



SBI Offshore Limited – Negotiations To Build Up To Five Jack-ups

SBI OFFSHORE COMMENCES NEGOTIATIONS WITH MIDDLE EAST-CHINESE CONSORTIUM TO BUILD UP TO FIVE JACK-UP DRILLING RIGS

SINGAPORE, 27 August 2014 – SBI Offshore Limited (“**SBI Offshore**” or the “**Group**”) announced today that the Middle East-Chinese consortium (“**Consortium**”), which recently awarded its subsidiary a contract to provide design and engineering services for a jack-up drilling rig, has commenced discussions with the SGX Catalist-listed company to build up to five units of the rig (the “**Rig**” and collectively, the “**Rigs**”).

SBI Offshore said that it had commenced negotiations with the Consortium about a week after securing from the latter the US\$24 million contract to design a rig that will meet American Bureau of Shipping Classification (✕ A1 Self-Elevating Drilling Unit) requirements.

The Consortium, whose members are involved in oil and gas activities, has indicated that the Rigs will eventually be deployed in the Middle East and various parts of Asia for operation in water depths of up to 110 meters.

The price of each Rig will depend on its specifications, equipment type and make, fabrication yard, delivery and financing terms.

If the negotiations are successful, the Group expects to build the first Rig in a regional shipyard, possibly in China or Singapore. Each Rig will take at least two years to build and all the Rigs are expected to be completed in about six years.

Subject to the finalisation of the Rig’s specifications under the design and engineering contract as well as the confirmation of the construction start date of the first Rig, the Group expects financial contributions – from rig-building, project management services and sale of equipment – to commence in the financial year ending 31 December 2015.

As announced on 2 July 2014, the Group has formed a 70%-held joint venture (“**JV**”), Axon Rig Concept and Design Asia Pte. Ltd. (“**ARCDA**”), with U.S. oilfield equipment manufacturer, Axon Energy Products Inc., to provide integrated solutions for drilling equipment and systems.

Apart from the JV, the Group will continue to add experienced rig and drilling design and equipment engineers to its management team.

“SBI Offshore has entered a new phase of growth. The recently concluded design and engineering contract serves as a catalyst for the Group to secure larger onshore and offshore oil and gas projects. We are hopeful of a successful outcome in our negotiations for the Rigs and intend to secure more of such higher-value projects in the future,” Mr. Chan Lai Thong, Executive Chairman of SBI, said.



Leveraging on ARCD, the Group is actively discussing with various yards in the region to offer its drilling equipment systems and services, as well as with energy resource players in the Middle East and the former Soviet Union for possible collaborations.

End of Release

Issued on behalf of SBI Offshore Limited by WeR1 Consultants Pte Ltd

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About SBI Offshore Limited

Established since 1994, SBI Offshore provides engineering, fabrication and equipment solutions to the offshore and marine industry. Since its public listing in November 2009, it is evolving into an integrated engineering solutions provider to the oil and gas industry with strategic alliances.

The Group's customer base includes some of the leading owners and builders of mobile offshore drilling and production units in the world. The Group's current distribution network currently encompasses Singapore, China, Indonesia, Malaysia, South Korea and Vietnam.

This press release has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this press release.

This press release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made or reports contained in this press release.

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