Independent Auditor Assessment of Material Uncertainty Related to Going Concern on the Audited Consolidated Financial Statements for the Financial Year ended 31 December 2019

Singapore, 3 June 2020 – KrisEnergy Ltd. ("**KrisEnergy**" or "the **Company**", and together with its subsidiaries, the "**Group**"), an independent upstream oil and gas company, wishes to announce the that the Company's independent auditor, Deloitte & Touche LLP (the "**Independent Auditor**"), has included an assessment of the Material Uncertainty Related to Going Concern in its audit report (the "**Independent Auditor's Report**") on the Company's audited consolidated financial statements for the financial year ended 31 December 2019 ("**FY2019 Audited Financial Statements**").

For the avoidance of doubt, the opinion of the Independent Auditor on the FY2019 Audited Financial Statements remains unqualified.

A copy of the Independent Auditor's Report together with an extract of Note 1 to the FY2019 Audited Financial Statements is annexed to this announcement for reference.

The board of directors of the Company (the "**Board**") is of the view that the Group will be able to continue as a going concern taking into consideration the following:

(i) on 30 April 2020, the Group signed a credit facility agreement with Kepinvest Singapore Pte. Ltd. ("Lender"), a subsidiary of Keppel Corporation Limited ("Keppel"), pursuant to which the Lender has agreed to grant a project financing loan in the aggregate principal amount of up to US$87.0 million (the "Project Financing Facility") which will be used to fund the development of Cambodia Block A. As at date of the FY2019 Audited Financial Statement, the directors and management are confident that the continued support from Keppel in respect of Cambodia Block A development will be forthcoming and are not aware of any factors to suggest otherwise provided the Group continues to adhere and fulfils all conditions set out in the Project Financing Facility;

(ii) the Group has appointed financial and legal advisors to assist in the restructuring and/or extension of its debt obligations (the "Debt Restructuring"). The financial advisors are evaluating and advising the Board on all available options to improve and strengthen the financial position of the Group, including looking at recapitalisation options and extension of its revolving credit facility with DBS Bank Ltd. The directors and management are confident that major stakeholders will continue to support the Group in its Debt Restructuring, and working closely with the other secured and unsecured stakeholders, there is reasonable likelihood that such Debt Restructuring can be successfully achieved. Until then, the Group expects to continue to have its moratorium extended.

Trading in the Company's shares has been suspended since 14 August 2019.

Shareholders of the Company ("**Shareholders**") are advised to read the FY2019 Audited Financial Statements in its 2019 annual report, which will be published in due course.

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About KrisEnergy:

KrisEnergy Ltd. is an independent upstream company focused on the exploration for and the development and production of oil and gas in Southeast Asia. The Company holds working interests in three producing oil and/or gas fields, two in the Gulf of Thailand and one onshore Bangladesh. It also participates in eight blocks in various stages of development, appraisal and exploration in Bangladesh, Cambodia, Indonesia, Thailand and Vietnam. KrisEnergy operates eight of the contract areas.

All notices pertaining to the ongoing restructuring process are available on the Restructuring Information Centre https://www.krisenergy.com/Investors/restructuring-information-centre/

Copy of Independent Auditor's Report

Independent auditor's report
For the financial year ended 31 December 2019

Independent auditor's report to the members of KrisEnergy Ltd.

Opinion

We have audited the financial statements of KrisEnergy Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Group has recorded losses of US$168.9 million for the year ended 31 December 2019 which resulted in a capital deficiency of US$145.9 million and net current liability position of US$531.7 million as at 31 December 2019. As at the date of these financial statements, the Group has not made principal and interest payments due in respect of debts totaling US$310.7 million, resulting in classification of these balances as current liabilities as at 31 December 2019.

The Group is dependent on, amongst others, the continued support from Keppel Corporation Limited and Brent crude oil prices being sustained at a certain level for the 12 months to June 2021 to have adequate funds to meet its obligations, working capital and capital commitment needs. These events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Copy of Independent Auditor's Report

Independent auditor's report
For the financial year ended 31 December 2019

Independent auditor's report to the members of KrisEnergy Ltd.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report

