



Annual Report 2019

SinoTharwa Drilling Company

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Human Resources Department

Training Division

OPERATION TRAINING:

Continuous technical training is crucial for our company to improve the technical competence of our employees; we provide all technical required knowledge of the theoretical and practical aspects through a group of advanced drilling courses.

Operation Courses	Ac. Hours	Pl. Hours
<i>Down hole problems</i>	120	120
<i>Basic Drilling Practice</i>	270	270
<i>Basic Well Control</i>	270	270
<i>Stuck Pipe Prevention</i>	216	216
<i>Painting</i>	48	48
<i>Drill. Fl. Sch. &Solid Control Equip. Maintenance.</i>	390	390
<i>Advanced-Drilling Practice</i>	306	306
<i>Rig Mathematics Level 1</i>	360	360
<i>Rig Mathematics Level 2</i>	108	108
<i>IWCF Preparation</i>	816	816
<i>Well Cap</i>	180	180
<i>IWCF Course</i>	4,020	4020
Total Operating Hrs.	7,104	7,104

ENGINEERING TRAINING:

Provide a practical skills and hands-on training through well-selected engineering courses where employees got the opportunity to apply in practice. Our specialized engineering courses tailored to the needs of the drilling industry

Engineering Courses	Ac. Hours	Pl. Hours
<i>Varco Top Drive</i>	108	108
<i>On Job Training</i>	930	525
<i>Rig SCR control system</i>	36	36
<i>Mud pumps</i>	48	48
<i>Refrigeration & Air conditioning system</i>	108	108
<i>Draw works</i>	24	24
<i>Tesco Top Drive</i>	54	30
<i>Rig top drive system</i>	96	96
<i>Rig VFD system</i>	72	72
<i>Rig Power Gen.System</i>	84	60
Total Engine Train. Hrs.	1,560	1,107

QHSE TRAINING:

Providing health and safety training helps to ensure that all SinoTharwa staff knows how to work safely and without any risks, it's also develop a positive health and safety culture, where safe and healthy working becomes second nature to everyone

QHSE Courses	Ac. Hours	Pl. Hours
NORM Handling	168	168
Working At Height	480	480
Hand Injury Prevention	192	192
Safety leadership	126	126
H2S AWARENESS	144	144
COSHH Awareness	156	156
Gas Testing & Breathing System	336	336
Safe Lifting Operation	180	180
Hazards Identification & Risk Assessment & Permit to work	414	360
Basic Fire Fighting	144	144
Manual Handling	132	132
Confined Space Entry	168	120
Defensive drive	1,152	360
Food Safety & Hygiene	48	48
HSE Courses for new comers	1740	1740
Occupational Safety and Health Specialist course	1050	1050
Members of occupational safety and health committees	312	312
Rig Bass	1,716	600
Pest Control course	54	54
Total QHSE Training Hrs.	8,712	6,702

INTEGRATED QHSE TRAINING PROGRAM:

Safety Workplace is one of the most critical responsibilities of SinoTharwa; accordingly, we provide an Integrated Safety Training Program for all our technical staff with what is required to be updated in regards to the health & safety requirements as they target always to identify their hazard, minimize the risk and control it

QHSE Courses	Ac. Hours	Pl. Hours
Phase 1	1,428	3,244
Phase 2	5,544	5,544
Phase 3	186	372
Phase 4	1,620	4,860
Phase 5	5,208	5,208
Phase 6	1,128	1,128
Phase 7	2,880	2,880
Phase 8	1,638	1,638
Phase 9	6,678	6,678
Phase 10	-	6,720
Phase 11	-	510
Total QHSE Training Hrs.	26,310	37,782 "For year 2019 & 2020"

THE INTEGRATED QHSE TRAINING PROGRAM WILL BE CONTINUED IN 2020.

ACTUAL TRAINING HOURS 43,686

PLANNED TRAINING HOURS 41,223

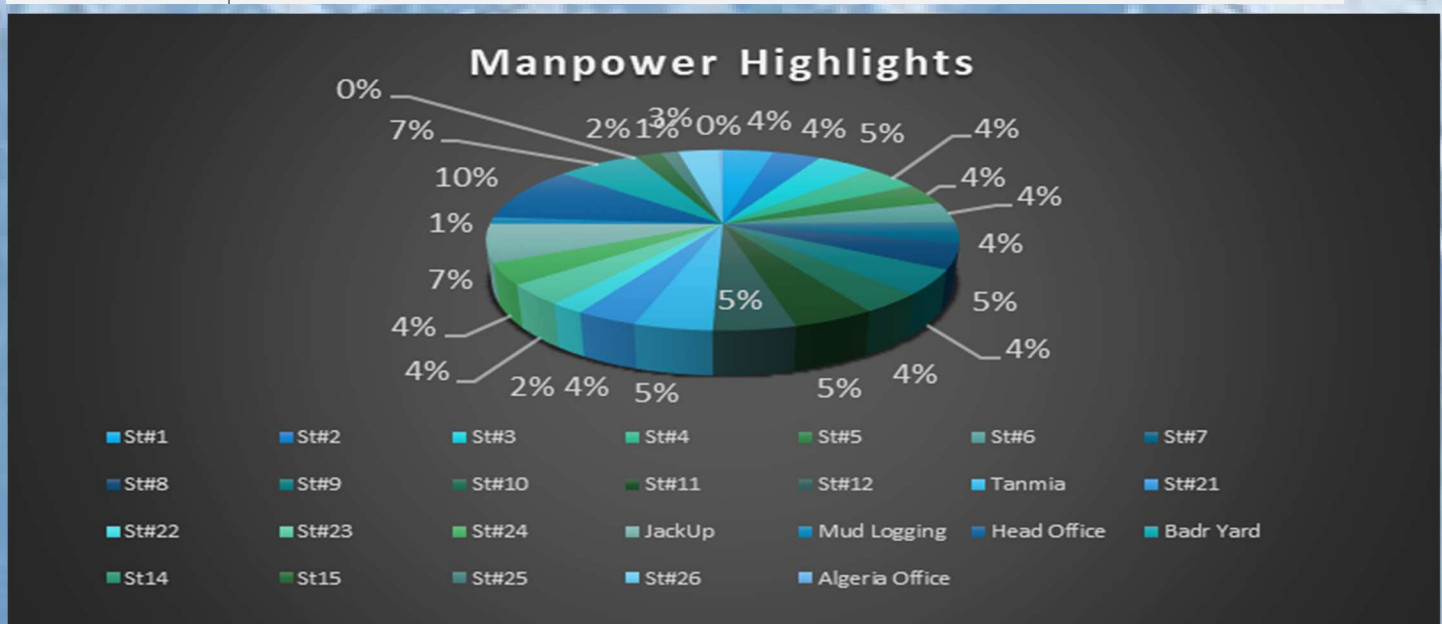
Personnel Division

The personnel division complies with the entire governmental and legal requirements throughout coordination with labor and social insurance offices.

Overview on Activities of 2019:

- Monitor and analyze the score of 2018 performance appraisal for all staff.
- Finalizing annual medical exemption of 2019 that related to social insurance authority was saved annually EGP 3,200,000.
- Maintaining the company organization chart to ensure covering all departments needs to face the company new challenges in 2020

LOCATION	NO. OF EMPLOYEES	LOCATION	NO. OF EMPLOYEES
ST#1	58	St#15	30
ST#2	55	Tanmia	64
ST#3	65	St#21	50
ST#4	63	St#22	28
ST#5	54	St#23	52
ST#6	53	St#24	54
ST#7	52	Jackup	97
ST#8	64	St#25	20
ST#9	62	St#26	46
ST#10	52	Algeria Office	5
ST#11	67	Integrated Services	16
ST#12	67	Head Office	140
ST#14	2	Badr Yard	92



Medical Division

MEDICAL INSURANCE:

We have contracted AXA one of the leading companies in the market for medical service provision for rig site employees aiming to provide better medical services to rig site employees

MEDICAL SYSTEM: Initiating the medical system buildup in order to reach full automation for all the medical services

MEDICAL PROCEDURES:

Subcontractor medical examination Daily monitoring for Blood pressure & glucose levels with mental assessment for all S.T subcontractors over the rigs in order to assess their fitness to work.

MODIFYING I CARE SYSTEM:

All monthly treatment of rig site employees is modified & registered on AXA's online system (I Care System) through the SinoTharwa medical division allowing the rig site employee to receive his medication without waiting for approvals & facilitating the monthly treatment renewal every 6 months.

SPECIAL CASES: The company has continued its support for almost all exceeding family medical cases such as (chronic cases and major operations) through our special cases policy with an average cost of 121,369 EGP

Medical Training:

We have accomplished the medical training program for ST Rig physicians for ATLS & ACLS

General Services Division

WORK PERMITS: Finalize the Issuance of 24 work permits for expat employees working in head office & other locations.

Company's

BUILDING MAINTENANCE: Follow-up the maintenance process of company head office building & the Guest house in Badr yard.

GUEST HOUSE AT BADR YARD: The general services department provide a high level of quality services for SinoTharwa's Guest House and offer a proper living style to all Sinotharwa employee training program for ST Rig physicians for ATLS & ACLS

Public Relation Division

MANAGE TRAVEL ADMINISTRATION: The Public department organize all the document and reservation for the Chinese expatriate staff, Algeria crew staff & jack up expatriate staff starting from their country home residence to the rig site & Vice versa.

The public relation department organize all the documents and reservation for the company working staff Egyptians & Expatriate staff, business trips.

PROTOCOLS: Egypt Air contract renewed for the 14th year with the permanent success & cooperation. In the consequence & result of strengthen our relationship with our "partner of Success.

MEETINGS: Organize Sinotharwa assembly meetings & board meetings during 2019.

Exhibition & conferences: Expanding our business and interacting in new markets is our target, though we took part in EGYPS 2019 Exhibition with very creative booth reflecting our image, achievement & aims.

QHSE Department

The year 2019 represented an unusual and eventful chapter in the company's history. Faced with tough challenges due to severe external and internal factors that showing two fatalities and interruption of some rigs, although we continued to stick with the approach of faults & problems analysis and get benefits from lessons learned as well as pushing the quality, efficiency principles for restoring the QHSE culture.

The objective and still is to communicate the company's operating procedures and safety instructions to all workers in how to identify and manage risks associated with HSE through integrated safety rules that ensure "safety first is actions and not just slogans".

The ability to manage operational risk safely builds on our experience in expecting the potential risks and how to analyze these risks & set the control measures to mitigate the occurrences, also including learning from incidents& sharing lessons learned with our interested parties to increase the awareness

CLIENTS' SATISFACTION:

Customer satisfaction and relationship management are key to a company's overall success. While factors such as quality, expertise, technology and innovation continue to play critical roles, customer satisfaction and relationship management are determining factors in retaining client business. In an effort to focus more on the customer, Sinotharwa implementing static customer satisfaction surveys for evaluating the quality and performance of Sinotharwa activities and process by collecting feedback from the customer representative for each rig.

CUSTOMER SATISFACTION CONCLUSION:

After maintain a customer satisfaction survey in the end of 2019 for all Sinotharwa's clients in each rig, most of customers satisfied with our service and activities, which reflected the health of our QHSE-MS. In addition, some gaps identified between the company activities and the customers' needs and expectations, those gaps added in the concentration of the QHSE plan for 2020 to continual improvement.

INTERNAL AUDITING:

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve Sinotharwa's operations. It helps the company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of ST-QHSE Management system.

The role of the company auditing team do not stop by recording observations, findings and non-conformities but extends to close monitoring and frequent follow up till 100 % compliance by checking & confirming that all actions in place and in order to ensure the client requirements, terms and conditional operational ones and the ones related to HSE are well implemented.

CORRECTIVE / PREVENTIVE ACTION SYSTEM (CAR/PAR):

The system of corrective / preventive measures of nonconformity is a recovery tool to activate the safety system because it receives information because of the application of various programs of proactive and reactive practices.

The system precision comes out from accurate diagnosing & analysis then allocating duties & consequently appropriate corrective or preventive actions to be taken within agreed time frames

SERVICE PROVIDERS MANAGEMENT :

Contractors and suppliers are key to our Sinotharwa business performance, and QA Team evaluate their capabilities and efficiency and follow up the performance of the companies that fall under the category of high risk during the contract period to ensure the implementation of quality system, security, safety and environmental protection.

Also it was found mandatory to ensure that all service providers especially those handling transportation, heavy lifts, inspections, Testing & calibrations contractors are fully aware by the company QHSE policies, standards and general requirements that are relevant to the scope of every service been introduced through conducting periodical meetings in the attendance of the company top management which also transfers a clear message of leadership and commitment to all QHSE related issues. These sorts of meetings were found very important in addressing services non-conformities, actions required to prevent re-occurrence and improvement aids as well.

CONTRACTORS ASSESSMENTS (PRE-CONTRACTING):

Systematic review of contractor's processes and their programs is in place and used to ensure compliance with Sino Tharwa requirements. A simple questionnaire to extended review for insuring that QHSE program is implemented prior contract.

Below chart, show the Assessment (Before Contracting) on different Sub-contractors in 2019

2019 SUB-CONTRACTORS QA ASSESSMENT YEAR TO DATE

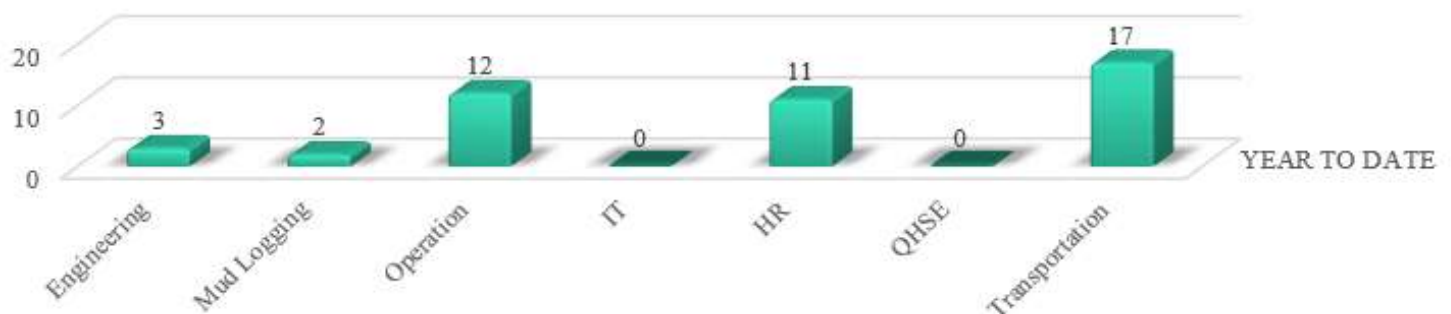


CONTRACTORS EVALUATION (AFTER CONTRACTING):

Once SinoTharwa and the contractor / service provider have established a documented and understandable relationship, regular verification and confirmation of the implementation of the agreed terms and the Agreed commitment of the contractor for following up the quality, safety and occupational health Policy within the work site and it can be done through an evaluating the contractor's performance according to scope of work. In some cases, it may decide to outsource the activity (evaluation) to a third party if necessary& the performance of the contractor is studied through quarterly assessments and taking the necessary actions in case the contractor's performance is not accepted

Below chart, show the Evaluation on different Sub-contractors inside the work sites in 2019

2019 SUB-CONTRACTORS QA Evaluation



QUALITY CONTROL:

Quality Control is a part of Quality management system established to control the quality of Sinotharwa receiving supplied products to develop the supply chain process throughout controlling the inputted into warehouse, QC is a way for the business or organization to prevent mistakes or defects in receiving materials ALSO to avoid problems and risk in workshop while overhauling. Quality control is often used interchangeably with Quality Assurance. The quality control, however, is a system that ensures the quality of a product by checking and testing the receiving materials across the specification and improve the processes and operation also to increase the safety in the work place. Also as a part to comply with ISO 9001:2015, Clause 8.4 requires a control of externally provided processes, products and services

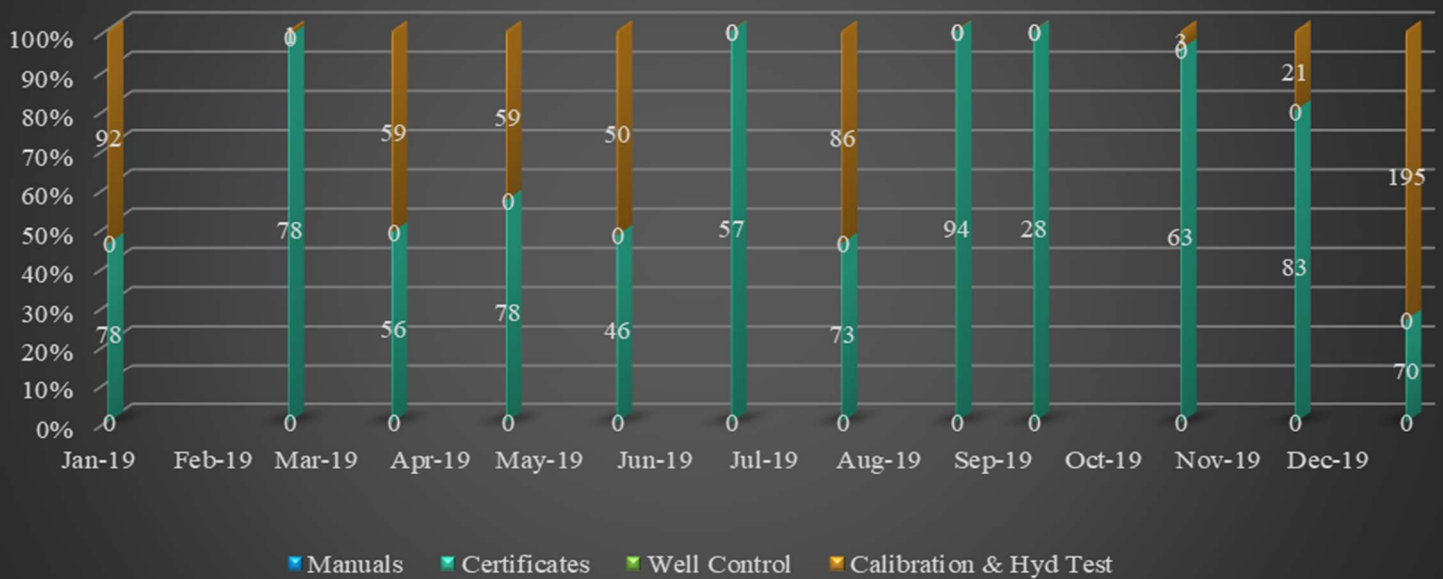
2019– Received Equipment "After QC approval



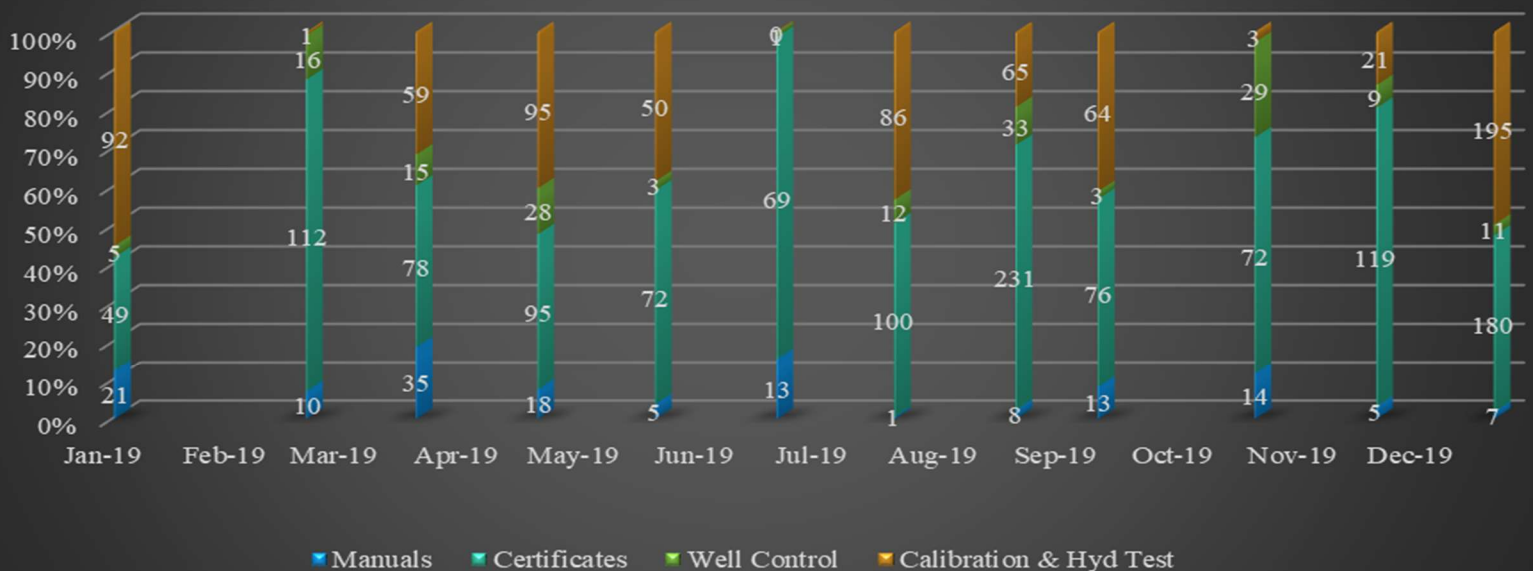
DOCUMENTS CONTROL:

Document Control describes methods used for the control, distribution and identification of ST documents, to ensure that appropriate documents are maintained to current issue and that latest issues are distributed to the personnel involved, Documents Control shall apply to all controlled document, uncontrolled documents, engineering drawings, contract documents and electronic data.

