KRISENERGY



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KrisEnergy Ltd. is an Asian-focused, independent upstream oil and gas company with a portfolio of producing assets, near-term development projects and upside exploration potential.

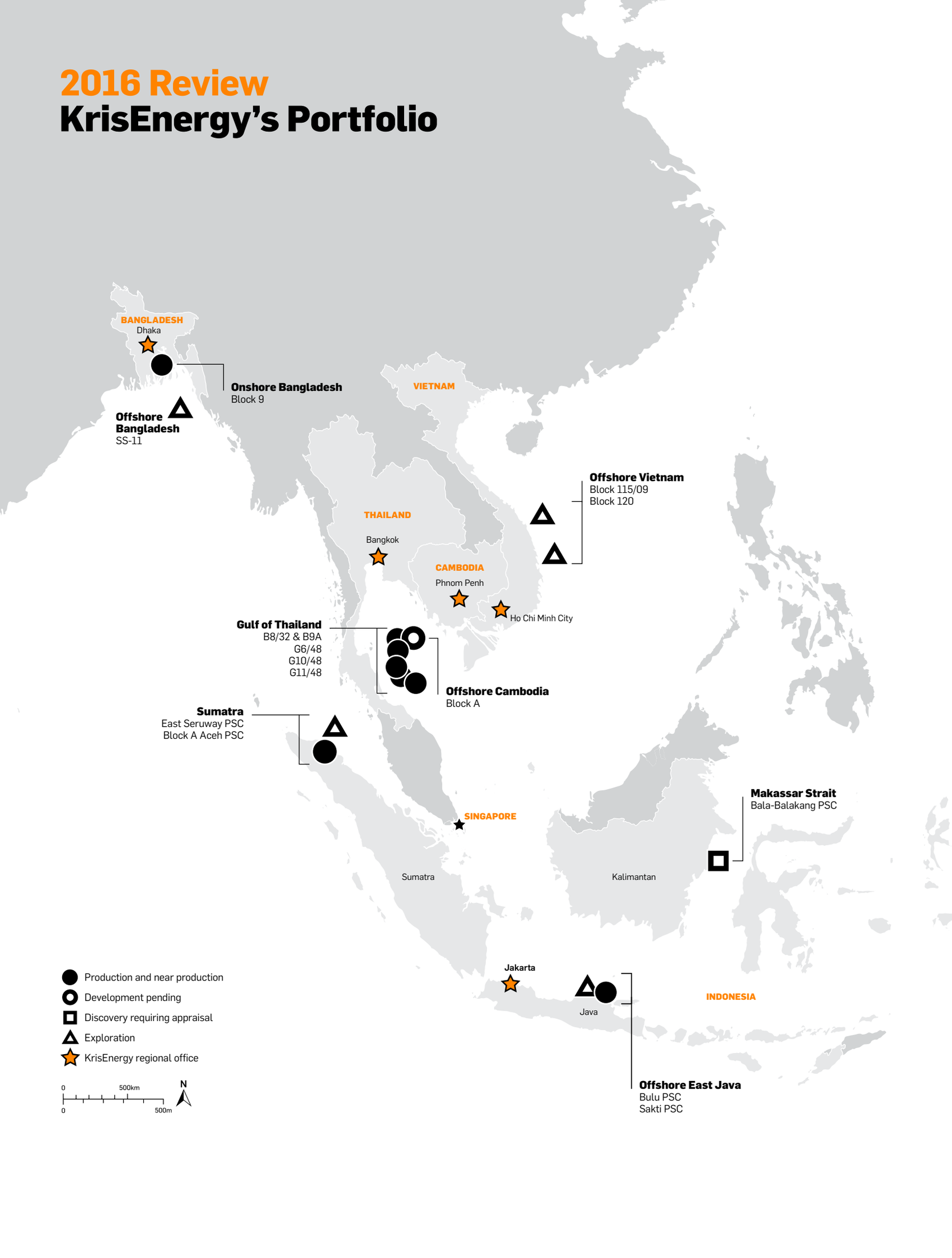
Our strategy is based on applying our technical and commercial expertise and in-depth local knowledge to create value across the portfolio, which stretches from the Surma Basin in Bangladesh in the west to the Papuan Basin in the east, and from offshore Vietnam in the north to Indonesia in the south.

KrisEnergy holds working interests in 16 assets, five of which produced a combination of oil, condensate and gas at an average rate of 16,136 barrels of oil equivalent per day ("boepd") in 2016. We are the operator of 10 of the contract areas and we have a pipeline of development projects including two oil fields in the Gulf of Thailand, one oil field offshore Cambodia and two gas projects in Indonesia.

KrisEnergy is listed on the Mainboard of Singapore Exchange Securities Trading Ltd ("SGX-ST").


KRISENERGY

2016 Review
KrisEnergy's Portfolio



Country / Asset Name	Working Interest (%)	Operator	Gross Acreage (sq. km)	Location	Water Depths (metres)
Bangladesh					
Block 9	30	KrisEnergy	1,770	Surma Basin	Onshore
SS-11	45	Santos	4,475	Bay of Bengal over Bengal Fan	200-1,500
Gulf Of Thailand					
B8/32 & B9A	4.6345	Chevron	2,072	North Pattani Basin	42-113
G10/48	89	KrisEnergy	1,783	Southern margin of Pattani Basin	Up to 60
G11/48	22.5	Mubadala	1,079	Southern Pattani Basin and northwest Malay Basin	Up to 75
G6/48	30	KrisEnergy	371	Karawake Basin on western margin of Pattani Basin	60-70
Cambodia					
Block A	95[1]	KrisEnergy	4,709	Khmer Basin	50-80
Indonesia					
East Seruway PSC	100	KrisEnergy	1,172	North Sumatra Basin, Malacca Strait	25-60
Block A Aceh	41.6666[2]	Medco	1,680	North Sumatra Basin	Onshore
Bulu PSC	42.5	KrisEnergy	697	East Java Sea	50-60
Sakti PSC	95	KrisEnergy	4,974	East Java Sea	50-60
Kutai PSC[3]	54.6	KrisEnergy	944	Mahakam River delta, Makassar Strait	50-90
Bala-Balakang PSC	85	KrisEnergy	3,143	Southern edge of Kutai Basin, Makassar Strait	20-over 1,000
Udan Emas PSC	100	KrisEnergy	4,044	Bintuni Basin, West Papua	Transition
Vietnam					
Block 105-110/04[4]	51	KrisEnergy	7,192	Central Song Hong Basin	20-80
Block 115/09	100	KrisEnergy	7,382	Quang Ngai Graben into Phu Khanh Basin	60-200
Block 120	33.33	Eni	6,869	Southern Song Hong Basin	50-650

1 After a 5% transfer of working interest to the relevant government corporation as decided by the Cambodian Ministry of Mines & Energy ("MME")
2 In November 2016, KrisEnergy agreed to farm down a 26.666% stake in Block A Aceh, the transaction is pending government approvals. Once completed, KrisEnergy will hold a 15.0% working interest in Block A Aceh
3 Application has been submitted to relinquish the Kutai production sharing contract ("PSC"), which expired on 15 January 2017
4 Block 105-110/04 ("Block 105"). Application has been submitted to relinquish Block 105, which expired on 2 February 2017

Our target area stretches from the Surma Basin in Bangladesh in the west to the Papuan Basin in the east, and from offshore Vietnam in the north to Indonesia in the south.



Our offices

We are dedicated to establishing and maintaining an on-the-ground presence in countries in which we have assets. We have offices in Dhaka in Bangladesh, Phnom Penh in Cambodia, Jakarta in Indonesia, in Singapore, Bangkok in Thailand and in Ho Chi Minh City in Vietnam. In addition, we have a full complement of operational staff at the Bangora field location onshore Bangladesh.

By maintaining local offices in these countries, we are able to respond quickly and efficiently to business opportunities that arise in these areas. Moreover, we largely employ local technical and professional staff, who bring valuable knowledge of the regional geology, business culture and regulatory environment.

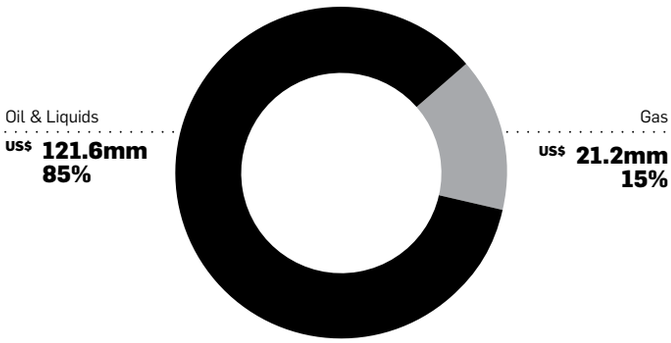
2016 Financial Highlights



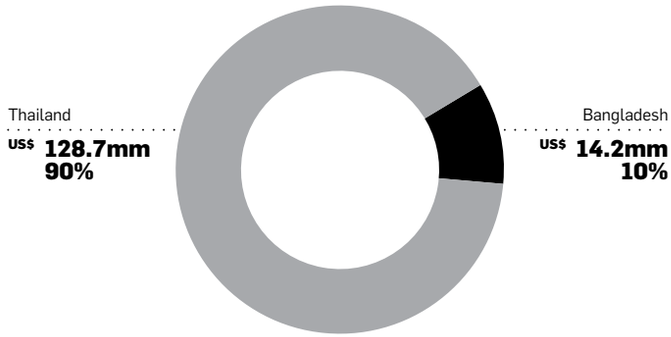
Revenue (US$)

142.8 million (2015: 60.2 million)

Revenue By Oil To Gas Ratio



Revenue By Country Breakdown



EBITDAX (US$)

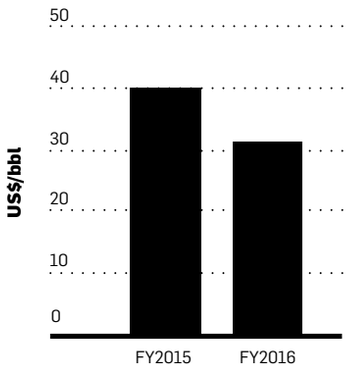
51.1 million (2015: 37.2 million)

Lifting Cost (US$)

13.85/boe (2015: 8.63/boe)

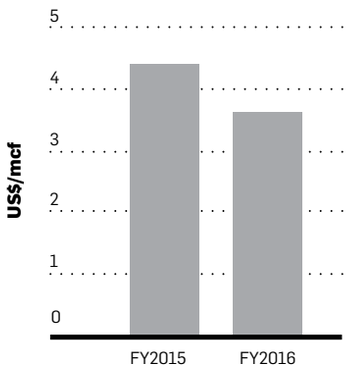
Realised Oil And Liquids Sales Price (US$)

30.99/bbl (2015: 40.18/bbl)



Realised Gas Sales Price (US$)

3.60/mcf (2015: 4.45/mcf) (excludes Bangladesh)



Loans & Borrowings (US$) (as at 31 December)

417.0 million (2015: 304.6 million)

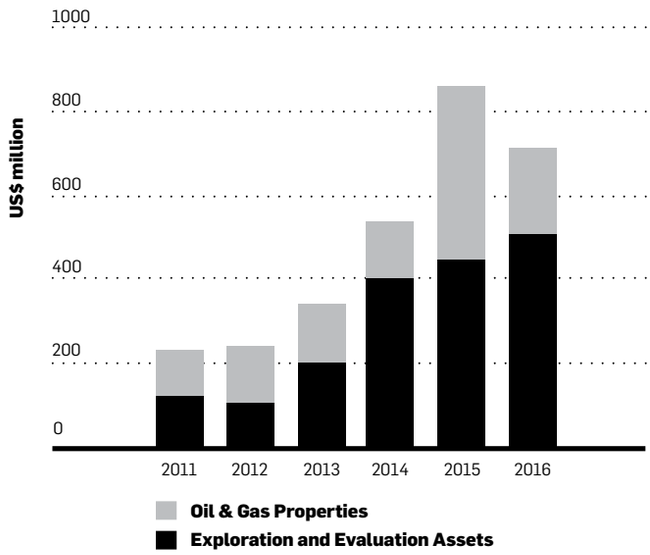
Gearing (as at 31 December)

62% (2015: 38%)

Oil & Gas Assets (US$) (as at 31 December)

714.8 million

(2015: 862.5 million)



Chairman's Statement

"a substantial increase in the Group's production resulted in record revenues of US$142.8 million in 2016"



Tan Ek Kia | **Independent Non-executive Chairman**

Dear Shareholders

My first task for the 2016 annual report is to thank retiring Chairman, Will Honeybourne, for his excellent leadership and guidance since KrisEnergy was established in 2009. I feel highly privileged to be appointed Non-executive Chairman in February 2017 to succeed Will and I look forward to working closely with the other members of the Board and KrisEnergy's management to take the Company forward.

Having been a member of the Board of Directors since January 2013, I have witnessed the significant pressures applied on the Company as a result of the precipitous and enduring drop in oil prices since mid-2014. The challenging environment remained in 2016 as the opening weeks of the year saw prices fall below US$28 per barrel ("bbl") for global benchmark Brent crude oil. The average Brent price for last year was US$45.44/bbl, the lowest since 2004, and for some companies 2016 marked the end of the road.

For KrisEnergy, a substantial increase in the Group's production resulted in record revenues of US$142.8 million in 2016 despite low selling crude oil prices. However, the focus of the Company throughout the year was to find solutions to strengthen its balance sheet and to manage its liquidity.

Holistic restructuring

We embarked on a comprehensive and holistic financial restructuring in November 2016. Both equity and debt holders were called upon to support the process, which was, frankly, imperative for the survival of the Company.

Debt holders agreed to extend the maturities of their securities by five years to 2022 and 2023 and to reduce coupon payments at least for the duration of depressed oil markets. Shareholders subscribed to a preferential offering of seven-year zero coupon bonds with warrants and raised S$139.5 million. The public market transactions for the restructuring were completed in February 2017 and I would like to express my deep appreciation to all stakeholders for their contribution and patience through what was a complicated process and a difficult period.

The funds from the preferential offering will be used primarily to advance the Company's development projects. Under a new business plan developed as part of the restructuring, the Company's focus over the next few years will be to maintain existing production, improve operational efficiencies and to grow production capacity by progressing oil developments in the Gulf of Thailand, including offshore Cambodia, and gas projects in Indonesia. In addition, management has commenced a program of portfolio rationalisation to mitigate risks and raise proceeds to strengthen capitalisation for undertaking the field developments.

