



## KrisEnergy increases interest in Cambodia Block A through corporate acquisition

### 1. INTRODUCTION

The Board of Directors of KrisEnergy Ltd. (“**KrisEnergy**” or the “**Company**”) announces that its wholly-owned subsidiary, KrisEnergy (Asia) Ltd (“**KEAL**”) has on 10 August 2014 entered into a share sale and purchase deed (the “**Sale and Purchase Deed**”) with Chevron Global Energy Inc. (the “**Seller**”) to purchase the entire issued share capital of Chevron Overseas Petroleum (Cambodia) Limited (“**Chevron Cambodia**”) (comprising 12,000 shares of US\$1.00 each) (the “**Acquisition**”). By way of a separate deed of guarantee with the Seller, KrisEnergy is a guarantor for KEAL’s obligations under the Sale and Purchase Deed.

### 2. INFORMATION ON THE ASSET

Chevron Cambodia, a company incorporated in Bermuda, holds the operatorship of, and 30.0% participating interest (28.5%, upon the formal transfer to the Cambodian National Petroleum Authority or its successor (“**CNPA**”))<sup>(1)</sup> in the Block A Petroleum Agreement, offshore Cambodia (“**Cambodia Block A**”).

Upon completion of the Acquisition, KrisEnergy will indirectly hold 52.25% participating interest in Cambodia Block A through a wholly-owned subsidiary, KrisEnergy (Cambodia) Ltd (23.75%) and Chevron Cambodia (28.5%). The operatorship will remain with Chevron Cambodia (which will be renamed as KrisEnergy (Apsara) Ltd.). The remaining participating interest is held by MOECO Cambodia Co., Ltd (28.5%), GS Energy Corporation (14.25%) and CNPA (5.0%)<sup>(1)</sup>.

Cambodia Block A overlays the Khmer Basin, offshore in Cambodian waters lying to the east of the Pattani Trough within the central Gulf of Thailand. It is bounded to the west by the Narathiwat Ridge, which separates it from the Pattani Basin, and to the east by the Khmer High and to the south by the Kim Qui High, separating it from the Malay Basin. Similar to the other basins within the Gulf of Thailand, this basin is characterised by an early Palaeogene phase of rifting with non-marine and lacustrine deposition, followed by a Neogene thermal subsidence phase with alluvial plain sedimentation. To date, 26 exploration wells have been drilled within the current outline of Cambodia Block A, of which 23 have encountered oil and/or gas. A production permit application for the development of the Apsara area within Cambodia Block A was submitted to the Cambodian authorities in September 2010 and was updated in 2012. Phase one of the development of the Apsara area includes 24 development wells from a single platform with oil processed then stored in an offshore storage vessel prior to commercial sales. Production from the first platform is anticipated to peak at 10,000 barrels of oil per day.

The initial public offering of the Company was sponsored by CLSA Singapore Pte Ltd and Merrill Lynch (Singapore) Pte. Ltd. (the “**Joint Issue Managers, Global Coordinators, Bookrunners and Underwriters**”). The Joint Issue Managers, Global Coordinators, Bookrunners and Underwriters assume no responsibility for the contents of this announcement.



Upon completion of the Acquisition, KrisEnergy's best estimate contingent resources ("2C resources") attributable to its 52.25% participating interest in Cambodia Block A will be 5.4 million barrels of oil equivalent ("mmboe") as of 31 December 2013, as estimated by Netherland Sewell & Associates, Inc. ("NSAI"). This comprises 4.5 mmboe of 2C resources in the development pending category associated with Platform A and 0.9 mmboe of 2C resources in the development unclarified category associated with Platforms B and C.

**Note:**

(1) On 15 November 2011, CNPA announced its intention to exercise its right to take a 5.0% participating interest in Cambodia Block A. Formalisation and completion of CNPA's acquisition are ongoing.

