soon.
- This has had two impacts:
 - 1) The new operator Mandala, has accelerated expenditure, which has increased the need for cash from Hexindo as the other participating partner.

These calls for cash on Hexindo are then split accordingly to the two shareholders Tridatu and Eneco. Thus, further growing the amount that Tridatu owes to Hexindo.

- 2) The reduced ownership in Lemang has resulted in the receipt of smaller cash flow from the field and thus is insufficient to offset the growth of debt being incurred.
- This means that the minority shareholder in Hexindo (Tridatu) has no cash flow to fund its debt to Hexindo.
 - It is important to note that funds owed by Tridatu are as a result of the Lemang asset operating costs and not for goods or services provided by Eneco to Tridatu.

- It should also be highlighted that Tridatu has pledge its shares to Eneco which would effectively make Eneco the sole owner of Hexindo once executed.

Eastwin Global Investments Limited is the former Lemang PSC holder/JV partner. The loan was a back to back loan given to Eastwin as part of the back to back loan given to the company (through Hexindo). This was also part of the 35% farm-in by Mandala. Hexindo farmed out 35% to Mandala, then Hexindo farmed in 15% into Eastwin, thus netting Hexindo a farmout of 20% and Eastwin of 15% to Mandala. The company received a loan of US\$ 8.75m from Mandala and the company lent US\$3.75m to Eastwin. Effectively, the amount Hexindo received from Mandala was lent to Eastwin pro rata on a pro-rata basis.

Both these loans went through the company through its 80.4% subsidiary Hexindo due to the fact that the company is Mandala's counterparty. The company is planning to collect on these loans from the contingent payment and/or oil and gas proceeds that both parties will receive further on behalf all parties from Mandala through the company. However, by recommendation of the Auditors, and since the Lemang field property is now considered more Gas than Oil, the certainty of collection is reduced, the company decided to be prudent and have impaired these receivables.

b) Please provide the background of the loan to Eastwin.

The background of the loan to Eastwin is that it was part of the arrangement between Mandala on the one hand, and Eastwin and Hexindo on the other, whereby Mandala would give Eastwin and Hexindo a loan totalling US\$8.75 million as part of the farm-out transaction.

c) Please provide an update on the actions taken/to be taken by the Board to recover the following:

a) Amount due from the broker

On the amount due from the broker, the management confirmed that the broker had received the sum of US\$2,870,000 and had procured BJB to issue a draft proforma guarantee to Pertamina. The Board has sighted an email dated 25 April 2019 from REWJ to Pertamina enclosing the draft Guarantee for Pertamina's acceptance. However, to date, Pertamina has not accepted the verbiage of the draft Guarantee. Management is now attempting to meet Pertamina to finalise the issuance of the Bank Guarantee.

The West Jambi concession is a very significant part of the Company's assets. Based on the evidence before the Board, the Board believes that it is in the best interest of the Company to permit management to fulfil the requirement to furnish the requisite Bank Guarantee; failure to do so may jeopardise the Company's interest in the block.

If for any reason Pertamina is unable to accept the draft Bank Guarantee, the Board will take all necessary steps to recover the advance paid to the broker.

- b) **Amounts due from PT Tridatu Energy**
- c) **Amounts due from Eastwin.**

On the amounts due from PT Tridatu Energy and Eastwin, the Board has resolved to appoint a law firm based in Jakarta to initiate recovery proceedings.

The Company will be providing regular updates to its shareholders pertaining to these matters.

Pursuant to Listing Rule 1303, should there be any indication that raises doubt about the ability of the Company and the Company to operate as a going concern, the Board is required to request for a suspension in trading with immediate effect.

By Order of the Board
ENECO ENERGY LIMITED

Aditya Wisnuwardana Seky Soeryadjaya
Executive Director cum Chief Executive Officer

21 June 2019