INCOMING DOCUMENTS

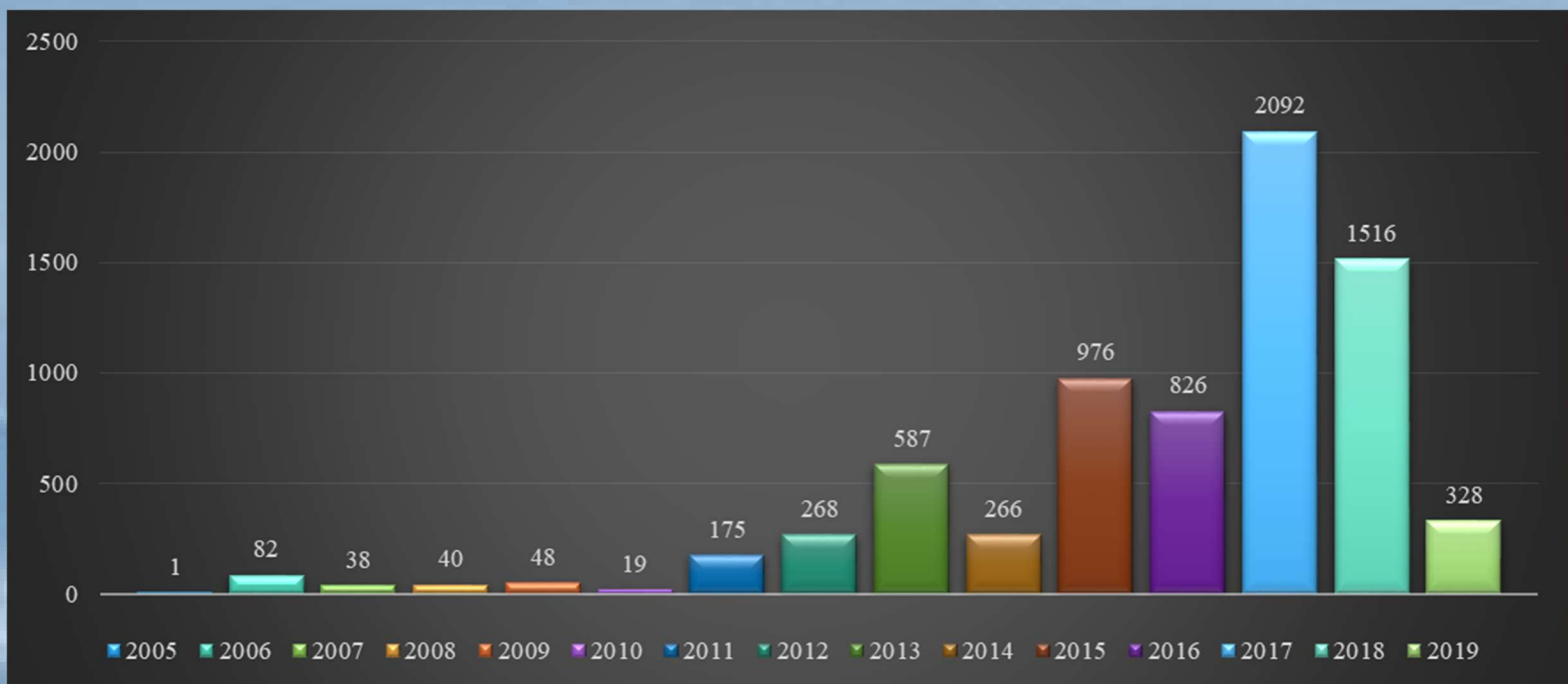


OUTGOING DOCUMENTS



Employees Training Profile Project Progress During 2019

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1	82	38	40	48	19	175	268	587	266	976	826	2092	1516	328
TOTAL														
7262														

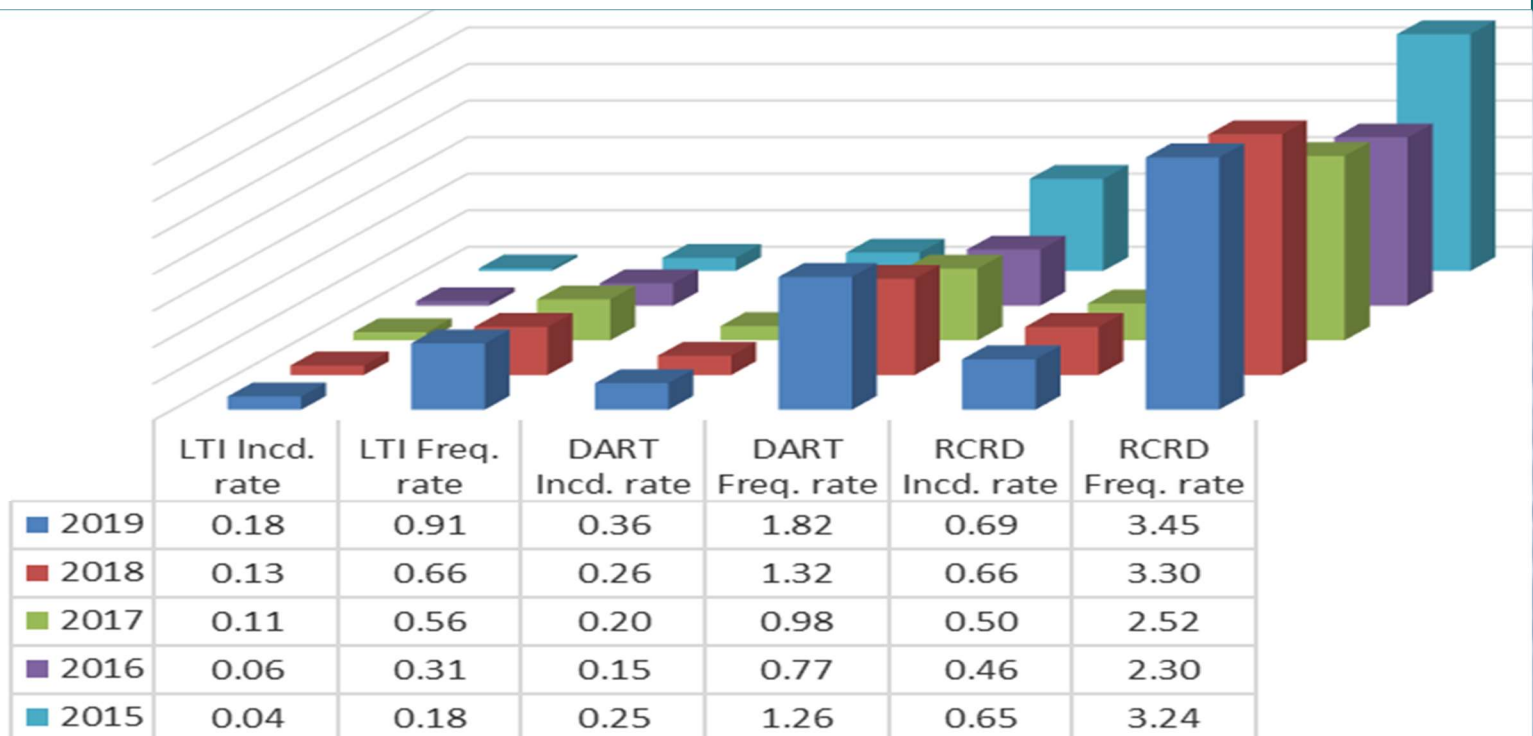


2019 WORK INJURY STATISTICS & BENCHMARKING:

Providing a safe working environment for our employees and sub-contractors is of fundamental importance to Sinotharwa. Occupational safety across our operations is managed at an organizational level through the relevant Sinotharwa's QHSE MS which established based on ISO specification compliance of: OHSAS 18001 – ISO 9001.2015 – ISO14001.2015.

The responsibility for ensuring the proper implementation of these operational standards and the availability of enough resources & support throughout the provision of trained and suitably qualified personnel rests with senior company management and safe working environment. Third parties and top management also conducts periodic site visits and audits. The responsibility for safety extends to all our employees, who are required to ensure that all governing safety rules and operating procedures are followed.

Occupational safety is also managed at a corporate level by the individual HSE committees that are in place across sinotharwa's sites and operations. The majority of these committees have joint management / labor representation. Our overall safety performance with regard to work injuries over the last five years is shown in the table below. Unfortunately, sinotharwa recorded includes two fatalities for two from our colleagues and other two lost time incidents during 2019.



Sinotharwa's 2019 Total Recordable Incident Rate (TRIR) was 0.69 reflects a recognized increasing from that reported in 2018 and earlier years, and for this high recordable incident rate, the QHSE total performance during 2019 was the worst comparing with the company previous trend.

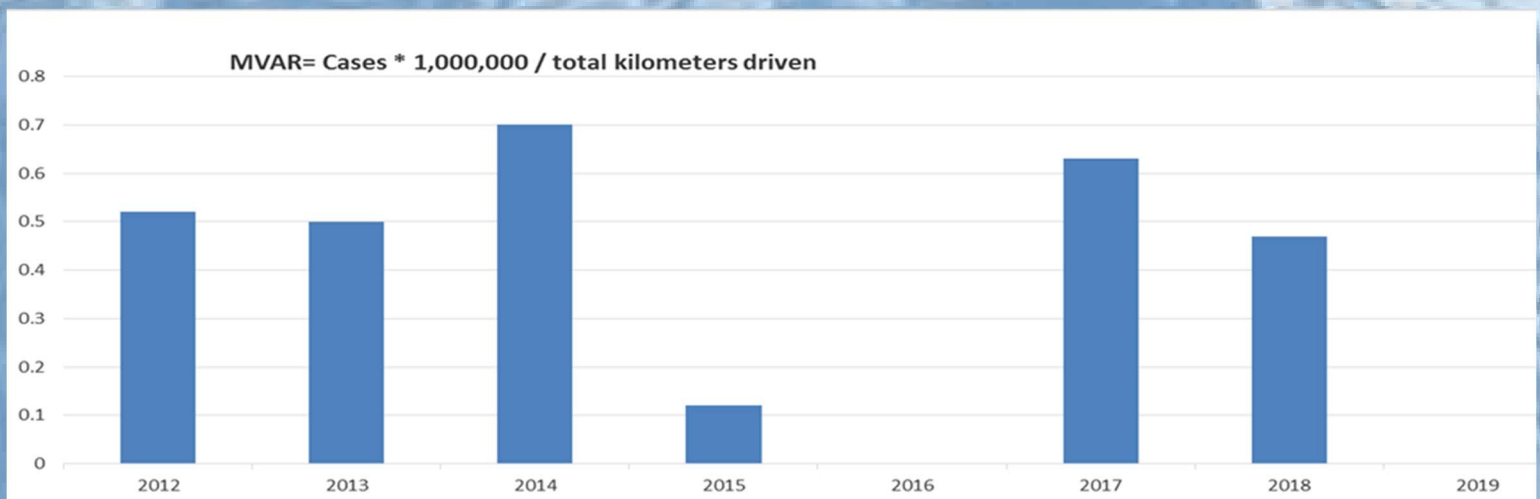
2019 MOTOR VEHICLE ACCIDENTS RATE ALONG SINOTHARWA YEARS (MVAR)

Controlling the fleet safety has been always a big challenge and can't be a part from our core values and mission. Also as a part to comply with local traffic laws, and OHSAS 18001:2007, Sinotharwa established accident statistics program that include MVAR and tracked it for continual improvement.

Compared to 2018, the accidents reported have been decreased. Sinotharwa will continue to work to improve road safety for our staff and sub-contractors by trying to change the behavior of the workforce to comply with the strict company rules regarding speed limits and the use of seat belts. Below figure represents our history records for vehicle accidents.

Location	2019	
	Total Km Driven	Cases
RIG ST-1	150850	0
RIG ST-2	146350	0
RIG ST-3	118410	0
RIG ST-4	274330	0
RIG ST-5	202515	0
RIG ST-6	72860	0
RIG ST-7	154325	0
RIG ST-8	313200	0
RIG ST-9	331190	0
RIG ST-10	53400	0
RIG ST-11	150500	0
RIG ST-12	247930	0
RIG ST-TI	99084	0
RIG ST-14	0	0
RIG ST-15	299775	0
RIG ST-29	269160	0
RIG ST-22	129890	0
RIG ST-23	74748	0
RIG ST-24	65169	0
RIG ST-25	314532	0
RIG ST-26	204441	0
RIG ST-28	157961	0
Main Office	240630	0
Badr yard	186360	0
Total	4257610	0

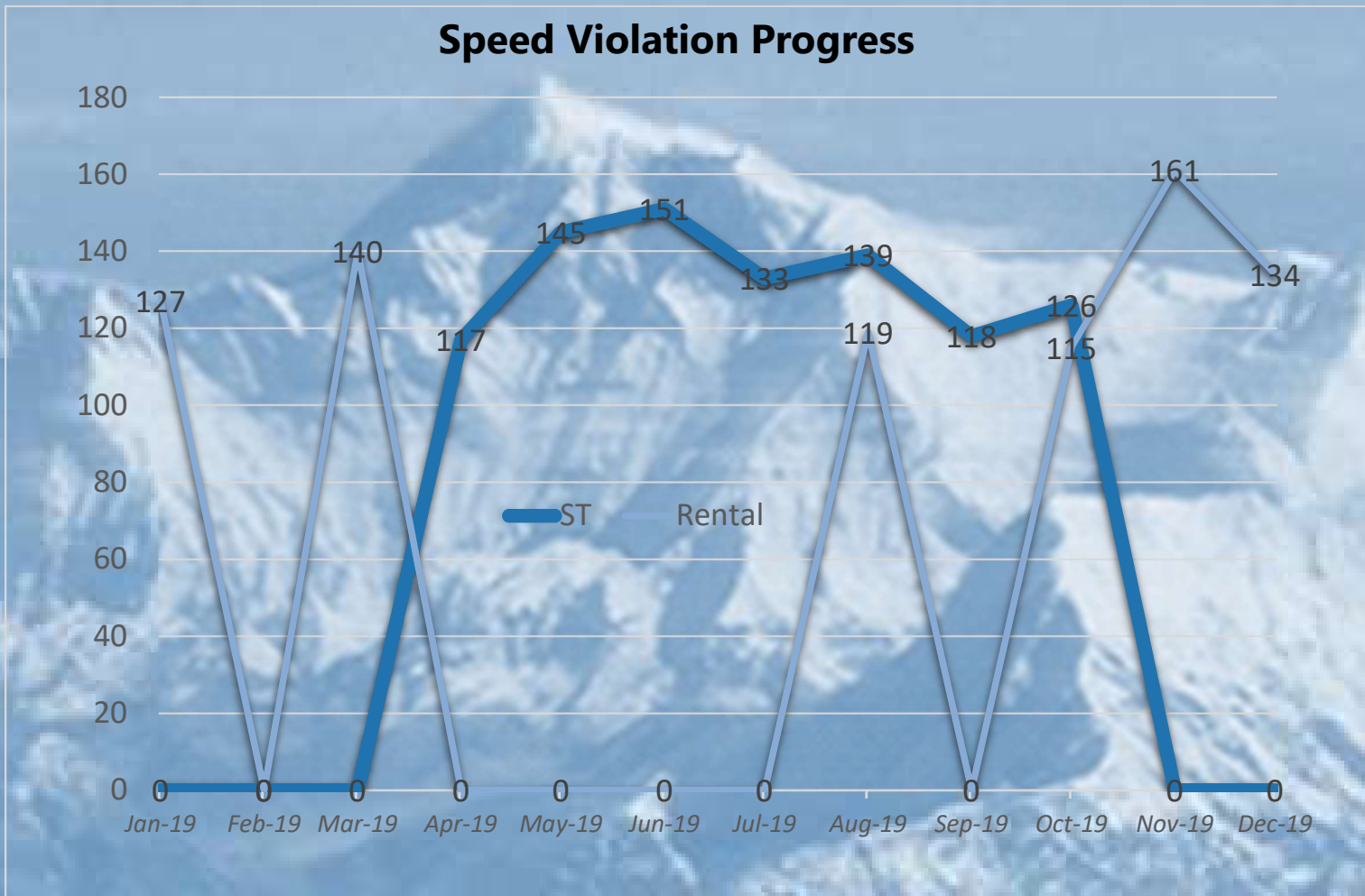
The below table represents total kilometers driven and number of accidents



Fleet Vehicle Tracking and E-Fleet Management System:

Vehicles Fleet Management System is a system that allows the companies to monitor their valuable cargo, the vehicles and personnel (passengers) on roads at any time.

The system operation is based on the principle of transmission of the information obtained from GPS satellites over the units installed on the vehicles, to a center over the GSM/ GPRS together with various sensor etc. information collected from the vehicle and provision of such information to the users over the Internet.



ENVIRONMENTAL PROTECTION:

Sinotharwa environmental protection procedures, these procedures stem from Sinotharwa believe of having zero discharge on Onshore & offshore operations with respect to the applicable laws, regulations, standards best practices and guidelines. This procedure is based on initial steps, which revolves around Sinotharwa environmental management system.

All International and Local/National Environmental Legislation related to the operations of the company must be complied with all locations, which must maintain and periodically update a register of all appropriate Environmental Legislation; the purpose of this policy is to ensure review and compliance with Environmental legislation and other requirements relevant to the Company's operations.

Stem from Sinotharwa believes regarding environmental protection, the company developed new EIA sheet that enclose significant and insignificant wastes; that improves the company way of monitoring and segregation for its wastes.

2019 's COMPANY QHSE ACHIEVEMENTS & AWARDS

Sinotharwa drilling company been awarded by the following international certificates after external audit during 2019:

- 1) Passed the surveillance audit ISO 14001:2015 certification regarding Environmental Management System & ISO 9001:2015 Certification regarding Quality Management System. After achieved the transition from 2008 to 2015.

All of these certificates were awarded to Sinotharwa drilling company with zero non-conformity recorded, reflecting the company's commitment to fully comply with all applicable standards, as well as the goal of zero discharge.



Operations Department

OUR MISSION

We will be our customers' trusted partner and their preferred solution provider.

We will conduct our operations in an incident-free workplace, all the time, everywhere.

Our people's passion and commitment to overcoming challenges will be our trademark.

We will deliver outstanding value to our customers, our employees, and our shareholders.

OUR BUSINESS STRATEGY

Our business strategy is to focus our company on modern up to date drilling units with our focus on onshore and offshore operations. We believe that we have one of the most modern fleets in the industry and by combining quality assets and experienced and skilled employees we will be able to provide our customers with safe and effective operations, and establish, develop and maintain a position as a preferred provider of drilling services for our customers, that combination will facilitate the procurement of term contracts and premium daily rates.

We have grown our Company significantly since its incorporation in 2005 and have strong ambitions to continue our growth, the combination of term contracts and quality assets will provide us with the opportunity to obtain debt financing for such growth, and allow us to increase the return on our invested equity.

The key elements in our strategy are as follows:

- 1- Commitment to provide customers with safe and effective operations
- 2- Combine high-Tech and advanced drilling units with experienced and skilled employees;
- 3- Continue to develop our fleet with onshore & offshore rigs; and
- 4- Develop our strong position in the offshore drilling in both deep & shallow waters as well as onshore areas.
- 5- Support our rig fleet by most modern and advanced mud-logging units as a new service provider.

SinoTharwa Rigs Fleet

1- Land Drilling Rigs:

RIG	MANUFACTURER	YEAR OF BUILT	HP	MAX. DRILLING DEPTH W/5" DP, FT.	TOP DRIVE	OPERATOR	LOCATION, FIELD	STATUS
ST-1	Lanzhou, China	2002	2000	20,000	Available	Petrobel	Abu rudies	Active
ST-2	Bomco, China	2001	1500	16,000	Available	Norpetco	Karama	Active
ST-3	Bomco, China	2006	2000	20,000	Available	Petrobel	Abu rudies	Active
ST-4	Bomco, China	2007	2000	20,000	Available	GPC	Ras Gharib	Active
ST-5	Bomco, China	2007	1500	16,000	Available	Agiba	Meleiha	Active
ST-6	Bomco, China	2007	1500	16,000	Available	Borg El Arab	Abu Sennan	Not Active
ST-7	Bomco, China	2008	1000	12,000	Available	Petrosilh	Fayoum	Active
ST-8	EPHH	2008	1500	16,000	Available	GPC	Abu Sennan	Active
ST-9	EPHH	2007	2000	20,000	Available	GPC	Ras Gharib	Active
ST-10	EPHH	2008	1500	16,000	Available	Petrosennan	Abu Sennan	Not Active
ST-11	Bomco, China	2008	2000	20,000	Available	Petroshahd	Shahd	Active
ST-12	Bomco, China	2008	2000	20,000	Available	Petrobel	Abu rudies	Active
TANMIA-1	EPHH	2011	1500	16,000	Available	Al Alamin	East A.Sennan	Not Active
ST-14	EPHH	2014	1500	16,000	Available	No Contract	Hasi-Masoud	Not Active
ST-15	EPHH	2014	1500	16,000	Available	GTIM, Algeria	Adrar	Active
ST-16	Bomco, China	2014	2000	20,000	Available	Not Yet	-	Not Active

2- Land Work Over Rigs:

RIG	MANUFACTURER	YEAR OF BUILT	HP	MAX. WORK OVER DEPTH W/3.5" DP, FT	OPERATOR	LOCATION, FIELD	STATUS
ST-21	SJ Petroleum , China	2006	650	12,000	-	-	Not Active
ST-22	SJ Petroleum , China	2007	650	12,000	Norpetco	Karama	Active
ST-23	SJ Petroleum , China	2007	650	12,000	Petrobel	Abu Rudies	Active
ST-24	SJ Petroleum , China	2008	650	12,000	Marina	Al Alamien	Not Active
ST-25	SJ Petroleum , China	2014	650	12,000	Khalda	El Salam	Active
ST-26	SJ Petroleum , China	2014	650	12,000	Petrobel	Abu Rudies	Active
ST-27	SJ Petroleum , China	2016	650	12,000	Not Yet	-	Not Active
ST-28	SJ Petroleum , China	2016	550	10,000	Petrobel	Abu Rudies	Not Active
ST-29	SJ Petroleum , China	2016	550	10,000	Agiba	Meleiha	Active

3- Land Work over pulling units:

Rig	Manufacturer	Year of Built	HP	Max. Drilling Depth W/5" DP, ft	Operator	Location, Field	Status
ST-30	SJ PETROLEUM , CHINA	2016	550	5,000	NOT YET	-	NOT ACTIVE
ST-31	SJ PETROLEUM , CHINA	2016	550	5,000	QARUN	KARAMA	NOT ACTIVE
ST-32	SJ PETROLEUM , CHINA	2016	550	5,000	NOT YET	-	NOT ACTIVE
ST-33	SJ PETROLEUM , CHINA	2016	550	5,000	NOT YET	-	NOT ACTIVE
ST-34	SJ PETROLEUM , CHINA	2016	550	5,000	NOT YET	-	NOT ACTIVE
ST-35	SJ PETROLEUM , CHINA	2016	550	5,000	NOT YET	-	NOT ACTIVE
ST-36	SJ PETROLEUM , CHINA	2016	550	5,000	NOT YET	-	NOT ACTIVE

4- OffShore Work over pulling units:

Rig	Builder	Year of Built	HP	Max. Drilling Depth, ft	Max.water Depth, ft	Operator	Location	Status
ST Bahari-1 Jack Up	Dalian Shipping Offshore Co .LTD, China	2010	3200	30,000	400	Gupco	Gulf of Suez	Not Active

FLEET DEVELOPMENT:The following table summarizes the development of our active fleet of drilling based on the dates when the units began operations

UNIT TYPE	LAND RIGS						OFFSHORE RIGS	TOTAL
	<i>2000 HP</i>	<i>1500 HP</i>	<i>1000 HP</i>	<i>650 HP</i>	<i>550 HP</i>	<i>Pulling units</i>	<i>Jack Up</i>	
2005	1	-	-	-	-	-	-	1
2006	-	1	-	-	-	-	-	1
2007	2	-	-	2	-	-	-	4
2008	2	4	1	2	-	-	-	9
2009	1	-	-	-	-	-	-	1
2010	-	-	-	-	-	-	-	-
2011	-	1	-	-	-	-	1	2
2012	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-
2014	1	2	-	2	-	-	-	5
2015	-	-	-	-	-	-	-	-
2016	-	-	-	1	2	7	-	10
2017	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-
TOTAL	7	8	1	7	2	7	1	33

Factors Affecting our Results of Operations:

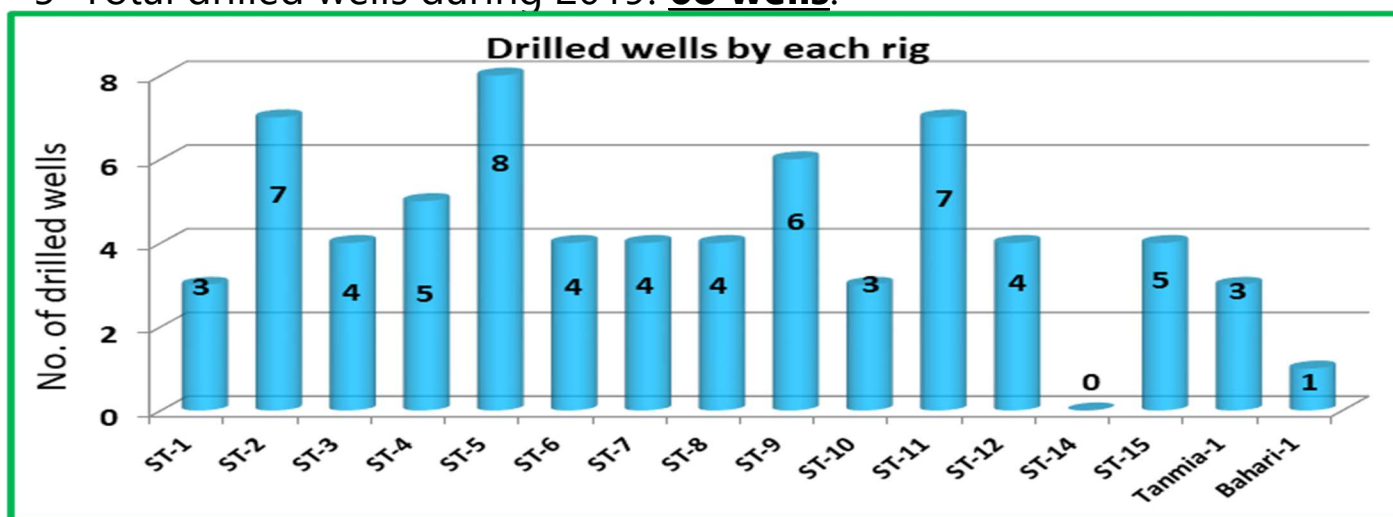
The principal factors which have affected our results since 2005 and are expected to affect our future results of operations and financial position include:

- 1- The number and availability of our drilling units.
- 2- The daily rates obtainable for our drilling units.
- 3- The daily operating expenses of our drilling units.
- 4- Administrative expenses.
- 5- Loans Interest and other financial items.