### 3. PRINCIPAL TERMS OF THE SALE AND PURCHASE DEED

#### 3.1 Conditions Precedent

Completion of the Acquisition ("**Completion**") is subject to the receipt of (i) permission from the Bermudan Monetary Authority and (ii) acknowledgment from the Royal Government of Cambodia. Subject to Completion, the Acquisition will have an effective date of 10 August 2014 ("**Effective Date**").

Cambodia Block A joint-venture partners, MOECO Cambodia Co., Ltd and GS Energy Corporation, have both approved the Acquisition.

#### 3.2 Consideration

The total consideration for the Acquisition is US\$65 million (S\$81.25 million)<sup>(2)</sup>, which comprises the sale and transfer of the entire issued share capital of Chevron Cambodia, subject to a working capital adjustment (as described in paragraph 3.3) (the "**Consideration**").

The Consideration was arrived at a willing-buyer and willing-seller basis after taking into account the exploration and appraisal costs incurred by the Seller, 2C resources attributable to Cambodia Block A, development potential of Cambodia Block A and the prevailing market conditions. KrisEnergy has today paid in cash to the Seller an aggregate amount of US\$6.5 million (S\$8.125 million) as deposit and will pay the remaining Consideration on Completion, which is subject to the conditions described in paragraph 3.1.

#### 3.3 Working Capital Adjustment

The remaining Consideration to be paid on Completion will be adjusted accordingly to reflect the working capital of Chevron Cambodia as at the date of Completion.

**Note:**

(2) Conversions from US\$ to S\$ in this announcement are based on the exchange rate of US\$1.00 = S\$1.25 as at 31 December 2013.



#### 4. FINANCIAL EFFECTS OF THE ACQUISITION

##### 4.1 Assumptions

The pro forma financial effects of the Acquisition presented below are strictly for illustration purposes and do not reflect the actual financial position of KrisEnergy and its subsidiaries (the “Group”) post-Acquisition. The pro forma financial effects have been prepared based on the latest audited financial statements of the Group for the financial year ended 31 December 2013 (“FY2013”) and have not been reviewed or audited by an independent party.

##### 4.2 Net Profits Attributable to the Acquisition

No profit or loss relating to the assets or operations has been recorded as Cambodia Block A is still in the development stage.

##### 4.3 Net Tangible Assets per Share

For illustrative purposes and assuming the Acquisition had been effected at the end of FY2013, the pro forma financial effects on the consolidated net tangible assets of the Group for FY2013 (“NTA”) are as follows:

	Before the Acquisition	Adjusted for the Acquisition
<b>NTA</b>	US\$416.8 million (S\$521.0 million)	US\$431.3 million (S\$539.1 million)
<b>NTA per share</b>	US\$0.40 (S\$0.50)	US\$0.41 (S\$0.52)

##### 4.4 Earnings per Share

No profit or loss relating to the assets or operations has been recorded as Cambodia Block A is still in the development stage.

#### 5. RATIONALE FOR THE ACQUISITION

KrisEnergy believes the Acquisition will bring the following key benefits to its shareholders (the “Shareholders”):

- Increased access to development acreage offshore Cambodia;
- Additional 2C resources; and
- Operating control of a highly prospective development block with the ability to progress development by conducting negotiations with the Royal Government of Cambodia.



## 6. METHOD FOR FINANCING THE ACQUISITION

The Acquisition will be financed by KrisEnergy's revolving credit facility, internal cash resources and other sources of capital. KrisEnergy is expected to provide a separate update to the Shareholders in relation to the method for financing on Completion.

## 7. OTHER INFORMATION

### 7.1 Interests of the Directors and Controlling Shareholders

None of the directors or controlling shareholders of KrisEnergy has any interest, direct or indirect, in the Acquisition, other than through their respective interests in KrisEnergy, if any.

### 7.2 Directors' Service Contracts

No person is proposed to be appointed as a director of KrisEnergy in connection with the Acquisition or any other transaction contemplated in relation to the Acquisition.

