

NOBLE GROUP LIMITED
(Incorporated in Bermuda with limited liability)

**NOBLE GROUP ANNOUNCES PROGRESS 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 provide a progress update on the Chairman’s ongoing strategic review following the announcement on 26 July 2017, provide an update on the Group’s operating performance and profit guidance for the three months ended 30 September 2017 (“3Q 2017”) and provide an update on ongoing discussions with the Group’s lenders.

Progress Update on Strategic Review

As previously announced, the Board has given priority to a further reduction in the Group’s indebtedness as part of the strategic review. The Group’s debt repayment capability is comprised of:

- Cash flows from the Hard Commodities¹, Freight and LNG businesses;
- Net proceeds from the monetisation of the Global Oil Liquids² and North American Gas & Power³ businesses, as described in more detail below; and
- Proceeds from the proposed Asset Disposal Programme announced on 26 July 2017. 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 under this programme, and further developments will be announced, as they arise, in accordance with the requirements under the SGX listing rules.

The strategic review also continues to explore several alternatives, including recapitalising the Hard Commodities, Freight and LNG businesses, with a view to maximising value for the benefit of the Group’s stakeholders.

To date, the strategic review has been undertaken in the context of managing the Group’s liquidity challenges while at the same time formulating a plan for a turnaround of the Group’s remaining businesses. The Group will make further announcements as progress continues to be made on executing the actions from the strategic review.

¹ Energy Coal, Carbon Steel Materials and Metals.

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 was included in the Group’s Energy segment for reporting purposes.

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

Monetisation of the Global Oil Liquids and North American Gas & Power Businesses

The Group has taken steps towards monetising its Global Oil Liquids and North American Gas & Power businesses with the expectation that the proceeds will be sufficient to retire in full the Noble Americas Corp senior secured borrowing base revolving credit facility (“NAC BBF”) and the Noble Clean Fuels Limited senior secured borrowing base revolving credit facility (“NCFL BBF”). Net proceeds following retirement of the NAC BBF and NCFL BBF will be available to reduce the Group’s remaining debt. The monetisation plan has been enacted over the past several months via three separate processes:

- Sale of the North American Gas & Power business. The North American Gas & Power business was conducted through Noble Americas Gas & Power Corp and was a subsidiary of NAC;
- Proposed sale of NAC⁴, a United States incorporated wholly-owned subsidiary of the Group. The Global Oil Liquids business is primarily conducted through NAC; and
- Wind-down of certain remaining Global Oil Liquids working capital balances within NCFL, a UK incorporated wholly-owned subsidiary of the Group.

The Group has also agreed certain milestones to reduce utilisation under the NAC BBF and NCFL BBF, and the step-down of these facilities is proceeding in accordance with these milestones. Following completion of the monetisation plan, the NAC BBF and NCFL BBF are expected to be retired in full.

A summary of the actions undertaken to monetise the Global Oil Liquids and North American Gas & Power businesses and progress on these processes are as follows:

- **Sale of Noble Americas Gas & Power Corp:** the Group closed the sale of Noble Americas Gas & Power Corp to Mercuria Energy America, Inc. (“Mercuria”) on 29 September 2017. Further information is available in the Group’s announcement “Proposed Disposal of Noble Group’s Remaining North American Gas and Power Business” released 2 October 2017. On closing, proceeds were paid by Mercuria to NAC, with the proceeds used for repayment of loans drawn under the NAC BBF. The release of cash in escrow and any final adjustments to the consideration received, in accordance with the terms and conditions of the stock purchase agreement, will be announced upon final determination of the consideration;

⁴ Refer to the Group’s announcement “Proposed Disposal of All the Issued and Outstanding Capital Stock of Noble Americas Corp” released concurrently with this announcement.

- **Sale of Noble Americas Corp:** the Group today has separately announced that it has entered into a binding stock purchase agreement for the sale of its wholly-owned subsidiary NAC to Vitol US Holding Co. The Global Oil Liquids business is primarily conducted through NAC. The sale is subject to, amongst others, approval by Group shareholders, expiration of the Hart Scott-Rodino waiting period, certain other required regulatory approvals and lender approval under the NAC BBF. Further information is available in the Group's announcement "Proposed Disposal of All the Issued and Outstanding Capital Stock of Noble Americas Corp" released concurrently with this announcement. The sale is expected to close by the end of 2017 and prior to the 15 January 2018 maturity date of the NAC BBF; and
- **Wind-down of certain Global Oil Liquids working capital within Noble Clean Fuels Limited:** the Group is in the process of winding down certain remaining Global Oil Liquids working capital balances within NCFL. This process includes the collection and settlement of working capital items and the roll-off or settlement of certain contractual commitments. The wind-down process is expected to conclude by the end of 2017 and the Group expects to retire the NCFL BBF prior to the 17 February 2018 maturity date. As at 30 September 2017, the Group had repaid all loans drawn under the NCFL BBF and utilisation under the facility related entirely to the issuance of letters of credit. Following the completion of the wind-down process, the Group will retain its existing LNG and Asia-focused distillates businesses, which operate under NCFL and which remain complimentary to the Hard Commodities businesses. Working capital financing requirements for the retained LNG and Asia-focused distillates businesses will be financed under the Group's existing trade finance lines.

Purely for illustrative purposes, excluding net proceeds from the wind-down of certain remaining Global Oil Liquids working capital balances within NCFL and based on the latest announced unaudited consolidated financial statements of the Group as at 30 June 2017, aggregate proceeds to the Group from the proposed sale of NAC⁵ would have been approximately US\$1,418 million and net proceeds, following repayment of loans drawn under the NAC BBF, would have been US\$582 million⁶.