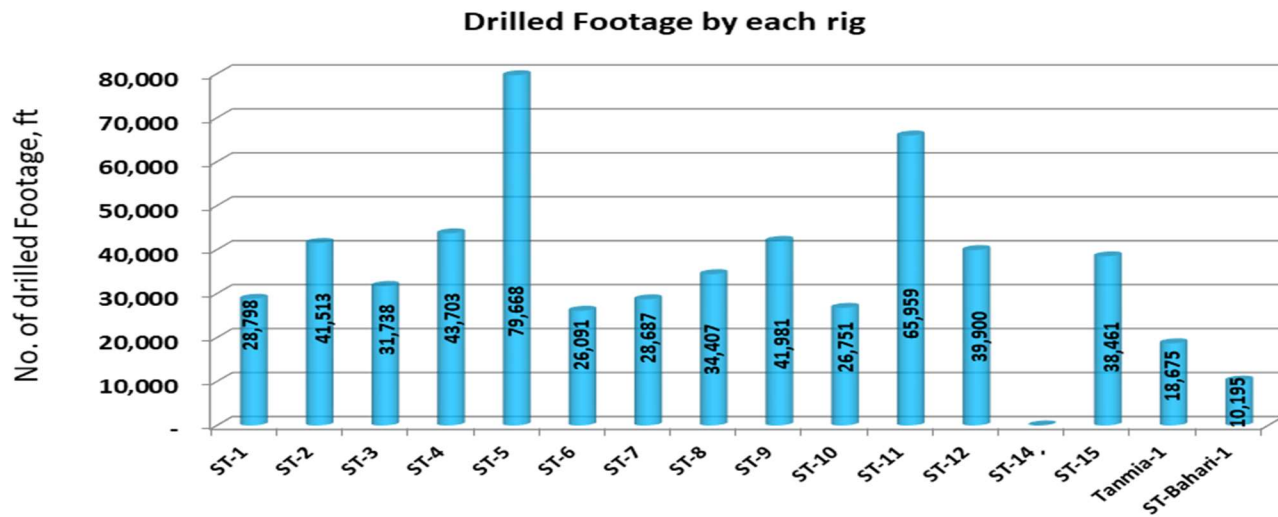
2019 Strategic Measurements.

In 2019 the following actions, among others, were the direct result of implementing our strategy:

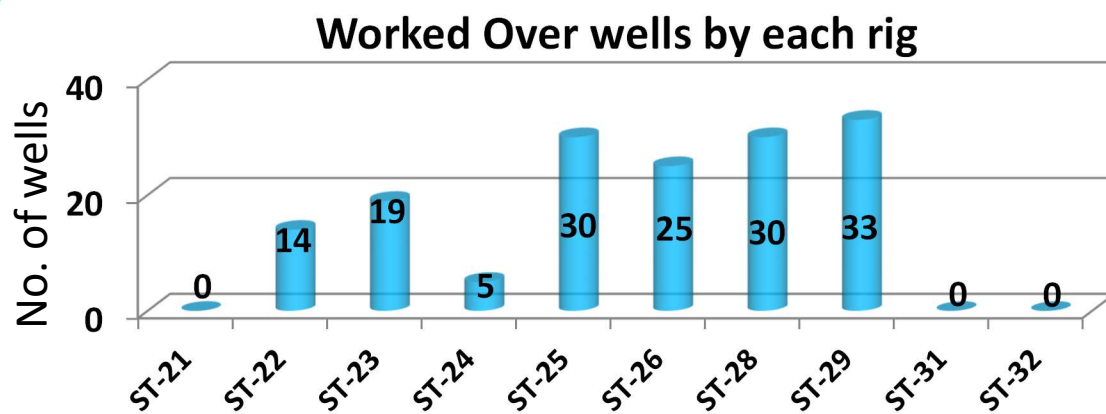
- 1- Average rigs utility (Excluding move & maintenance time) **99.31 %**.
- 2- Average rigs utility (Including move time only) **93.22 %**.
- 3- Average rigs utility (Including move & maintenance time) **88.21 %**.
- 4- Total working (operating) days: **5,262 days**.
- 5- Total drilled wells during 2019: **68 wells**.



6- Total drilled footage during 2019: **556,527 ft.**



7-Total work over wells during 2019= **156 wells.**

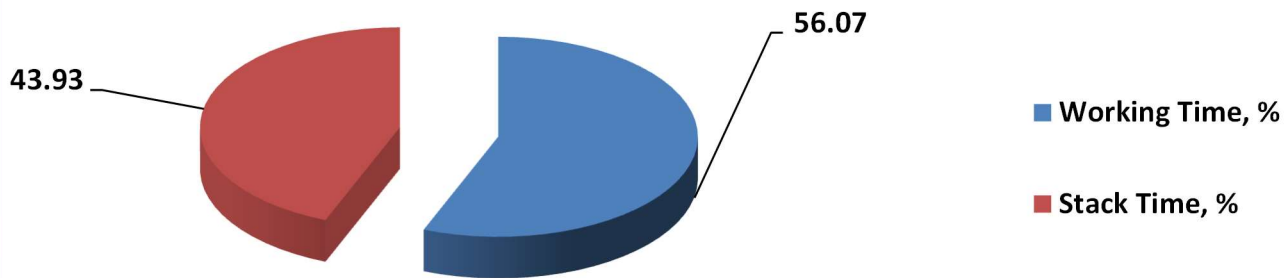


8-Provide training in a wide range of drill rig operations and procedures.

Operating time VS Stack time during 2019:

- Total Stacking time = 4,122 days.
- Operation time = 5,262 days.
- Total time = 9,384 days
- Stacking time / Total time = **43.93%**.

Stack time VS Working time



2019 Rigs Utilities:

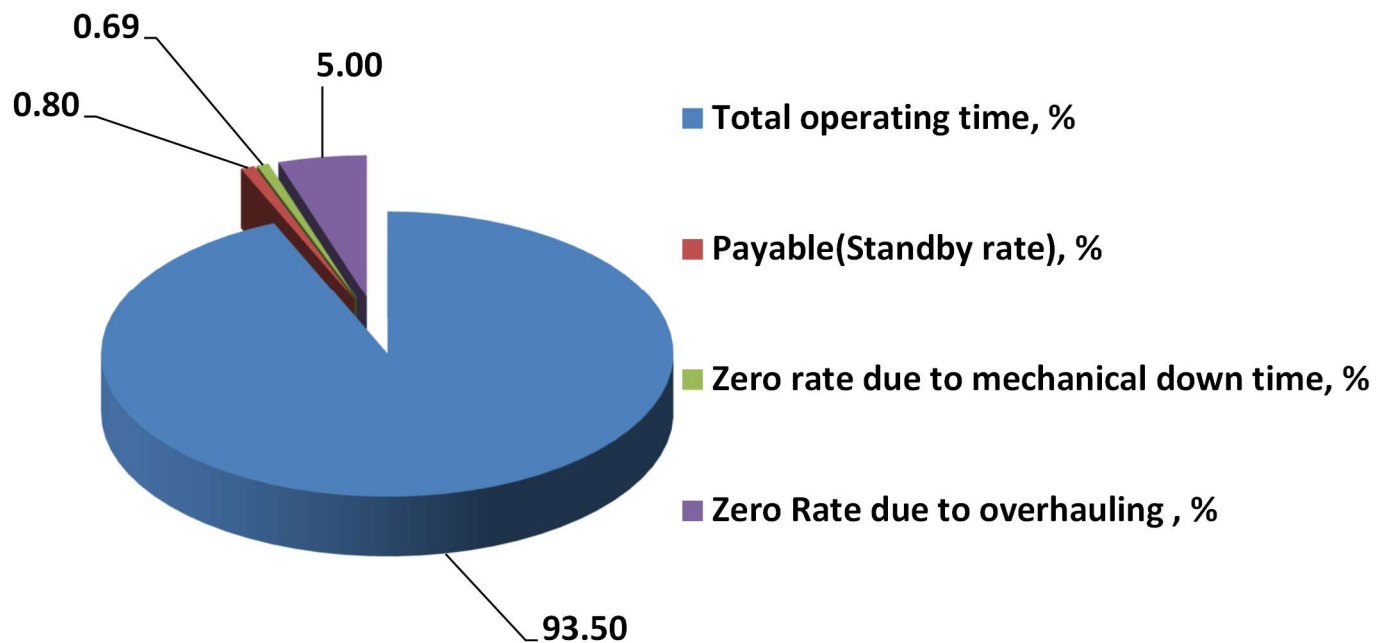
RIG	WORK PERIODS, DAYS	RIG UTILITY		REPAIR TIME %	RIG MOVE TIME WITH ZERO RATE %	NO. OF RIG MOVES	AVERAGE MOVE DAY/MOVE
		Including move time %	Excluding move time %				
ST-1	209	79.69	87.05	12.95	7.36	3	12.1
ST-2	165	87.72	95.02	5.49	7.30	7	7.7
ST-3	265	83.57	84.87	15.13	1.31	4	7.9
ST-4	253	92.36	94.93	5.07	2.57	5	8.3
ST-5	365	83.61	91.96	8.04	8.34	8	10.8
ST-6	273	88.95	95.47	4.53	6.53	4	11.5

ST-7	125	69.46	84.64	15.3 6	15.18	4	11.7
ST-8	214	98.26	99.31	0.69	1.05	4	7.6
ST-9	317	75.32	80.25	19.7 5	4.93	6	9.6
ST-10	62	95.81	100.00	0.00	4.19	3	7.9
ST-11	365	91.44	98.69	1.31	7.25	7	10.8
ST-12	309	81.73	85.72	14.2 8	4.00	4	10.1
TANMIA-1	67	94.10	100.00	0.00	5.90	3	8.3
ST-14	0	0.00	0.00	0.00	0.00	0	0
ST-15	365	97.37	100.00	0.00	2.63	5	8.9
ST-21	0	0.00	0.00	0.00	0.00	0	0
ST-22	166	92.05	100.00	0.00	7.95	14	1.9
ST-23	268	79.98	94.06	5.94	14.08	19	3.0
ST-24	104	92.69	99.52	0.48	6.83	5	2.4
ST-25	316	92.49	99.08	0.92	6.58	30	1.7
ST-26	365	81.22	97.27	2.73	16.05	25	3.3
ST-28	365	85.83	97.94	2.06	12.11	30	2.5
ST-29	259	83.72	100.00	0.00	16.28	33	2.3
ST-31	0	0.00	0.00	0.00	0.00	0	0
ST-32	0	0.00	0.00	0.00	0.00	0	0
ST-BAHARI-1	64	100.00	100.00	0.00	0.00	0	0

Mechanical down time VS Operating time in all SinoTharwa rigs

TOTAL TIME, HRS.	TOTAL OPERATING TIME, HRS.	TOTAL REPAIR TIME, HRS	PAYABLE (STAND BY RATE), HRS.	ZERO RATE DUE TO MECHANICAL DOWN TIME, %	ZERO RATE DUE TO OVERHAULING, %
126,276.5	118,072.5	8,204.0	1,012.5	872.0	6,319.5
	93.50%	6.50%	0.80%	0.69%	5.00%

Mechanical down time VS Operating time



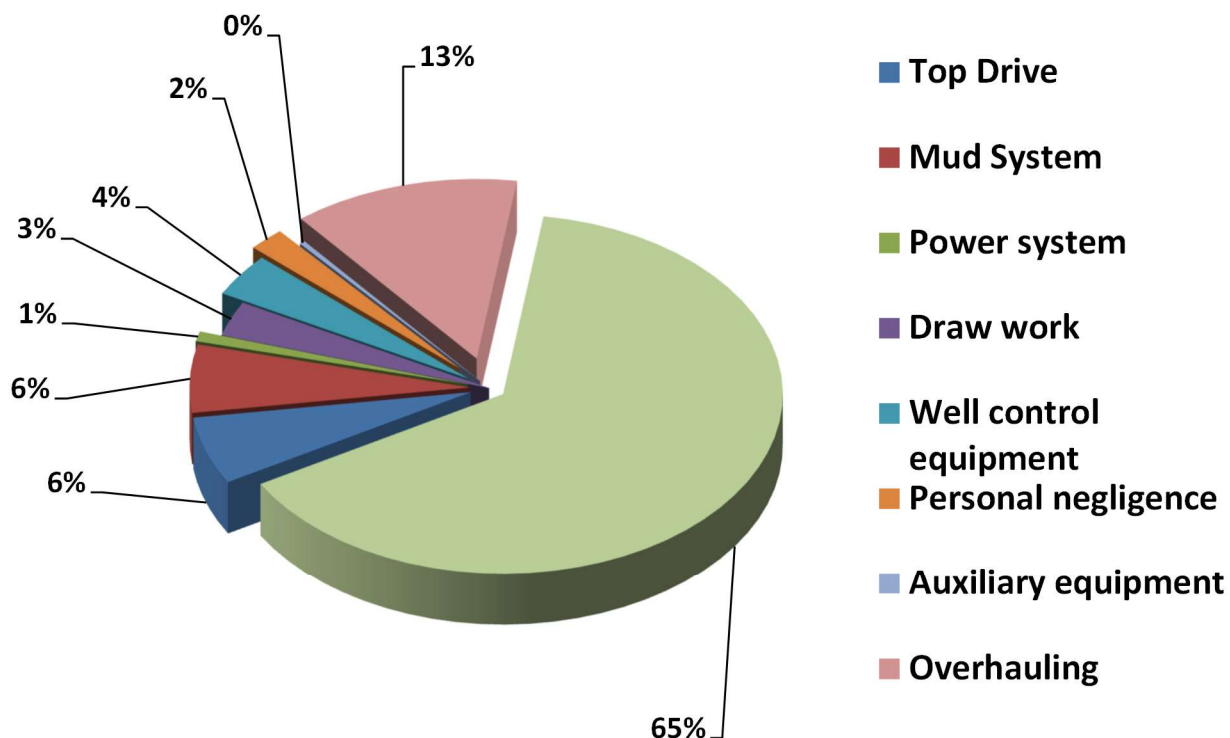
Repair time analysis during 2019:

RIG	TOP DRIVE	MUD SYSTEM	POWER SYSTEM	DRAW WORKS	WELL CONT. EQUIPMENT	PERSONNEL NEGLIGENCE	AUX. EQUIPMENT	OVERHAULING	OTHERS	TOTAL
ST-1	4.5	19.5	3	78	32	15.5	0	96	475.5	724
ST-2	4.5	97.5	21.5	0	22.5	11	0	96	23	276
ST-3	20	42	0	10	13	18	5.5	0	934	1042.5
ST-4	44	1.5	2	0.5	7.5	7	1	0	304	367.5
ST-5	57	70	2	9	2	4	0	258	437	839
ST-6	3	106	4	5	15	5.5	0	0	195	333.5
ST-7	175	59.5	2	3	0	10.5	19.5	193.5	64	527
ST-8	47	18.5	3	3	2	1	0	0	25	99.5
ST-9	65	14.5	1	0	0	20	0	432	1038.5	1571
ST-10	1.5	0	0	0	0	0	0	0	0	1.5
ST-11	50	1.5	0	19.5	1	0	0	0	101	173
ST-12	10.5	24.5	6.5	10	5.5	0	0	0	1068.5	1125.5
ST-14	0	0	0	0	0	0	0	0	0	0
ST-15	9.25	0	0	0.75	0.5	0	0	0	2	12.5
TANMIA-1	2	0	0	0	0	0	0	0	0	2
BAHARI-1	4.5	1	0	0	0	0	0	0	0.5	6
ST-21	0	0	0	0	0	0	0	0	0	0
ST-22	0	4	3.5	6	0	0	0	0	14	27.5
ST-23	0	1	17.5	2.5	171	10.5	0	0	225	427.5
ST-24	0	1	2	19	0	3	0	0	0	25

ST-25	0	28.5	0	0	0	48.5	0	0	28	105
ST-26	0	11.5	4	79	0	15	0	0	181	290.5
ST-28	0	0	0	3	47	0	1	0	161	212
	0	0	1.5	8.5	0	3	0	0	3	16
ST-31	0	0	0	0	0	0	0	0	0	0
ST-32	0	0	0	0	0	0	0	0	0	0
TOTAL	497.7 5	502	73.5	256.75	319	172.5	27	1075. 5	5280	8204

**Auxiliary equipment includes air compressor, drill string, rotary hose, raising line sheaves and solid control equipment.*

Repair Time Analysis during 2019



Actions taken to realize the above achievements:

- 1- Follow up maintenance schedule to minimize rig repair.**
- 2- Visit and auditing all rigs to improve maintenance and close gaps.**
- 3- Optimizing cost by transfer material and spare parts from rig to another and minimize orders.**
- 4- Cover all rig needs (material and spare parts).**
- 5- Follow up & close third party auditing items, tracking system, started with critical and major items.**
- 6- Technical training for all personnel on job and training center (Stuck pipe prevention, drill string design, advanced drilling practice, IWCF, accident investigation, Defensive driving...).**

Looking Forward

While we achieved in 2019, we remain singularly focused on our future and the continued execution of our strategy in 2020. We expect to deliver and commence operations on both onshore and offshore drilling safely and reliably. We will invest in improving the management systems for our business as we prepare for the significant growth of Sinotharwa. We will continue to train, motivate and retain our people to sustain our reputation for operational excellence.

Mud logging Department

- Sinotharwa started the Mud Logging project since 2012 as Integrated Services. Today, Sinotharwa own a Six Mud Logging Units and need to add more units to continue as a strong competitor.
- Sinotharwa registered in EGPC, EGAS, GANOPE, GUPCO KHALDA, Qarun, Bapetco, Agiba and Petrobel, Alamein, WASCO, BAPETCO,...etc as Mud logging contractor.
- The First unit was started the operation with the first client PetroSilah since May 2013 in El Fayoum with 100% Profitability. The contract renewed till July 2018.
- The second mud logging unit started operations with El Mansoura Oil Company in Nile Delta on March 2014. The contract renewed till 2018. Farmed out to Alamein Co.
- The third and fourth mud logging units started operations since December 2015 with Qarun petroleum co., the contract renewed till 15 Dec. 2019.
- The fifth unit started operation since Sep. 2016 with Petrobel and from Oct. 2017 worked for WASCO.
- The Sixth Mud Logging unit started operation with GUPCO at the beginning of 2017.
- Sinotharwa won tender with GUPCO till Feb. 2020 and extended one year till Feb 2021 ,renewable Petrobel & Alamein contracts for two years till May 2020, and for Petrosilah till July 2020 and Qarun till DEC. 2021.
- We provide Mud logging services to our clients in Egypt (GUPCO, PETROSILAH, QARUN, EI-AIAMEIN and PPETROBEL).

Engineering Department

Engineering Strategic Plan

REDUCE NPT



Unplanned events can cripple any drilling program. With the high cost of exploration wells, minimizing these events and more effectively predicting what lies ahead can pay huge dividends by helping operators stay on budget.

Engineering plan is to help meet the ever increasing challenges of enhance the capability of our Equipment by implementing new ways which guides to Reduce NPT.

Sinotharwa Engineering Dept. applies a strong maintenance system to improve & enhance Equipment lifetime by daily strong monitoring.

This well plan, delivered by experienced engineers whom capable of measuring and optimize All Drilling Equipment to reduce NPT and minimize drilling risk.

Sinotharwa Engineering dept. has succeeded to access a software solutions to help reduce NPT and field planning cycle times, engineer cost-effective designs and reduce NPT.

Sinotharwa Engineering dept. offers preventative maintenance packages to enhance the performance and reliability of the fleet throughout the in-service life cycle.

As we have succeeded in 2019 to minimize the down time of Mud pump , Power System ,Top Drive , well control & SCR/VFD 48 % over 2018 & by raising maintenance Alerts for awareness and prevent any sudden failures.

COST OPTIMIZATION



Enhancement of preventive maintenance plans, as well as in the evaluation and quantification of their fulfillment, ensures the optimization of daily maintenance operations.

Moreover, we make better use of available resources by evaluating them according to the necessary activity levels, with a clear impact on the reduction of costs in Repairs & Overhauls.

Sinotharwa Engineering Dept. has succeeded to optimize cost of repairs & overhauls by using the available recourses which reflected on the operational level by making new contracts with a new vendors and also repurpose the old junk in order to save cost of repairing ,time impact against operation & buying a new Asset to reach a goal of saving 5,212,464 \$

KPI



Sinotharwa Engineering Dept. has succeeded in Applying KPI system to our employee, which clarifies performance Expectation for our role in the company.

Applying KPI has improved the performance of our maintenance team to know what sort of conversations you need to be having with each team member in order to manage and coach them effectively.

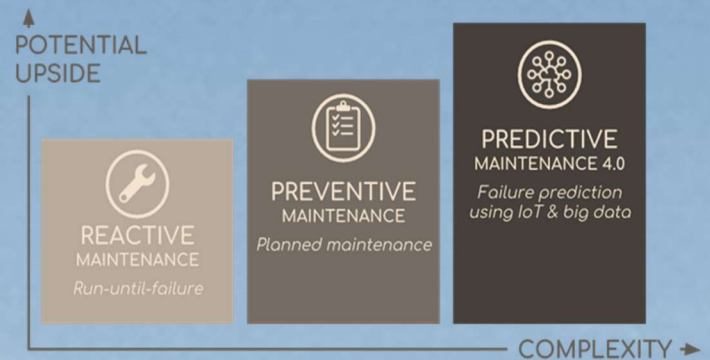
Engineering Dept. provides objective measures of performance by arranging weekly meetings & 1-on-1 meetings to ensure consistency of performance, and consistency of outcomes.