Key Audit Matter	How the audit matter was addressed in the audit
Assessment of impairment in exploration and evaluation assets, oil and gas properties, and intangible assets As at 31 December 2019, the Group recorded US$268.4 million of exploration and evaluation assets, US$116.6 million of oil and gas properties, US$8.4 million of intangible assets and US$29.9 million of other property, plant and equipment relating to the oil & gas assets (collectively the "Oil & Gas Assets"), which amount to approximately 73.8% of the Group's total assets. Management assessed the recoverability of its Oil and Gas Assets by looking at future cash flows from the respective Oil & Gas Assets at 31 December 2019 and its future plans for these assets. They have also engaged an independent qualified person to estimate, where appropriate, the proved, probable and possible reserves for certain of the Oil & Gas Assets, including the future net cash flows arising from such. Consolidated cash flow forecast supporting the Group's impairment assessments as at 31 December 2019 is based on a forecasted Brent crude oil price of between US$60 to US$70 per barrel. The above assessment requires the exercise of significant judgement about and assumptions on, amongst others, the discount rate, oil reserves, expected production volumes and future crude oil prices. The Group has made disclosures on the above judgement in Note 3, Note 12 and Note 28 to the financial statements.	Our audit procedures focused on evaluating and challenging the judgements and key assumptions used by management in performing the impairment review. Such procedures included, amongst others: • Evaluated the appropriateness of management's defined cash generating units ("CGU") in performing their impairment assessment; • Reviewed management's budget and plan for the assets, including the funding options for future capital expenditure; • Compared forecasted oil price assumptions to publicly available forecasts and other market data; • Engaged our valuation specialists to independently develop expectations for the key macro-economic assumptions used in the impairment analysis, in particular the discount rate, and compared the independent expectations to those used by management; • Reviewed the reserve reports prepared by independent qualified person relating to the Group's estimated oil reserves, including having a discussion of the reserve reports with the independent qualified person; • Assessed the objectivity, competency and capability of the independent qualified person who prepared the reserve reports; • Agreed the hydrocarbon production profile in the independent qualified person's reserve report to what management has used in their internal corporate financial model; and • Reviewed the sensitivity tests performed by management on key variables such as (i) oil prices; (ii) discount rate; and (iii) production volume, keeping other assumptions constant. We have also reviewed the adequacy of the Group's disclosures that have been set out in the financial statements.

Copy of Independent Auditor's Report

Independent auditor's report
For the financial year ended 31 December 2019

Independent auditor's report to the members of KrisEnergy Ltd.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information, included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copy of Independent Auditor's Report

Independent auditor's report
For the financial year ended 31 December 2019

Independent auditor's report to the members of KrisEnergy Ltd.

The engagement partner on the audit resulting in this independent auditor's report is Mr Yang Chi Chih.

Public Accountants and
Chartered Accountants
Singapore

3 June 2020

Extract of Note 1 to the FY2019 Audited Financial Statements

1. Corporate information

KrisEnergy Ltd. (the "Company") was incorporated on 5 October 2009 as a limited liability company in Cayman Islands. The Company is listed on the Singapore Exchange. The financial statements are expressed in United States Dollars ("USD" or "US$").

The registered office of the Company is located at 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.

The principal activity of the Company is that of investment holding. The principal activities of the joint arrangements and subsidiaries are disclosed in Note 5 and Note 13 to the consolidated financial statements.

Material Uncertainty Related to Going Concern

The financial statements have been prepared on a going concern basis.

The consequences of a further depressed and volatile oil markets coupled with the Group's high exposure to interest-bearing debts and associated non-cash finance charges, has continued to materially and adversely impact the Group's results of operations and financial condition.

The Group has recorded losses of US$168.9 million for the year ended 31 December 2019 which resulted in a capital deficiency of US$145.9 million and net current liability position of US$531.7 million as at 31 December 2019. As at 31 December 2019, the Group has the following debts:

(i) US$192.4 million under the Revolving Credit Facility ("RCF") with DBS Bank Ltd ("DBS") due 30 June 2020;
(ii) Unsecured term loans of US$34.4 million with five principal repayments of 10.0% of the total term loan semi-annually starting 21 August 2019, and bullet principal repayment on maturity due 21 February 2022;
(iii) S$130.0 million 4.0% senior unsecured principal notes due 2022 ("2022 Notes");
(iv) S$200.0 million 4.0% senior unsecured principal notes due 2023 ("2023 Notes"); and
(v) S$139.5 million in aggregate principal amount of senior secured Zero Coupon notes due 2024 ("ZCNs", together with the 2022 Notes and the 2023 Notes, the "Notes").

The Group has not made principal and/or interest payments due in respect of the above debts, other than partial principal repayment and/or interest payment for the RCF, resulting in classification of these balances as current liabilities as at 31 December 2019. On 14 August 2019, the Company applied to the High Court of the Republic of Singapore ("Court") under Section 211B of the Companies Act (Cap. 50) to seek a moratorium against enforcement actions and legal proceedings by creditors against the Company. On 27 May 2020, the Company applied for its third moratorium extension and is currently awaiting a hearing date by the Court.

