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NOBLE GROUP LIMITED
(Incorporated in Bermuda with limited liability)

NOBLE GROUP ANNOUNCES UPDATE ON STRATEGIC REVIEW, PROFIT GUIDANCE AND UPDATE ON ONGOING DISCUSSIONS WITH LENDERS

The Board of Directors (the "Board") of Noble Group Limited (the "Group") wishes to announce certain decisions made in relation to the Chairman's strategic review, provide an update on its operating performance and profit guidance for the three months ended 30 June 2017 ("2Q 2017"), provide an overview of the Group's plan to address its indebtedness and provide an update on ongoing discussions with the Group's lenders.

Strategic Review

In May 2017, the Group announced the commencement of a strategic review under the direction of the new Chairman Mr. Paul Brough. As part of the review, the Group mandated Moelis & Company and Morgan Stanley to assist with reviewing various strategic alternatives.

To date, the strategic review has explored several alternatives, including the sale of an interest in the Group or its subsidiaries or disposals of parts of its business, with a view to maximizing value for the benefit of the Group's stakeholders and to best position the Group for the challenges and opportunities facing the commodities trading industry.

It should be noted that the strategic review has been performed during a challenging period for the Group following the announcement of a loss for the three months ended 31 March 2017 ("1Q 2017"). Market and lender reaction to these quarterly results led to significant challenges for the Group in managing and supporting its supply chain and hedging activities, and in restoring the confidence of its lenders, suppliers, customers and other counterparties. These difficulties are reflected in the Group's 2Q 2017 trading results.

The strategic review has also been undertaken in the context of managing the Group's short-term liquidity challenges, while at the same time formulating a plan for a turnaround of the Group's business.

The Board believes that the commodities trading industry will continue to face both challenging conditions and realignment as established participants face a low margin trading environment against the backdrop of changing banking and regulatory landscapes and the potential for digital disruption. The Group, therefore, is positioning itself for continuing stress in the sector, which the Board believes is likely to lead to industry consolidation. The operating environment will also continue to impact the industry's access to liquidity as lenders seek to reduce their exposures to the sector. Ensuring access to liquidity and obtaining sufficient working capital and trade finance support is integral to our operations, but we anticipate that access to such funding and support is likely to be restricted.

It is for the above reasons that the Board has given priority to a further reduction in the Group's indebtedness over the next two years. The Group has been and will continue to be focused on debt reduction, having repaid over US$1.7 billion of total bank and capital markets debt, including a reduction of over US$2.8 billion or approximately 70% in the Group's committed unsecured revolving credit facilities, since the end of 2015[1].

In furtherance of this objective, the Group is taking steps to monetise its Global Oil Liquids business, its most working capital intensive operation, and its North American Gas & Power business, which together will generate significant cash proceeds and allow the Group to retire the US$2 billion Noble Americas Corp secured borrowing base revolving credit facility ("NAC BBF") and the US$1 billion Noble Clean Fuels Limited secured borrowing base revolving credit facility ("NCFL BBF"). Net proceeds from the sale of the Global Oil Liquids and North American Gas & Power businesses, along with proceeds from a new Asset Disposal Programme comprising certain of the Group's assets located outside North America, will be applied towards reducing the Group's remaining debt.

The sale of the Global Oil Liquids and North American Gas & Power businesses reinforces the Group's focus on its Hard Commodities, Freight and LNG businesses and the Group's position as the leading industrial and energy products supply chain manager in Asia – an important competitive advantage as global energy consumption is projected to continue to see the largest growth in this region.

Going forward, the Group's business portfolio will include its Energy Coal, Carbon Steel Materials, Metals, Freight and LNG businesses. The Group will continue developing its strong domestic presence in Asian markets – such as in China, Indonesia, emerging Southeast Asia and other markets – while also maintaining its global footprint of strategic relationships. The Group will also focus on continued development of services to end users – for example, in Energy Coal, providing risk management and procurement services to Independent Power Producers in Japan, India and other countries.

The resilience of the Hard Commodities businesses, despite challenging conditions, is evidenced by the stability in the volume of our core physical commodity flows in 2016 and 2017 to date. Notwithstanding the challenges faced in 2017 to date, the Hard Commodities businesses generate significant cash flow – with realisation in excess of US$300 million in each of 2015 and 2016 on the Group's portfolio of long-term physical contracts. Realisation on the Group's portfolio of long-term physical contracts recovered in 2Q 2017, with positive contributions from the Energy Coal, Carbon Steel Materials and Metals businesses, following challenging market conditions in 1Q 2017.

Cash flows from the Hard Commodities businesses, together with net proceeds from the monetisation of the Global Oil Liquids and North American Gas & Power businesses and the new Asset Disposal Programme form the core of the Group's debt repayment capability.