Engineering Dept. promotion based on KPI & by serving the company goals with Monthly Employee Motivation as Man of the Month system has been applied in 2018 for a good integrity competition between employee which will serve the company policy and will reflect on the company reputation.

Maintenance Office Overview

- ✓ Oracle issue already uploaded in some ST Rigs data and now proceed with the other rigs and preparing to start some rigs to preparing to go live & already done for some rigs .
- ✓ Review SinoTharwa tracking system For Major Equipment (Well control-Top Drive-Power System-hoisting Equipment).
- ✓ Follow with Badr Workshop 2019 overhaul tracking system.
- ✓ Follow with All Rigs All Safety Equipment check List to be Monitor on Daily Basis.
- ✓ Follow and Support ST Rigs for the Electric systems standard Violation & grounding system.
- ✓ Prepare a new contract with new vendors for service, Calibration & Repair and Fabrication.
- ✓ Follow the outstanding Maintenance and oil sample tracking
- ✓ Reducing unplanned downtime

- ✓ Working on Engineering budget.
- ✓ Follow rig's weekly maintenance.
- ✓ Complete Rigs' Lubes Reconsideration Study
- ✓ Complete Oil Study for tender preparation.
- ✓ Support sinotharwa rigs in 2019 Internal & External Audit's .



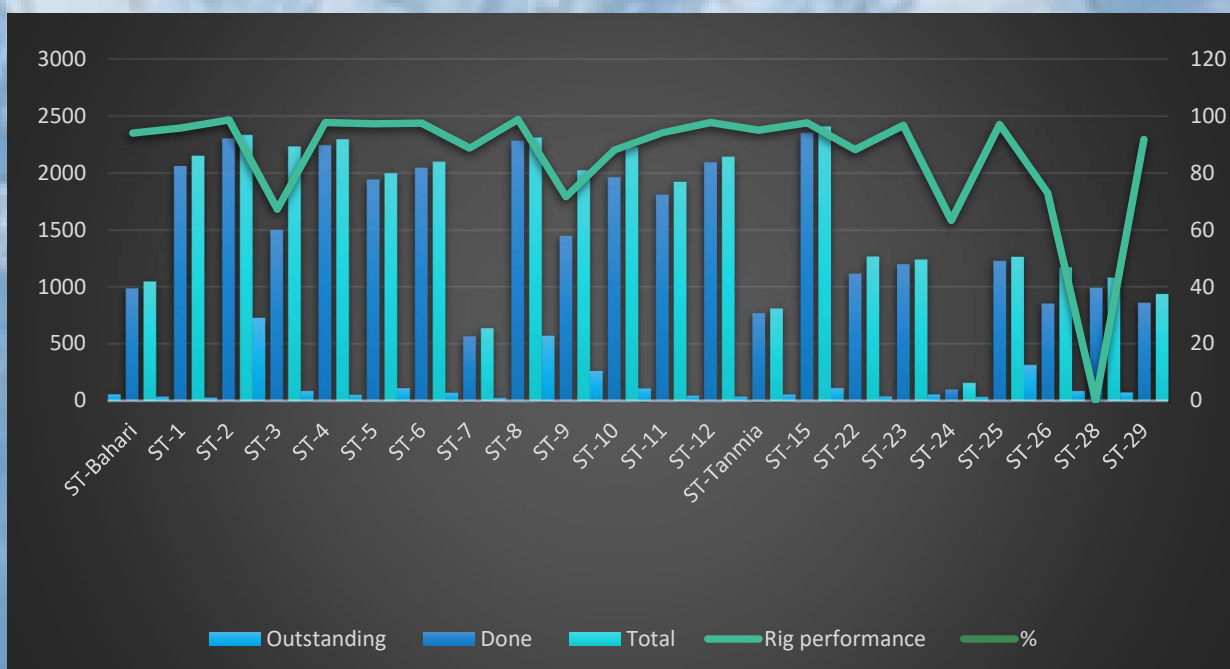
2019 Maintenance office Achievements Summary & Cost Savings

1. SinoTharwa total spend on lubricants was significantly reduced as a result of leveraging advanced high performance Mobil lubricants coupled with MobilServ lubricants analysis. Benefit savings report documented and signed by both parties for 10.8 Million EGP (654,545 \$).
2. In 2,000 free of charge used oil analysis samples were offered to SinoTharwa Drilling amounting to **2.327 Million EGP (141,030 \$)** in order to closely monitor lubricant, and equipment status on a regular basis.
3. Apply free of charge external training & seminars in Alexandria, Hurghada, AL-Ein AL-Sokhna, and Badr Yard (7 sessions – 70 persons) were provided by Exxon-Mobil, Chevron, and Total amounting **1,190 Million EGP (70,000 \$)**.
4. Follow up, collect, and provide results & notifications for scheduled oils analysis with all engineering department divisions, SinoTharwa rigs which led to prevent complete asset damage (ST-25 Mud Pump Engine prevented from catastrophic damage by SOS program by changing Cylinder Head only) saving amount of **1.073 EGP Million (65,000) \$**.
5. Negotiate with Exxon-Mobil Egypt to get Two free of charge After Failure Analysis for two equipment **20,700 EGP (1,255 \$)**.

ITEM #	ACHIEVED COST SAVING EGP	ACHIEVED COST SAVING \$
1	10,800,000	654,545
2	2,327,000	141,030
3	1,190,000	70,000
4	1,073,000	65,000
5	20,700	1,255
TOTAL	15,410,700	931,830

Rigs outstanding analysis

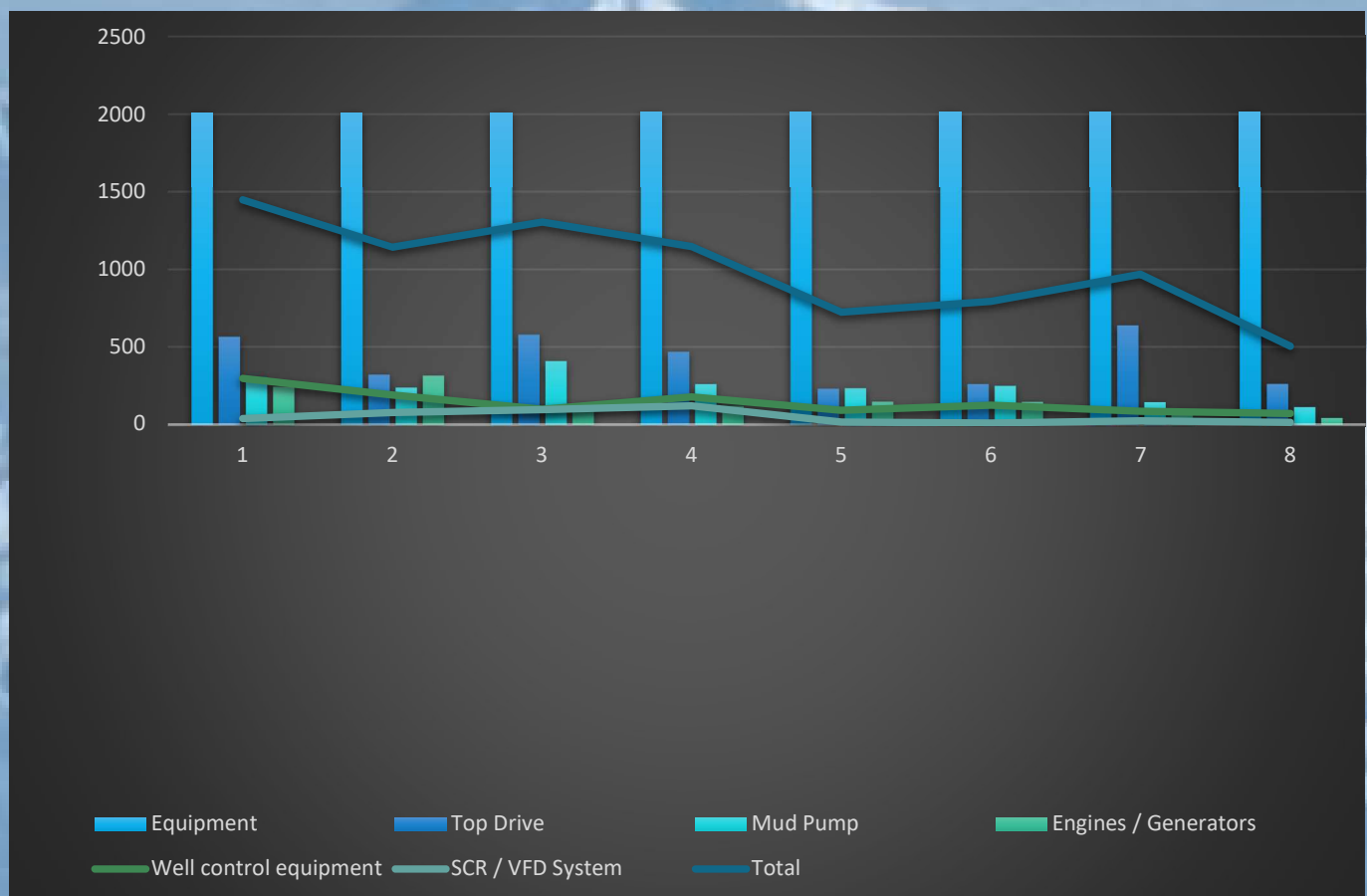
Rig	ST-Bahari	ST-1	ST-2	ST-3	ST-4	ST-5	ST-6	ST-7	ST-8	ST-9	ST-10	ST-11	ST-12	ST-Tanmia	ST-15	ST-22	ST-23	ST-24	ST-25	ST-26	ST-28	ST-29
Outstanding	60	40	31	732	89	55	113	74	28	574	265	112	49	40	58	115	41	59	37	318	89	77
Done	991	2065	2307	1504	2248	1947	2049	568	2287	1452	1966	1813	2097	773	2354	1120	1203	102	1231	857	996	864
Total	1051	2155	2338	2236	2299	2002	2102	640	2315	2026	2231	1925	2146	813	2412	1270	1244	161	1268	1175	1085	941
performance %	94	95.82	98.67	67.26	97.78	97.25	97.48	88.75	98.79	71.67	88.12	94.18	97.72	95.08	97.60	88.19	96.70	63.35	97.08	72.94	91.80	91.82



EQUIPMENT DOWNTIME

In 2019, The repair time has been 40 % reduced from the last year however

Equipment	2012	2013	2014	2015	2016	2017	2018	2019
Top Drive	568	324	581.5	471.5	233.25	263.75	641	264
Mud Pump				306	240.5	412	263	237
Engines / Generators				252.2	147.5	115.5		
Well control equipment				246	318	124.5	121	150.25
SCR / VFD System				149	77.5	45		
Total				295.5	188.5	96	174.5	89
				121.75	82.5	68		
				34.5	73.5	92.5	118	13.5
				7	20.5	10		
				1450	1144.5	1306.5	1148	723
					793	969	502.5	



Engineering Dept. Maintenance Management

The Company's decision was to use a Standardized Maintenance Management, which is flexible enough to adapt with various types of rigs, personnel and

PURPOSE OF MAINTENANCE MANAGEMENT



- ✓ Minimize Breakdowns
- ✓ Minimize repair time
 - ✓ Minimize re-work
- ✓ Minimize inventory
- ✓ Minimize spare parts
- ✓ Minimize overtime
- ✓ Minimize accidents
- ✓ Extending asset life time
- ✓ Reduce cost of employing reactive maintenance
- ✓ Improve reliability and availability

Strategic Technical summary AR-19



- Issue 9 Maintenance Alerts in 2019 & reached 42 Total Alert to improve the uptime of the equipment and awareness for any sudden failure.
- Audit Preparation & support.
- Follow COC for ST-Rigs
- Provide Technical Support to all Sinotharwa rigs through problems troubleshooting, and local fabrication for some of the required out of stock items.
- Collect rigs strategic shutdown items to minimize rigs Repair Time.
- Develop pragmatic cost optimization initiatives that are impactful and implementable for overhauls.
- Monthly Trips to improve technicality & Efficiency
- KPI (Key Performance Indicator) for all key maintenance performance.
- Deliver ST-rigs Acceptance.
- Updating Rig History.
- Cost optimization for repair recourses which reflected on the operational level by making new contracts with new vendors and repurpose the old junk in order to save cost of repairing, time impact against operation & buying a new Asset.
- Provides objective measures of performance by arranging weekly meetings & 1-on-1 meetings to ensure consistency of performance, and consistency of outcomes.
- Dubai Visit training (ODS-CAT-Amphenol)
- Kuwait Tender Achievement.
- Open the gate to new hire technical engineers against turnover challenge in a very short period of time and to keep on consideration rig running smooth.
- Succeeded to Create Technical committee are capable of Delivering Rig Accept against all the obstacles.
- Increase OJT courses to improve Technicality & Performance.
- Implement R&D studies to improve rigs working performance
- Succeeded in deceiving JH new top drive with advanced technologies in the first time in Egypt.
- Minimize down time 50 % over past year.
- Regularly scheduled inspection, Survey and analysis of electrical equipment and systems to determine maintenance requirements.
- Inventory of spare parts for critical components and request shutdown spare parts.
- Drive from our top-management commitment towards HSE and providing a safer workplace to our technical team.
- Regularly check all equipment and tools to ensure that they are well maintained and safe to use.
- Identify hazards in your workplace and take steps to eliminate or minimize them. Develop a safety plan
- Rig visit & meet regularly with technical team and discuss safety issues.
- Investigate Accidents to ensure that it will not recur.
- Support SinoTharwa rigs with nearly 70 EA new batteries.
- Support SinoTharwa rigs with 7 Auxiliary cables and 4 power cables for TOP-DRIVE
- Support Sinotharwa rigs on main camp issues.
- Technical support for VFD & SCR Critical issues.
- Solve harmonic problem in SCR rigs
- Re-installed new software for VFD industry computer and HMI.
- Change defected profi-bus cables in rigs and solve problem of communication.
- Recondition service loop cables for Top-Drive.
- Recondition up to 50 EA AC motors
- Recalibrated H2S & LEL System on all rigs
- Recalibrated Co2 firefighting system on all rigs
- Repaired 11 EA (2Z-11,2Z-16) Drill watch system

Turnover challenge

What was the mission?

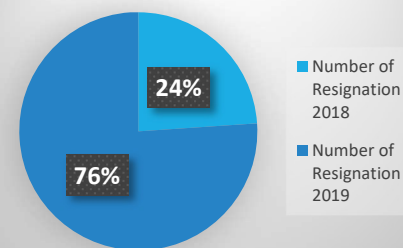
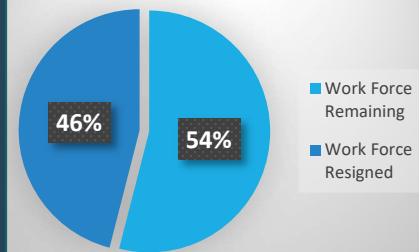


What is the strategy in place to accomplish the mission?



And what are the overall goals for my team, and for each member of the team?

- The company stood still in front of elevated life standards, inflation, and the market changes specially the global market companies.
- Showing the career path in 2019 was the company challenge to reduce the number of employee turnover where they can go from their current position.
- Running all the fleet with the available resources & allowing flexible work schedules was the success to keep carrying on with the company strategy
- Effective communication was one of the key factors of success of our management Plan by planning, organizing, motivating and controlling. Clear and effective communication between employees.
- Increasing the amount of meetings to discuss outcomes & results.
- Good performance feedback reinforces strong skill sets and positive behaviors while showing opportunity areas with a clear path for improvement.



2019 Achievements & cost saving Summary

ITEM DISCRIPTION	LOCAL MARKET OR FABRICATED PART PRICE EGP	ORIGINAL PART PRICE EGP	TOTAL SAVINGS EGP
General (triplex seals ,power tong ,.....)	26960	44188	17228
Fuel oil purifier	5000	17000	12000
4 disc brake pump	76000	220000	144000
1 set brake rim	30000	425000	395000
mud agitator	junk	51000	51000
Super adjustable swaco	17000	306000	289000
Total			908228

Cost Saving around 53,000 \$

ST3 wasn't planned to be overhauled during 2018 until workshop team checked all spares and succeeded to overhaul ST # 3 without its ordered spares and the OEM spares MRs had been canceled, accordingly a saving of not less than \$400,000 had been achieved by the efforts exerted from workshop team

INVESTMENT IN TRAINING & DEVELOPMENT (T & D)

As a part of Engineering activities is to improve technical skills & qualification for all maintenance crew at rig sites.

- Engineering department implemented Training program in 2019 for all maintenance crew at rig site, in our training Center & our workshop to be sure that all maintenance crew at rig sites theoretically & practically trained



Overhauled the chock manifold by certified Company (Tharwa Pridea) and saved \$ 12,000 per each one and we were finished 4 and working now well at rigs, $4 \times 12,000 = 48,000$ USD, in additional we have more than 60 valve different types are ready for test at Badr W/Sh. now, we didn't buy any valves for more than one year for mud cross and choke manifold valves, finally saved on valves not less than \$80,000.

Course Name	Attendance
Rig Bass	63
Power Generation System	7
On Job Training	31
Mud Pumps	8
SCR	3
VFD	6
Draw Works	4
Rig top drive system	26
Refrigeration & Air condition system	9
Compressed gases Course	30
Hazard Recognition & Risk evaluation Course	10
Managing Safety (IOSH)	30
HSE Courses for Newcomers	4
Permit to Work	10
The members of occupational safety and health committees course	2
Safety leadership	2
Hazard Recognition (IADC Rig Bass)	31
Control of hazardous energies (LOTO)	9
Members of occupational safety and health committees	1
Work at Height	31
H2S / Toxic gases and use of breathing devices	31
First Aid (Basic)	8
Fire Fighting (Basic)	8
COSHH Awareness	6
Confined Spaces (awareness)	31
Chemical Hazards and Safety Data Sheet	9
TOTAL	410

Course Name	Attendance
Permit to Work	10
The members of occupational safety and health committees course	2
Safety leadership	2
Hazard Recognition (IADC Rig Bass)	31
Control of hazardous energies (LOTO)	9
Members of occupational safety and health committees	1
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TOTAL	410



Saving amount 400,000 \$

Saving amount 80,000 \$

Saved a lot of parts during COC program to next overhauls about \$150,000, like bearing of MP, Rotary table, in addition to consumable parts which transferred to rigs during normal operations.



Saving amount 150,000 \$

ST # 24 after it's incident and transferred to Badr workshop, according to unavailability of spare parts and COC parts not arrived yet, Badr workshop tracked all available spare parts and had been collected it from all rig and some local fabrication under supervision by SJ service engineer overhauled the main carrier and swapped with ST # 23, saved costs about \$150,000.



Saving amount 150,000 \$

Overhauled spare mud pump at badr workshop during COC program with OEM and transferred to ST # 1 and saved about \$50,000.



Saving amount 50,000 \$

Overhauled ST # 2 Hoisting equipment (traveling, crown, swivel, Hook, DW) with OEM by local parts like bearing and return back to operations after COC and saving not less than \$400,000 had been achieved by Badr workshop team.



Saving amount 400,000 \$

Overhauled 4 BOP cranes with local seals and spare parts which have been saved about \$ 40,000



Saving amount 40,000 \$

Coated the pulsation dampeners of MP at Badr workshop by certified materials which saved the consumable of pulsation dampener rubber and finally save about \$ 20,000



Saving amount 20,000 \$

Overhauled and get two power tongs from junk area and saved \$ 14,000 per each one which meaning total saving about \$ 28,000

Saving amount 28,000 \$

Got two test pumps from Junk area, repair it by local seals, tested and ready to transfer to rigs, and saved about \$ 25,000

Saving amount 25,000 \$

Overhauled Eaton brake of DW with old and local spares during COC program and saved more than \$ 100,000 and till now support the rigs with reactions and friction plats due to shortage of new parts.

Saving amount 100,000 \$

Support ST # 11 to fix the problem of main shaft after the feedback from OEM to must change the main shaft but engineering department decided to repair it and saved not less than \$ 80,000, as well that job has been done during normal rig move days without any delay which meaning saving for normal operation days not less than three weeks to do what the OEM needed.

Saving amount 80,000 \$

Support ST # 11 to fix the problem of main shaft after the feedback from OEM to must change the main shaft but engineering department decided to repair it and saved not less than \$ 80,000, as well that job has been done during normal rig move days without any delay which meaning saving for normal operation days not less than three weeks to do what the OEM needed.