To support the financial statements having been prepared on going concern basis and to ensure the adequacy of funds required to meet its obligations, working capital and capital commitment needs, the Group has prepared a 15-months consolidated cash flow forecast till 30 June 2021 (the "Cash Flow Forecast"). In its preparation, other than the judgement and assumptions around the extension of moratorium set out above, the following have been taken into consideration by the Group:

1. Corporate information (cont'd)

Material Uncertainty Related to Going Concern *(cont'd)*

1) On 30 April 2020, the Group signed a credit facility agreement with Kepinvest Singapore Pte. Ltd. ("Lender"), a subsidiary of Keppel Corporation Limited ("Keppel"), pursuant to which the Lender has agreed to grant a project financing loan in the aggregate principal amount of up to US$87.0 million (the "Project Financing Facility") which will be used solely for the funding of the development of Cambodia Block A. As at date of this financial statements, the Group has drawn-down US$14.6 million from the Project Financing Facility. As disclosed in Note 32, the Group will need to satisfy certain conditions specified under the Project Financing Facility (including the obtaining of shareholders' approval), failing which the Lender will be entitled to call for immediate repayment of the funds already advanced and have no obligation to make available any further funding. As at date of this financial statements, the directors and management are confident that the continued support from Keppel will be forthcoming and there is nothing to suggest otherwise provided the Group continues to adhere and fulfils all conditions set out in the Project Financing Facility;

2) the Group has US$16.6 million payable to Indonesian authorities relating to:

   (i) Notice of Property for Land and Building Tax of approximately US$6.7 million (including interest) relating to Bala-Balakang PSC; and
   (ii) Unfulfilled capital commitments of US$9.6 million on the relinquished interest in the East Seruway PSC.

   Management is currently in discussion with the respective Indonesian authorities to make payments for the above on an instalment basis and has reflected as such in preparing the Cash Flow Forecast; and

3) crude oil prices continue to be volatile and significantly affected by macroeconomic and microeconomic factors. As at date of these consolidated financial statements, the trajectory for oil prices remains uncertain and the upstream sector enters a new decade with shaken confidence. In preparing the Cash Flow Forecast, management has used forecasted Brent crude oil price of US$22 per barrel and US$45 per barrel from June 2020 and from January 2021 respectively, after taking into consideration the oil prices subsequent to year end. In view of current oil market volatility and the imminent expiry of certain equipment charters, as announced on 3 June 2020, the Group has taken the decision to suspend operation at the Wassana field in the G10/48 concession in the Gulf of Thailand after undertaking a review of the commerciality of the asset at current oil price levels and future projected levels. Management has taken such effect into consideration in preparing the Cash Flow Forecast.

   Whilst the full extent of the emergence of COVID-19 is yet to be understood but is widely expected to negatively impact all sectors of the economy worldwide, in preparing the Cash Flow Forecast, management has estimated to the best of their knowledge and taken the potential impact into consideration. Immediate consequences in the first two quarters of 2020 have been manufacturing disruptions, broken supply chains and sharply reduced travel and tourism, all of which curtail energy demand.

1. Corporate information (cont'd)

Material Uncertainty Related to Going Concern *(cont'd)*

The Group has appointed financial and legal advisors to assist in the restructuring and/or extension of its debt obligations (the "Debt Restructuring"). The financial advisors are evaluating and advising the Board on all available options to improve and strengthen the financial position of the Group, including looking at recapitalisation options and extension of the RCF with DBS. The directors and management are confident that major stakeholders will continue to support the Group in its Debt Restructuring, and working closely with other secured and unsecured stakeholders, there is reasonable likelihood that such restructuring can be successfully achieved. Until then, the Group expects to continue to have its moratorium extended.

The above matters represent a material uncertainty that may cast a significant doubt on the Group's ability to continue as a going concern, and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business. Taking into considerations of the underlying assumptions forming the Cash Flow Forecast of the Group as well as the Group's ongoing discussions with its major stakeholders, the Directors believe that positive outcomes relating to the matters stated above will enable the Group to continue operations for at least the next 12 months from the date of the financial statements, and that the basis of preparation of the financial statements remains appropriate.

The financial statements do not include any adjustments relating to positive outcomes that may eventuate in connection with the Debt Restructuring and nor do they include adjustments relating to the realisation and classification of assets and liabilities that may be necessary if the Group is unable to continue as a going concern. If the going concern assumption is no longer appropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities respectively. Such adjustments have not been made to these financial statements.