Organisational changes

Following the financial restructuring and with the shift in strategy under the new business plan, there will be additional changes to the Board of Directors and management.

Executive Directors, Richard Lorentz and Chris Gibson-Robinson, will step down from the Board effective 24 April 2017. They will remain in their executive roles until 30 June 2017, and thereafter will become advisors to the Chief Executive Officer.

Both Richard and Chris, together with Keith Cameron, were founding directors of KrisEnergy and were instrumental in building a very strong portfolio of assets in Southeast Asia and assembling a highly talented team of people to execute the vision of the Company. On behalf of the Board, I would like to thank them for their efforts over the last seven years and wish them every success in their future endeavours.

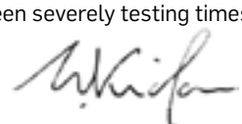
I would like to congratulate, Kelvin Tang, who is appointed Chief Operating Officer. Kelvin joined KrisEnergy as General Counsel when it was established in 2009 and later took on the additional role of President of KrisEnergy's subsidiary in Cambodia. He has been fully engaged in the restructuring and change in strategy. The Board looks forward to providing their advice and support to Kelvin in his new role.

Cautious optimism

The KrisEnergy portfolio of assets contains good opportunities. Even though we are taking rationalisation steps to help ride out the downturn, and we are not actively using capital resources for exploration, the portfolio has a number of prospects to work and mature for future drilling in order to grow reserves base, and therefore stakeholder value.

With oil prices where they are today, there are still many challenges and pitfalls ahead. There is no certainty that oil prices will maintain these levels or climb and the markets remain vulnerable to downside risks such as a strong revival of US shale oil development or the discipline of OPEC[1] and other producing countries to comply with announced production cuts. It is essential that all elements of the new business plan are executed to enable the Company to fulfil its operational and financial obligations in the coming years.

On behalf of the Board, I would like to thank the entire KrisEnergy team for their hard work and dedication. I also would like to extend our gratitude to all stakeholders for their fortitude in what have been severely testing times.



Tan Ek Kia
Independent Non-executive Chairman | 15 March 2017

[1] The Organization of the Petroleum Exporting Countries ("OPEC")


KEY GIBRALTAR

Interim Chief Executive Officer's Message



Jeffrey S. MacDonald | **Interim Chief Executive Officer and Executive Director**

Coming after 18 months of steeply declining oil prices, 2016 was extremely difficult for the oil and gas industry and KrisEnergy was not immune to the financial pressures felt by many companies in the upstream and related sectors.

The rout in oil prices was compounded by significant fluctuations in the markets. Brent crude oil futures, a global benchmark, swung from a low of US$27.88/bbl in January 2016 to a 52-week high in December 2016 at US$56.82/bbl. Although rising prices by year end were clearly welcome, the continued volatility resulted in uncertainty, which impacts decision making. At today's levels of around US$51/bbl, there remains a fragility in market confidence.

Such price pressure materially and adversely affected the revenue and free cash flow required for us to satisfy future financial obligations and to meet our operational objectives. During 2016, we maintained a number of cost reduction and cost management programs including 10-25% across the Group cuts in salaries and director fees, as well as the suspension of employee bonuses. These measures will remain in place in 2017.

Record revenue but non-cash charges hit

The Group achieved a 66.5% increase in net production in 2016 to 16,136 boepd principally as a result of a full year of production from the Wassana and Nong Yao oil fields in the Gulf of Thailand. Accordingly, net revenue rose 137.4% to US$142.8 million, a record for the Company and in spite of low oil prices specifically in January 2016 when our working interest production briefly peaked at 19,935 boepd.

Although EBITDAX[1] grew 37.4% to US$51.1 million in 2016, we incurred a net loss after tax of US$237.1 million, which was primarily a consequence of US$198.9 million in non-cash impairment charges and write-offs.

These non-cash impairments and write-offs are to a large degree the result of oil prices. As for the majority of upstream oil and gas companies, our assets are continually assessed for potential impairment against prevailing oil and/or gas price forecasts. A reduction in the forecast for forward oil prices at the end of 2016 led to impairment charges for our producing assets in the Gulf of Thailand. We have also had some mechanical issues with Wassana production that have impacted the assessment of the G10/48 licence.

In addition, we have relinquished or are in the process of relinquishing two appraisal blocks in Indonesia – the Kutai and East Muriah PSCs – and an exploration licence in Vietnam, Block 105. We have taken non-cash write-off charges in 2016 to reflect these relinquishments.

New business plan

Liquidity remained a challenge in 2016 and numerous capital raising and capital restructuring options were considered. In June 2016, our revolving credit facility ("RCF") was transferred to DBS Bank Ltd ("DBS") and increased to US$148.27 million and in November 2016, DBS made available a US$50.0 million bridge upsize ("Bridge Upsize") to the Group. I would like to thank DBS for its support throughout 2016.

Despite these short-term liquidity measures, in the fourth quarter the Board of Directors approved and adopted a comprehensive restructuring plan, including a new business plan, to ensure the integrity of the Group's asset portfolio and protect and preserve stakeholder value. Both bond and equity holders participated in the restructuring process and I am pleased to say that in February 2017, we successfully completed the final public markets' transaction.

We are now focused on the execution of the new business plan. This entails increasing our operational focus on development projects and production activities in the Gulf of Thailand, including Cambodia. The Gulf of Thailand is an area of particular expertise for the Group and we operate three concessions – G10/48, G6/48 and Cambodia Block A – containing near-term oil developments, thereby giving us control in terms of timing, development concept and allocation of capital.

Specifically, we intend to concentrate on the extension of the Wassana oil field, and development of the Rossukon oil field in G6/48 and the Apsara area in Cambodia Block A, all of which have multiple low-risk development opportunities with significant exploration upside. These developments will be core to our strategy in order to generate free cash flow from operations and provide for the repayment of our debt obligations beginning in 2022.

We have also commenced the process to rationalise the Group's existing asset portfolio. Portfolio management at any stage of an upstream company's business cycle is prudent oil field practice for managing risk and reducing pressure on capital expenditure budgets. The process commenced in November 2016 when we signed a farm-out agreement to transfer 26.6666% working interest in Block A Aceh to PT Medco E&P Melaka, the operator of the block. This transaction is pending government approval. We have relinquished or are in the process of relinquishing three blocks in the exploration or appraisal category and we intend to farm-out additional assets where we hold a high working interest subject to obtaining a fair price for such farm-out or sales transactions. Any net cash proceeds from the portfolio rationalisation process are intended to be applied to capital expenditure in the Gulf of Thailand.

Despite a level of continuing uncertainty for the oil and gas sector, I believe our plan forward will give rise to creating future value. I look forward to working with Kelvin Tang in his newly appointed role of Chief Operating Officer. Kelvin has spearheaded the negotiations with the Cambodian authorities and regulators for the Apsara Block A oil development, which is a core asset in our strategy.

I am sure I speak for the entire KrisEnergy team in expressing gratitude to Keith Cameron, Chris Gibson-Robinson and Richard Lorentz, who jointly were the driving force in the creation and growth of KrisEnergy. Keith left the Company at the end of June 2016 and Richard and Chris will step down from their executive roles in the middle of 2017. All three will remain as advisors to the Company.



Jeffrey S. MacDonald
Interim Chief Executive Officer and Executive Director | 15 March 2017

[1] Earnings before interest, tax, depreciation, amortisation, geological and geophysical expenses and exploration expenses ("EBITDAX")

Wassana oil development



Cambodia Apsara development



CLICK to watch video; or go to either
- www.krisenergy.com/videos/wassana/
- www.krisenergy.com/videos/apsara/
- or scan the QR codes to view

" we intend to concentrate on the extension of the Wassana oil field, and development of the Rossukon oil field in G6/48 and the Apsara area in Cambodia Block A, all of which have multiple low-risk development opportunities with significant exploration upside "

Financial Review





Kiran Raj | **Chief Financial Officer, Vice President Finance**

We embarked on a series of deliberate and focused financial restructuring transactions during 2016 against the persistent backdrop of depressed and volatile commodity prices. As our business and financial sustainability is dependent upon the prevailing prices of oil and gas, the Board of Directors sanctioned a series of financial restructuring transactions with the primary objective of ensuring the future viability of the Group's oil and gas assets, our ability to meet ongoing and future financial commitments and to protect and grow stakeholder value.

The precipitous drop in oil prices since 2014 and protracted volatility continued to have a forceful impact on our results of operations, financial condition and prospects. The average price of Dubai crude oil, a relevant benchmark in Asia, ranged from US$22.80/bbl to US$54.20/bbl in 2016 and the average price of Brent crude ranged from a low of US$27.88/bbl to a 52-week high of US$56.82/bbl in 2016. As a result, the carrying value of our oil and gas portfolio in Thailand was subject to significant impairments amounting in aggregate to US$121.0 million. Also as a consequence of the restructuring, we made the decision to relinquish three exploration and evaluation assets, which resulted in a write-off charge of US$77.9 million in aggregate to the profit and loss statement. The negative impact of the impairments and asset relinquishments was partially mitigated by a gain recognised from the transfer of working interests to the Group in relation to Cambodia Block A amounting to US$81.0 million and the sale of a subsidiary in Thailand for US$10.6 million.

Prior to the announcement of the restructuring in November 2016, we continued to defer capital expenditures and reduce general and administrative expenses, and we increased the facility limit of the revolving credit facility. Although these measures provided short-term liquidity benefits, the restructuring was focused on delivering a holistic solution to improve the Group's financial condition and ensure the preservation of stakeholder value.

We completed the public markets aspect of the restructuring on 2 February 2017 through the preferential offering of the fully subscribed senior secured zero coupon notes due 2024 with free detachable warrants raising approximately S$139.5 million (US$98.7 million) in gross proceeds. The ongoing and invaluable support from our major shareholder, Keppel Corporation, was not only a reaffirmation of the future of KrisEnergy's oil and gas platform but provided the necessary capital in order to allow the Group to enter into the next phase of restructuring. As we progress into 2017, our primary focus is to maximise operational efficiencies from producing assets and to enter into a formal process to farm out and divest selected interests in the Group's portfolio in order to continue to effect the new business plan announced via the *Consent Solicitation Statement* on 17 November 2016.

Revenue

2016 marked the highest production in our history, increasing 66.5% to 16,136 boepd (2015: 9,692 boepd). This primarily resulted from a full year of production from our operated Wassana oil field and the non-operated Nong Yao oil field in the Gulf of Thailand. Audited consolidated net revenue for 2016 increased 137.2% to US$142.8 million (2015: US$60.2 million) on the back of production increases, however, downward pressure on oil prices remained as the average realised sales prices for oil and gas dropped 22.9% and 19.1%, respectively.

Production from the Wassana and Nong Yao oil fields, which increased nearly seven-fold and just over threefold in 2016, contributed 71.0% of our consolidated net revenues. Full-year production from B8/32 & B9A oil and gas complex in the Gulf of Thailand and the Bangora gas field in Bangladesh remained relatively stable compared with 2015, contributing 19.0% and 10.0% to consolidated net revenues, respectively.

For the year ended 31 December	2016	2015
Sale of crude oil & liquids (US$ million)	121.6	40.7
Sale of gas (US$ million)	21.2	19.5
Revenue (US$ million)	142.8	60.2
Production volumes		
Oil & liquids (bopd)	10,146	3,492
Gas (mmcfd)	35.9	37.2
Total (boepd)	16,136	9,692
Average sales price		
Oil & liquids (US$/bbl)	30.99	40.18
Gas (US$/mcf)	3.60	4.45

Cost of sales

As a result of a full-year of production from the Wassana and Nong Yao oil fields, cost of sales increased 114.6% to US$204.9 million in 2016 (2015: US$95.5 million). Cost of sales was impacted by:

- higher operating costs, which increased 168.1% to US$81.8 million in 2016 (2015: US$30.5 million) in line with higher revenue recognised from the Wassana and Nong Yao oil fields, but partially offset by lower operating costs at the B8/32 & B9A oil and gas complex;
- 146.5% increase in depreciation, depletion and amortisation ("DD&A") to US$104.5 million (2015: US$42.4 million) due to the full-year contribution to production from Wassana and Nong Yao;
- 133.5% increase in Thai petroleum royalties paid to US$11.5 million (2015: US$4.9 million) due to the increase in production from our Thai producing assets; and
- the continued downward pressure on global oil prices, where crude oil inventory was written down by US$7.1 million following a net realisable value adjustment.

Group lifting costs for 2016 increased 60.6% to US$13.85/boe (2015: US$8.63/boe) in line with the full-year production contribution from the Wassana and Nong Yao oil fields.

For the year ended 31 December	2016	2015
Cost of sales (US$ million)	204.9	95.5
Average lifting cost		
Oil, liquids and gas (US$/boe)	13.85	8.63
Operating costs (US$ million)	81.8	30.5
Total production (mmboe)	**5.9**	**3.5**



EBITDAX

EBITDAX increased 37.4% to US$51.1 million in 2016 (2015: US$37.2 million). In addition to the increase in net revenue over the year, lower corporate general and administrative expenses also contributed to higher EBITDAX.

For the year ended 31 December (US$ million)	2016	2015
EBITDAX	51.1	37.2
Loss before tax	234.6	45.3
Tax expense	2.4	3.3
Loss after tax	**237.1**	**48.6**

Finance costs

As we undertook and executed a number of restructuring transactions during 2016, our finance costs increased by 70.8% to US$33.3 million in 2016 (2015: US$19.5 million). The major contributors to the increase in our finance costs were the (i) increase in interest costs, tied to the increased facility size and amounts drawn under the RCF; (ii) RCF bank arrangement fees paid to The HongKong and Shanghai Banking Corporation, Australia & New Zealand Banking Group Limited and the Commonwealth Bank of Australia in connection with the one-year extension of the RCF in March 2016 and subsequent arrangement fees that were paid to DBS for taking over the RCF in June 2016; and (iii) professional fees paid to advisors in connection with the restructuring process.

Loss before tax

We recorded a loss before tax of US$234.6 million in 2016 (2015: US$45.3 million) mainly as a result of non-cash charges, being asset impairments, asset relinquishments and DD&A expense.