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[1] 31 March 2017 pro forma following the repayment of US$650 million term loan and cancellation of US$565 million committed unsecured revolving credit facility in May 2017.

In this regard, the Board also wishes to announce that arrangements have been put in place to improve access to trade finance facilities in Asia to support its Hard Commodities businesses. This includes a partnership with Mercuria Energy Group Limited and certain of its affiliates (“Mercuria”) pursuant to which the Group and Mercuria will explore strategic alliances in Asia.

The Group will also plan to recapitalise its Hard Commodities businesses by continuing to seek a new investor in the Group and will also explore potential investments and seek further strategic alliances, including with Mercuria, to fund working capital and other capital requirements to maintain and grow volumes in the future.

A summary of the actions concluded to date from the strategic review and progress on these actions are as follows:

- **Sale of Global Oil Liquids**[2]: the Group has commenced a formal sales process of its Global Oil Liquids business with a short list of potential buyers. The sale of the Global Oil Liquids business will significantly reduce the Group’s reliance on trade finance lines and overall bank funding as it is the Group’s most working capital intensive operation. Final bids are expected to be received during 3Q 2017 with the transaction expected to close as soon as possible thereafter and subject to various approvals. At this time, no binding agreement has been entered into in relation to such sale, and further developments will be announced, as they arise, in accordance with the requirements under the SGX listing rules;

- **Sale of Noble Americas Gas & Power Corp**[3]: the Group today has separately announced that it has entered into a binding stock purchase agreement for the sale of its wholly-owned subsidiary Noble Americas Gas & Power Corp to Mercuria Energy America, Inc. for a total consideration of US$248 million[4]. The sale is subject to, amongst others, approval by Group shareholders, expiration of the Hart Scott-Rodino waiting period, approvals under the Federal Power Act and the Canadian Competition Act, and lender approval under the NAC BBF. The sale is expected to close before the end of 2017. Further information is available in the Group’s announcement “Proposed Disposal of Noble Group’s Remaining North American Gas and Power Business” released concurrently with this announcement;

  After the above sales are completed it is anticipated that the US$2 billion NAC BBF and US$1 billion NCFL BBF will be retired and net proceeds will be available to reduce the Group’s remaining debt.

[2] The Global Oil Liquids business trades and provides supply chain and risk management services in crude oil, distillates, gasoline, renewables and other refined products and is included in the Group’s Energy segment for reporting purposes.

[3] The North American Gas & Power business (which is conducted through Noble Americas Gas & Power Corp) trades and provides supply chain management services in gas and power in North America and is included in the Group’s Energy segment for reporting purposes.

[4] Purely for illustrative purposes, based on the latest announced unaudited consolidated financial statements of the Group for the three months ended 31 March 2017, and assuming the closing date was 1 April 2017.

- **Asset Disposal Programme**: the Group has formulated an asset disposal programme, to release further capital from the balance sheet, and it is expected that the programme will generate net proceeds between US$800 million and US$1 billion over the next two years. The asset group comprises certain assets held outside of North America. At this time, no binding agreement has been entered into in relation to any disposals, and further developments will be announced, as they arise, in accordance with the requirements under the SGX listing rules;

- **Cost Reduction**: the Group is implementing further actions to reduce selling, administrative and operating expenses ("SAO expenses"), in addition to cost reductions previously announced, to improve profitability and reflect the reduced complexity and footprint of the Group's business portfolio going forward. The actions noted above from the strategic review and other actions will bring the Group's headcount to approximately 400 from approximately 900 at present;

- **Non-Cash Valuation Adjustments**: the Board has concluded, as part of the strategic review, that a more conservative balance sheet valuation should be implemented and has determined that the adjustments would include, but may not be limited to, reserving of the entire Hard Commodities Level 3 net fair value gains on commodity and other derivative financial instruments balance along with applying additional reserves against certain Level 2 net fair value gain positions. The Level 3 net fair value gains balance at 31 December 2016 was US$660 million. Further additional non-cash valuation adjustments may be recorded going forward following the execution of the actions determined under the strategic review.

The Group will make further announcements as progress continues to be made on executing against the above mentioned actions.

<u>Operating Update and Profit Guidance</u>

The Board wishes to announce that the Group is expected to report a loss in 2Q 2017.

For the reasons stated above, both in relation to the commodities sector and challenges specific to the Group, the operating environment continued to be challenging for the Group in 2Q 2017. This, along with conservative liquidity management, scaling back of risk positions and constraints placed on the Group's access to trade finance lines, leading to disruption costs and preventing the Group from taking advantage of profitable trading opportunities, has continued to impact the Group's performance during 2Q 2017. The above mentioned alliance with Mercuria regarding access to trade finance lines in Asia has released some of these constraints subsequent to 2Q 2017.

