

## **General Announcement**

Reference No **KG-090730-46279**

Company Name : **KNM GROUP BERHAD**  
Stock Name : **KNM**  
Date Announced : **30/07/2009**

Type : **Announcement**  
Subject : **MEMORANDUM OF AGREEMENT BETWEEN KNM PROCESS SYSTEMS SDN BHD AND SOCIETE DES HYDROCARBURES DU TCHAD S.A. (“THE NATIONAL OIL CORPORATION OF CHAD”)**

Contents : **The Company is pleased to inform that its wholly owned subsidiary, KNM Process Systems Sdn Bhd (“KNMPS”) had entered into a Memorandum of Agreement on 29 July 2009 with Societe Des Hydrocarbures Du Tchad S.A. (The National Oil Corporation of Chad) in Djamina, the Republic of Chad to undertake, inter alia the following:-**

**A. Establish a new joint venture operating company (“JVCo”) with a 60:40 split in equity and share of dividend in KNMPS’ favour, whereby the JVCo will be granted a 5 year concession commencing from first date of production (“the Concession Period”) to develop, operate and maintain the Sedigi Oilfield Facilities in Chad comprising of production facilities, oil and gas pipelines, LPG processing and bottling plant and a 30MW gas power plant.**

**B. KNMPS will undertake the EPCC (“turnkey”) Contract with an estimated value of USD220 million for a duration of 24 months.**

**C. The JVCo will award to KNMPS, training, operations and maintenance of the facilities for the Concession Period.**

**D. The parties agree to finalise the details and execute a Joint Venture Operating Agreement (“JVOA”) by 31 August 2009.**

**E. The Government of Chad will be entitled to royalties at 20% for oil and 10% for gas.**

**F. Societe Des Hydrocarbures Du Tchad S.A. will endeavour to secure tax benefits within existing laws and KNMPS will do same for interest cost of project funding.**

**This announcement is dated 30 July 2009.**