Capital expenditures & investments

Following the successful development of the Wassana and Nong Yao oil fields in the Gulf of Thailand in 2015, we significantly reduced capital expenditure in 2016 by 70.7% to US$65.9 million (2015: US$224.7 million).

In 2016, US$25.4 million was invested into producing assets, where the B-6 development well in the Bangora field was drilled to maintain the gas production rate. In the Nong Yao field, four infill wells were drilled and in G10/48, we fulfilled the minimum work requirement through a seismic acquisition program.

In 2016, expenditure on assets under development contributed just over half of total capital expenditure, being US$33.6 million; of this, US$30.5 million was spent on the gas development project in Block A Aceh in Indonesia.

We continued to curtail capital expenditure on exploration blocks and utilised US$6.9 million of the US$8.2 million we estimated in August 2016.

Capital Expenditure by Country (US$ million)

(Net to KrisEnergy)	FY 2016 Forecast (As at Aug 2016)	FY 2016 Actual	FY 2017 Forecast
CAPEX for producing assets	**29.4**	**25.4**	**29.8**
Bangladesh	7.7	7.1	5.7
Thailand[1]	21.7	18.3	24.1
CAPEX for non-producing assets under development	**45.3**	**33.6**	**82.5**
Cambodia[2]	1.5	1.7	27.8
Indonesia	42.8	30.5	54.1
Thailand	1.0	1.4	0.6
CAPEX for non-producing assets exploration assets	**8.2**	**6.9**	**9.2**
Indonesia	4.7	4.2	3.6
Bangladesh	0.6	0.4	0.6
Vietnam	2.9	2.3	5.0
TOTAL CAPEX	**83.0**	**65.9**	**121.5**

Notes

1 Excludes capital expenditure relationg to KrisEnergy's working interest in the B8/32 & B9A concessions

2 Includes capital expenditure relating to the production barge to be used in the Cambodia Block A field development

Loans & borrowings

Restructuring corporate debt was the primary focus in 2016. At the end of 2015, we entered in to a binding term sheet for the refinancing of US$122.0 million RCF entered into in 2014 (the "2014 RCF") to an upsized three-year US$200.0 million facility. With the continued decline in global oil prices, the proposed lenders elected to not proceed with the execution of the new facility agreement and as a result, we extended the 2014 RCF by one year in March 2016. Although the extension unlocked the negative working capital position for the Group, it came with, among others, onerous capital raising requirements. As a result, the Board sanctioned a process to review all capital raising and financial restructuring alternatives, and DBS became our sole secured lender following the transfer of the 2014 RCF from the previous lenders to DBS in June 2016. This transfer and the subsequent upsize of the DBS RCF to US$148.3 million (the "2016 RCF") triggered the first phase of the restructuring exercise in 2016.

DBS' commitment to the Group, where they agreed to relax financial covenants and extend a bridge loan to the Group, provided short-term liquidity in order to implement a more formal restructuring framework. In November 2016, we launched a consent solicitation exercise whereby we sought and subsequently received approval from noteholders for the exchange of the S$130.0 million 6.25% senior unsecured fixed rate notes due June 2017 ("2017 Notes") and S$200.0 million 5.75% senior unsecured fixed rate notes due August 2018 ("2018 Notes") to longer dated senior unsecured 4.0% fixed rate notes due June 2022 and August 2023 (the "2022 Notes and 2023 Notes"), respectively and with the same face value.

Loans and borrowings as at 31 December 2016 amounted to US$417.0 million (2015: US$304.6 million), comprising the drawn amount of the 2016 RCF of US$148.3 million, the Bridge Upsize of US$40.0 million and the balance relating to the 2017 Notes and the 2018 Notes.

Historically, the Group's gearing policy has been to permit an amount of cost effective debt equivalent to 30.0% to 50.0% of total capital. Given the decline in oil prices and the impact on our results of operations and financial condition, coupled with the scarcity of equity capital to strengthen the Group's balance sheet, gearing increased to 61.8% for the year ended 31 December 2016 (2015: 38.1%). In the absence of a substantial future equity contribution, we would expect our gearing to remain above our gearing policy range.

For the year ended 31 December (US$ million)	2016	2015
Amount repayable in one year or less	40.0	14.0
Amount repayable after one year	379.5	325.8

Preferential offering

On 12 December 2016, we launched a non-renounceable non-underwritten preferential offering to existing shareholders of S$139.5 million in principal amount of senior secured zero coupon notes due 2024 ("2024 Notes")with detachable warrants . On 27 December 2016, shareholders voted in favour of the preferential offering and pursuant to an irrevocable undertaking given by Keppel Oil & Gas Pte Ltd, the offering was fully subscribed. On 2 February 2017, S$139.5 million in principal amount of 2024 Notes and 1,255,183,632 warrants were issued and listed for trading on Singapore Exchange Trading Ltd. The net proceeds from the preferential offering after deducting expenses related to the offering amounted to S$136.4 million (approximately US$96.5 million).



	Allocation of Preferential Offering Proceeds[1]	Preferential Offering Proceeds Utilised as at 15 March 2017	Balance of Preferential Offering Proceeds
(US$ million)			
Capital expenditures (relating to the Group's existing assets)	41.9	14.9	27.0
Repay Bridge Upsize	48.0	48.0	–
General working capital	6.6	6.6	–
Total	**96.5**	**69.4**	**27.0**

Notes

[1] Estimated net proceeds from the Preferential Offering disclosed in the *Offering Memorandum* dated 6 January 2017 were US$94.8 million and the actual net proceeds received by the Company was approximately US$96.5 million

Cash

For the year ended 31 December 2015, net cash flow from operating activities and net cash flow used in investing activities were restated due to reclassification of non-cash gain on transfer and assignment of working interest amounting to US$34.1 million from investing activities to operating activities.

For the year ended 31 December 2016, net cash flow used in operating activities amounted to US$4.3 million, compared with net cash flow from operating activities of US$51.3 million in 2015. The net loss after tax in 2016 of US$237.1 million was primarily incurred as a result of non-cash items amounting to US$384.4 million, which relates to (i) DD&A of US$104.5 million; (ii) impairment charges of US$121.0 million; (iii) gain on transfer and assignment of Cambodia Block A working interest of US$81.0 million; and (iv) write-off charges of US$77.9 million.

Net cash flow from investing activities decreased to US$77.1 million in 2016 (2015: US$211.1 million) following completion of development drilling at the Wassana and Nong Yao oil fields in 2015 and early 2016. Material movements in capital expenditure in 2016 include (i) development activities in Block A Aceh and G11/48 amounting to a total of US$50.2 million; and (ii) expenditure relating to seismic acquisition and development well workovers in G10/48 amounting to US$7.3 million.

Net cash flow generated from financing activities increased 47.7% to US$91.2 million in 2016 (2015: US$174.4 million). In 2016, US$113.3 million was drawn from the RCF, and we paid coupon payments amounting to US$15.3 million in relation to the 2017 Notes and the 2018 Notes.

For the year ended 31 December (US$ million)	2016	2015 (Restated)
Net cash flows (used in) / from operating activities	(4.3)	17.2
Net cash flows used in investing activities	(77.1)	(211.1)
Net cash flows from financing activities	91.2	174.4
Cash and cash equivalents	**37.5**	**27.9**

2017 Financial outlook

It is without question, 2016 provided for one of the most tumultuous years in the global oil and gas industry. The successful completion of the restructuring was a critical first step and our focus for 2017 remains defined where we intend to allocate our capital resources to existing production and near-term developments in order to build the foundations to grow production, revenues and free cash flow in future years. The 26.6666% farm down of our working interest in Block A Aceh in 2016 was the first transaction forming part of an overall asset rationalisation program and we intend to progress our efforts and complete the transactions relating to the asset realisation program in the second half 2017.

Production this year is expected to remain in line with 2016 levels, however, we do expect an incremental increase in gross production from the Wassana field, where we plan to drill infill wells, and at the Bangora gas field, onshore Bangladesh, following completion of the B-6 development well in January 2017. Planned 2017 capital expenditure is US$121.5 million, an increase of 84% from 2016. We continue to manage capital expenditure and our strategic focus to allocate capital to producing and development assets, which account for 92.0% of the Group's 2017 work program and budget directed to our five producing blocks, as well as the Cambodia Block A and the Block A Aceh development projects. In line with the new business plan, we expect our share of production and capital expenditure moving forward to decline year-on-year where we successfully execute the transactions relating to the asset rationalisation program.

There continues to be a great deal of uncertainty in the oil markets and as such, our balance sheet remains susceptible to the impact of a protracted depression in oil prices. Fundamental to our future financial strength will be our efforts to bolster the balance sheet and manage and reduce operating expenditures. The support from all stakeholders has been immense and we will continue to strive to fully inform all parties as we progress through the roll out of the new business plan in 2017.



Kiran Raj
Chief Financial Officer, Vice President Finance | 15 March 2017

Fiscal Terms

The petroleum licences in which we have interests contain the terms of our concessions as agreed between the participants and the relevant host government. The economic terms of these licences, commonly known as fiscal terms, vary depending on jurisdiction.

Bangladesh

The table below sets out the material fiscal terms of our Bangladesh assets.

	Block 9	SS-11
DMO for OIL	With six months' prior written notice, Petrobangla may require contractor to provide its *pro rata* share of oil, up to 25.0% of its share of profit oil, for domestic consumption.	With six months' prior written notice, Petrobangla may require contractor to provide its *pro rata* share of oil, up to 80.0% of its share of profit oil, for domestic consumption.
DMO price for OIL	15.0% discount to fair market value.	15.0% discount to fair market value.
DMO for GAS	Contractor must first offer all its share of gas to Petrobangla and its affiliates. If Petrobangla or its affiliates do not purchase the gas within six months of contractor's submission of an evaluation report, contractor is free to find a market outlet within Bangladesh.	Contractor must first offer all its share of gas to Petrobangla and its affiliates. If Petrobangla or its affiliates does not purchase the gas within six months of contractor's submission of an evaluation report, contractor is free to find a market outlet within Bangladesh.
DMO price for GAS	Price of gas sold to Petrobangla and its affiliates is set at 75.0% of the average for each calendar quarter of Platt's Oilgram quotations of High Sulphur Fuel Oil 180 CST, free-on-board ("FOB") Singapore with a floor price of US$70 per metric tonne and ceiling price of US$120 per metric tonne. Price of gas sold to Petrobanglais subject to a further 1.0% discount.Price of gas sold to third parties shall be equalto or greater than the pricing formula described above.	Price of gas sold to Petrobangla and its affiliates is set at 75.0% of the average for each calendar quarter of Asian Petroleum Price Index quotations of High Sulphur Fuel Oil 180 CST, FOB Singapore with a floor price of US$100 per metric tonne and ceiling price of US$200 per metric tonne. Price of gas sold to Petrobangla is subject to a further 1.0% discount. Price of gas sold to third parties shall be equal to or greater than the pricing formula described above.
Cost recovery limit		
Oil	Up to 40.0% per calendar year of all oil produced and saved from the contract area and not used in petroleum operations.	Up to 55.0% per calendar year of all oil produced and saved from the contract area and not used in petroleum operations.
Gas	Up to 45.0% per calendar year of all gas produced and saved from the contract area and not used in petroleum operations.	Up to 55.0% per calendar year of all gas produced and saved from the contract area and not used in petroleum operations.

	During Cost Recovery	After Cost Recovery	
Profit OIL split (to contractor)			
Up to 10,000 bopd	33.0%	30.0%	–
Portion over 10,000 and up to 25,000 bopd	30.0%	25.0%	–
Portion over 25,000 and up to 50,000 bopd	25.0%	20.0%	–
Portion over 50,000 and up to 100,000 bopd	20.0%	15.0%	–
Portion over 100,000 bopd	17.0%	10.0%	–
Profit GAS split (to contractor)			
Up to 75 mmcfd	39.0%	34.0%	45.0%
Portion over 75 and up to 150 mmcfd	39.0%	34.0%	40.0%
Portion over 150 and up to 250 mmcfd	34.0%	27.5%	35.0%
Portion over 250 and up to 300 mmcfd	34.0%	27.5%	30.0%
Portion over 300 and up to 400 mmcfd	27.5%	22.0%	30.0%
Portion over 400 and up to 450 mmcfd	27.5%	22.0%	25.0%
Portion over 450 and up to 600 mmcfd	25.0%	17.5%	25.0%
Portion over 600 mmcfd	18.0%	15.0%	20.0%
Profit condensate/liquids (to contractor)			
Up to 3,000 boepd	35.0%	30.0%	–
Portion over 3,000 and up to 6,000 boepd	32.0%	27.0%	–
Portion over 6,000 and up to 10,000 boepd	28.0%	25.0%	–
Portion over 10,000 and up to 15,000 boepd	25.0%	20.0%	–
Portion over 15,000 boepd	20.0%	15.0%	–

	Block 9		SS-11
	During Cost Recovery	After Cost Recovery	
Profit OIL and condensate/liquids (to contractor)			
Up to 5,000 boepd	–	–	45.0%
Portion over 5,000 and up to 12,500 boepd	–	–	42.5%
Portion over 12,500 and up to 25,000 boepd	–	–	40.0%
Portion over 25,000 and up to 40,000 boepd	–	–	35.0%
Portion over 40,000 and up to 65,000 boepd	–	–	30.0%
Portion over 65,000 and up to 100,000 boepd	–	–	25.0%
Portion over 100,000 boepd	–	–	20.0%
		General	**General**
Production bonus payments			
Within 30 days of first commercial discovery		US$1 million	US$3 million
		OIL	**OIL**
Upon daily average of 10,000 bopd for 30 consecutive days		US$1 million	US$0.5 million
Upon daily average of 20,000 bopd for 30 consecutive days		US$1 million	US$1 million
Upon daily average of 30,000 bopd for 30 consecutive days		US$1 million	US$2 million
Upon daily average of 40,000 bopd for 30 consecutive days		US$2 million	US$2.5 million
Upon daily average of 50,000 bopd for 30 consecutive days		US$2 million	US$3 million
Upon daily average of 100,000 bopd for 30 consecutive days		US$2 million	US$4 million
		GAS	**GAS**
Upon daily average of 75 mmcfd for 30 consecutive days		US$1 million	US$0.5 milion
Upon daily average of 150 mmcfd for 30 consecutive days		US$1 million	US$1 million
Upon daily average of 225 mmcfd for 30 consecutive days		US$1 million	US$2 million
Upon daily average of 300 mmcfd for 30 consecutive days		US$2 million	US$2.5 million
Upon daily average of 375 mmcfd for 30 consecutive days		US$2 million	US$3 million
Upon daily average of 450 mmcfd for 30 consecutive days		–	US$4 million
Upon daily average of 600 mmcfd for 30 consecutive days		US$5 million	US$6 million
Income tax	All Bangladesh income tax levied on petroleum operations are borne and discharged by Petrobangla.		All Bangladesh income tax levied on petroleum operations are borne and discharged by the contractor.
Bangladesh participation option		None	None

Cambodia[1]

The table below sets out the material fiscal terms of Cambodia Block A.