Saving amount 80,000 \$



12 air winch with repair cost doesn't exceed \$3600 and cost saving around \$65000

Saving amount 3,600 \$



Total Saving amount 1,588,00 \$

	ITEM	ORIGINAL PART NUMBER	TOTAL QUANTITY	ORIGINAL UNIT PRICE	FABRICATION / REPAIR COST USD	TOTAL ORIGINAL PRICE USD	TOTAL FABRICATION / REPAIR COST USD	TOTAL COST SAVING AMOUNT USD
CAT 3512 B	3512 CYLINDER BLOCK AS	115-5154	8	62890.82	2395.21	503126.56	19161.68	483964.88
	3512 CYLINDER HEAD	154-1612	36	1806.22	179.64	65023.92	6467.07	58556.85
	3512 CARTRIDGE GP- TURBOCHARGER	146-7852	30	2807.73	239.52	84231.90	7185.63	77046.27
	3512 RADIATOR CORE	9Y-5983	48	3928.20	1497.01	188553.60	71856.29	116697.31
	3512 OIL COOLER	4W-4980	10	4224.11	41.92	42241.10	419.16	41821.94
	3512 AFTERCOOLER	282-8217	8	5258.62	47.90	42068.96	383.23	41685.73
CAT 3516	3516 TURBOCHARGER	20R-2739	4	7800.00	449.10	31200.00	1796.41	29403.59
CAT 3406C / C-15 / C-18	C15/C18/3406 CYLINDER HEAD	7W-2203	1	5464.69	1077.84	5464.69	1077.84	4386.85
	C15/C18/3406 RADIATOR CORE	261-4355	14	6350.48	1197.60	88906.72	16766.47	72140.25
	C15/C18/3406 OIL COOLER	7C-3039	10	1554.27	29.94	15542.70	299.40	15243.30
	C15/C18/3406 AFTERCOOLER	1W-4879	10	3231.03	23.95	32310.30	239.52	32070.78
TOTAL AMOUNT						1098670.45 \$	125652.6946 \$	973017.7554 \$

ASSIT MODEL	NEW ASSIT COST	RENOVITION AND SPARE PARTS COST	COST SAVING COST
ST-4 CAT 3512B	\$ 484,000.00	360,000.00	124,000.00
ST-11 CAT 3512B	\$ 484,000.00	360,000.00	124,000.00
ST-12 CAT 3512B	\$ 484,000.00	360,000.00	124,000.00
TOTAL AMOUNT	\$ 1,452,000.00	\$ 1,080,000.00	\$ 372,000.00

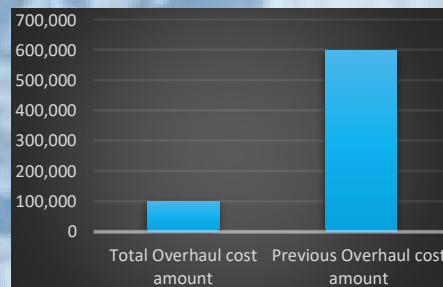
TOTAL COST SAVING DUE TO FABRICATION AND REPAIR	\$ 973,017.76
TOTAL COST SAVING DUE TO RENOVITION ASSITS	\$ 372,000.00
TOTAL POWER SYSTEM DIVISION COST SAVING	\$ 1,345,017.76

Complete Tesco ECI 900 Overhaul

- Complete overhaul Tesco Top Drive unit in Workshop
- Overhaul by standard overhaul kit
- Overhaul performed by Top Drive division
- Rent Top Drive unit in Shams-2
- **Overhaul kit from Tesco 90,000 \$**
- **Repair Gearbox in third party 10,000 \$**



Saving amount 500,000 \$



Kaman Motor for Tesco ECI 900 Overhaul

- Complete overhaul Tesco Top Drive motor in Workshop
- Overhaul performed by Top Drive division
- Install the motors in Tesco unit # 3 (ST-7)
- **Repaired by Tesco (Approximate) 120,000 \$**
- **Repaired by Top Drive division 90 \$**



Saving amount 119,910 \$

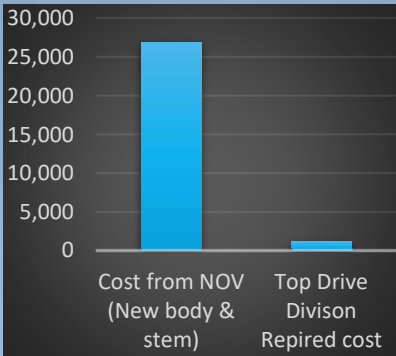


Complete RLA

- Assembly complete RLA (Spare)
- Spare RLA body (Repaired)
- Stem repaired & chroming in external workshop
- Installed Standard Seals kit
- Tested
- **RLA body & Stem from NOV(estimated) 27000 \$**
- **Repaired by Top Drive division 1200 \$**



Saving amount 25,800 \$

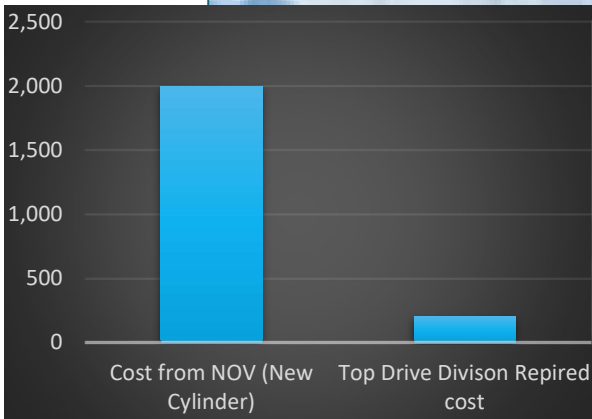


Link TILT cylinder for Varco TDS-11SA

- Complete overhaul Link TILT cylinder in Workshop
- Overhaul performed by Top Drive division
- Provide seals from local market , fabricate internal
- Parts from external workshop
- **New Link TILT from NOV (Approximate) 2,000 \$**
- **Repaired by Top Drive division 200 \$**



Saving amount 1,800 \$

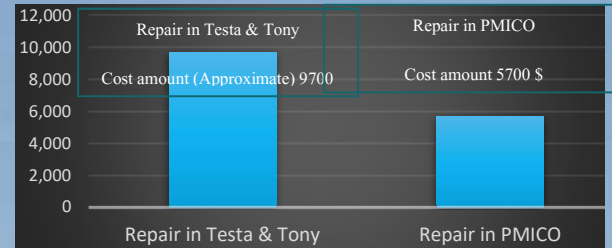


Saving amount from Overhaul

Overhaul job	Cost before saving	Saving amount / item	QTY	Total cost before saving	Total Saving amount
Complete Tesco ECI 900 Overhaul	600000	500000	1	600000	500000
Kaman Motor for Tesco ECI 900 Overhaul	120000	119910	2	240000	239820
Complete RLA	27000	25800	1	27000	25800
Link TILT cylinder for Varco TDS-11SA	2000	1800	10	20000	18000
Guide Beam System for Varco TDS-11SA	9700	4000	1	9700	4000

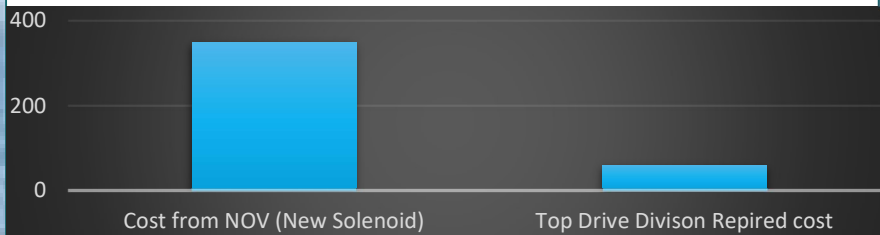
Total amount 896700 787620

Guide Beam System for Varco TDS-11SA



Shot Pin repair

- Complete Overhaul in Workshop
- Overhaul performed by Top Drive division
- Provide seal from local market, fabricate copper sleeve from external workshop
- Parts cost from NOV (Approximate) 350 \$**
Repaired by Top Drive division 60 \$



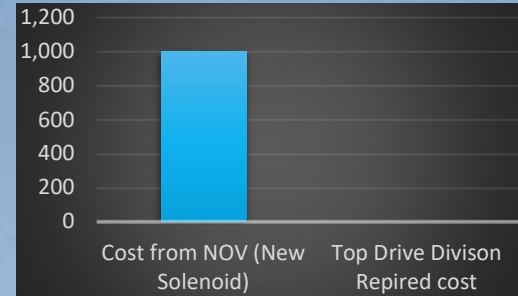
Saving amount 4000 \$

Saving amount 290 \$



Solenoid (Directional valve)

- Complete Repaired in Workshop
- Repaired performed by Top Drive division
- Tested in workshop
- **New Solenoid from NOV (Approximate) 1,000 \$**
- **Repaired by Top Drive division 0 \$**



Saving amount from Repairing

Fabrication job	Cost before saving	Saving amount / item	QTY	Total cost before saving	Total Saving amount
Shot Pin repair	350	290	1	350	290
Solenoid (Directional valve)	1000	1000	10	10000	10000
Hang off-link for Varco TDS-11SA	518	518	3	1554	1554
Total amount				11904	11844

Saving amount 1000 \$

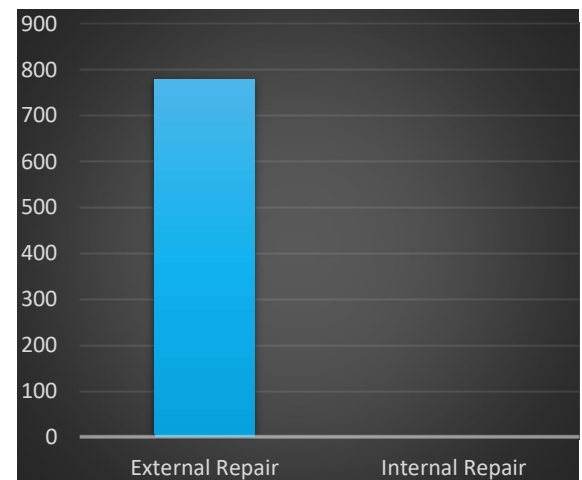
Guide Beam System for Varco TDS-11SA

External Repair

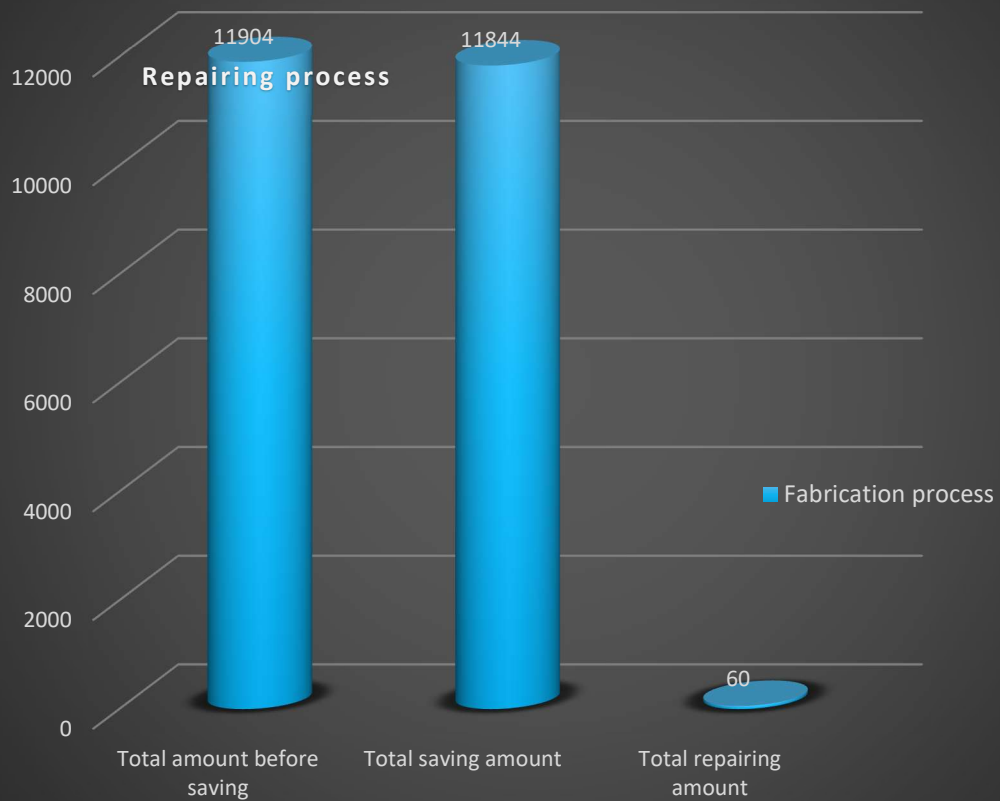
Cost For Repair 518 \$

Internal Repair

Cost for Repair 0 \$



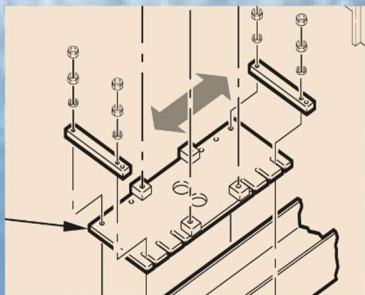
Saving amount 518 \$



Tieback Plate for Varco TDS-11SA

Standard

Cost from NOV 4000 \$



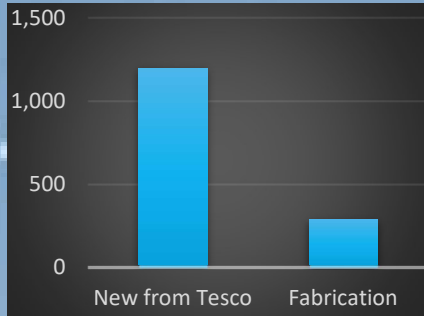
Fabricated

Cost for fabrication 0 \$



Saving amount 4000 \$

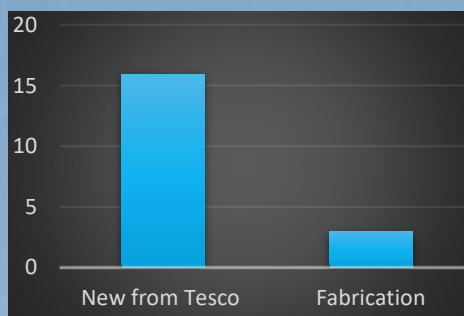
Teflon liners for Torque bushing for Tesco ESI 1350



New kit from Tesco
Cost amount (Approximate) 1200 \$

Fabrication
Cost amount 290 \$

Grabber hydraulic fitting for Tesco ECI 900



New from Tesco
Cost amount 16 \$

Fabrication
Cost amount 3 \$

Guide beam pin for Varco TDS-11SA



New from NOV
Cost amount 260 \$

Fabrication
Cost amount 160 \$

Saving amount 910 \$

Saving amount 13 \$

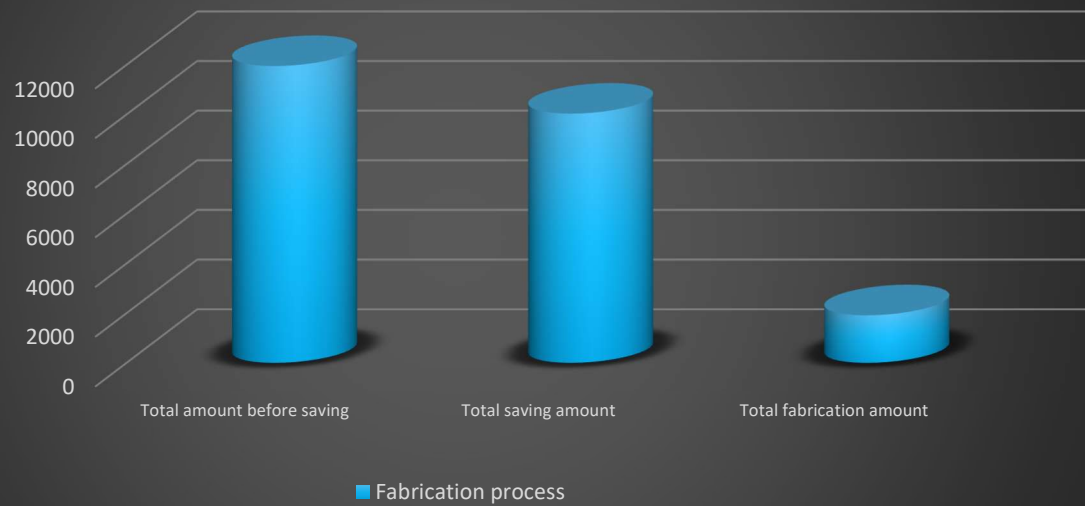
Saving amount 100 \$

Saving amount 1023 \$

Saving amount from fabrication

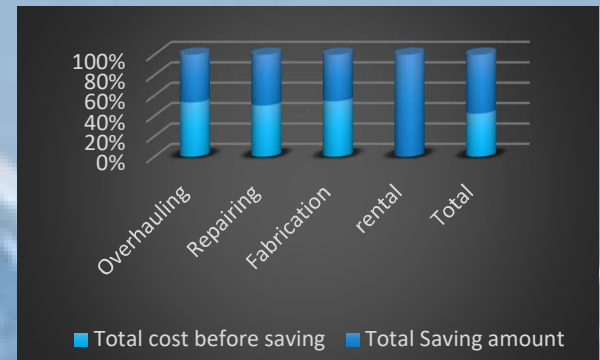
FABRICATION JOB	COST BEFORE SAVING	SAVING AMOUNT / ITEM	QTY	TOTAL COST BEFORE SAVING	TOTAL SAVING AMOUNT
Tieback Plate for Varco TDS-11SA	4000	4000	2	8000	8000
Teflon liners for Torque bushing for Tesco ESI 1350	1200	910	1	1200	910
Grabber hydraulic fitting for Tesco ECI 900	16	13	10	160	130
Guide beam pin for Varco TDS-11SA	260	100	10	2600	1000
Total amount				11960	10040

Fabrication process



TOTAL SAVING AMOUNT

JOBS	TOTAL COST BEFORE SAVING	TOTAL SAVING AMOUNT
Overhauling	896700	787620
Repairing	11904	11844
Fabrication	11960	10040
rental	0	450000
Total	920564	1259504



Note

- All prices are approximate
- All prices at the time of implementation
- Do not depend on those prices in current transactions.

2019 Calibration Achievements Summary

vendor cost \$	Workshop action	QTY	saving cost \$
260	change glass for gauge 0-3500 psi for remote control	5	1300
250	change pointer for gauge 0-5800 psi for remote control	4	1000
260	change glass for gauge 0-3500 psi for remote control	3	780
250	change pointer for gauge 0-5800 psi for remote control	4	1000
200	change pointer for gauge 0-220 psi for remote control	4	800
250	change pointer & glass for gauge 0-5800 psi for remote control	5	1250

2500	change pointer & movement for gauge 0-6000 psi 2 1/16" flanged type for mud pump	2	5000
6333	Repair mud pump relief valve 3 1/16" OTECO flanged type 0-5000 psi	1	6333
2500	Repair weight indicator 8 lines	1	2490
1240	Repair casing pressure gauge MD TOTCO 0-10000 psi 10 degree, change movement from another damage gauge	1	1240
100	Fabricate 2 connections for weight indicator	2	180
2500	change pointer & movement for gauge 0-6000 psi 2 1/16" flanged type for mud pump	2	5000
2500	change pointer & movement for gauge 0-10000 psi hammer union 1502 type for mud pump	2	5000
1240	Repair casing pressure gauge MD TOTCO 0-10000 psi 10 degree, change movement from another damage gauge	1	1240
	resato high pressure 0-30000 psi repair and test.	1	
2500	Repair weight indicator 8 lines.	1	2500
Total Cost Reduction			35113



2019 Engineering Achievement Summary

Sinotharwa Engineering Dept. experience in the enhancement of preventive maintenance plans, as well as in the evaluation and quantification of their fulfillment, ensures the optimization of daily maintenance operations.

Moreover, we make better use of available resources by Evaluating them according to the necessary activity levels, with a clear impact on the reduction of costs in Repairs & Overhauls.

Sinotharwa Engineering Dept. has succeeded to optimize cost of repairs & overhauls by using the available recourses which reflected on the operational level by making new contracts with a new vendors and also repurpose the old junk in order to save cost of repairing, time impact against operation & buying a new Asset.



Saving amount 5,212,464 \$

Projects Department

EXECUTIVE SUMMARY

In 2019, ST is proud to Achieve and Complete Major Projects. Many Rigs were inducted under Recertification and overhauling Projects which helped to increase the Total revenue and providing improved services to our Clients.

As of 2020, the company is involved in many major projects — our main focus this year has been on Getting Back Bahari#1 to our Operation Fleet beside ST#10 and Tanmia

Over last year 2018 and first quarter of 2019, Many Rigs were inducted under Recertification and overhauling Projects.

This document provides an overview of All project's activities were accomplished by Projects Team, related to those Rigs overhauling and Recertification, and a general description of our approaches.

Strategy

From the prospective that the Projects is the Arm of ST to achieve its Future Vision, we mainly consider our Strategy are mostly goals and plans that are aligned with ST's Vision. Mixing the available resources to reach the final goal in most efficient way

2019 Insights

- Through 2019, 9 rigs were brought back onto ST's Working Fleet and two Projects expected to be delivered on Feb 2020.
- 4 Rigs were completely certificated for Equipment and Structure.
- 3 Rigs' full equipment were Overhauled.

Schedule and cost overruns have reduced on previous year

INTRODUCTION

ST established an ambitious plan to re-certificate & upgrade rigs fleet in general.

The upgrade will require spare parts, inspections & coating to cover & enhance rig capabilities & performance.

The plan will reflect positively on ST's Operation strategy and vision, by investing in rigs renovation and gain optimum benefits from smooth and safe rigs operation.

CHALLENGES

ST is facing a challenge of renewing its rigs fleet by COC issuance for both structure & equipment. The real challenge is identified by number of Rigs certification expired date VS Time frame VS Financial Position.

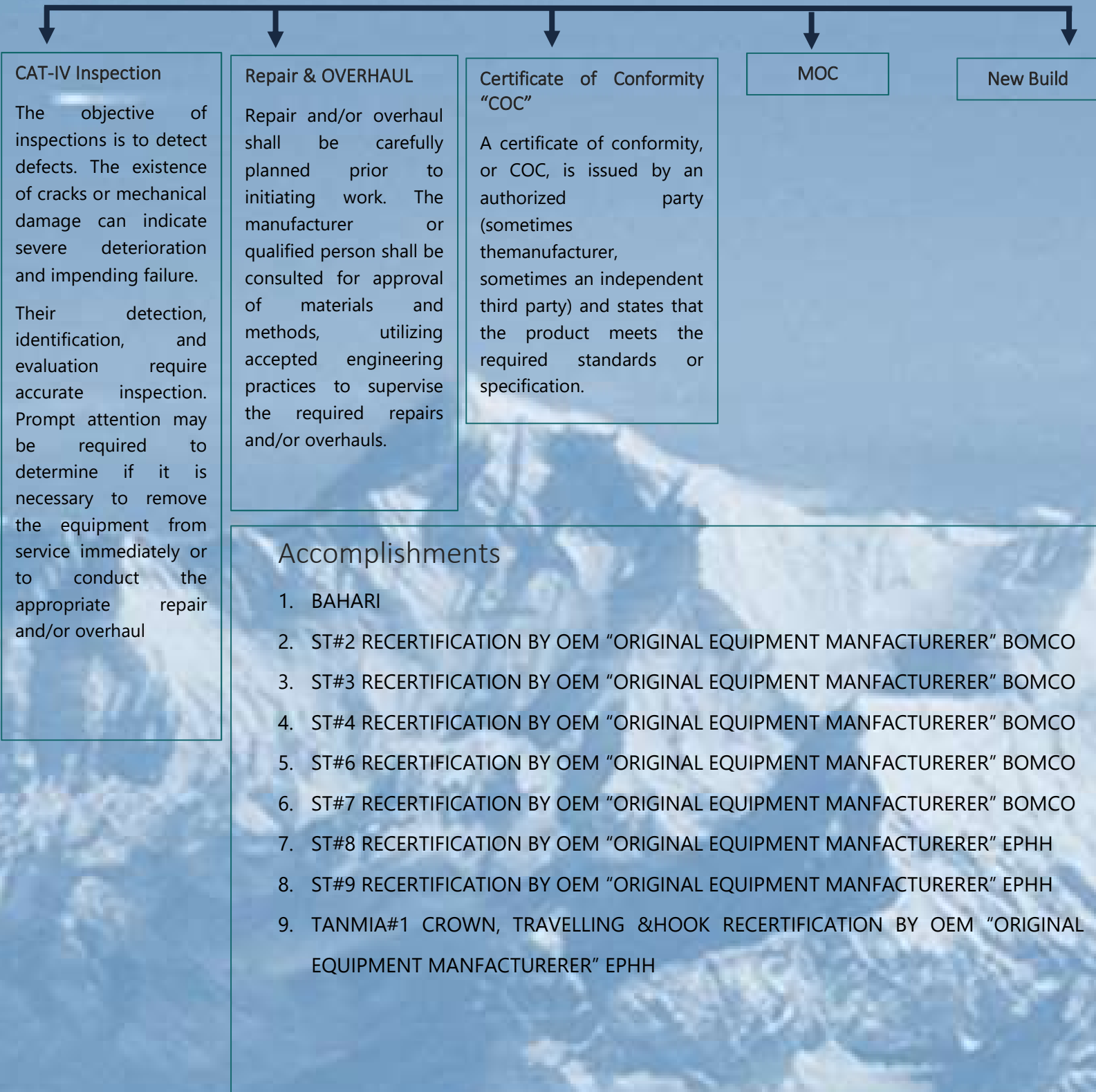
PLAN

To stand against the critical situation, rigs overhauls & certification will be distributed on quarter bases. As ST can handle two rigs per each quarter "One super rig & one work-over rig".

STARTING

Priority rules the distribution, as we are pounded by clients' needs and rig condition itself.