### 7.3 Relative Figures

Farm-in and farm-out transactions are considered transactions in the ordinary course of KrisEnergy's business provided that there is no change in KrisEnergy's risk profile following the transaction. The Directors are of the view that there will be no change in KrisEnergy's risk profile following the Acquisition. The Acquisition is accordingly considered to be in the ordinary course of KrisEnergy's business.

Solely for information only, the relative figures in relation to the Acquisition computed on the applicable bases set out in Rule 1006 of the Listing Manual (the "Listing Manual") of the Singapore Exchange Securities Trading Limited (the "SGX-ST") are disclosed below:

Rule 1006	Bases	The Acquisition	Group	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	N.A. <sup>(i)</sup>	N.A. <sup>(i)</sup>	N.A. <sup>(i)</sup>
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	N.A. <sup>(ii)</sup>	N.A. <sup>(ii)</sup>	N.A. <sup>(ii)</sup>
(c)	The aggregate value of the consideration <sup>(iii)</sup> given or received, compared with the	US\$65.0 million (S\$81.25	US\$613.1 million (S\$766.4	10.6



Rule 1006	Bases	The Acquisition	Group	Relative Figures (%)
	Company's market capitalisation <sup>(iv)</sup> based on the total number of issued shares excluding treasury shares.	million)	million)	
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	N.A. <sup>(v)</sup>	N.A. <sup>(v)</sup>	N.A. <sup>(v)</sup>
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	N.A. <sup>(vi)</sup>	N.A. <sup>(vi)</sup>	N.A. <sup>(vi)</sup>

**Notes:**

- (i) This basis is not applicable to an acquisition of assets.
- (ii) No profit or loss relating to the assets or operations has been recorded as Cambodia Block A is still in the development stage.
- (iii) For the purposes of computing Rule 1006(c), the consideration for the Acquisition is taken to be US\$65.0 million (S\$81.25 million).
- (iv) "Market capitalisation" is determined by multiplying the number of shares in KrisEnergy in issue by the weighted average price of such shares transacted on the market day preceding the date of the Sale and Purchase Deed.
- (v) This basis is not applicable because no equity securities will be issued by KrisEnergy as consideration for the Acquisition.
- (vi) This basis is applicable to a disposal of mineral, oil and gas assets, but not to an acquisition of such assets.

**7.4 Disclosure under Rule 750(1) of the Listing Manual**

Based on NSAI's estimate of the 2C resources for Cambodia Block A as of 31 December 2013, the Acquisition will increase KrisEnergy's participating interest 2C resources by approximately 4.3% from 68.6 mmboe to 71.6 mmboe. Taking into account the acquisition of Block A Aceh, Indonesia, which is pending approvals, the Acquisition will increase KrisEnergy's participating interest 2C resources by approximately 1.7% from 172.1 mmboe to 175.1 mmboe.



## 8. DOCUMENTS FOR INSPECTION

A copy of the Sale and Purchase Deed is available for inspection upon request by Shareholders during normal business hours at 83 Clemenceau Avenue, #10-05, UE Square, Singapore 239920 for a period of three months, commencing from the date of this announcement.

### By order of the Board

Kelvin Tang  
Joint Company Secretary  
10 August 2014

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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. Our strategy is to acquire assets in countries and basins where our technical team has expertise derived from decades of experience. Since 2009, we have built a portfolio of 18 contract areas in Bangladesh, Cambodia, Indonesia, Thailand and Vietnam, spanning the entire exploration-to-production life cycle. We operate 11 of the contract areas and this will rise to 12 once approvals are received for the Cambodia Block A transaction. KrisEnergy has also acquired a non-operated participating interest in Block A Aceh, the transaction for which is also pending government approval. In the first quarter 2014, our working interest production was approximately 8,000 barrels of oil equivalent per day from two oil and gas licences in the Gulf of Thailand and one gas field onshore Bangladesh.

KrisEnergy's shares are listed on the mainboard of the Singapore Exchange Securities Trading Ltd under the ticker SK3.

For more information, visit [www.krisenergy.com](http://www.krisenergy.com)