	Block A	
Royalty	12.5% of production	
Cost recovery petroleum	90.0% of production	
Allocation of remaining oil (to contractor) (average annual production)	Up to 10,000 and up to 25,000 bopd	58.0%
	In excess of 10,000 – 25,000 bopd	53.0%
	Portion over 25,000 and up to 50,000	48.0%
	Portion over 50,000 bopd	38.0%
Allocation of remaining gas (to contractor)	65.0%	
Income tax (not payable on the royalty petroleum or cost recovery petroleum)	25.0% for five years from first profit and 30.0% thereafter.	
Production bonus payment	None	
Annual surface rental fee	US$500 per sq. km of unrelinquished production area (once production permit is effective) and up to US$40 per sq. km of unrelinquished exploration area (expires once production permit is effective).	
MME option	5.0% exercised on 15 November 2011 and completion to conclude effective date of production permit.	

[1] Negotiations with the Cambodian authorities on the terms of the production permit and Petroleum Agreement for Cambodia Block A are ongoing. The fiscal terms for Cambodia Block A may be amended as a result of the resolution reached with the Cambodia authorities

Indonesia

The table below sets out the material fiscal terms of our Indonesian assets.

	Block A Aceh	Bulu	East Seruway	Sakti	Bala-Balakang	Udan Emas
FTP (OIL and GAS):						
(as % of total petroleum production)	20.0%	10.0%	20.0%	20.0%	20.0%	20.0%
Effective Tax Rate	40.0%	44.0%	44.0%	44.0%	44.0%	44.0%
DMO for oil	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
DMO for gas	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
DMO price for oil (% of market price)	15.0%	25.0%	25.0%	25.0%	25.0%	25.0%
DMO price for gas (% of market price)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Pre-tax profit oil split to contractor	25.0%	35.7%	26.8%	41.7%	58.3%	58.3%
Pre-tax profit gas split to contractor	58.3%	62.5%	53.6%	58.3%	66.7%	66.7%
Production bonus payments upon cumulative production having reached:						
25 mmboe	US$1 million	–	US$1 million	US$1 million	US$1 million	US$1 million
50 mmboe	US$2 million	US$500,000	US$1 million	US$1.5 million	US$1.5 million	US$1.5 million
75 mmboe	–	US$1 million	US$1 million	US$2 million	US$2 million	US$2 million
100 mmboe	US$4 million	–	–	–	–	–
125 mmboe	–	US$2 million	–	–	–	–
Indonesian participation option	–	10.0%	10.0%	10.0%	10.0%	10.0%
Aceh participation option	10.0%	–	–	–	–	–
Local community fund contribution	1.0% of gross revenue	–	–	–	–	–

Thailand

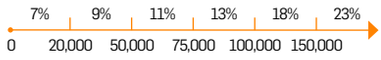
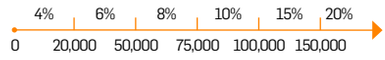
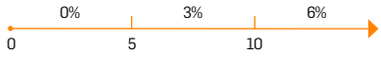
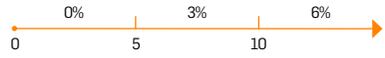
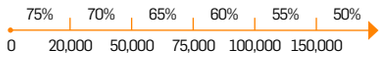
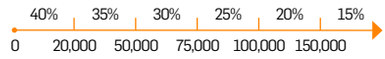
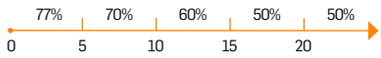
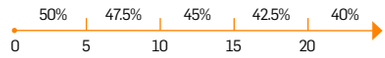
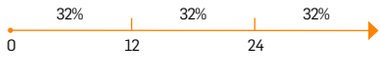
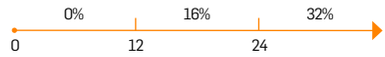
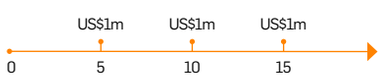
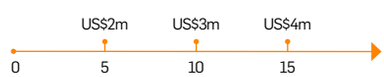
The table below sets out the material fiscal terms of our Thai assets.

	B9A	B8/32, G6/48, G10/48 & G11/48	
Royalty (as % of the value of petroleum sold or disposed in each month)	12.5%	0 – 60,000 barrels	5.00%
		60,000 – 150,000 barrels	6.25%
		150,001 – 300,000 barrels	10.00%
		300,001 – 600,000 barrels	12.50%
		Over 600,000 barrels	15.00%
Income tax rate	50.0%		50.0%
Annual surface Reservation fee	THB 4,000 per sq. km per year		None
Special remuneratory benefit	None	Payable at the end of each fiscal year in various rates based on the profit earned during the year up to a maximum payment of 75.0% of the profit earned.	

		B8/32	G6/48	G10/48	G11/48
Production bonus Payment	Fully discharged	Fully discharged	US$0.3 million payable within 30 days from day total production from the contract area first averages 10,000 boepd for 90 consecutive days	US$0.5 million payable within 30 days from day total production from the contract area first averages 20,000 boepd for 30 consecutive days	US$0.5 million payable within 30 days from day total production from the contract area first averages 20,000 boepd for 30 consecutive days
Thai participant option	None	None	None	10.0%	10.0%, discharged

Vietnam

The table below sets out the material fiscal terms of our Vietnam assets.

	Block 115/09	Block 120
Royalty on OIL (bopd)		
Royalty on GAS (mmcfd)		
Cost recovery limit	70% of gross reserves	70% of gross reserves
Pre-tax profit OIL split (to contractor)		
Pre-tax profit GAS split (to contractor)		
Income tax rate		
OIL export duty	10.0%	4.0%
Production bonus payments		
General		
Within 30 days of first commercial discovery	US$1 million	US$2 million
Within 30 days of first commercial production	US$1 million	US$2 million
OIL (bopd) 30 consecutive days		
GAS (mmcfd) 30 consecutive days		
PetroVietnam option	20.0%	20.0%

The table below sets out certain information regarding our oil and gas assets as at 15 March 2017.

Country/ Asset Name	Effective Interest (%)	Status[1]	Effective Date	Licence Expiry Date	Exploration Period	Production Area	Production Permit Expiry Date	Licence Area (sq. km)	Type of Mineral Oil or Gas Deposit	Licence Type
Bangladesh										
Block 9	30.0	Production & development unclarified	11 April 2001	26 August 2033	–	Bangora	26 August 2033[2]	1,770	Gas / Condensate	PSC
SS-11	45.0	Exploration	12 March 2014	See Note 2	11 March 2019	–	–	4,475	Oil/Gas	PSC
Cambodia										
Block A	100.0[3]	Development pending & development unclarified	18 March 2002	See Note 4	See Note 4	–	–	4,709	Oil	Petroleum Agreement
Indonesia										
Block A Aceh	41.6666[5]	Near production & development unclarified	1 September 2011	31 August 2031	31 August 2031	–	–	1,680	Gas/ Condensate	PSC
Bulu	42.5	Near production	14 October 2003	13 October 2033	–	Lengo	13 October 2033	697	Gas	PSC
East Seruway	100.0	Exploration	13 November 2008	12 November 2038	13 November 2008 to 12 June 2016[6]	–	–	1,172	Oil/Gas	PSC
Sakti	95.0	Development unclarified	26 February 2014	25 February 2044	26 February 2014 to 25 February 2020[7]	–	–	4,974	Oil/Gas	PSC
Bala-Balakang	85.0	Development unclarified	19 December 2011	18 December 2041	19 December 2011 to 18 December 2017[7]	–	–	3,143	Gas	PSC
Udan Emas	100.0	Exploration	20 July 2012	19 July 2042	20 July 2012 to 19 July 2018[7]	–	–	4,044	Gas	PSC



Country/ Asset Name	Effective Interest	Status[1]	Effective Date	Licence Expiry Date	Exploration Period	Production Area	Production Permit Expiry Date	Licence Area (sq. km)	Type of Mineral Oil or Gas Deposit	Licence Type
Thailand										
B8/32	4.6345	Production	1 August 1991	31 July 2020[8,9]	–	Tantawan	31 July 2020[10]	1,992	Oil/Gas	Tax/ Royalty
						Benchamas South and Pakarong	31 July 2020[10]			
						Maliwan	31 July 2020[10]			
						North Jarmjuree	31 July 2020[10]			
						North Benchamas	31 July 2020[10]			
						Chaba	31 July 2020[10]			
B9A	4.6345	Production	17 July 2003	16 July 2041[8]	–	Rajpruek	16 July 2041[10]	80	Oil/Gas	Tax/ Royalty
G6/48	30.0	Near production & development unclarified	8 January 2007	See Note 8	8 January 2007 to 7 January 2021[7]	Rossukon	7 January 2036[10]	371	Oil/Gas	Tax/ Royalty
G10/48	89.0	Production & development unclarified	8 December 2006	See Note 8	8 December 2006 to 7 December 2020[7]	Wassana	7 December 2035[10]	1,783	Oil	Tax/ Royalty
G11/48	22.5	Production & development unclarified	13 February 2007	See Note 8	13 February 2007 to 12 February 2021[7]	Nong Yao	12 February 2036[10]	1.079	Oil/Gas	Tax/ Royalty
Vietnam										
Block 115/09	100.0	Exploration	31 March 2014	30 March 2044	31 March 2014 to 30 March 2018[7]	–	–	7,382	Oil/Gas	PSC
Block 120	33.33	Exploration	23 January 2009	22 January 2039	23 January 2009 to 22 January 2017[7]	–	–	6,839	Oil/Gas	PSC

Notes:

1 Each of our contract areas also holds exploration prospects and leads

2 Production permits will be valid for 25 years with an extension period of up to five years

3 Assuming completion of the formal transfer of 5.0% interest in Cambodia Block A to the relevant government corporation as decided by the Cambodian Ministry of Mines & Energy, we will indirectly hold a 95.0% working interest in Cambodia Block A

4 The Cambodia Block A agreement shall remain in full force and effect pending the Cambodian Government's approval of the production permit application ("PPA") for Cambodia Block A. Upon approval of the PPA, the production permit shall be for 30 years from date of first commercial production

5 Pursuant to the farm-out agreement signed with PT Medco E&P Melaka on 9 November 2016, our working interest in Block A Aceh decreased to 15.0%. The farm-out is pending approvals from the Government of Indonesia and the Government of Aceh

6 An application has been submitted to SKKMigas on 21 April 2016 for a 4-year extension of the exploration period from 12 June 2016 to 11 June 2020, which is pending approval from SKKMigas

7 Exploration period may be extended with the approval of the host government

8 Licence expiry dates can be extended if host government grants extension of exploration period or production permit

9 The 10 year extension of B8/32 licence to 2030 was approved and signed on 16 January 2017 and is pending ministerial approval

10 Production permits are valid for 20 years with an extension period of up to 10 years





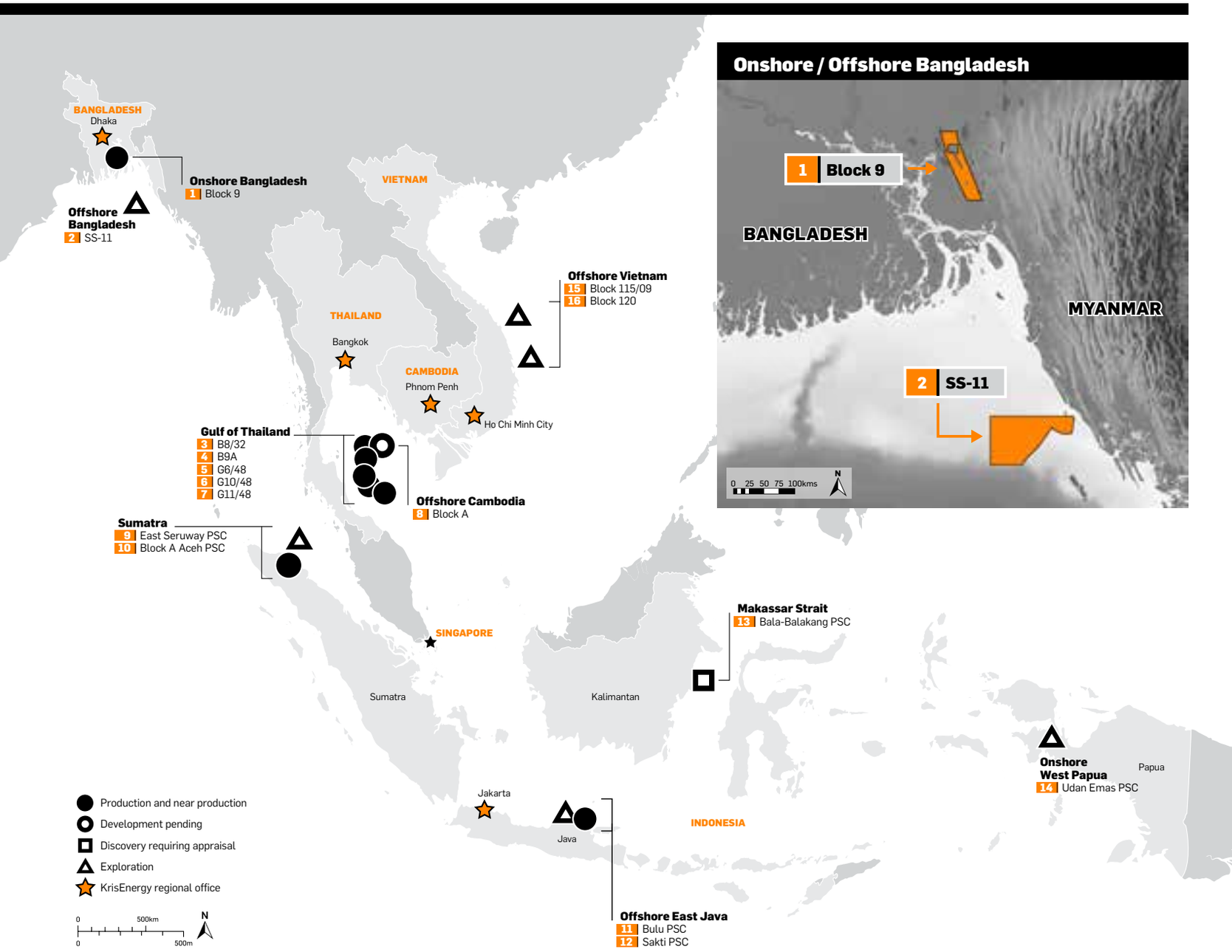
The Portfolio

As at 15 March 2017, KrisEnergy held working interests in 16 contract areas in five countries.