Projects Scope Overview



CONCLUSIONS

After presenting the related data on ST's Projects conducted for the year 2019, we were able to implement our next Projects Plans successfully; moreover, ST was able to exceed what was expected

1st overhauling phase:

- Arranged a survey by NOV which is the manufacturer of almost all equipment to confirm readiness and compatibility of equipment to go for safe operations and the conclusion is that all equipment is in a good condition.
- Deck cranes have been certified by the OEM.
- Derrick CATIII inspection done
- Well control rectification.
- Performed the UWILD, and identified some minor cracks in legs.
- Prepared and engineering assessment for such cracks proving that there is no any impact on the rig integrity, but finally we preferred to repair all cracks to avoid any shutdown in the future.
- Carried the rig on a heavy lifter and repaired all cracks with total budget 1,500,000 \$ instead of towing the rig to a dry dock with an estimate budget 20,000,000 \$.
- Issued all orders for NOV as an OEM for almost all equipment in BAHARI with a budget 3,000,000 \$, saving more than 6,000,000 \$ after optimization.
- Performed lifting gear inspection.
- Performed high pressure testing and calibration.
- CATIV inspection for hoisting system.
- CATIV inspection for top drive.
 - CATIV inspection for Catheads.
 - Condition assessment for iron roughneck.

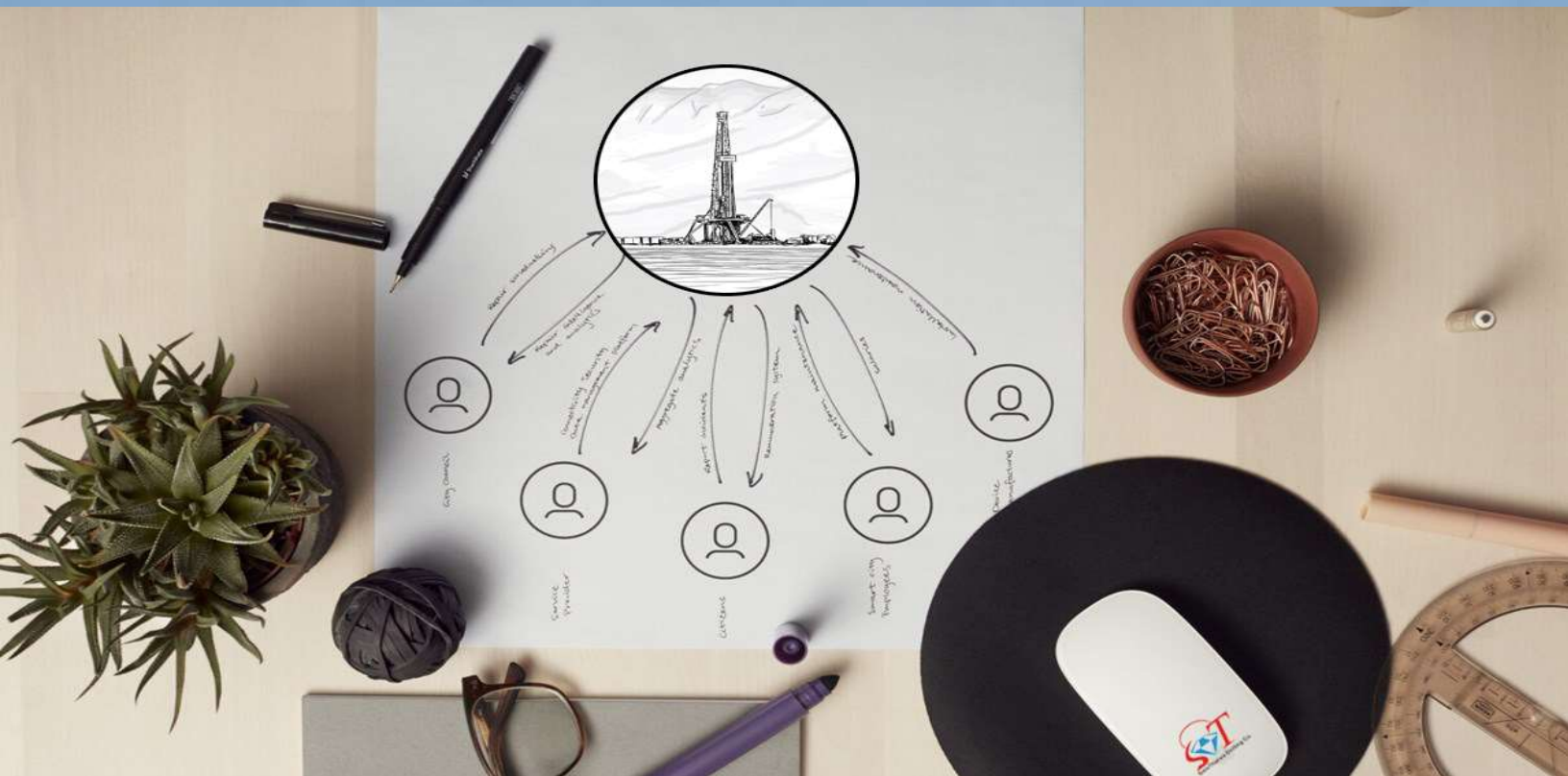
The 1st phase has been executed successfully, COC certificates have been issued by NOV, also class and MODU certificates by ABS.

2nd overhauling phase:

- Expected to start June 2020.
- Drawworks.
- Mud pumps.
- Iron roughneck.
- Cementing manifold.
- Standpipe manifold.
- Well control system.
- Iron roughneck.
- Cementing manifold.
- Standpipe manifold.
- Well control system.

BAHARI project Overview.

ST planned to start over the offshore rig BAHARI 1 CATIV inspection and recertification for the drilling equipment as well as the marine equipment that need to be inspected to keep the class with ABS.



Endpoint Upgrade to latest version for Bahari

Migrate all operating systems in Bahari-1 to latest version

Advantages:

A last important advantage of the upgrade performance improvement and security enhancement not only new modern interface.

Upgrade Infrastructure Network from Copper to Fiber (HQ, Badr, Algeria)

- **Upgrade Vodafone and TE-Data leased line to MSAN (Fiber)**
- **Upgrade PRI circuits to Fiber.**
- **Upgrade all land lines circuits to Fiber.**

Advantages:

- Connection stability.
- Internet bandwidth increase
- Enhanced Voice experience
- Stable VPN service with SinoTharwa Branches.
- PRI lines offer ultimate versatility; data, fax, voice, and video-conferencing can all be done simultaneously.
- Lower running cost
- PRI lines communication enhancement

Badr Avaya Project

Enhance Badr to HQ voice

Advantages:

- keep voice service between Badr Yard users up and running incase on connection unavailability between HQ and Badr Yard
- Enhanced voice experience.

Upgrade HP switch to new switch at HQ datacenter.

- Enhance security by applying latest security patches and firmware's.
- Keep up with SinoTharwa manpower increasing and provide end user best network experience.

Upgrade First layer firewall firmware

Advantages:

- Keep SinoTharwa network secured from new Vulnerabilities
- Add more Security feature.
- Increase VPN sessions.
- Enhance monitoring capabilities for all applications and websites.

Technical Support

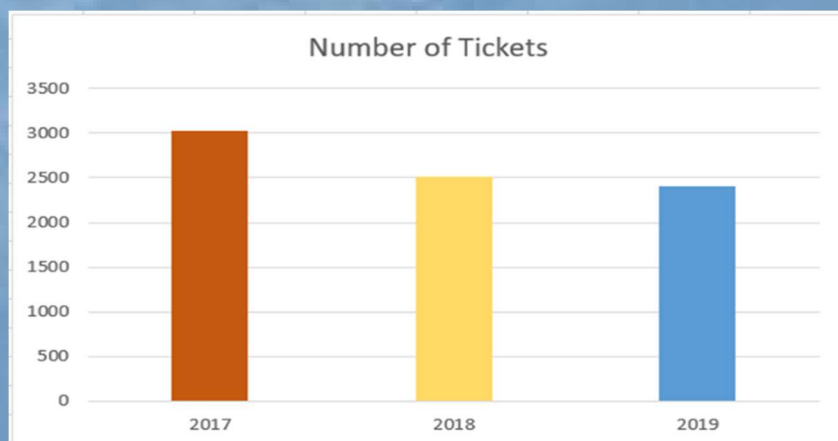


Upgrading ST workforce skills for today's knowledge Technology:

- Our employees are the lifeblood of ST organization, and the skills they need to keep ST organization competitive are constantly changing, and to ensure that our workers will have the most up-to-date, cutting-edge skills to improve performance and keep ST organization one step ahead of the competition.
- We enhance and enrich solutions' knowledge base in Service Desk Application that can improve employee technical skills.
- provides Technical Guidance Tips and Solutions for the most common computerized problems.

Applying SLA Using Service Desk Application to enhance our services quality.

***The Graph below shows the activity during 2019 compared with the last 2 years
Based on Service Desk Application Request's number:***



Enterprise Resource Planning



2019's Achievements:

Core objectives:

- ✦ Streamlining the information: ERP consists of modules that help in streamlining the flow of information between our various departments. The data of all our departments is in one database so as to ease information exchange. As one of the core objectives of the ERP, it integrates our data and provides for our employees to work as a team to achieve the same goal. The automation of the business process helps managing our resources in a better fashion.

Achievements:

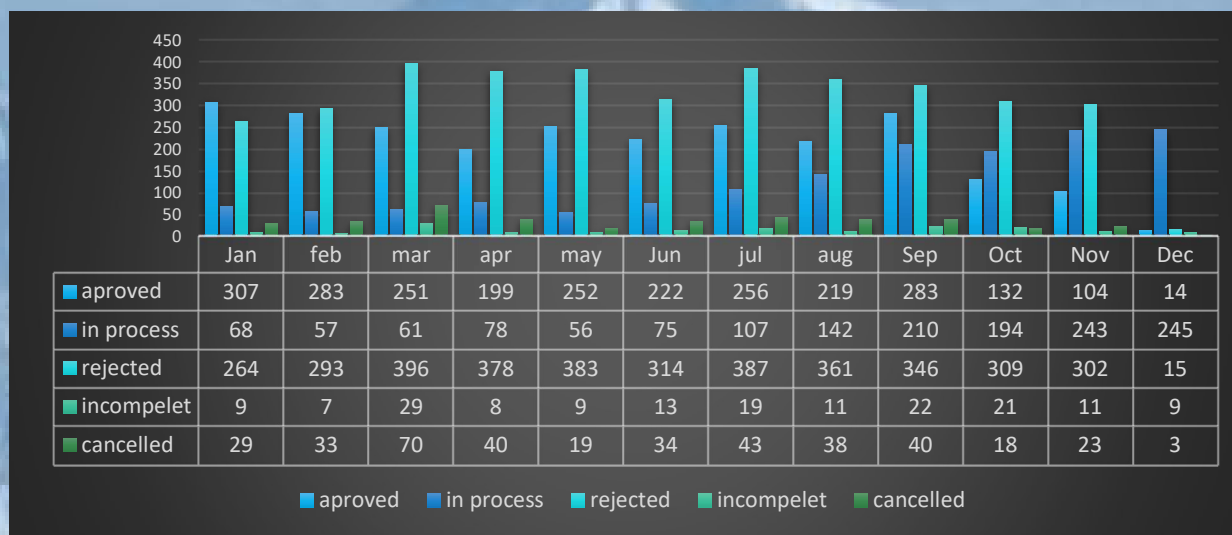
- Start the setup phase for the Oracle R12 Payroll Application.
- Go-Live for Enterprise Asset Management Application for Bahari and 16 Land Rig
- Start the upload data for Oracle Enterprise Asset Management for 15 Land Rig.
- Build customized business reports for fast actions and cost saving.
- Upgrade the Application web server version from 10.1.3.4 to 10.1.3.5

- ✦ *Return on investment or ROI:* Another one of the core objectives of the ERP is to make our business more profitable. We always look after the latest technology to keep up with the competition and realize better profits. ERP is the ideal platform for our employees to utilize their resources and time in the most optimum way and contribute positively to the profits of our organization.
- ✦ *Decision Support System:* ERP system provides a real-time view of the company's overall performance and provide the right information at the right time which helps managers to make proper decisions in a timely manner. This allows for better decision making and therefore ERP acts like a decision support system.

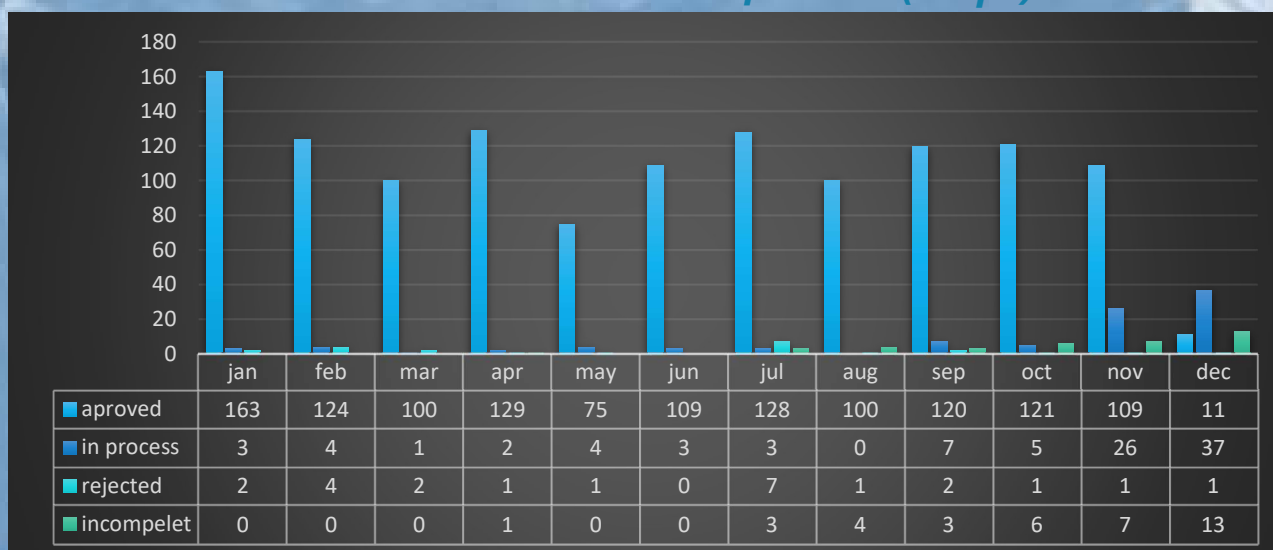
Achievements:

- Producing KPIs Reports on monthly basis.

Requisitions KPIs for 2019 (Graph).



Purchase Orders KPIs for 2019 (Graph).



Supply Chain Department

**“Performance
is ALWAYS
committed”**



Supply-Chain department seeks to support all departments during all stages of the executing business needs and objectives.

Supporting achieving the highest utilization and the safest operations efficiently. Through responsiveness supply chain to meet customer needs with best cost, building mutual benefit relationships with our alliance & suppliers.

The major objectives:

- To plan and deliver the required materials and services when needed, where needed with best cost and quality.
- To make wise decisions to minimize the cost in accordance to achieve the progress of operations and projects.
- Combination of all supply chain stages to maximize adds values to our strategic vision
- To contribute to company business performance positively.

2019 Materials planning

Achievements:

Increase fill rate 1.2% in 2019. As our entail fill rate was 77.05% and it increased to 78.5 % by the end of 2019.

Increase Inventory Turn Over rate for land rigs by 11% in 2019. As we started 2019 with 16 % inventory turnover rate and end the year with 27.5% inventory turnover rate

Reduce total inventory Value by 0.04 % (13,319\$) and Net Spare parts value (28,532,763.31\$) in 2019

Materials planning

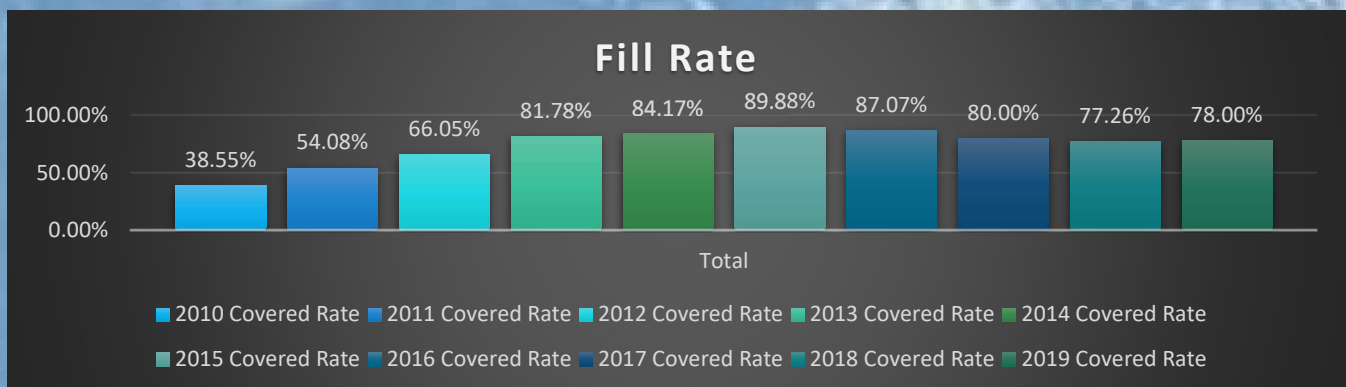
The planning processes play an important role in improving supply chain operation. It uses optimization techniques in management of supply/demand and determining optimal base stock.

The planning process aims to increase efficiency of available inventory, effectiveness of purchasing new items through Control Peculiar, Strategic, Shut down Items, deployment of aggregate requisitioning and additional applicable methods in order to improve business performance.

1- Fill Rate:

Reflect number of requisition lines sourced from currently available inventory

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	Fill Rate	Fill Rate	Fill Rate	Fill Rate	Fill Rate	Fill Rate	Fill Rate	Fill Rate	Fill Rate	Fill Rate
Totals	38.55%	54.08%	66.05%	81.78%	84.17%	89.88%	87.07%	80.00%	77.26%	78.00%



Purchasing

To leverage our institutional knowledge, procurement expertise, and technology in order to provide solutions to our customers and optimal financial return-on SinoTharwa advantage.

2019 Records

Procurement KPIs	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Number of items Sourced	281	359	512	462	580	341	1017	484	360	2162	376	195
# of PO awarded	141	183	340	217	366	151	329	208	170	1917	182	40

Total Amount	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
DZD	3,006,839.00	9,639,647.30	13,693,632.25	10,922,494.67	1,836,000.00	1,920,472.47	14,650,827.80	8,851,211.96	1,965,008.00	-	4,424,015.10	83,000.00	70,993,148.55
EGP	5,501,751.41	5,382,690.72	3,094,176.23	9,210,751.90	4,585,200.50	6,420,869.06	4,847,787.18	3,339,859.90	16,766,085.72	6,913,522.59	7,815,060.90	11,813,545.11	85,691,301.22
EUR	8,719.62	168.72	-	1,807.80	4,807.00	2,547.54	21,754.80	11,319.00	19,190.00	-	97,967.00	19,310.00	187,591.48
GBP	23,804.78	-	-	-	-	-	-	-	-	-	-	-	23,804.78
USD	475,218.36	1,133,009.50	123,233.42	495,423.86	375,924.55	751,665.85	448,201.41	337,537.50	1,306,602.03	1,489,766.78	2,056,711.56	1,464,352.94	10,457,647.76

Purchasing 2019



Follow-Up

Follow up division 2019 adhered to comply supply chain processes internally and externally, beside measuring performance and reporting the supply chain performance. Share information with all stakeholders internally & externally. To work on develop customer relationship management & supplier relationship management. To work on development of supply chain processes monitoring, controlling & development follow up focuses divided to different process:

- External follow up
- Urgent cases
- Supply chain performance measure and reporting

2019 Records

Month	Promised lines per month Total	Closed	Actual Closed
Jan	245	233	95%
Feb	967	901	93%
Mar	434	401	92%
Apr	492	423	86%
May	161	150	93%
Jun	366	312	85%
Jul	572	507	89%
Aug	597	516	86%
Sep	249	202	81%
Oct	2003	1870	93%
Nov	346	300	87%
Dec	1128	989	88%

Follow-Up 2019

■ *Promised lines per month Total*
■ *Closed*



Logistics

It's all about importance of moving stream line process and the importance of customs clearance, transport, these services and processes is one of the most important reasons for the success or failure of the supply chain and its efficiency is reflected, of course, to achieve maximum profitability and stability of the company and this depends on reducing the Logistics cost (Shipping , Freight and customs Clearance) This is without prejudice to other rights (7 RS), which it aims Supply chain Management

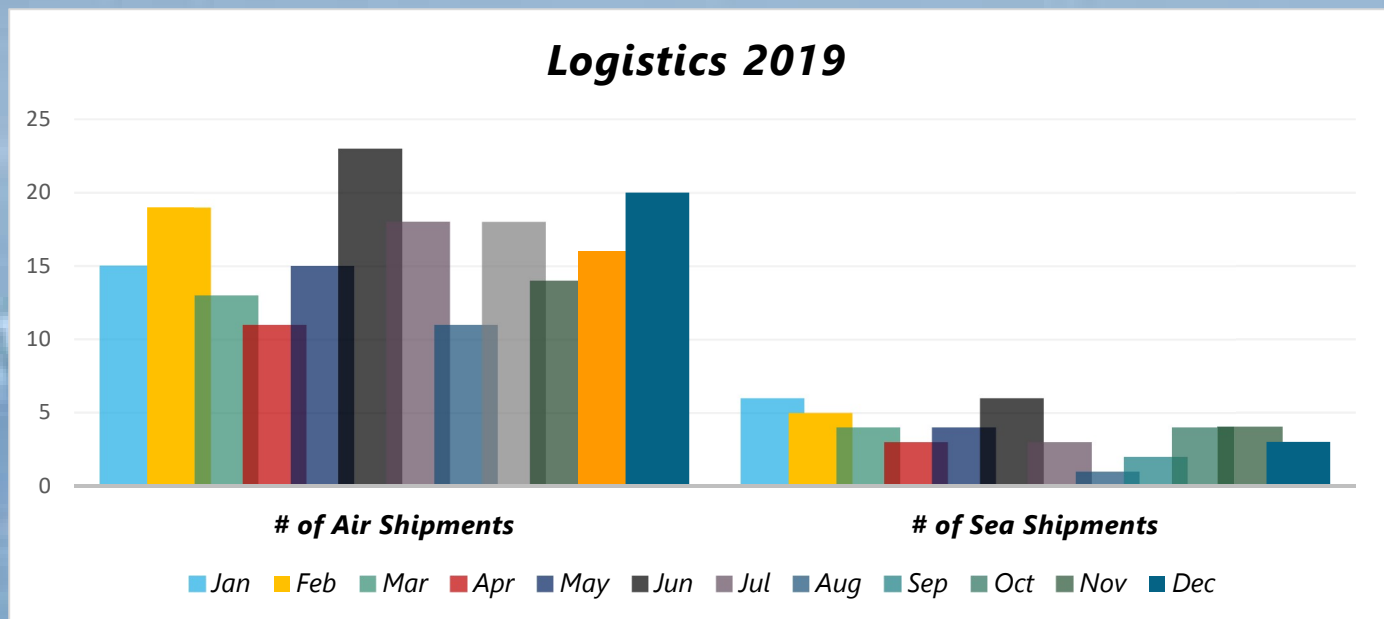
Goals:

- 1- Minimize logistics cost and time
- 2- Optimize logistics by focusing on using the most efficient use of air, land and ocean modes of Transportation.
- 3- Increase speed for customs cycle times, and squeeze control of the supply chain while reducing time in transportation, Inventory and order fulfillment
- 4- Reduce the cost of shipping through:
 - *Adding new freight forwarders and select the best freight forwarder due to 7 RS.*
 - *Make good negotiation to reduce the freight rate and other charges*
 - *Reduce Freight Costs or Cut Freight Expenses by Optimizing Order Quantity (collect shipments and containerization)*
 - *Choosing the Best Mode depends on shipment priority.*
- 5- Reduce the costs of customs clearance and transport through: Accelerate customs cycle times to avoid any additional fees or demurrage
- 6-Prepare quarterly evaluation of the brokers

Analytical study of the costs of logistics during 2019

- Shipments Recording

Type of shipment	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
# of Air Shipments	15	19	13	11	15	23	18	11	18	14	16	20
# of Sea Shipments	6	5	4	3	4	6	3	1	2	4	4	3



Contracts Department

MISSION "Securing the best terms and conditions for SinoTharwa Drilling & Services Contracts"

DRILLING SECTION:

Throughout Year 2019, one of our main objective was to renew our current drilling Contracts and apply relative increase for operating rates in connection to oil price.