Realisation on the Group's portfolio of long-term physical contracts recovered in 2Q 2017, with positive contributions from the Energy Coal, Carbon Steel Materials and Metals businesses in 2Q 2017. Meanwhile, the decoupling of key indices in the coal market continued to impact the Group in the first half of 2Q 2017 as the Group completed the repositioning of its coal hedging which resulted in hedge exposures being significantly reduced from 1Q 2017; however, the impact was significantly less than in 1Q 2017. Going forward, the Group is changing the way it hedges its existing and future coal volumes and will continue to be very judicious in the use of markets and instruments in which to manage price exposures.

The Group expects to report an adjusted operating loss from supply chains in the range of US$(250) to US$(300) million, adjusted for exceptional items. The Group expects an adjusted net loss on underlying activities, after SAO expenses, net finance costs and tax, in the range of US$(450) to US$(500) million adjusted for exceptional items.

The adjusted operating loss from supply chains primarily relates to trading losses in April in our Global Oil Liquids business along with non-cash mark-to-market losses in our Hard Commodities businesses. Our Global Oil Liquids business faced challenging trading conditions in April, followed by risk positions being scaled back in the second half of 2Q 2017. The non-cash mark-to-market losses in our Hard Commodities businesses were primarily related to unrealised observable physical positions as prices fell. The adjusted net loss was driven by the above mentioned challenging operating conditions which prevented the Group from covering its fixed overhead costs.

In line with the actions from the above mentioned strategic review, the Group has also recorded certain non-cash adjustments to its net fair value gains valuations – including reserving of the entire Hard Commodities Level 3 net fair value gains balance along with applying additional reserves against certain Level 2 net fair value gain positions. In addition, certain non-cash impairments to non-current assets have also been recorded. These, along with the impact of the credit rating downgrades during 2Q 2017, resulted in non-cash losses recorded as exceptional items.

Exceptional items – inclusive of the above mentioned net fair value gains reserves and other items – are expected to be in the range of US$(1,250) to US$(1,300) million.

Therefore, the Group expects to report a total net loss in the range of US$(1,700) to US$(1,800) million in 2Q 2017, which results in total shareholders' equity in the range of US$2,050 to US$2,150 million on a pro forma basis.

The profit guidance and ranges provided in this announcement are estimates and may change as the Group finalises its quarter-end procedures. As noted above, further additional non-cash valuation adjustments may be recorded going forward following the execution of the actions determined under the strategic review.

The full financial statements for the six months ended 30 June 2017 will be released in August 2017 and the Group will provide a further update at that time.

Discussion with Lenders

The Group's discussions with its banks are continuing. The lenders of record for the Group's committed unsecured revolving credit facility due May 2018 have been formally made aware of the appointment of a lenders' committee and advisers who are in discussions with the Group in relation to its financial covenants. Whilst no assurance can be given as to the final outcome of these discussions, the parties continue to discuss an agreement between the lenders' committee and the Group to waive the financial covenants until 20 October 2017 to align with the extension period of the NAC BBF. The final commercial points are currently being addressed by the lenders' committee and the Group and it is expected that a proposal to all revolving credit facility lenders will shortly be made by the committee's advisers.

In addition, the Group is successfully reducing bank exposures with the repayment of US$650 million in term loan and cancellation of US$565 million in a committed unsecured revolving credit facility during 2Q 2017. As part of the extension of the US$2 billion NAC BBF, the Group agreed certain milestones to reduce utilisation and this step-down is proceeding smoothly.

Mr. Paul Brough, Chairman, commented, "Notwithstanding the difficult trading environment for the Group, and the non-cash valuation adjustments made to its net fair value gains balances, the Group believes that the steps now being taken will put it on a pathway to working consensually with its lenders and setting the Group on the path to recovery. The progress on the strategic review and processes established, and being established, to deal with the Group's borrowings provide us with a realistic prospect of dealing with the Group's liabilities in an optimal manner. The Group has now embarked on this path, but remains open to proposals from potential investors. The Group further believes that its creditors and shareholders now have a clearer view of its direction and plans to address its challenges. However, the support of key stakeholders over the coming few weeks and months will be critical in achieving such an outcome. I am grateful to lenders, shareholders and colleagues for the support I have received since assuming the Chairmanship of the Group and look forward to continuing working with these various parties to achieve a sustainable outcome for the Group's stakeholders".

Noble Group Limited
26 July 2017

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About Noble Group

Noble Group (SGX: CGP) manages a portfolio of global supply chains covering a range of industrial and energy products. Noble facilitates the marketing, processing, financing and transportation of essential raw materials. Sourcing bulk commodities from low cost regions such as South America, South Africa, Australia and Indonesia, the Group supplies high growth demand markets, particularly in Asia and the Middle East. For more information please visit www.thisisnoble.com.

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