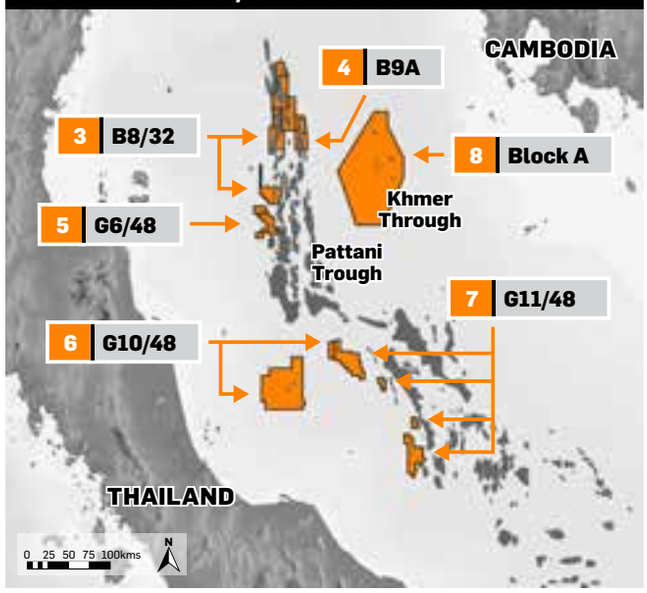
Our assets are largely in shallow waters in well-explored geological basins. We operate 10 of our 16 assets, giving us control of the work programs and budgets and therefore the flexibility to optimise operations such as drilling and seismic acquisition as well as the timing of expenditure.

We aim to balance our reserves, resources and production between oil and gas. Commercial oil discoveries are quicker to develop and sell into a ready international spot market at a higher value than the gas equivalent, but the latter is generally sold in Asia under long-term supply contracts and is less vulnerable to the volatility of global benchmark oil prices.

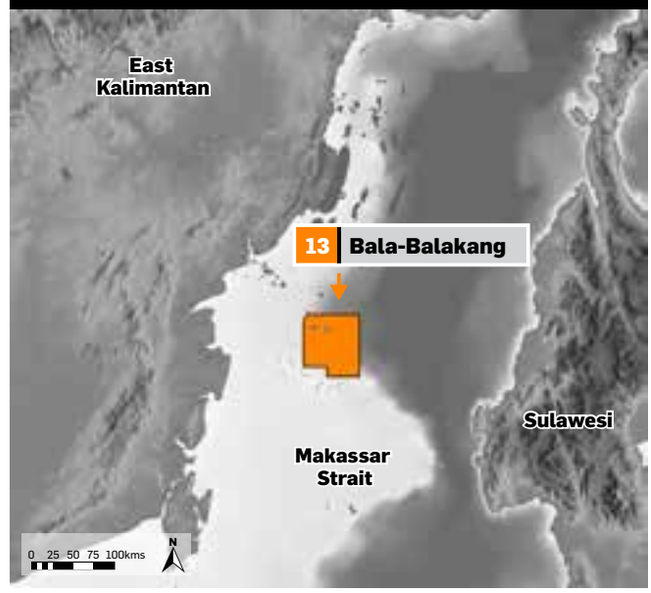
Our five producing assets – B8/32, B9A, Wassana in G10/48, Nong Yao in G11/48 and Bangora in Block 9 – provide cash flow with which we plan to develop our discoveries. Our development portfolio comprises the Wassana satellite oil accumulation, the Rossukon oil field in G6/48, the Apsara oil field in Cambodia Block A, all in the Gulf of Thailand; the Block A Aceh gas fields onshore Sumatra and the Lengo gas field in the Bulu PSC offshore East Java, both in Indonesia.



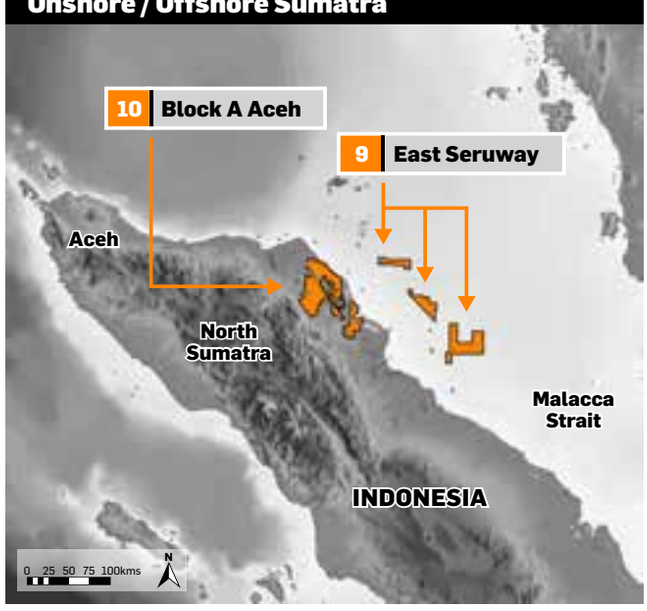
Gulf of Thailand / Offshore Cambodia



Offshore East Java



Onshore / Offshore Sumatra



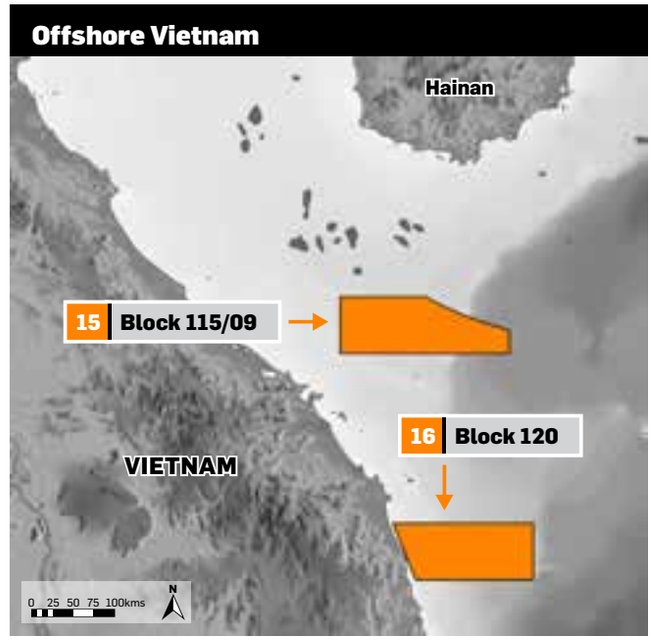
Onshore West Papua



Offshore East Java



Offshore Vietnam



Technical Review



Chris Gibson-Robinson | **Director Exploration and Production**

Maximising the Group's production and operational efficiencies were the core technical focus in 2016 and we achieved the highest annual average daily production in the Company's history.

Environment, health and safety remained paramount and Group operations recorded 1,676,462 man-hours in 2016 with zero lost time injuries. We have been mindful of security issues in some of our host countries and our internal controls have been reviewed and 2016 passed without incident.

Background preparations continued for full development activities on the KrisEnergy-operated assets in the Gulf of Thailand, namely the Wassana satellite extension in G10/48, the Rossukon oil project in G6/48, and the Apsara oil development in Cambodia Block A.

In our efforts to preserve free cash flow, exploration activity was reduced to a minimum in 2016 but low-cost technical work on our inventory of prospects and leads continues with several high-impact opportunities identified for future drilling.

Applications for relinquishment have been submitted for two appraisal blocks in Indonesia – East Muriah PSC and Kutai PSC – and one exploration contract area in Vietnam – Block 105 – following the expiry of the licences.

As at 15 March 2017, our asset portfolio comprised five producing concessions and 11 contract areas in various stages of development or exploration. KrisEnergy operates 10 of the 16 contract areas.

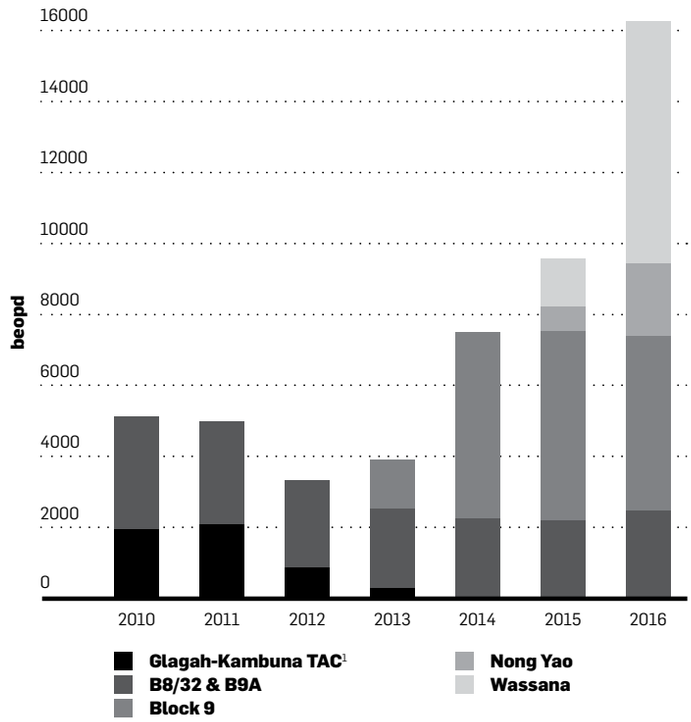
2P reserves & 2C resources

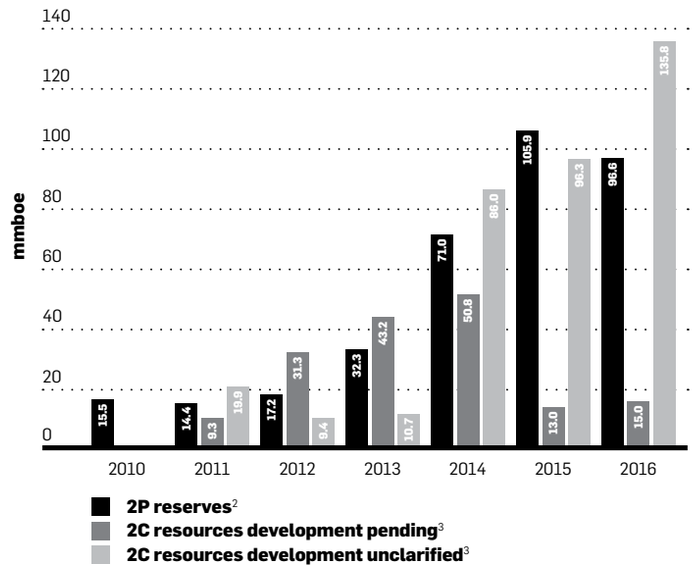
Year-end 2016 working interest 2P reserves were estimated by Netherland, Sewell & Associates, Inc. ("NSAI") at 96.6 million barrels of oil equivalent ("mmboe") versus 105.9 mmboe as at 31 December 2015. The 8.8% decline is associated with lower oil price forecasts impacting the Thai producing assets – Wassana, Nong Yao and, to a lesser extent, B8/32 & B9A – as well as a downward adjustment stemming from production performance issues at the Wassana field.

NSAI estimated working interest 2C resources, at 150.8 mmboe as at 31 December 2016, 37.8% higher than the 109.4 mmboe from the previous year. The assessment includes an uplift to 9.8 mmboe from 5.4 mmboe for the Cambodia Block A concession, where we increased our working interest to 95.0% from 52.25% following the withdrawal of two joint-venture partners in 2016. It also includes 35.1 mmboe of 2C development unclarified resources for the Sakti PSC offshore East Java, Indonesia, where we drilled the Mustika-1 exploration well in December 2015.

Future adjustments will be made to 2P reserves and 2C resources once government approvals are received for the relinquishment of the Kutai PSC (2C resources: 6.9 mmboe) and for the farm down of 26.6666% of our working interest in Block A Aceh (2P: 17.9 mmboe and 2C: 48.6 mmboe). The total for 2C resources excludes those associated with the relinquished East Muriah PSC.

Production hits record





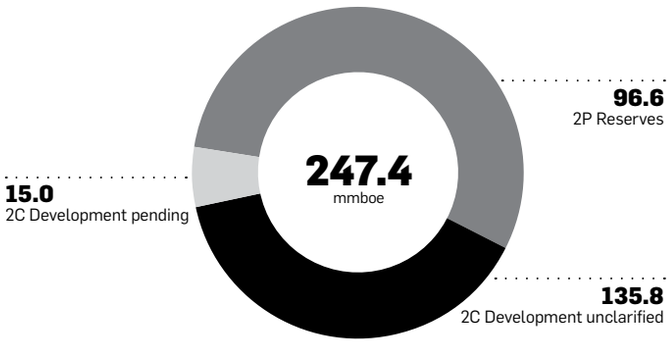
2P Reserves replacement

	2010	2011	2012	2013	2014	2015	2016
2P reserves at 31 Dec (mmboe)	15.55	14.38	17.16	32.30	71.00	105.90	96.63
Average production (boepd)	4,128	4,817	3,384	2,916	7,612	9,692	16,136
Total production (mmboe)	–	1.758	1.235	1.064	2.778	3.573	5.906
Reserves replacement ratio (%)	–	17	325	1,523	1,492	1,088	-57

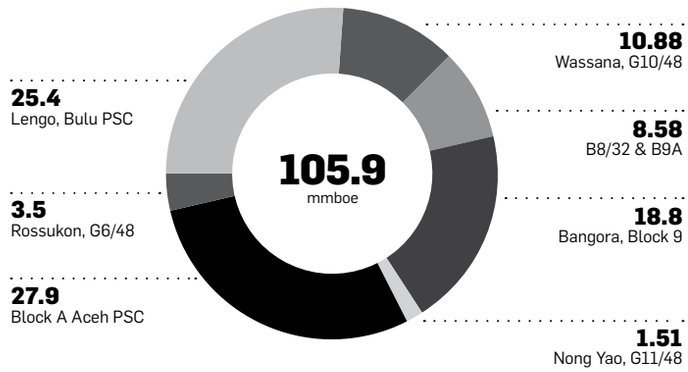
Reserves & resources

All volumes are estimated by NSAI as at 31 December 2016. Numbers may not add up due to rounding.