Bidding in several Onshore and Offshore drilling tenders with Competitive Technical & Commercial Proposals in order to offer SinoTharwa rig fleet the maximum possible operational period.

Establishment of new long term Contracts and strong base for SinoTharwa in Gulf countries was a main goal during 2019 and through expansion in other markets; SinoTharwa will be recognized as a Company and partner of choice for bringing value in the oil and gas industry.

Kuwait: SinoTharwa has been successfully awarded for a (5) years and (9) months Contract period by Joint Operations Company after proposing competitive Technical and Commercial bids relative to other bidders, entering the Kuwaiti market as the first Egyptian drilling company to succeed to work in Kuwait.

Republic of Iraq: SinoTharwa has been invited through its agent to participate in tenders where still efforts are exerted to find a chance for ST Rigs there to open new channel in the Iraqi market.

OBJECTIVES:

Sustain SinoTharwa current drilling contracts through win-win negotiations with the Operators.

- Enhance SinoTharwa strategy to meet Oil & Gas industry needs through the available market opportunities and participation in tenders and offers.
- Issue tenders and Inquiries for adding new service providers with the best prices and quality standards offered in the market.
- Finalize all services Contracts required for SinoTharwa operations.

1. ONSHORE TENDERS & INQUIRIES:

During 2019, both domestically and internationally, SinoTharwa participated in a total of 50 tenders, prequalification and inquiries.

Onshore Tenders, Prequalification & Inquiries Participation

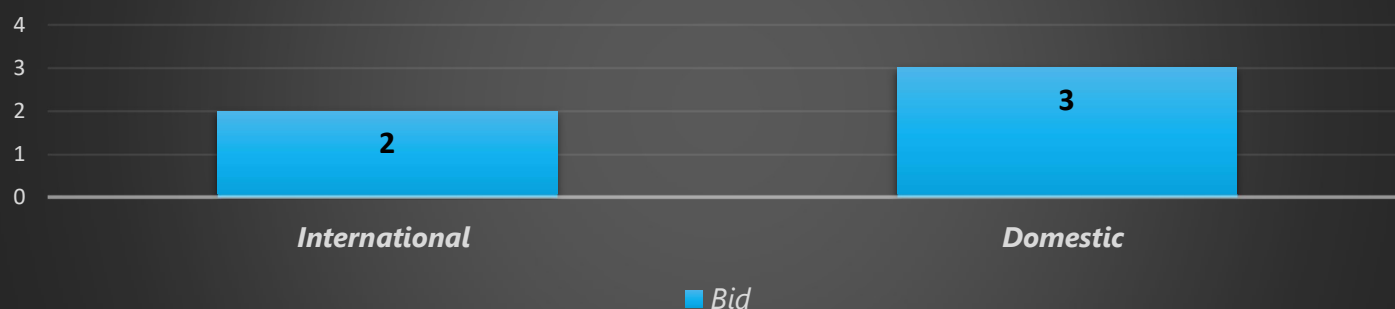


2. OFF-SHORE TENDERS & INQUIRIES:

SinoTharwa is still persisting to acquire a promising long term Contract for Bahari-1 Jack up Drilling Rig (3200 H.P), thus SinoTharwa had submitted 4 inquiries and offers domestically and internationally and participated in the issued Prequalification by Melitah Oil and Gas B.V Libyan branch.

In the Meantime, we succeeded to secure Bahari-1 drilling Contract with Gulf of Suez Petroleum Company (GUPCO) by extending the Contract for One Year and succeeded to sign a farm-out Agreement with Dragon Oil Company as well.

Offshore Tenders, Prequalification and Inquires Participation



3. SINOTHARWA IN ALGERIA:

After earning the trust of GROUPEMENT TIMIMOUN through our long-term fruitful cooperation over the passing years; during year 2019, Rig ST-15 is in the process of completing the firm period successfully and shall continue the planned drilling program for the optional contract period in year 2020 after GTIM confirmation in this regard.

Service contracts essential for running Algeria project effectively have been extended to cover the operations periods with the provision of the best quality required for high performance standards.

4.DRILLING CONTRACTS:

SinoTharwa has been awarded for 6 Contracts domestically in 2019 and one of the core targets for Contracts Department in 2019 was to regain our operating rates for the current Contracts back to higher rates relative to the increase of the oil prices. Negotiation rounds took place with SinoTharwa main operators to reach a win-win situation and obtain good opportunities for our rigs with prolonged contracts duration extension.

DOMESTIC RIG FLEET DURING 2019

DRILLING RIGS

RIG NAME	OPERATOR
-----------------	-----------------

ST-1	BELAYIM PETROLEUM COMPANY (PETROBEL)
ST-2	NORTH BAHARIA PETROLEUM COMPANY (NORPTECO)
ST-3	BELAYIM PETROLEUM COMPANY (PETROBEL)
ST-4	GENERAL PETROLEUM COMPANY (FARM-OUT FROM KHALDA PETROLEUM COMPANY)
ST-5	AGIBA PETROLEUM COMPANY
ST-6	BURG AL-ARAB PETROLEUM COMPANY " BURAPETCO"
ST-7	PETROSILAH COMPANY
ST-8	GENERAL PETROLEUM COMPANY
ST-9	GENERAL PETROLEUM COMPANY (FARM-OUT FROM PETROAMIR PETROLEUM COMPANY)
ST-10	KHALDA PETROLEUM COMPANY – PETROSANNAN COMPANY
ST-11	PETROSHAHD COMPANY
ST-12	BELAYIM PETROLEUM COMPANY (PETROBEL) - (FARM-OUT TO AGIBA)

RIG NAME	OPERATOR
-----------------	-----------------

ST-22	NORTH BAHARIA PETROLEUM COMPANY (NORPTECO)
ST-23	BELAYIM PETROLEUM COMPANY (PETROBEL)
ST-24	MARINA PETROLEUM COMPANY (FARM-OUT FROM KHALDA PETROLEUM COMPANY)
ST-25	KHALDA PETROLEUM COMPANY
ST-26	BELAYIM PETROLEUM COMPANY (PETROBEL)
ST-27	PETROAMIR PETROLEUM COMPANY
ST-28	BELAYIM PETROLEUM COMPANY (PETROBEL)
ST-29	AGIBA PETROLEUM COMPANY
ST-31	QARUN PETROLEUM COMPANY

RIG NAME	OPERATOR
-----------------	-----------------

BAHARI-1	GULF OF SUEZ PETROLEUM COMPANY (Farm-out to DRAGON OIL)
----------	--

RIG NAME	OPERATOR
-----------------	-----------------

TANMIA-1	NORTH BAHERIA PETROLEUM ALAMEIN PETROLEUM COMPANY
----------	--

1. MUD LOGGING SERVICES :

SinoTharwa succeeded to extend its current Mud logging contracts for SinoTharwa 6 units and to sustain the cooperation between our same Current operators.

MUD LOGGING UNITS	OPERATORS
--------------------------	------------------

CMS UNIT #1	PETROSILAH PETROLEUM COMPANY
CMS UNITS #2&3	QARUN PETROLEUM COMPANY
CMS UNIT #4	GULF OF SUEZ PETROLEUM COMPANY
CMS UNIT #5	PETROSILAH PETROLEUM COMPANY
CMS UNIT #6	ALAMEIN PETROLEUM COMPANY (FARM-OUT CONTARCT FROM PETROBEL)

SERVICES SECTION

1. SERVICE TENDERS & OFFERS:

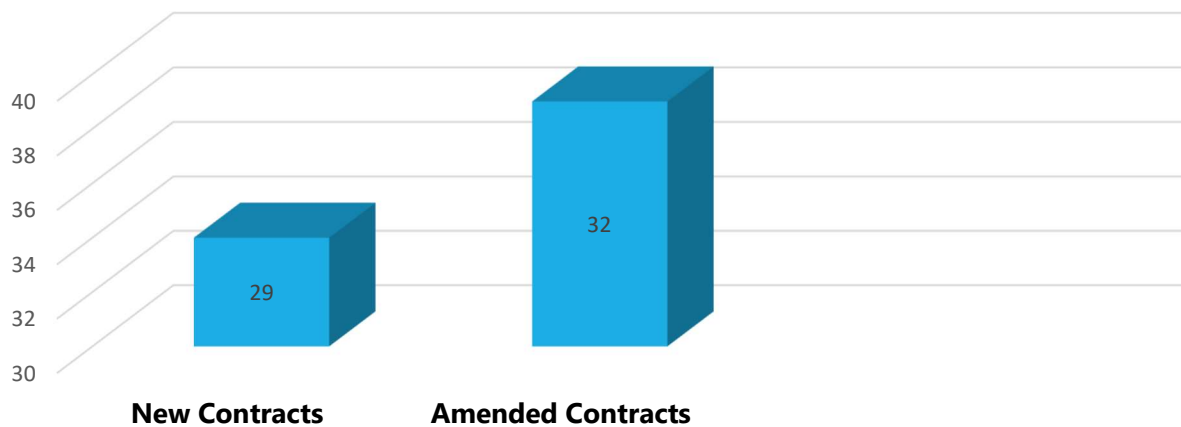
In order to support other departments in performing their scope, the Contracts department lunched 18 service tenders and Quotations for several services as Custom Clearance, Transportation services, Water Supply, Tubular inspections services as well as requesting Rig Move Quotations for long distance moves in order to select the best contractors offering the best quality with competitive prices available in the Egyptian market.

2.SERVICE CONTRACTS:

Contracts department is keen to improve the efficiency of the contract process starting from the service request till the contract signature in order to provide the required service in the right quantity, quality, price and delivery time.

Through the year, 29 new contracts with different service providers are signed for several services heavy and light transportation, catering, general repair & Fabrication services, Medical services, guarding services, fresh water supply, ...etc) as well as signing 32 addenda to amend or add services.

Service Contracts



Finance Department

Financial Highlights

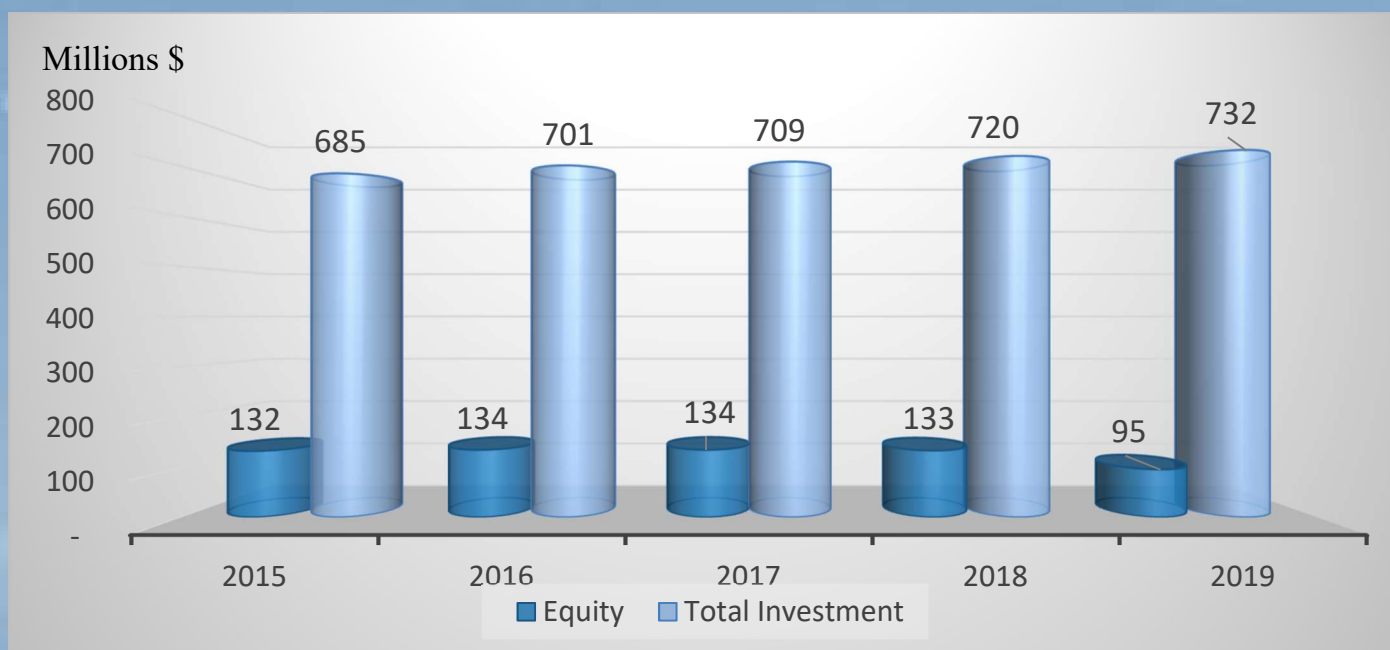
AMOUNT PRESENTED IN MILLION USD

Description	2019	2018	2017
Revenue	76.26	106.35	116.39
Net Profit	(37.74)	0.23	1.10
Shareholders Equity	95.35	133.09	134.41
Total Capital Investment	732.00	719.74	708.65
Fixed Assets	656.05	644.22	636.11
Accumulated Depreciation	280.72	257.59	237.68
Project Under Construction	24.54	26.51	24.24
Inventory	27.76	28.03	27.90
Receivables	18.79	21.05	28.60
Operating Expenses	78.70	72.89	80.94
Collection	78.95	121.20	118.17
Interest Payment (Included Capital Interest)	12.25	22.30	15.87
Installments Paid	21.70	27.59	22.96

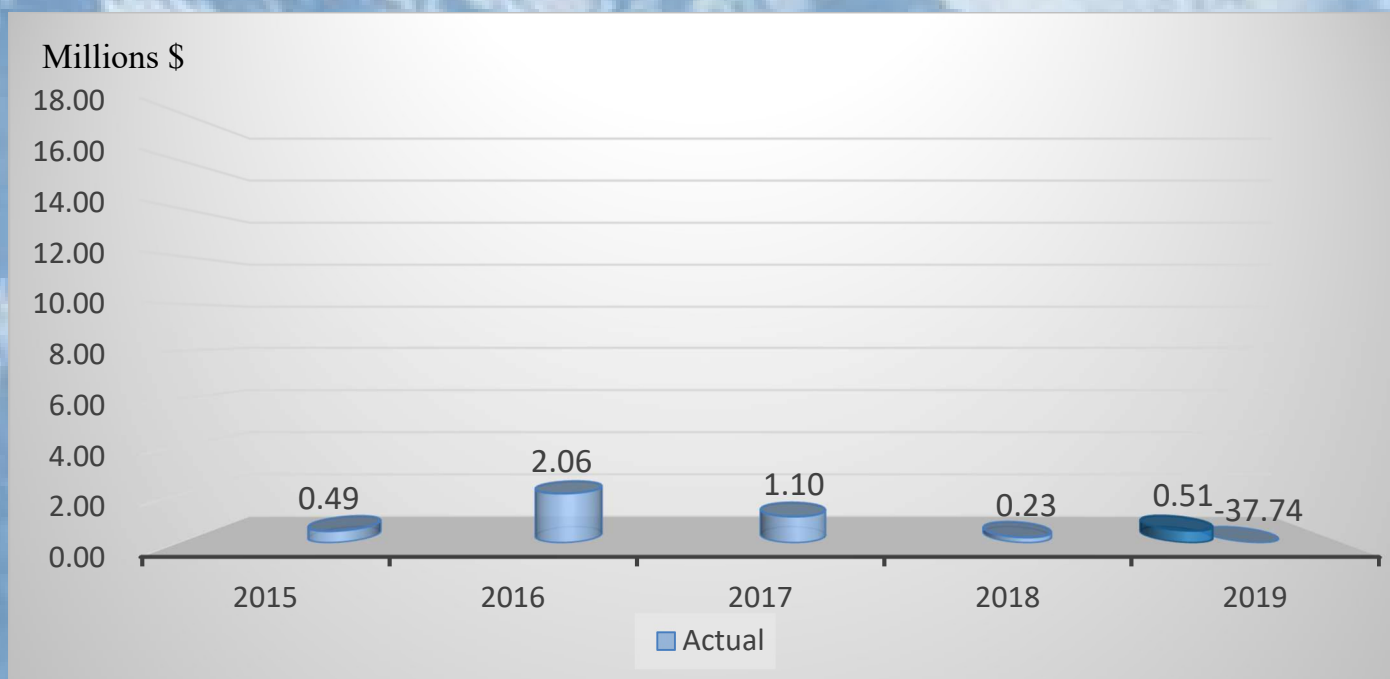
Description	2019	2018	2017
Return On Investment Rate	-7.93%	0.05%	0.21%
Return On Equity Rate	-33.04%	0.17%	0.82%
Financial leverage	3.94	2.61	2.76

FINANCIAL SITUATION

COMPANY'S DEVELOPMENT SHARE HOLDERS EQUITY VS. TOTAL INVESTMENT



NET PROFIT



EXTERNAL AUDITOR REPORT



MOSTAFA SHAWKI & CO

Translation of Auditors' Report

Originally Issued in Arabic

INDEPENDENT AUDITOR'S REPORT

To the Quota Holders of Sino Tharwa Drilling Company

"A Limited Liability Company Private Free Zone"

Report on the Financial Statements

We have audited the accompanying financial statements of **Sino Tharwa Drilling Company "A Limited Liability Company Private Free Zone"**, which comprise the balance sheet as of December 31, 2019, and the related statements of income, Comprehensive income, changes in Quota holders' equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Egyptian Accounting Standards. And in light of Egyptian governing laws this responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

153 MOHAMED FARID STREET, BANK MISR TOWER, P.O. BOX 2095, CAIRO 11518, EGYPT
TEL: (02) 2391 7299 - 2390 1890 FAX: (02) 2393 9430
E-mail: info@mslawki.com www.mslawki.com www.mslawki.com

*Translation of Auditors' Report
Originally Issued in Arabic*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sino Tharwa Drilling Company "A Limited Liability Company Private Free Zone", as of December 31, 2019, of its financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and in the light of the relevant Egyptian laws and regulations.

Emphasis of a matter

Without considered a unqualified Opinion based on Ministerial Resolution No. (69) For the year 2019 amending some provisions of the Egyptian Accounting Standards issued by Minister of Investment No. (110) for the year 2015 the private leasing Standard was modified as the accounting directive was modified for installments where installments were considered a right of use and It is amortized over the contract period taking into account the interest paid out on the income statement and the amendment was considered from the year 2019 as the company lease back with another company and the contract is considered new and the effect of the change on the carried forward losses has not been loaded to Retained earnings. (Note 5)

Report on Other Legal and Regulatory Requirements

The company maintains its accounting records as required by law and the Statutes of the company which are in agreement with the accompanying financial statements.

The financial information included in the Board of Managing Directors' report, prepared according to the requirements of Law No. 159 for 1981, and its executive regulations, is in agreement with the company's records to the extent that such information is normally recorded.

Cairo, February 18, 2020

Dr. Ahmed Shawki

MAZARS MOSTAFA SHAWKI & CO



BALANCE SHEET AS OF 31 DECEMBER 2019

(AMOUNTS EXPRESSED IN US DOLLAR)

*Translation of Financial Statements
Originally issued in Arabic*

Sino Tharwa Drilling Company
"Limited Liability Company Private Free Zone"
Balance Sheet as of December 31, 2019
(Amounts Expressed in US Dollar)

	<u>Note</u>	<u>31/12/2019</u>	<u>31/12/2018</u>
<u>Non-Current Assets</u>			
Fixed assets – Net	(4,6/2)	375,332,705	386,635,303
Right of use – Net	(5,7/2)	10,983,287	--
Projects under construction	(6,8/2)	21,544,057	22,748,520
Inventory of fixed asset spare part	(7)	2,994,022	3,763,496
Financial lease – down payment		--	302,596
Total Non-Current Assets		410,854,071	413,449,915
<u>Current Assets</u>			
Inventory	(8,9/2)	27,755,442	28,027,096
Accounts receivables	(9,11/2)	18,789,291	21,046,315
Debtors and other debit balances	(10,11/2)	11,005,921	11,134,558
Cash and cash equivalent	(11)	2,590,125	7,796,449
Total Current Assets		60,140,779	68,004,418
Total Assets		470,994,850	481,454,333
<u>Quota Holders Equity:</u>			
Capital	(16)	80,000,000	80,000,000
Legal reserve	(17)	7,931,599	7,920,046
Retained earnings		45,161,919	44,942,420
Net (Loss) Profit for the year		(37,743,578)	231,052
Total Quota Holders Equity		95,349,940	133,093,518
<u>Non-Current Liabilities</u>			
Long term loans	(18)	197,767,043	214,158,881
Right of use – Long term	(5)	8,321,032	--
Deferred Revenue – Financial Lease		5,683,814	6,441,850
Total Non-Current Liabilities		211,771,889	220,600,731
<u>Current Liabilities</u>			
Provisions	(15,15/2)	747,831	284,174
Bank Overdrafts	(12)	--	9,836,078
Creditors and other credit balances	(13,12/2)	85,440,185	57,863,599
Loans annuities due within a year	(18)	47,333,992	32,641,908
Right of use – Short term	(5)	2,662,255	--
Deferred Revenue – Financial Lease		1,800,277	1,604,260
Transaction with Related Parties	(14)	25,888,481	25,530,065
Total Current Liabilities		163,873,021	127,760,084
Total Quota Holders Equity and Liabilities		470,994,850	481,454,333



- The accompanying explanatory notes are an integral part of these financial statements.
- Auditors Report attached

Deputy Chief Financial officer

General Manager & Managing Director

Chief Financial officer

Chairman & Managing Director

INCOME STATEMENT FOR THE YEAR ENDED 31, DECEMBER, 2019

(AMOUNTS EXPRESSED IN US DOLLAR)

*Translation of Financial Statements
Originally issued in Arabic*

Sino Tharwa Drilling Company
"Limited Liability Company Private Free Zone"
Income Statement as of December 31, 2019
(Amounts Expressed in US Dollar)

