

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



International Standard Resources Holdings Limited

標準資源控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 91)

(Warrant Code: 1487)

VOLUNTARY ANNOUNCEMENT UPDATE ON COALBED METHANE BUSINESS IN ANHUI PROVINCE OF THE PRC

This is a voluntary announcement made by the Company.

The Board is pleased to announce that, on 21 August 2017, Can-Elite has entered into the Fourth Modification Agreement with China United as both parties recognised the improved business prospects of the coalbed methane business in Anhui Province of the PRC.

This is a voluntary announcement made by International Standard Resources Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”).

The Company wishes to provide a business update of the Group with the objective of informing our shareholders and potential investors regarding the latest business development of the Group.

References are made to the announcements dated 2 September 2013, 27 May 2014, 24 June 2014, 14 August 2015 and 29 December 2015 issued by the Company to update the information on the coalbed methane business in Anhui Province of the People’s Republic of China (the “**PRC**”).

The board of directors (the “**Board**”) of the Company is pleased to announce that on 21 August 2017, Canada Can-Elite Energy Limited (“**Can-Elite**”), a wholly-owned subsidiary of the Company, has entered into a fourth modification agreement (the “**Fourth Modification Agreement**”) with China United Coalbed Methane Corporation Limited (“**China United**”). Can-Elite and China United had entered into a production sharing contract for the exploitation of coalbed methane resources in Su’nan area, Anhui Province of the PRC on 8 November 2007 (as modified by the first modification agreement dated 18 February 2009, the second modification agreement dated 29 August 2013 and the third modification agreement dated 23 December 2015) (the “**Modified PSC**”).

Pursuant to the Modified PSC, among other things, the exploration area of approximately 567.843 square kilometers, located in Su’nan, Anhui Province (the “**Contract Area**”) has been divided into Area A and Area B, consisting of approximately 23.686 and 544.157 square kilometers, respectively. Pursuant to the Fourth Modification Agreement, the well count required to be completed in Area A of the Contract Area during the exploration period (a period up to the date of approval by the relevant authorities under the PRC government for the overall development program) has increased from at least two U-shaped connected wells to at least four U-shaped connected wells. Further, the exploration period of Area B has been extended for three more years, from the original expiry date (being 31 March 2017) to 31 March 2020. During the extended exploration period, at least 15 wells are required to be completed in Area B with the performance of relevant exploration works such as fracturing, drainage and extraction. In order to complete the above exploration works, Can-Elite is required to utilise at a minimum of RMB8,000,000 equivalent in US dollars per year towards Area A and at a minimum of RMB30,000,000 equivalent in US dollars towards Area B, respectively, as the expected minimum exploration expenditure amount. In calculating the fulfilment of the minimum exploration work commitment of Can-Elite in each phase of the exploration period, well counts of both exploration wells and pilot testing wells should be used as the basis of calculation instead of referencing to the annual minimum exploration expenditures. Moreover, both parties acknowledged and agreed that on the same conditions, China United’s right of first refusal for an assignment of the production sharing contract apply to any transaction that results in a third party change of control over Can-Elite, including but not limited to a merger, consolidation, restructuring, or sale of stock or equity between Can-Elite (and its affiliate) and the third party.

REASON FOR ENTERING INTO THE FOURTH MODIFICATION AGREEMENT

Can-Elite and China United entered into the Fourth Modification Agreement as both parties recognised the improved business prospects of the collaboration blocks. Further, as Area A and Area B are currently in different stages of exploration, the entering into of the Fourth Modification Agreement will be conducive to clarify the different responsibilities and obligations of Can-Elite in relation to Area A and Area B, respectively, within the extended exploration period. The directors of the Company (the “**Directors**”) are of the view that the entering into of the Fourth Modification Agreement has no substantial impact on the rights and interests of Can-Elite under the Modified PSC. The Directors believe that the Fourth Modification Agreement is a further step forward for the cooperation between Can-Elite and China United and would bring mutual benefits through cooperation under the Modified PSC.

By order of the Board
International Standard Resources Holdings Limited
Tam Tak Wah
Executive Director

Hong Kong, 22 August 2017

As at the date of this announcement, the executive directors of the Company are Mr. Cheng Wai Keung, Mr. Tam Tak Wah and Ms. Tsang Ching Man and the independent non-executive directors of the Company are Mr. Chan Tsz Kit, Mr. Chan Yim Por Bonnie, Mr. Albert Saychuan Cheok (Chairman) and Mr. Wang Li.