

## Acquisition of Galoc Production Company WLL

- Risco Energy to acquire 100% of Galoc Production Company (GPC) from Otto Energy (OEL AU) which in turn owns a 33% working interest in and is operator of the SC14c Service Contract containing the producing Galoc Oil Field and an operating team
- GPC will be an important new core asset for Risco and a critical component to grow a Philippines business. Risco sees considerable further value generation potential in SC14c.
- As a company, Risco has participated in over US\$500m of deals since 2010 and delivered exceptional value generation from its investment activities.
- Risco's strategy is to build a balanced portfolio of oil and gas producing, development and appraisal assets with modest brownfield exploration exposure in ASEAN

### Acquisition of Galoc Production Company WLL for US\$101.4m

Risco Energy Investments Pte Ltd ("Risco") has executed a Sales & Purchase Agreement ("SPA") to acquire 100% of Galoc Production Company WLL ("GPC") from ASX-listed Otto Energy (OEL AU). GPC has a 33% working interest and is operator of Service Contract 14c, which contains the producing Galoc Field located offshore Palawan, Philippines ("Galoc").

Under the SPA, Risco has agreed to pay total consideration of US\$101.4m, based on an economic date of 1 July 2014. Of this total consideration, a deposit of US\$10.14m has already been paid. Transaction completion is conditional upon Otto Energy's shareholder approval at a General Meeting, which is expected to occur no later than December 2014. Otto's Board of Directors is unanimously recommending the deal to its shareholders. In consideration of the purchase price and to secure the deal, Risco has procured a break fee and certain rights customary with a transaction of this nature.

### Who is Risco Energy?

Risco is a Singapore incorporated company focused on upstream oil and gas in ASEAN. With a strong and clearly demonstrable track record of both operational enhancement and value generation, Risco's team of professionals possess an outstanding mix of technical, financial and in-country expertise.

Historically the Risco team partnered with Otto in 2011 to help Otto secure the operatorship of Galoc from Vittol. The Risco team played a key role in delivering operating enhancements that led to Galoc's production uptime increasing by more than 20% and 2P reserves by 100% within a period of just 15 months.

### Risco Energy's history of holding oil & gas assets

Risco's history of oil and gas investment dates back to 2010. It has managed and operated assets in Philippines, USA and Indonesia. The senior Risco management team has some 200 years collective experience of managing oil and gas assets in Asia, Australia and the USA.

Risco's direct and indirect participation in oil and gas producing assets has spanned South Texas, Southeast Sumatra, Northwest Java, East Kalimantan, North Sumatra, Seram Island and onshore Central and South Sumatra, as well as offshore Palawan, Philippines.

Risco has invested in both conventional oil and gas production as well as unconventional production in CBM and shale/tight sands. Since 2010, it has executed over US\$500m worth of deals.

## **Risco's strategy**

Risco's strategy is to build a balanced portfolio of oil and gas producing, development and appraisal assets with modest brownfield exploration exposure in ASEAN leveraged off GPC as a core asset. Risco is committed to growing the portfolio organically and inorganically and hence will be actively looking to grow in the Philippines particularly where there are strategic, operating and capability synergies.

Risco has appointed Macquarie Capital (Australia) Limited as its advisor in relation to this transaction.

## **Further information:**

### **Otto Energy releases**

[www.ottoenergy.com](http://www.ottoenergy.com)

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## **About Risco Energy**

Incorporated in Singapore, Risco Energy Investments Pte Ltd ("Risco") is an energy investment company with pre-eminent sector expertise and capital to deploy focused on ASEAN upstream oil & gas.

Risco has a strong track record and access to capital, having already delivered high annual returns on the creation and monetization of a multi-country oil & gas portfolio in less than two years. Its management team has a near 200 years of combined experience acquiring, running, operating, dealing, managing, funding and commercializing oil and gas assets.

Team achievements with Risco's previous asset portfolio (2Q10 to 1Q13) include:

- Executed five investments across three geographies in less than two years.
- Grew production from zero to 7,500boepd and 2P reserves to 20.5mboe in just two years.
- Grew Ebitda from zero in 2H10 to US\$60m FY12A and an estimated US\$90m FY13F.
- Drove portfolio value to deliver high double digit percentage annual returns.

For more information, please visit our website at [www.riscoenergy.com](http://www.riscoenergy.com)

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