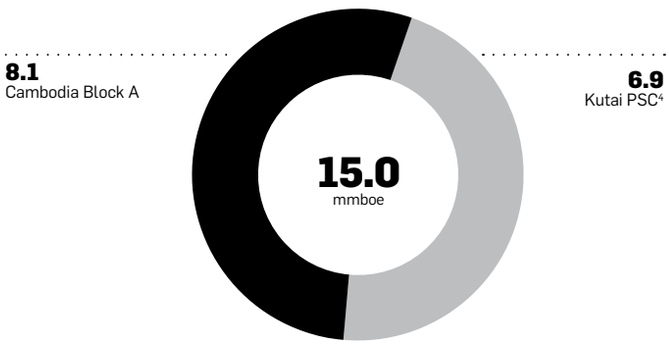
Total 2P reserves & 2C resources (mmboe)



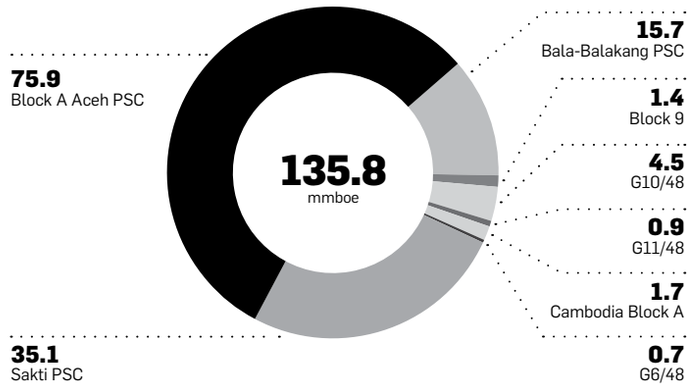
Production / near production 2P reserves (mmboe)



Development pending 2C resources (mmboe)



Development unclarified 2C resources (mmboe)

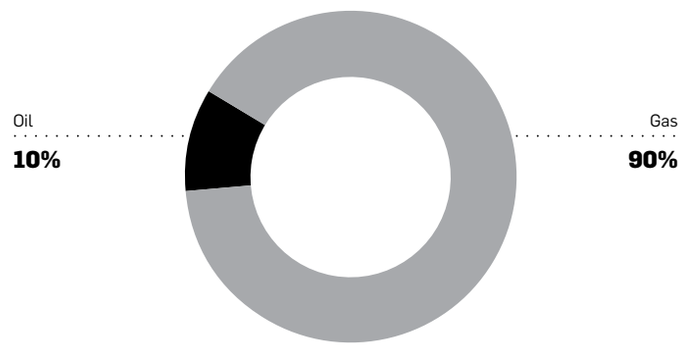


1 The Kambuna gas field in the Glagah-Kambuna Technical Assistance Contract ceased production in July 2013
2 2P reserves refer to proved plus probable reserves and 2C resources refers to best estimate contingent resources in accordance with the definitions and guidelines in the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers
3 Development pending refers to a discovered accumulation where project activities are ongoing to justify commercial development in the forseeable future. Development unclarified refers to a discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay
4 Application to relinquish has been submitted for the Kutai PSC in the Makassar Strait, which expired on 15 January 2017

2P reserves oil vs gas



2C resources oil vs gas





Producing assets

Average working interest production in 2016 was 16,136 boepd, 66.5% higher than in 2015 and the highest annual daily average in the Company's history. A full year of production from the Wassana and Nong Yao oil fields were the main contributors to the jump but the B8/32 and B9A oil and gas complex in the Gulf of Thailand produced at the highest rates since 2012 following a busy campaign of wireline zonal re-completions in 2015 and 2016.

- G10/48, Wassana: Average gross production in 2016 was 7,472 bopd, approximately 25.0% below earlier estimates. Average working interest share of production was 6,650 barrels of oil per day ("bopd"). The field peaked at 12,800 bopd in the first quarter of 2016 but declining well productivity primarily associated with mechanical issues in five wells in the second and third quarters reduced overall production for the year. Remedial work such as well perforation and the replacement of pumps have resulted in a steadying of production in the first weeks of 2017 at approximately 5,500 bopd. Observations gained during and after two successful workovers in December 2016 are being used to plan further work. Up to five infill wells are planned to be drilled during 2017.
- G11/48, Nong Yao: Average gross production in 2016 was 9,486 bopd. Average working interest share of production was 2,134 bopd. Four infill wells were completed in mid-September 2016. An additional four infill wells are planned to be drilled during 2017.
- B8/32 & B9A, Gulf of Thailand: Sixteen infill wells were drilled in 2016 bringing the total number of producing wells to 265 with 34 platforms in operation as at 31 December 2016. An increase in wireline zonal recompletions boosted output from the fourth quarter of 2015 and throughout 2016: oil production exceeded 31,000 bopd in July 2016 and gas production increased to peak in September 2016 at a little over 149 million cubic feet per day ("mmcfd"). Gross oil production on average for 2016 was 27,551 bopd and gross gas production averaged 145.2 mmcfd, or together, the equivalent of an annual average of 51,755 boepd, the highest rate since 2012. KrisEnergy's average working interest share of production was 2,399 boepd. The 10-year extension of the B8/32 & B9A licences to 2030 was approved and signed on 16 January 2017 and is pending ministerial approval. In 2017, 10 infill wells are planned to be drilled.
- Block 9, Bangora: Average gross production in 2016 was 97.4 mmcfd and 282 barrels of condensate per day. Average working interest share of production was 4,953 boepd. The field underwent a two-day maintenance stoppage in September 2016. The Bangora-6 development well commenced drilling late in the third quarter of 2016 and was completed and put into production in January 2017. Bangora-6 was drilled by the *Bapex Bijoy 10* rig to a total depth 3,771 metres measured depth ("MD"), or -3,092 metres total vertical depth subsea ("TVDSS"). The well is producing at approximately 11 mmcfd with total Bangora field production constrained at 102 mmcfd by compressor capacity.



Assets under development

KrisEnergy holds interests in five blocks with potential development projects, four of which it operates. Aside from the non-operated Block A Aceh gas development in Indonesia, where construction commenced in 2016, it is our intention under the new business plan to focus medium-term capital outlay and technical resources in the Gulf of Thailand, including Cambodia.

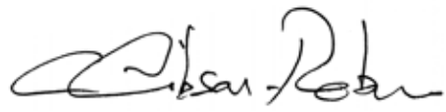
- G10/48, Wassana satellite: Technical work is underway for the potential development of a satellite oil accumulation within the Wassana Production Area, production from which would be processed through the existing Wassana facilities.
- Cambodia Block A, Apsara: On 7 October 2016, the Cambodian authorities approved the transfer of 28.5% and 14.25% working interest in Cambodia Block A from Mitsui Oil Exploration Co. Ltd and GS Energy Corporation, respectively, to KrisEnergy. As of completion, KrisEnergy's working interest in Cambodia Block A increased from 52.25% to 95.0%. We have worked closely with the authorities and expect the final documentation for the Apsara development to be signed during 2017.
- G6/48, Rossukon: The Reservation Area application was approved in April 2016. The new G6/48 acreage stands at 284 sq. km, down from 566 sq. km. The concession comprises two separate areas including the Rossukon Production Area, which holds the Rossukon oil accumulation. Design concept and reservoir simulation is ongoing for the Rossukon oil development.
- Block A Aceh PSC, Indonesia: The joint-venture partners approved the final investment decision for the gas development on 26 July 2016 following the award of the first and second engineering procurement and construction contracts for the flowlines, trunklines and pipelines in March and July, respectively. Construction is underway and first gas is envisaged in late 2018.
- Bulu PSC, Lengo: The Environmental Impact Assessment for the Lengo gas development, offshore East Java, was approved by the Ministry of Environment. Six companies qualified for the engineering, procurement, construction and installation tender, which has been deferred while negotiations continue on a gas sales agreement.

Exploration assets

Exploration drilling has been deferred as much as possible as we focus on production and development. Activity has been minimal with a single 3D seismic acquisition program completed in 2016 on the G10/48 contract area and a non-operated exploration well drilled in the Nong Yao field in G11/48.

Prudent farm-out efforts are ongoing to reduce exploration risk exposure in the Bala-Balakang PSC, East Seruway PSC and Udan Emas PSC in Indonesia, and Block 115/09 and Block 120 offshore Vietnam.

- G10/48: The *CGG Amadeus* completed on 17 August 2016 an 884 sq. km 3D seismic acquisition program covering two sub-areas in the G10/48 licence. The seismic data has been integrated with the existing geological model for the identification of drilling locations for additional prospects and leads in the concession.
- G11/48: The Nong Yao C-1 exploration well reached total depth at 5,003 feet MD (1,525 metres MD), or -4,277 feet TVDSS. The well was plugged as a sub-commercial oil discovery.



Chris Gibson-Robinson
Director Exploration & Production, Executive Director | 15 March 2017

The following reserves and contingent resources tables have been extracted from the qualified person's report dated 31 December 2016 ("QPR"), as prepared by the independent qualified person, NSAI (Texas Board of Professional Engineers Registration No. F-2699). Mr. Scott Frost of NSAI is a Licensed Professional Engineer in the State of Texas (No. 88738) and a member of the Society of Petroleum Engineers and Mr. Allen Evans of NSAI is a Licensed Professional Geoscientist in the State of Texas, Geology (No. 1286) and a member of the American Association of Petroleum Geologists. Please also refer to the Appendix of this Annual Report for the executive summary of the QPR. The full QPR is available for inspection at our Singapore office during working hours by shareholders whose names appear in the CDP Registry or our Register of Members. Shareholders who wish to inspect the full QPR should write to KrisEnergy Ltd., 83 Clemenceau Avenue, #10-05 UE Square, Singapore 239920 to request an appointment.

Reserves

	1P Reserves			2P Reserves			3P Reserves			
	Gross	Working Interest		Gross	Working Interest		Gross	Working Interest		Remarks
	(mmbbl[1])	(mmbbl)	Change from previous update (%)	(mmbbl)	(mmbbl)	Change from previous update (%)	(mmbbl)	(mmbbl)	Change from previous update (%)	
OIL										
Bangladesh										
Block 9	0.57	0.17	(6)	0.93	0.28	(2)	1.09	0.33	(4)	
Indonesia										
Block A Aceh PSC	4.14	1.72	100	5.20	2.17	(2)	6.44	2.68	(1)	
Thailand										
B8/32 & B9A	14.62	0.68	(35)	95.74	4.44	(16)	116.52	5.40	(15)	
G6/48	–	–	–	11.70	3.51	–	15.80	4.74	–	
G10/48	–	–	(100)	12.23	10.88	(35)	16.45	14.64	(38)	
G11/48	4.68	1.05	(41)	6.72	1.51	(32)	8.97	2.02	(25)	
	(bcf[2])	(bcf)	Change from previous update (%)	(bcf)	(bcf)	Change from previous update (%)	(bcf)	(bcf)	Change from previous update (%)	
GAS										
Bangladesh										
Block 9	196.18	58.85	(6)	371.12	111.34	(1)	433.84	130.15	(2)	
Indonesia										
Block A Aceh PSC	343.47	143.11	100	370.86	152.38	(3)	373.13	155.47	(1)	
Bulu PSC	–	–	–	358.55	154.53	–	419.60	178.33	–	
Thailand										
B8/32 & B9A	75.36	3.49	(43)	535.73	24.83	(20)	675.64	31.31	(18)	

Reserves are quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial and remaining (as of the evaluation date) based on the development project(s) applied.

Reserves are further categorised in accordance with the level of certainty associated with the estimates and may be subclassified based on project maturity and/or characterised by development and production status:

Proved reserves ("1P") are quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

Probable reserves (together with 1P, "2P") are additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than 1P reserves but more certain to be recovered than possible reserves. When probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.

Possible reserves (together with 1P and 2P, "3P") are additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than probable reserves. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate.

Contingent resources are quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality.

Contingent Resources

	1C Resources			2C Resources			3C Resources			
	Gross		Working Interest	Gross		Working Interest	Gross		Working Interest	Remarks
	(mmbbl[1])	(mmbbl)	Change from previous update (%)	(mmbbl)	(mmbbl)	Change from previous update (%)	(mmbbl)	(mmbbl)	Change from previous update (%)	
OIL										
Bangladesh										
Block 9	0.02	0.01	–	0.11	0.03	–	0.54	0.16	–	
Cambodia										
Block A	0.91	0.86	82	10.28	9.76	82	18.08	17.18	82	Increase in working interest following transfer from MOECO and GS Energy
Indonesia										
Block A Aceh PSC	0.37	0.15	79	0.94	0.39	11	2.50	1.04	4	
Kutai PSC	–	–	–	0.09	0.05	–	0.15	0.08	–	The Kutai PSC expired on 15 January 2017
Thailand										
G10/48	3.16	2.81	133	5.04	4.48	101	8.55	7.61	68	
G11/48	1.10	0.25	(39)	1.65	0.37	(34)	22.25	5.01	(5)	
	(bcf[2])	(bcf)	Change from previous update (%)	(bcf)	(bcf)	Change from previous update (%)	(bcf)	(bcf)	Change from previous update (%)	
GAS										
Bangladesh										
Block 9	6.08	1.82	–	27.68	8.30	–	128.95	38.69	–	
Indonesia										
Bala-Balakang PSC	–	–	–	110.51	93.93	–	155.81	132.44	–	
Block A Aceh PSC	766.73	319.47	3	1,087.37	453.07	2	1,594.19	664.25	2	
Kutai PSC	–	–	–	75.70	41.33	–	117.45	64.13	–	The Kutai PSC expired on 15 January 2017
Sakti PSC	37.24	35.37	100.0	221.52	210.45	100.0	425.36	404.1	100.0	
Thailand										
G6/48	11.48	3.44	–	13.24	3.97	–	15.37	4.61	–	
G11/48	4.92	1.11	–	14.84	3.34	–	26.08	5.87	–	

In the "low estimate" scenario of contingent resources ("1C"), the probability that the quantities of contingent resources actually recovered will equal or exceed the estimated amounts is at least 90%.