	<u>Attach</u>	<u>Note</u>	<u>31/12/2019</u>	<u>31/12/2018</u>
Operating revenue	(1)		76,262,000	106,347,426
Deduct:				
Operating expenses	(2)		(78,695,114)	(72,888,352)
Gross (loss) Profit			(2,433,114)	33,459,074
Add:				
Credit Interest			2,164	940
Other revenue			358,093	216,007
Net (Losses) scrapped fixed assets			(449,969)	(99,101)
Net capital gain			106,298	132,815
Currency differences (Losses) / gains			(3,646,989)	78,159
Financial Lease – Earned Revenue			1,800,277	2,681,632
Provisions no longer required		(15)	73,739	30,830
Deduct:				
General & administrative expenses	(3)		(11,809,031)	(11,587,357)
Financing expenses			(16,702,747)	(17,932,688)
Right of use – interest expenses		(5)	(661,920)	
Finance lease installment			--	(4,098,936)
Administrative expense - Financial lease			(53,515)	(901,821)
Finance lease down payment amortization			--	(855,135)
Right of use – Depreciation			(2,662,255)	
Fixed assets Depreciation			(822,375)	(666,548)
Board of directors' remuneration			(40,549)	(31,141)
Provisions Formed For Inventory Impairment			(171,900)	
Provisions formed during the year		(15)	(629,785)	(195,678)
Net (losses) / Profit for the year			(37,743,578)	231,052



- The accompanying explanatory notes are integrated part of these financial statements

- Auditors' report attached

Deputy chief Financial officer

General Manager & Managing Director

Chief Financial officer

Chairman & Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31, DECEMBER, 2019 (AMOUNTS EXPRESSED IN US DOLLAR)

*Translation of Financial Statements
Originally issued in Arabic*

Sino Tharwa Drilling Company
"Limited Liability Company Private Free Zone"
Cash Flow Statement as of December 31, 2019
(Amounts Expressed in US Dollar)

	Note	31/12/2019	31/12/2018
Cash Flow from Operating Activities:			
Net profit / (losses) for the year		(37,743,578)	231,052
Adjustments			
Fixed assets depreciation		25,083,234	20,512,082
Right of use – Depreciation		2,662,254	
Provisions made during the year		629,785	195,678
Provisions used during the year		(92,389)	(66,600)
Provisions no longer required		(73,739)	(30,830)
Finance lease down payment amortization		--	855,135
Capital gain		(106,298)	(2,715,346)
Adjustments on Retained Earning		--	(1,437,202)
Operating Profit before changes in working capital		(9,640,731)	17,543,969
Working Capital Changes			
Change in inventory		271,654	(131,364)
Change in accounts receivable		2,257,024	7,551,287
Change in debtors and other debit accounts		128,637	3,388,308
Change in creditors and other credit accounts		25,355,924	11,902,882
Change in Transaction with Related Parties		358,414	714,655
Net Cash Flow from operating activities		18,730,922	40,969,737
Cash Flow from Investing activities			
Proceeds from sale of fixed assets		106,298	132,815
(Payments) for purchase of fixed assets		(6,076,866)	(4,121,906)
(Payments) for projects under construction		(6,949,277)	(8,046,825)
change in inventory of fixed assets spare parts		769,474	1,078,434
Net Cash Flow (used) for Investment Activities		(12,150,371)	(10,957,482)
Cash Flow from Financing Activities			
(Payment) of Installment for long term loan		(21,699,755)	(27,590,111)
Proceed from Installment for long term loan		20,000,000	20,000,000
(Payment) Of Installment Of Right of use		(1,331,706)	--
(Payment) Of interest Of Right of use		(661,920)	--
Proceed From Installment Of Leased Rig		1,742,584	--
Paid profit dividends		--	(109,657)
Net (decrease) Cash Flow from Financing Activities		(1,950,797)	(7,699,768)
Net change in cash and cash equivalent		4,629,754	22,312,488
Cash and cash equivalent beginning balance		(2,039,629)	(24,352,117)
Cash and cash equivalent ending balance		2,590,125	(2,039,629)
Cash and Cash equivalent represent :			
Cash and cash equivalent	(11)	2,590,125	7,796,449
Bank overdrafts	(12)	--	(9,836,078)
		2,590,125	(2,039,629)

- The accompanying explanatory notes are integrated part of these financial statements.

- Auditors' report attached

Deputy Chief Financial officer

General Manager & Managing Director

Chief Financial officer

Chairman & Managing Director

CHANGING IN QUOTA HOLDERS EQUITY STATEMENT FOR THE YEAR ENDED 31, DECEMBER, 2019 (AMOUNTS EXPRESSED IN US DOLLAR)



*Translation of Financial Statements
Originally issued in Arabic*

Sino Tharwa Drilling Company
"Limited Liability Company Private Free Zone"
Changes in Quota Holders Equity Statement
As of December 31, 2019
(Amounts Expressed in US Dollar)

<u>Description</u>	<u>Capital</u>	<u>Legal Reserve</u>	<u>Retained Earnings</u>	<u>Net Profit (Losses)</u>	<u>Total</u>
Quota holder's equity as at January 1, 2018	80,000,000	7,865,218	45,447,542	1,096,565	134,409,325
Transferred to retained earnings	--	--	1,096,565	(1,096,565)	--
Transferred to legal reserve	--	54,828	(54,828)	--	--
Profit dividends	--	--	(109,657)	--	(109,657)
Adjustments on retained earnings *	--	--	(1,437,202)	--	(1,437,202)
Net profit for the year	--	--	--	231,052	231,052
Quota holder's equity as at December 31, 2018	<u>80,000,000</u>	<u>7,920,046</u>	<u>44,942,420</u>	<u>231,052</u>	<u>133,093,518</u>
Quota holder's equity as at January 1, 2019	80,000,000	7,920,046	44,942,420	231,052	133,093,518
Transferred to retained earnings	--	--	231,052	(231,052)	--
Transferred to legal reserve	--	11,553	(11,553)	--	--
Profit dividends	--	--	--	--	--
Net profit / (Losses) for the year	--	--	--	(37,743,578)	(37,743,578)
Quota holder's equity as at December 31, 2019	<u>80,000,000</u>	<u>7,931,599</u>	<u>45,161,919</u>	<u>(37,743,578)</u>	<u>95,349,940</u>

*settlements amount represent tax liability of 2017 related to Algeria revenues

- The accompanying explanatory notes are integrated part of these financial statements.

- Auditors' report attached

Deputy chief Financial officer

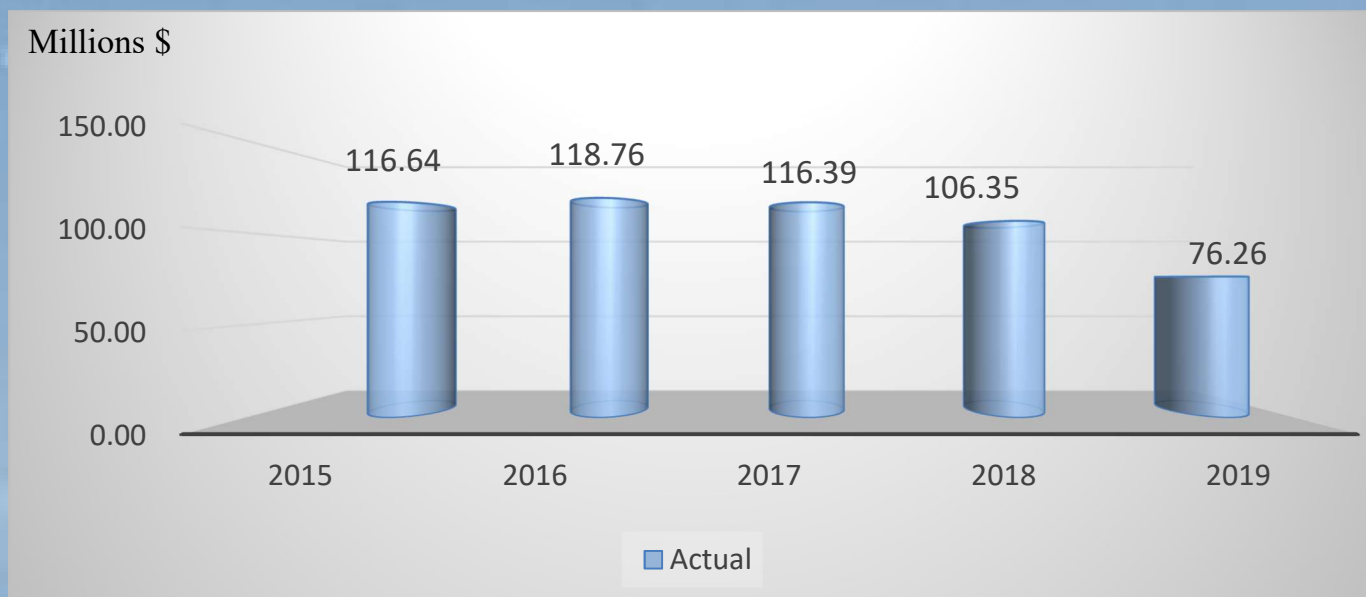
General Manager & Managing Director

Chief Financial officer

Chairman & Managing Director

FINANCIAL SITUATION

OPERATING REVENUE

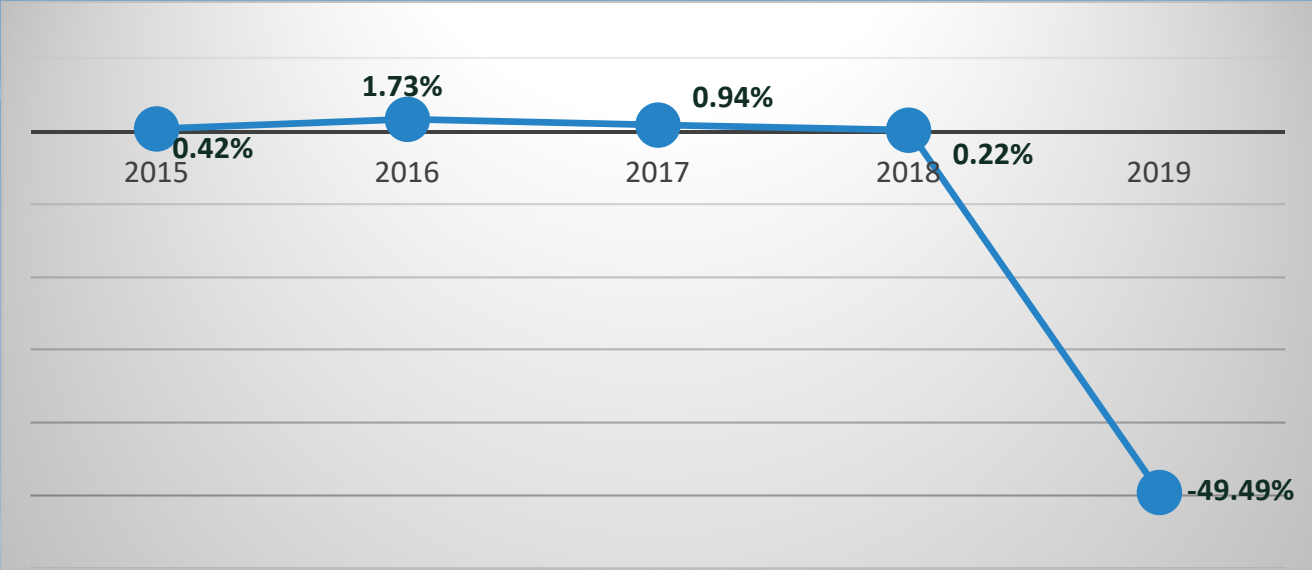


OPERATING COST

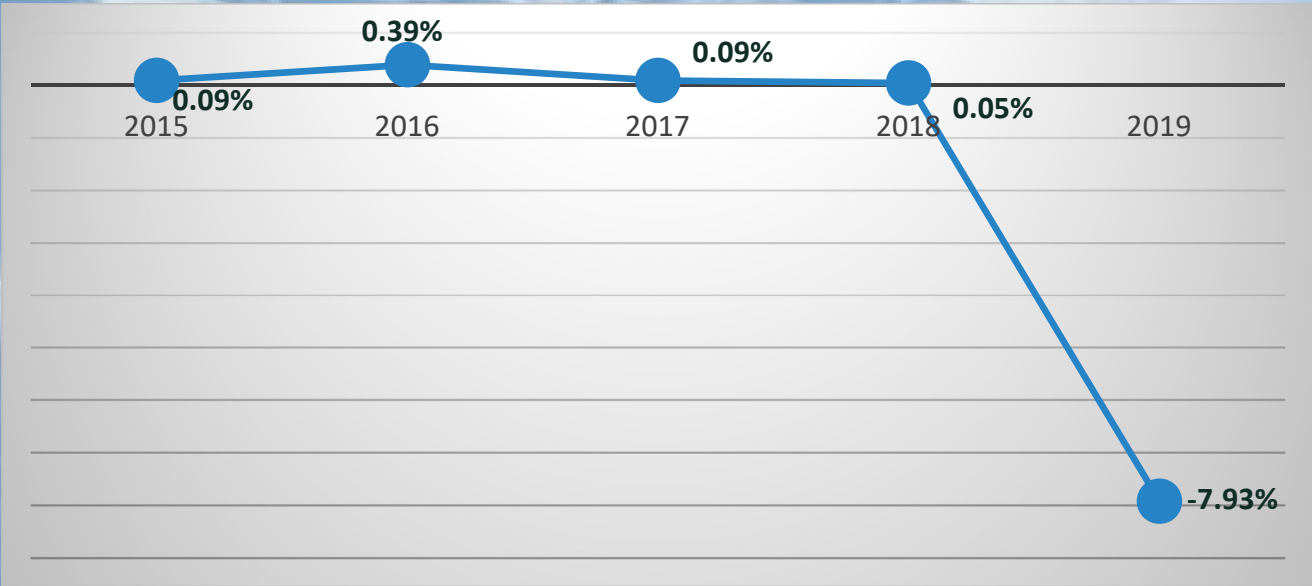


FINANCIAL SITUATION RATIOS

PROFIT MARGIN

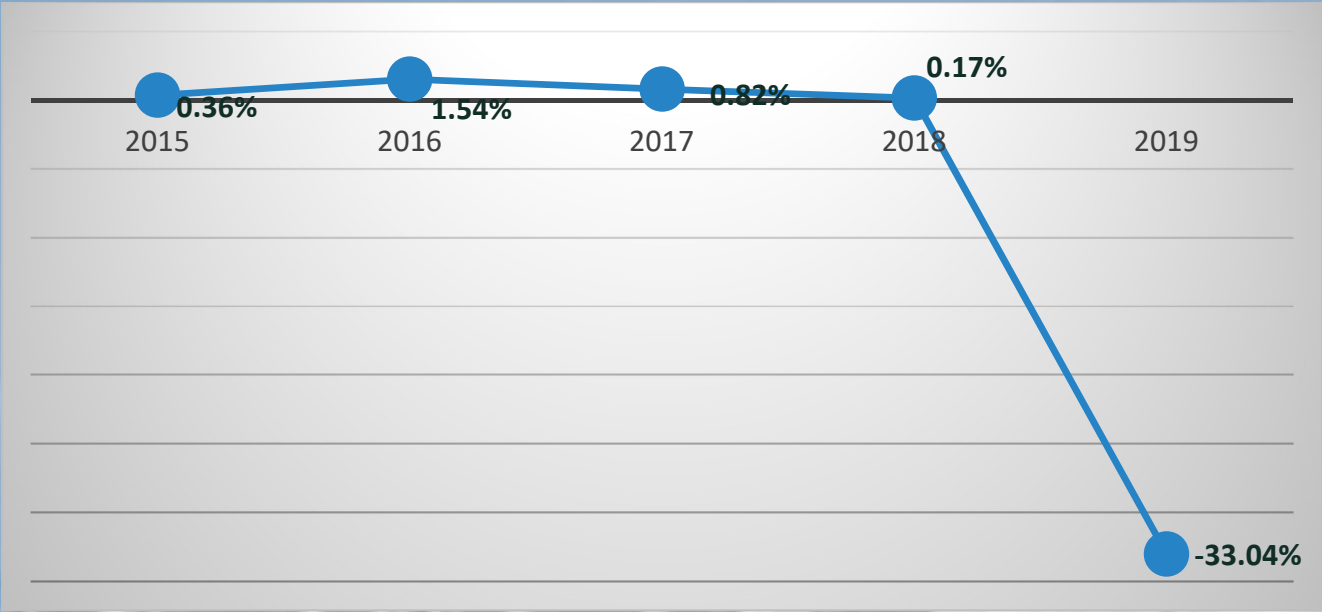


RETURN ON INVESTMENT

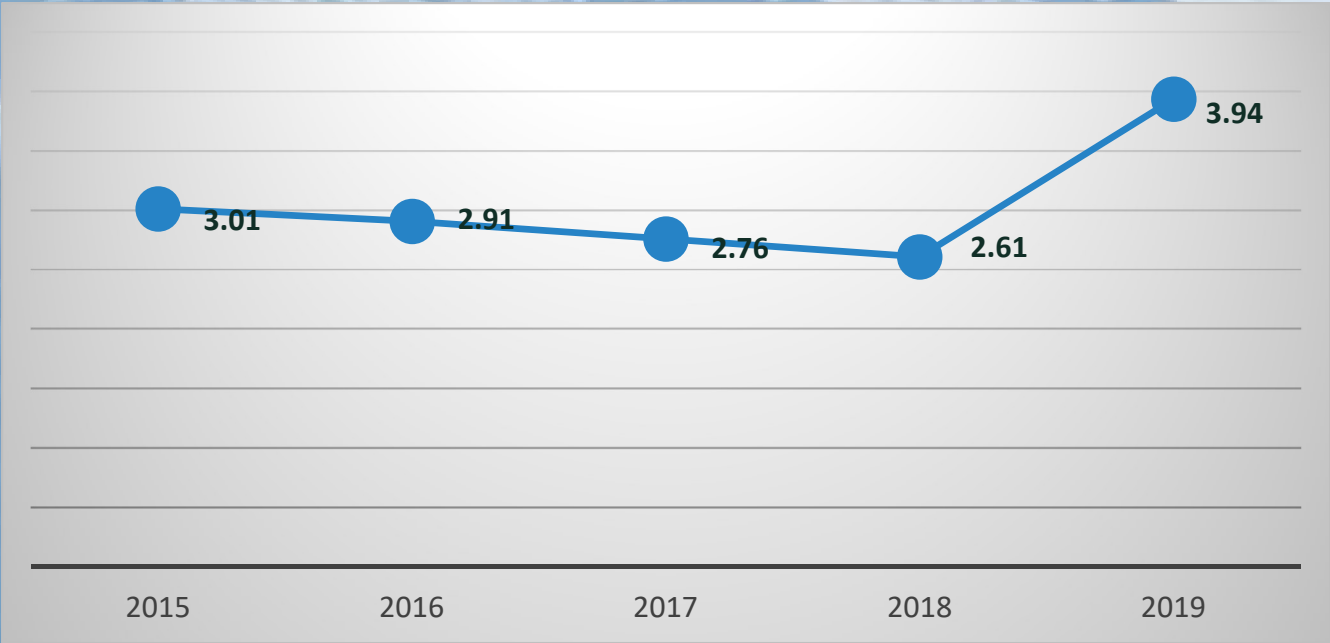


FINANCIAL SITUATION RATIOS

RETURN ON EQUITY



FINANCIAL LEVERAGE



Transportation Department

Introduction

Transportation Department Enhance the company services by safely Modes which required in different locations efficiently.

Vision

Support the transport Modes which is safe standard, efficiency, effectiveness, environmentally and Satisfying as standardization measure.

Mission

- Sourcing strategy by adding new subcontractors to enhance the services.
- Assessment the subcontractors to monitor the quality.
- Make Physical Audit assessment as Matrix.
- Training Course annually basis.
- Improve the Work Performance.
- Efficiency and effectiveness strategies.

Goals

- Improve the safety for all transportation modes.
- Maintain the cleanliness and good repair of transportation infrastructure.
- Prioritize transportation projects that enable active, healthy communities.
- Use transportation infrastructure to help create attractive communities.
- Prioritize environmentally sustainable projects using a sensible approach.

Owns Car fleet


- 15 Pickup Cars for Rig sites.
- 12 Crew Cab for Rig sites.
- 5 Microbus for Rig sites.
- 1 Ambulance Car.
- 3 Toyota Fortuner

Rental Car Fleet


- 5 Pool Cars for Head Office.
- 27 Cars for Director and Manager.

VEHICLE MONITORING SYSTEM

- We add new vendor (the Egyptian company for Tracking services and Information Technology (ETIT) to buy and maintenance IVMS.
- Activated Altair fleet management Tracking System.
- Changing the IVMS devices types from DT 340 to DT 312.
- SinoTharwa vehicles movement have record distance and reschedule vehicles to save movement as the following snapshot

 **المصرية لخدمات التتبع وتكنولوجيا المعلومات**
EGYPTIAN COMPANY FOR TRACKING SERVICES & INFORMATION TECHNOLOGY

sinotharwa Languages

 **ALTAIR**
Fleet Management
By Sinotharwa

ResourcesMaintenanceOperationsGPSReportsControl Panel

Resources > Vehicles

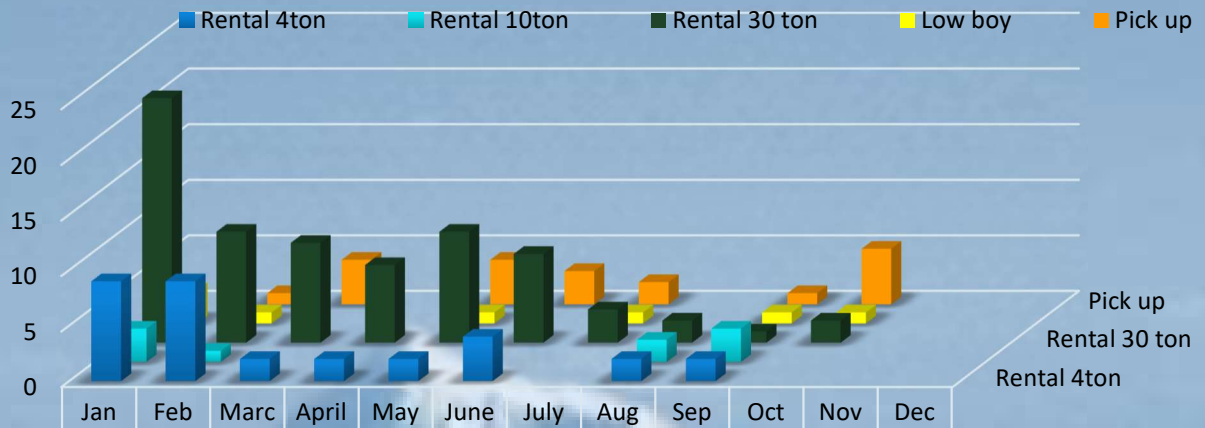
Created 5 of 31

Vehicles

		Code	PlateNo	Groups	Allocation	VehicleType	Status	Device Code	Vendor	Version			
<input type="checkbox"/>	★	1	154327		main branch	Car	Available	357454074323047					Vehicle Profile
<input type="checkbox"/>	★	2	ع ب س 6482		main branch	Car	Available	357454074324508					Vehicle Profile
<input type="checkbox"/>	★	925838	925838		main branch	Pickup	Available	863830032783488	Queclink				Vehicle Profile
<input type="checkbox"/>	★	ع ج ق 6725	ع ج ق 6725		main branch	Car	Available	863830032820553	Queclink				Vehicle Profile
<input type="checkbox"/>	★	ع ر و 7295	ع ر و 7295		main branch	Car	Available	863830032786648	Queclink				Vehicle Profile

BADR YARD LOGISTICS

Monthly Trips



	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec
Rental 4ton	9	9	2	2	2	4		2	2			
Rental 10ton	3	1						2	3			
Rental 30 ton	22	10	9	7	10	8	3	2	1	2		
Low boy	3	1			1		1		1	1		
Pick up		1	4		4	3	2		1	5		