

## Galoc Production Company acquisition terminated

- Risco Energy waives its right to match a higher bid for Galoc from ASX-listed Nido Petroleum.
- Risco's transaction with Otto is consequently now terminated and Risco's US\$10.14m deposit is to be refunded.
- Risco is highly value and return focused and judges, in the current oil price environment, the revised transaction price to be challenging in meeting shareholder return expectations.
- Risco's strategy is to aggressively, but **prudently**, build a balanced portfolio of oil and gas producing, development and appraisal assets with modest brownfield exploration exposure in ASEAN.

### Transaction background

Otto announced on 22<sup>nd</sup> September 2014 that it had executed a SPA to divest 100% of the shares in GPC to Risco for US\$101.4m. GPC is the holder of Otto's 33% interest in the Galoc oil field.

### Risco agrees to terminate Galoc Production Company WLL acquisition

Risco Energy Investments Pte Ltd ('Risco') has agreed to terminate a Sales & Purchase Agreement (SPA) to acquire 100% of Galoc Production Company WLL (GPC) from ASX-listed Otto Energy's ('Otto').

Otto today announced that it has executed "a superior sale and purchase agreement with Nido Petroleum Ltd ("Nido") to divest GPC for US\$108m (A\$130m) on the same terms and conditions as the Risco SPA". Otto also reported that "Risco waived its right to match the Nido sale price", which is a 6.5% premium to the previously agreed Risco purchase price of US\$101.4m.

Tom Soulsby, Risco's CEO responded to the announcement by saying "Risco is disappointed in being over bid by Nido Petroleum, but we remain focused on taking shareholder value accretive acquisition decisions that make strategic and economic sense in the current weak oil price environment. At Risco, we are proud of our transactional flexibility and commercial acumen. This sometimes means setting limits and being disciplined with what is realistic in meeting shareholder return expectations. We congratulate Otto Energy on its successful sale process."

### Outlook

Tom continued further, commenting that "Risco is well positioned for the upcoming 12 months and beyond. We are cashed up, debt free and ready to transact with continued strong shareholder support. Combined with an environment of oil price volatility not seen in years, there are exciting opportunities ahead and we are positioned to generate value from that. We are likely to see desperation in asset sales/transactions, with pressure on company cashflows and balance sheets. These facets will be particularly evident in our transactional target market."

Risco will be receiving a refund of a deposit of US\$10.14m paid to Otto back in September, 2014.

## 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 partnering with Otto in 2011 to help Otto secure the operatorship of Galoc from Vittol, Risco's team played a key role in delivering reserve and production enhancements at Galoc prior to exit in 2013.

Risco Energy Investments is also a 54% shareholder in ASX listed Lion Energy (LIO AU).

## Press release

### **Risco Team Track record**

The Risco Management team has been formed in 2010 and has been transacting ever since. 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 conventional oil and gas production, as well as unconventional production in CBM and shale/tight sands. Since 2010, it has participated in 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. We are committed to growing the portfolio organically and inorganically and hence will remain actively looking to grow in the Philippines, particularly where there are strategic, operating and capability synergies.

## 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.

The Risco team 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 expected 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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