



PRESS RELEASE

FOR IMMEDIATE RELEASE

**Reach Energy, largest Oil & Gas SPAC in Malaysia,  
announces Qualifying Acquisition ahead of timeline**

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**KUALA LUMPUR, 7 March 2016 – Reach Energy Berhad** (“**Reach Energy**” or the “**Company**”), a Special Purpose Acquisition Company (“**SPAC**”) for Oil and Gas Exploration and Production (“**E&P**”), has entered into a tri-partite conditional Sale and Purchase Agreement (“**SPA**”) with Palaeontol Cooperatief U.A. (“**Palaeontol COOP**”) and MIE Holdings Corporation (“**MIEH**”), a corporation listed on the Main Board of the Stock Exchange of Hong Kong Limited for the proposed acquisition of 60% equity interest in Palaeontol B.V. (a wholly-owned subsidiary of Palaeontol COOP which in turn is an indirect wholly-owned subsidiary of MIEH) for a total purchase consideration of USD154.9 million, subject to adjustments (“**Proposed Acquisition**”). The parties have agreed that the enterprise value of 60% (before adjustment of net working capital) of the Palaeontol B.V. group is USD184,800,000 as at 30 September 2015.

Palaeontol B.V. is an investment holding company and is the sole interest holder of Emir-Oil LLP (“**Emir-Oil**”) which holds the entire working interest in an approximately 850.3 square kilometres (“**km<sup>2</sup>**”) onshore contracted area (“**Contract Block**”) located in the Mangistau Oblast in the southwestern region of the Republic of Kazakhstan (“**Kazakhstan**”), about 40 km northeast of the City of Aktau which is Kazakhstan’s largest sea-port in the Caspian Sea coast, encompassing the following:

- (i) Four (4) oil and gas (“**O&G**”) producing fields with approximately total contract area of 45.5 km<sup>2</sup> pursuant to four (4) Subsoil Use Agreements (“**SUAs**”) signed separately between the Ministry of Energy of Kazakhstan (“**MOE**”) and Emir-Oil for the production of hydrocarbons (“**Producing Fields**”); and
- (ii) The remaining area covering 804.8 km<sup>2</sup> pursuant to the SUA (“**Exploration Area**”) signed between MOE and Emir-Oil for the continued exploration, development and production of hydrocarbons.

The following discovered fields and prospects are included in the Exploration Area:

- (a) Two (2) discovered fields are currently under pilot production since June 2012 and April 2013, respectively (“**Development Fields**”); and

- (b) Six (6) drillable prospects which have been identified for future exploration, appraisal, development and production. Two (2) exploratory wells have been successfully drilled in 2012 and 2015 respectively.

As at 1 January 2016, the indicative gross proved plus probable (“**2P**”) reserves of the Producing Fields and Development Fields estimated by RPS Energy Consultants Limited, the independent technical and asset valuation expert appointed by Reach Energy, are 72.1 Million Stock Tank Barrels (“**MMstb**”) of oil and 102.4 Billion Standard Cubic Feet (“**Bscf**”) of gas. The net 2P reserves attributable to Reach Energy post completion of the Proposed Acquisition are 43.3 MMstb of oil and 61.4 Bscf of gas, equivalent to total net 2P reserves attributable to Reach Energy of 53.5 million barrels of oil equivalent.

**Ir. Shahul Hamid Bin Mohd Ismail, Managing Director of Reach Energy Berhad**, commented, “Reach Energy entered into this Proposed Acquisition after identification and evaluation of some 40 candidates. The Producing Fields and Exploration Area (collectively known as “**Emir-Oil Fields**”) provide a unique opportunity for Reach Energy for investing and operating a balanced portfolio of O&G fields covering the wider spectrum of upstream O&G production, development and further exploration activities. We are confident that we can deliver much value to our shareholders from this asset with the co-operation of our partner, MIEH, who is an established independent E&P company with operations in China, Kazakhstan and the USA. The Producing Fields are in their early and prime stage of production and the Development Fields are currently under pilot production. We believe that there is significant upside potential through further planned efforts, techniques and schemes.”

Upon completion of the Proposed Acquisition, Reach Energy via its 60% equity interest in Palaeontol B.V. will have majority ownership and effective control in Emir-Oil which is the designated sole operator of Emir-Oil Fields. The remaining 40% equity interest in Palaeontol B.V. will continue to be held by Palaeontol COOP. The Proposed Acquisition represents Reach Energy’s qualifying acquisition as stipulated under the Equity Guidelines issued by the Securities Commission Malaysia and will transform Reach Energy into an independent Malaysia-based E&P company with its maiden operation in Kazakhstan. The Proposed Acquisition fulfils Reach Energy’s aim for early revenue generation and offers good return on investment to its shareholders from the existing O&G production, upside potential and further development opportunities in the Contract Block.

The Proposed Acquisition was progressed through the support of our key advisers, namely, Hong Leong Investment Bank and Maybank Investment Bank as our Joint Principal Advisers, BNP Paribas as our International Financial Adviser and Skrine as our Legal Adviser.

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## **About Reach Energy Berhad**

Reach Energy was incorporated in Malaysia under the Companies Act 1965 as a private limited company on 7 February 2013 under the name of Reach Energy Sdn Bhd. On 2 August 2013, the Company converted into a public company under the name of Reach Energy Berhad. On 15 August 2014, Reach Energy, the largest SPAC in terms of IPO proceeds raised, successfully accomplished its initial public offering (IPO) with both its shares and warrants officially commencing trading on the Main Market of Bursa Malaysia Securities Berhad. Of the RM750 million raised, 94.75% or RM710.62 million was placed in an Islamic trust or escrow account for which Amanah Raya Trustees Berhad is the custodian until it is used to pay for its Qualifying Acquisition(QA). Reach Energy's securities (shares and warrants) have been classified as Shariah-compliant securities.

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## **Forward-Looking Statements**

The statement included in this press release, other than statements of historical facts, are forward-looking statements. Forward-looking statement generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "plan," "seek," or "believe." These forward-looking statements, which are subject to risks, uncertainties, and assumptions, may include projections of our future financial performance based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations about future event. There are important factors that could cause our actual results, level of activity, performance, or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statement, including, but not limited to our ability to win additional business. Although we believe the expectations reflected in the forward- looking statements are reasonable, we cannot guarantee future result, level of activity, performance, or achievements. You should not rely upon forward- looking statements as predictions of future events. These forward-looking statements apply only as of the date of this press release; as such, they should not be unduly relied upon as circumstances change. Except as required by law, we are not obligated, and we undertake no obligation, to release publicly any revisions to these forward-looking statements that might reflect events or circumstances occurring after the date of this release or those that might reflect the occurrence of unanticipated events.