In the "best estimate" scenario of contingent resources (together with 1C, "2C"), the probability that the quantities of contingent resources actually recovered will equal or exceed the estimated amounts is at least 50%.

In the "high estimate" scenario of contingent resources (together with 1C and 2C, "3C"), the probability that the quantities of contingent resources actually recovered will equal or exceed the estimated amounts is at least 10%.

Contingent resources are classified as development pending when there is a discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future. The project is seen to have reasonable potential for eventual commercial development, to the extent that further data acquisition (e.g. drilling, seismic data) and/or evaluations are currently ongoing with a view to confirming that the project is commercially viable and providing the basis for selection of an appropriate development plan.

Contingent resources are classified as development unclarified when there is a discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay. The project is seen to have potential for eventual commercial development, but further appraisal/evaluation activities are on hold pending the removal of significant contingencies external to the project, or substantial further appraisal and/or evaluation activities are required to clarify the potential for eventual commercial development.

1 mmbbl refers to millions of barrels
2 bcf refers to billions of cubic feet

Sustainability

Sustainable value creation is at the core of KrisEnergy's business strategy. A sustainable upstream oil and gas company is able to manage and withstand the risks that affect operational activities and the storms of the global energy markets as we have witnessed over the last three years. We strive to be open to our many stakeholders and share our values and efforts to positively contribute to society and the environment. Our intention is to implement principles that allow us to reach high levels of performance while maintaining honesty, integrity and professionalism in all our business activities.



We are dedicated to initiatives that contribute to the social wellbeing of our local communities, including being transparent in our operational activities within each community. While we take care to keep stakeholders fully informed of material issues relating to our business, we are mindful of our responsibility to avoid inconsistency so as to ensure our disclosures are clear, offer real insight and are comparable over time.

KrisEnergy is committed to meaningful and transparent reporting. We welcome comments and suggestions regarding our announcements, website and annual reports from all stakeholders in an effort to deliver continuous improvement in the way in which we explain our business, our contribution to Asia's growth, the measures we take to mitigate risks and the impact we have on the communities and environments in which we operate.

Our people

People are our strongest asset and the wellbeing of all employees is a top priority. We seek out talented people in the countries in which we operate and take great pride in our commitment to nurture the skills needed to build a successful and world-class upstream oil and gas company.

We firmly uphold fair employment practices and are guided by the relevant legislation when establishing employee contracts and formulating employment policies. With offices in six countries – Bangladesh, Cambodia, Indonesia, Singapore, Thailand and Vietnam – we stand by equal opportunity without discrimination. Our objective is to ensure our working environment is transparent and healthy, one which allows our employees to feel empowered and fulfilled and to realise their full potential regardless of ethnicity or gender.

We periodically provide a range of operational training, such as safety and technical courses, among others. We regularly carry out various emergency response drills to ensure all employees remain vigilant and at the leading edge of health and safety, environmental stewardship and industry best practice.

Health & safety

Health and safety is considered the highest priority by KrisEnergy's management and we have put in place internal systems to monitor and continuously improve our performance. We take training seriously to ensure competency and that no one is harmed while performing their job.

We cultivate a health and safety culture that runs throughout our organisation, one that emphasises individual responsibility at all levels. We actively assess and monitor our contractor's safety systems and procedures and ensure training is provided to KrisEnergy's standards if the need arises.

Our Singapore, Dhaka and Jakarta offices and onshore Bangladesh field operations have OHSAS 18001 certification, an international health and safety management system standard overseen by SGS International Certification Services and accredited by the Swiss Accreditation Service.

Between January and December 2016, the KrisEnergy Group recorded 1,676,462 man-hours at operated assets with zero Loss Time Injuries ("LTIs"). It is standard internal procedure if an LTI occurs in licences operated by KrisEnergy are thoroughly investigated and addressed through a root cause analysis, with corrective and preventive actions implemented. Our ethos is continual improvement.



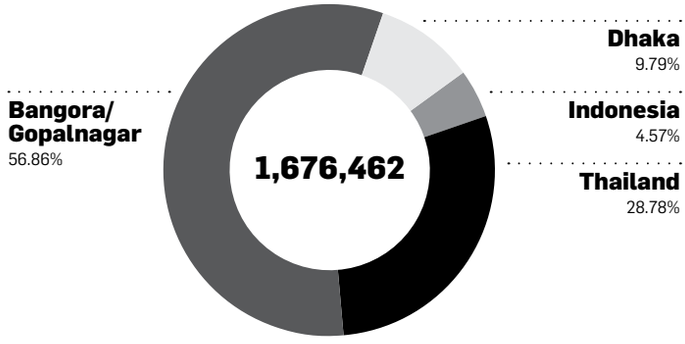
Environment & security

Our business is the extraction of oil and gas. Our operations do affect the environment and the communities in which we operate. However, we ensure all risks posed by our activities are identified, assessed and steps are taken to mitigate our impact as reasonably possible.

We are committed to continual improvement in our environmental performance through an internal management system that meets the ISO 14001 international standard. In 2016, our Jakarta office was awarded the ISO 14001 certification, overseen by SGS International Certification Services and accredited by the UK Accreditation Service. Our Singapore and Dhaka offices and the onshore Bangladeh field operations are also ISO 14001 certified.

In alignment with ISO 14001 requirements, KrisEnergy has an integrated, group-wide system for reporting spillages of oil, dirty water and other pollutants.

KrisEnergy man hours





Plantation

Each year our Bangladesh operations engage in plantation programs to ensure the terrain surrounding our onshore gas field operations is not depleted of natural plants. By engaging local students in the plantation process, we provide education in plant care and the importance of safeguarding the environment.

Transparency & ethics

KrisEnergy is committed to transparency in business dealings and to uphold the highest standards of integrity.

Employees who encounter a breach of our Code of Conduct have the option to report via an anonymous email to the appropriate manager.

We make no political donations and have a zero-tolerance policy towards illicit or undisclosed payments to government officials.

We strive for transparency in disclosing the fiscal terms and exploration and/or production periods of all our assets. These can be found on pages 18 to 23.

Community

We take our responsibilities towards local communities seriously and are committed to ensuring that our impact is positive. We engage in sustainable projects that provide long-term benefits to the local community in education, healthcare, and social and environmental development. When we conduct activities offshore, we are aware that there may be some impact on nearby communities onshore and take steps to provide the same engagement as we provide onshore operations.

We believe that education empowers people, and therefore we support various educational programs across Southeast Asia and charities that focus on the needs and development of children. We engage in various scholarships and charities supporting students through their studies or improve the quality of their course materials and learning environment. This may include sponsorship of geology field trips in Bangladesh, Vietnam and Thailand.

We support healthcare workshops organised by local non-governmental organisations in local communities. The topics are wide-ranging and cover basic personal hygiene and preventive eye care, among others. We believe healthcare education will be one step towards improving the quality of life in the local and remote communities.

In 2016, Garut Regency in West Java, Indonesia, suffered floods and landslides. Our team in Indonesia donated relief aid such as folding beds and towels to the Garut Regency Red Cross.

KrisEnergy with PetroVietnam Technical Services Corporation donated winter clothes, blankets and footwear to students at the Ethnic Boarding Schools in Lao Chai ward, Mu Cang Chai District and Yen Bai Province in Vietnam





In collaboration with the Jaago Foundation, an inaugural "Hole in the Wall" event was organised in the largest slum Korial in Dhaka, Bangladesh, to provide easy access to education and to enhance the learning experience of children living there



Award and Achievement ceremony organised by KrisEnergy to recognise the efforts and past work of the female entrepreneurs in Sihanoukville, Cambodia



Cleaner and more efficient cooking

As part of our ongoing commitment to improve the lives of local communities, we look for solutions to introduce eco-friendly products that help protect the environment and improve living standards. In Bangladesh, we have been working with communities since 2015 to replace widely used biomass, or wood, cooking stoves with Bondhu Chula, a more energy efficient and environmentally friendly cooking stove.

Biomass burning in traditional cooking stoves is the primary cause in developing countries of indoor pollution and is a major health hazard, leading to diseases such as tuberculosis, cardiovascular disease and lung cancer. The thermal in efficiency of traditional biomass cooking units is very low, resulting in an acceleration of forest degradation and deforestation.

The materials required for the Bondhu Chula – clay, mud, bricks, cement, bamboo, iron rods, wire netting – are inexpensive and relatively easily available within the communities. Biomass burns on wire nets away from the cooking pot, which draws in air and increases combustion efficiency. The smoke produced is expelled from the cooking room via a chimney, thereby significantly reducing the household's exposure to smoke and small particulates. The design absorbs all the heat from the biomass and requires less cooking time and approximately 50% less fuel.

Full training for the installation and use of Bondhu Chula is provided to selected "entrepreneurs", who already run sanitary shops or hardware stores, and will stock, market and install Bondhu Chula to neighbouring communities.

So far, a total of 967 Bondhu Chula have been installed in local village households around the KrisEnergy-operated Bangora gas field operation.





Group Overview

Board Of Directors

As at 15 March 2017



Tan Ek Kia (68) | Independent Non-Executive Chairman

Bachelor of Science Mechanical Engineering (First Class Honours), Nottingham University; Management Development Programme, International Institute for Management Development, Lausanne, Switzerland; Fellow of the Institute of Engineers, Malaysia; Chartered Engineer of Engineering Council U.K.; Member of Institute of Mechanical Engineers U.K.

Date of first appointment as Director: 11 January 2013 **Length of service as a Director (as at 31 December 2016):** 4 years 2 months **KrisEnergy Board Committee(s) served on:** Audit Committee (Member); Nominating Committee (Chairman); Technical Committee (Member); Transition Committee (Chairman) **Present Directorships (as at 31 December 2016):** *Listed Companies:* Keppel Corporation Ltd; KrisEnergy Ltd.; PT Chandra Asri Petrochemical Tbk; Transocean Ltd *Other principal directorships:* Dialog Systems (Asia) Pte Ltd; Keppel Offshore and Marine Ltd; Star Energy Group Holdings Pte Ltd (Chairman); Singapore LNG Corporation Pte Ltd **Major Appointments (other than directorships):** Nil **Past Principal Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016):** City Gas Pte Ltd (Chairman), CitySpring Infrastructure Management Pte Ltd; SMRT Corporation Ltd; **Others:** Former Vice President (Ventures and Developments) of Shell Chemicals, Asia Pacific and Middle East region (based in Singapore); Former Chairman, Shell companies in North East Asia (based in Beijing); Former Managing Director, Shell Malaysia Exploration and Production



Jeffrey S. MacDonald (61) | Interim Chief Executive Officer and Executive Director

Bachelor of Science (Hons) in Civil Engineering, Glasgow University

Date of first appointment as Director: 5 October 2009 **Length of service as a Director (as at 31 December 2016):** 7 years 5 months **KrisEnergy Board Committee(s) served on:** Technical Committee (Member), Transition Committee (Member) **Present Directorships (as at 31 December 2016):** *Listed Companies:* KrisEnergy Ltd. *Other principal directorships:* Hansa Hydrocarbons Ltd **Major Appointments (other than directorships):** Nil **Past Principal Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016):** Delta Energy Ltd; Remora Energy **Others:** Former Managing Director at Production Testing Services; Former Engineer and Project Manager at Conoco Inc.; Former Managing Director and Chairman at Blackwatch Petroleum Services Ltd; Former Managing Director of Highland Energy Ltd; Former Chief Executive at Caledonia Oil & Gas Ltd; Former Managing Director at First Reserve



Chris Gibson-Robinson (63) | Executive Director

Bachelor of Science and Associate Royal School of Mines Degree, Imperial College of Science and Technology, University of London; Master of Science in Marine Earth Science (Geology & Geophysics), University College of London; Chartered Geologist; Chartered Scientist; Fellow of the Geological Society of London; Member of the Geologists' Association of the United Kingdon; Member of the Indonesian Petroleum Association; Member of the South East Asia Petroleum Exploration Society; Member of the Petroleum Exploration Society of Great Britain

Date of first appointment as Director: 5 October 2009 **Length of service as a Director (as at 31 December 2016):** 7 years 5 months **KrisEnergy Board Committee(s) served on:** Nil **Present Directorships (as at 31 December 2016):** *Listed Companies:* KrisEnergy Ltd. *Other principal directorships:* B Block Ltd; BEM Resources Ltd; CKR Resources (B.V.I.) Ltd; CKR Resources Pte Ltd; KrisEnergy (Apsara) Ltd; KrisEnergy (Asia) Ltd; KrisEnergy (Bangladesh) SS-11 Ltd; KrisEnergy (Vietnam 115) Ltd; KrisEnergy (Cambodia) Holding Ltd; KrisEnergy (Cambodia) Ltd; KrisEnergy (East Muriah) Ltd; KrisEnergy (Gulf of Thailand) Ltd; KrisEnergy (Phu Khanh 120) Ltd; KrisEnergy (Song Hong 115) Ltd; KrisEnergy (Satria) Ltd; KrisEnergy (Song Hong 105) Ltd; KrisEnergy (Udan Emas) B.V.; KrisEnergy Holding Company Ltd; KrisEnergy International (Thailand) Holdings Ltd; KrisEnergy (Management Services) Ltd; KrisEnergy Marine Pte Ltd; KrisEnergy Oil & Gas (Thailand) Ltd; KrisEnergy Pte Ltd; KrisEnergy Resources (Thailand) Ltd; SJ Production Barge Ltd; **Major Appointments (other than directorships):** Nil **Past Principal Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016):** KrisEnergy Holdings Ltd; KrisEnergy Management Ltd **Others:** Former President and co-owner of Far East Exploration Co. Ltd; Former General Manager for Premier Oil (Halmahera) Ltd; Former Chief Technical Officer of Pearl Energy Ltd; Former Vice President, Operations and Vice President, New Ventures (Southeast Asia) and member of Aabar's senior executive team after Pearl Energy Ltd was acquired by Aabar



