



SBI Offshore Limited

(Incorporated in the Republic of Singapore on 1 October 1994)
(Company Registration Number: 199407121D)

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

The Board of Directors (the “**Board**”) of SBI Offshore Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to its announcement on 19 August 2014 that its subsidiary, SBI O&M Pte Ltd, has signed a US\$24 million contract with a consortium of Middle East-Chinese parties (“the **Consortium**”) to provide design and engineering services for an offshore jack-up drilling rig.

Following the signing of the design and engineering contract, the Consortium – comprising parties with varied interests in oil and gas activities – has expressed interests to build up to five units of the Rig (the “**Rig**” and collectively, the “**Rigs**”) which will meet the American Bureau of Shipping Classification (⌘ A1 Self-Elevating Drilling Unit) requirements for operating in water depths of up to 110 meters.

Accordingly, the Board wishes to announce that the Group has commenced negotiations with the Consortium for the management and construction of the Rigs, which are expected to be deployed in the Middle East and various parts of Asia.

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 first Rig is expected to be built in a regional shipyard, possibly in China or Singapore. Each Rig will require 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.

Leveraging on its 70%-owned joint venture Axon Rig Concept and Design Asia Pte. Ltd. (“**ARCDA**”) with U.S. oilfield equipment manufacturer, Axon Energy Products Inc., the Group is also in active discussion with various yards in the region to offer its drilling equipment systems and services, as well as with the energy resource players in the Middle East and the former Soviet Union for possible collaborations.

Building on this momentum, the Group will continue to pursue larger and higher-value onshore and offshore oil and gas projects, and offer related services and capabilities in the construction of onshore and offshore drilling rigs.

Shareholders should note that, at this juncture, there is no certainty that the negotiations will be successful. The Company will make further announcements to update shareholders on the negotiations as and when appropriate.

None of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the negotiations (other than through their shareholdings in the Company).

By Order of the Board

Chan Lai Thong
Executive Chairman

27 August 2014

This announcement 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 announcement.

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

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