

21 April 2011

## Rheochem Plc

### Completion of disposal of drilling fluids business for up to A\$45 million

Rheochem Plc ("**Rheochem**" or the "**Company**") (AIM: RHEP, ASX: RHE) today announces that it has completed the agreement with Newpark Resources, Inc. ("**Newpark**") (NYSE: NR) ("**Disposal Agreement**") to dispose of the Company's oilfield services and drilling fluids business ("**Drilling Fluids Business**") by the sale of all the shares it owns in Rheochem Limited, Rheochem Pacific Limited, PT Rheochem Indonesia and Rheochem India Pvt. Ltd. ("**Drilling Fluids Subsidiaries**") to Newpark's wholly-owned subsidiary, Newpark Australia Pty Ltd. ("**Purchaser**") ("**Disposal**").

#### Principal terms of the Disposal

The following are the key terms of the Disposal Agreement:

- The Company has disposed of all the shares it owns in the Drilling Fluids Subsidiaries.
- The sale price for the Drilling Fluids Business is up to a maximum of A\$45 million (approx £28 million). The sale price is subject to adjustment in certain circumstances. Further details of how the consideration will be paid are set out below.
- Newpark will acquire the "Rheochem" name. The Company's name has now been changed to Lochard Energy Group Plc.
- Newpark is not a related party of the Company, nor of any of the Company's directors.

#### Payment of consideration

The maximum consideration payable to Rheochem in respect of the Disposal is A\$45 million (subject to adjustment in certain circumstances). The consideration is payable as follows:

- (1) a single payment of A\$23.75 million (approx £14.8 million) on completion of the transaction (adjusted for working capital following completion); and
- (2) subsequent earn-out payments up to A\$21.25 million (approx £13.2 million) conditional on EBITDA of the Drilling Fluids Business for the period between 1 March 2011 and 29 February 2012 exceeding agreed levels.

#### CHANGE OF NAME

A special resolution to change the name of the Company was passed by shareholders at the General Meeting held on Friday 15 April 2011.

The Company has changed its name to Lochard Energy Group Plc, to reflect a revised focus on oil exploration and production. The new ticker code on the Australian Stock Exchange ("ASX") is LHD and the new ticker code on London Stock Exchange's Alternative Investment Market ("AIM") is expected to change to LHD on Tuesday 26 April 2011.

#### Haydn Gardner, Chief Executive Officer of Rheochem Plc said:

"I am very pleased to announce the completion of this Disposal. The Company is now focused purely on oil and gas exploration and production. The sale of the fluids business unlocks significant value for shareholders and allows us to meet our commitments on the Athena field

through to first oil production which is expected later this year. A new website to showcase our oilfield assets is currently under construction and is expected to be operational shortly.”

– Ends –

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