The timing of cash proceeds from the proposed sale of NAC will be subject to escrow requirements and the final consideration received will take in to account operating expenses of NAC borne by the Group to the closing date and other adjustments in accordance with the terms and conditions of the stock purchase agreement.

⁵ Aggregate proceeds include proceeds from the completed sale of the North American Gas & Power business.

⁶ Refer to the Group's announcement "Proposed Disposal of All the Issued and Outstanding Capital Stock of Noble Americas Corp" released concurrently with this announcement.

Operating Update and Profit Guidance

The Board wishes to announce that the Group expects to report a loss in 3Q 2017, primarily due to non-cash losses resulting from the sale of certain assets and businesses, as previously indicated.

The Group's consolidated income statement has been reclassified following the decision to monetise the Global Oil Liquids and North American Gas & Power businesses. For 3Q 2017, the results from the remaining Hard Commodities, Freight and LNG businesses will be presented as continuing operations, with the results from the Global Oil Liquids and North American Gas & Power businesses presented as discontinued operations. Prior period results will be restated to reflect this change in presentation.

The Group expects to report an adjusted operating loss from supply chains from continuing operations of up to US\$(25) million, adjusted for exceptional items. The Group expects an adjusted net loss from continuing operations, after selling, administrative and operating ("SAO") expenses, net finance costs and tax, in the range of US\$(50) to US\$(100) million, adjusted for exceptional items.

The operating environment continues to be challenging for the Group and this impacted performance in 3Q 2017. Conservative liquidity management and constraints placed on the Group's access to trade finance lines led to disruption costs and prevented the Group from taking advantage of profitable trading opportunities. Realisation on the Group's portfolio of long-term physical contracts was positive in 3Q 2017, however continues to be adversely impacted by the Group's constrained liquidity and access to trade finance lines. Meanwhile, core physical volumes in the Hard Commodities businesses were lower in 3Q 2017 compared to 2Q 2017, due to these constraints, and the Group continues to focus on maintaining strong relationships with its suppliers, customers and other counterparties.

Resetting the Group's cost structure and reducing SAO expenses also continues to be a key focus and underlying SAO expense run-rates continued to decline during 3Q 2017 as progress was made on the Group's cost reduction plan. The Group's headcount is expected to decline to approximately 400⁷, as previously indicated, following the monetisation of the Global Oil Liquids and North American Gas & Power businesses.

The adjusted net loss from continuing operations was driven by the above mentioned challenging operating conditions which prevented the Group from covering its fixed overhead costs and net finance costs.

Underlying trading results from the Global Oil Liquids and North American Gas & Power businesses, classified as discontinued operations, were adversely impacted in 3Q 2017 by capital constraints as the businesses focused on reducing trading positions and utilisation under the NAC BBF and NCFL BBF.

⁷ Headcount levels were approximately 1,050 and 900 as at 31 December 2016 and 30 June 2017, respectively.

The Group has also recorded non-cash losses in 3Q 2017 related to certain assets disposals, including a loss on sale of the North American Gas & Power business and an impairment loss on the Global Oil Liquids business associated with the proposed sale of NAC⁸ and wind-down of certain working capital balances within NCFL. These, along with a non-cash loss resulting from the significant dilution of the Group's shareholding in Yancoal Australia ("Yancoal") following Yancoal's capital raising exercise, and corresponding change to accounting for this investment with reference to its Australian Stock Exchange quoted market price⁹, will result in substantial non-cash losses in the Group's financial results for 3Q 2017.

Exceptional items and results from discontinued operations – inclusive of the above mentioned non-cash losses and underlying trading results from the Global Oil Liquids and North American Gas & Power businesses – are expected to be in the range of US\$(1,050) to US\$(1,150) million.

Therefore, the Group expects to report a total net loss in the range of US\$(1,100) to US\$(1,250) million in 3Q 2017, which results in total shareholders' equity in the range of US\$950 to US\$1,100 million on a pro forma basis as at 30 September 2017¹⁰.

The profit guidance and ranges provided in this announcement are estimates and may change as the Group finalises its quarter-end procedures. As stated previously, 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 nine months ended 30 September 2017 will be released in November 2017 and the Group will provide a further update at that time.

Discussion with Lenders

The Group's operating results continue to be adversely impacted by conservative liquidity management and constraints placed on the Group's access to trade finance lines, as mentioned above.

In this regard, discussions with the Group's lenders, to date, have focused on the Group's banks in order to stabilise support for the Group's working capital and trade finance requirements. Whilst no assurance can be given as to the outcome of these discussions, the Group believes that these are open and constructive, and are moving forward.

⁸ Purely for illustrative purposes, based on the latest announced unaudited consolidated financial statements of the Group as at 30 June 2017, the loss on the proposed sale of NAC, including the loss from the completed sale of the North American Gas & Power business, would amount to US\$525 million. Refer to the Group's announcement "Proposed Disposal of All the Issued and Outstanding Capital Stock of Noble Americas Corp" released concurrently with this announcement.

⁹ The Group's investment in Yancoal was previously accounted for on the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses, as an investment in an associate. Following the dilution of the Group's shareholding in Yancoal during 3Q 2017, the investment is now accounted for as a long term equity investment. The investment is now carried on the consolidated statement of financial position with reference to its Australian Stock Exchange quoted market price.

¹⁰ Pro forma total shareholders' equity as at 30 September 2017 incorporates expected 3Q 2017 total net loss and change in other shareholders' equity reserves.

FOR IMMEDIATE RELEASE



In addition, the Group has also obtained an extension from 20 October 2017 to 20 December 2017 of the waiver received in relation to its committed unsecured revolving credit facility due May 2018.

The Group will make further announcements as and when it is appropriate to do so.

Noble Group Limited
23 October 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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