Richard Lorentz (61) | Executive Director

Bachelor of Science in Geology, Oklahoma State University; Master of Science in Geology, University of Philippines; Member of Indonesian Petroleum Association; Member of American Association of Petroleum Geologists; Member of Oklahoma Geological Society; Member of South East Asia Petroleum Exploration Society

Date of first appointment as Director: 5 October 2009 **Length of service as a Director (as at 31 December 2016):** 7 years 5 months **KrisEnergy Board Committee(s) served on:** Nil **Present Directorships (as at 31 December 2016):** *Listed Companies:* KrisEnergy Ltd. *Other principal directorships:* B Block Ltd; BEM Resources Ltd; CKR Resources (B.V.I.) Ltd; CKR Resources Pte Ltd; KrisEnergy (Apsara) Ltd; KrisEnergy (Asia) Ltd; KrisEnergy (Bangladesh) SS-11 Ltd; KrisEnergy (Vietnam 115) Ltd; KrisEnergy (Cambodia) Holding Ltd; KrisEnergy (Cambodia) Ltd; KrisEnergy (East Muriah) Ltd; KrisEnergy (Gulf of Thailand) Ltd; KrisEnergy (Phu Khanh 120) Ltd; KrisEnergy (Song Hong 115) Ltd; KrisEnergy (Satria) Ltd; KrisEnergy (Song Hong 105) Ltd; KrisEnergy Holding Company Ltd; KrisEnergy International (Thailand) Holdings Ltd; KrisEnergy (Management Services) Ltd; KrisEnergy Marine Pte Ltd; KrisEnergy Oil & Gas (Thailand) Ltd; KrisEnergy Pte Ltd; KrisEnergy Resources (Thailand) Ltd; Miclyn Express Offshore Ltd; SJ Production Barge Ltd; **Major Appointments (other than directorships):** Nil **Past Principal Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016):** Nil **Others:** Former Manager of the New Business Development department for Elf Aquitaine; Former New Ventures & Exploration Manager for Gulf Indonesia and Senior Production Geologist for Asamera (South Sumatra) Ltd.; Former Senior Field Geologist for Oriental Petroleum and Minerals Corp; Former Senior Exploration Geologist and Exploration Manager at Funk Exploration Inc.; Former Senior Explorationist at Anglo-Suisse (Pakistan) Inc.; Former Chief Business Development Officer and co-founder of Pearl Energy Ltd; Former Vice President New Ventures & Corporate Relations and member of Aabar's senior executive team after Pearl Energy Ltd was acquired by Aabar

Chan Hon Chew (52) | Non-Executive Director



Bachelor of Accountancy (Honours); Chartered Financial Analyst, Member of the Institute of Chartered Accountants Australia and Institute of the Singapore Chartered Accountants

Date of first appointment as Director: 17 March 2016 **Length of service as a Director (as at 31 December 2016):** 11 months **KrisEnergy Board Committee(s) served on:** Remuneration Committee (member); Transition Committee (member) **Present Directorships (as at 31 December 2016):** *Listed Companies:* Keppel Telecommunications & Transportation Ltd. *Other principal directorships:* Keppel Offshore & Marine Ltd, Keppel Land Ltd, Keppel Infrastructure Holdings Pte Ltd **Major Appointments (other than directorships):** Chairman of Keppel DCREIT Management Pte Ltd (Manager of Keppel DC Reit); Board of the Accounting Standard Council and Council of the Institute of Singapore Chartered Accountants **Past Principal Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016):** Tiger Airways Holdings Limited, Singapore Aviation & General Insurance Company (Pte) Ltd and RCMS Properties Private Limited **Others:** Nil

Michael Chia (64) | Non-Executive Director



Colombo Plan Scholar, Bachelor of Science (First Class Honours) in Naval Architecture and Marine Engineering, University of Newcastle-Upon-Tyne; Masters in Business Administration, National University of Singapore; Graduate Certificate in International Arbitration, National University of Singapore

Date of first appointment as Director: 13 May 2016 **Length of service as a Director (as at 31 December 2016):** 10 months **KrisEnergy Board Committee(s) served on:** Audit Committee (Member); Nominating Committee (Member) **Present Directorships (as at 31 December 2016):** *Listed Companies:* KrisEnergy Ltd. *Other principal directorships:* Managing Director (Marine & Technology) of Keppel Offshore & Marine Ltd; Managing Director of Keppel Offshore & Marine Technology Centre **Major Appointments (other than directorships):** Nil **Past Principal Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016):** Floatel International Ltd; Keppel Smit Towage Pte Ltd; Maju Maritime Pte Ltd; Keppel Oil & Gas Pte Ltd; Singapore Maritime Foundation **Others:** Former Executive Director of Keppel FELS Ltd; Former Chief Executive Officer of Keppel Integrated Engineering; Former Deputy Chairman of Keppel Integrated Engineering Ltd; Former President of the Association of Singapore Marine Industries; former Member of Ngee Ann Polytechnic Council; Member of The American Bureau of Shipping

John Koh (61) | Non-Executive Independent Director



Bachelor of Arts and Master of Arts, University of Cambridge; Master of Law, Harvard Law School

Date of first appointment as Director: 11 January 2013 **Length of service as a Director (as at 31 December 2016):** 4 years 2 months **KrisEnergy Board Committee(s) served on:** Audit Committee (Chairman); Nominating Committee (Member) **Present Directorships (as at 31 December 2016):** *Listed Companies:* KrisEnergy Ltd.; NSL Ltd; Mapletree Industrial Trust *Other principal directorships:* BMH Management Pte Ltd; Brandmine Properties Ltd;. Mapletree Industrial Fund Ltd; Mapletree Industrial Trust Management Ltd (as Trustee-Manager of Mapletree Industrial Trust); National Library Board; Worldwide Books Corporation **Major Appointments (other than directorships):** Nil **Past Principal Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016):** Arbutus International Ltd; China Lumena New Materials Corp; Easy Capital Ltd; Mandra Forestry Finance Ltd; Mandra Forestry Holdings Ltd; Mission Impossible International Ltd; Straits Capital Investments Ltd; School of the Arts; Genphar, Inc; **Others:** Former Managing Director and Senior Advisor of the Goldman Sachs Group; Former Deputy Public Prosecutor in the Singapore Attorney-General's Chambers; Former Deputy Director of the Commercial Affairs Department in the Ministry of Finance

Duane Radtke (68) | Non-Executive Independent Director



Bachelor Degree in Mining Engineering, University of Wisconsin

Date of first appointment as Director: 1 September 2010 **Length of service as a Director (as at 31 December 2016):** 6 years 6 months **KrisEnergy Board Committee(s) served on:** Investment Review Committee (Chairman); Nominating Committee (Member); Technical Committee (Member); Remuneration Committee (Member) **Present Directorships (as at 31 December 2016):** *Listed Companies:* Devon Energy Corporation; KrisEnergy Ltd.; **Major Appointments (other than directorships):** President and Chief Executive Officer of Valiant Exploration LLC **Past Principal Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016):** Sabine Oil & Gas Corporation **Others:** Former President of Devon International Corporation; Former President and Chief Executive Officer of Dominion Exploration and Production

Alan Nisbet (66) | Non-Executive Independent Director



Member of the Institute of Certified Public Accountants of Singapore (ICPAS)

Date of first appointment as Director: 13 May 2014 **Length of service as a Director (as at 31 December 2016):** 2 years 10 months **KrisEnergy Board Committee(s) served on:** Audit Committee (Member); Investment Review Committee (Member); Remuneration Committee (Member) **Present Directorships (as at 31 December 2016):** *Listed Companies:* KrisEnergy Ltd.; Halcyon Agri Corporation Ltd *Other principal directorships:* Accounting and Corporate Regulatory Authority; Standard Chartered Bank (Singapore) Ltd; Ascendas Property Fund Trustee Pte Ltd **Major Appointments (other than directorships):** Nil **Past Principal Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016):** Ascendas Pte Ltd; Deloitte & Touche Management Services Pte Ltd; Deloitte Consulting SEA Pte Ltd **Others:** Former Partner and Audit Leader in Deloitte & Touche LLP, Singapore

Keith Pringle (58) | Non-Executive Independent Director



Bachelor of Science (Hons) in Geology from Edinburgh University; Master of Science in Petroleum Engineering from Strathclyde University

Date of first appointment as Director: 13 May 2014 **Length of service as a Director (as at 31 December 2016):** 2 years 10 months **KrisEnergy Board Committee(s) served on:** Audit Committee (Member); Investment Review Committee (Member); Remuneration Committee (Member); Technical Committee (Chairman) **Present Directorships (as at 31 December 2016):** *Listed Companies:* KrisEnergy Ltd. *Other principal directorships:* Nil **Major Appointments (other than directorships):** Nil **Past Principal Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016):** Remora Energy; Delta Energy Ltd; KrisEnergy Ltd. **Others:** Former Independent Technical Advisor to KrisEnergy Ltd.

Management Team

As at 15 March 2017



Kiran Raj (44) | Chief Financial Officer

Mr. Raj joined KrisEnergy in 2013 and is a qualified Chartered Accountant with the Chartered Accountants Australia and New Zealand. He has more than 18 years of investment banking and oil and gas experience in the Asia-Pacific region.

Mr. Raj started his career as a business analyst for a mid-sized Australian aerospace firm from 1994 until 1996. From 1996 until 2000, he was an integral senior member of the Corporate and Business Services division of international chartered accounting firm ShineWing Australia, formerly Moore Stephens Melbourne. Mr. Raj moved to Singapore in 2000 and joined CLSA Merchant Bankers Limited ("CLSA") where he led the Southeast Asian investment banking execution business, including the initial public offering of Pearl Energy Ltd on the Singapore Exchange. At CLSA, Mr. Raj was the Director of Investment Banking and a member of the board of directors for CLSA Merchant Bankers Limited, an entity regulated by the Monetary Authority of Singapore.

In 2009, Mr. Raj founded, and was Chief Executive Officer for Brighton Capital Advisors, a corporate finance and advisory firm established in Singapore with a primary focus on the oil and gas sector. He has developed expertise within the oil and gas sector and has advised numerous independent and internationally recognised upstream companies throughout his career. Mr. Raj holds a Bachelor of Commerce majoring in Accounting and Finance from Monash University, Australia.

Past Principal Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016): KrisEnergy Management Ltd.



Kelvin Tang (42) | Chief Operating Officer, President Cambodia

Mr. Tang joined KrisEnergy in 2009 and is responsible for the legal and regulatory functions of the company. Since late 2014, Mr. Tang has taken on the additional role of President of KrisEnergy's activities in Cambodia. Prior to KrisEnergy, Mr. Tang was based in Abu Dhabi as General Counsel for Aabar Investments, having held the position of General Counsel and Company Secretary between 2005 and 2008 at Pearl Energy.

From 2003 until 2004, Mr. Tang was a Legal Associate for Wong Partnership LLP and Clifford Chance Wong (a joint law venture between Wong Partnership LLP and Clifford Chance Wong Pte Ltd). He was Associate Director (Legal) for Temasek Holdings Pte Ltd in 2002, and a Legal Associate in the Technology Practice Group of Rajah & Tann LLP between 2000 and 2002.

He holds a Bachelor of Law from the National University of Singapore and is an Advocate and Solicitor of the Supreme Court of Singapore. He is also a member of the Association of International Petroleum Negotiators.

Past Principal Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016): KrisEnergy (Ageng) B.V.; KrisEnergy (Andaman Timur) B.V.; KrisEnergy Asia Coöperatief U.A.; KrisEnergy Asia Holdings B.V.; KrisEnergy (Nemo) B.V.; KrisEnergy (Sakti) B.V.; KrisEnergy (Tanjung Aru) B.V.; KrisEnergy (Udan Emas) B.V.; KrisEnergy East Seruway B.V.; KrisEnergy Glagah-Kambuna B.V.; KrisEnergy (Andaman II) B.V.; KrisEnergy Kutai B.V.; KrisEnergy Kutei B.V.; KrisEnergy (Bangora) B.V.



Sally Ting (40) | General Counsel

Ms. Ting joined KrisEnergy in 2015 and is responsible for the legal and regulatory functions of the company. She has more than 18 years of legal and oil and gas experience in the Asia-Pacific Region.

Ms. Ting started her career at Australian firm, Mallesons in (now King & Wood Mallesons) in 1999 and stayed until 2002. Ms. Ting moved to Singapore in 2002 and joined Coudert Brothers LLP from 2002 until 2005 in their corporate practice. From 2005 until 2007, she was an associate with Milbank Tweed Hadley McCloy in Singapore where she advised on a number of corporate transactions in the oil and gas sector across Southeast Asia. In 2007, Ms. Ting joined Salamander Energy (now Ophir Energy) as Regional Counsel where she was responsible for the legal and regulatory function of the company in the SE Asian region.

Ms. Ting holds a Bachelor of Science degree and a Bachelor of Laws degree (First Class Honours and University Medal) from the University of Queensland. She is also a member of the Association of International Petroleum Negotiators.

Past Principal Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016): Nil



James Parkin (58) | Vice President Exploration

Mr. Parkin has been with KrisEnergy since inception and has more than 35 years of experience in the upstream oil and gas sector, of which he has spent over 28 years in Southeast Asia. Prior to KrisEnergy, Mr. Parkin was Vice President Exploration from 2003 until 2009 and acting Regional Vice President, Southeast Asia from 2008 until 2009 for Pearl Energy.

He began his career in 1979 as a Mudlogger and was later a Wellsite Geologist with Exploration Logging International. From 1986 until 1990, he worked at British Gas as an Operations Geologist. In 1990, Mr. Parkin moved to Indonesia and worked as a Senior Geologist for Petromer Trend until 1993 and later became a Senior Exploration Geologist for Union Texas Petroleum and Far East Exploration Co. Ltd. from 1997 until 1998. From 1998 until 2003, Mr. Parkin was a Senior Geologist and then Team Leader East Java at Gulf Indonesia/ Conoco/ConocoPhillips.

Mr. Parkin holds a Bachelor of Science (Hons) in Geology from the University of Sheffield and a Master of Science in Petroleum Geology from the Imperial College of Science and Technology, University of London. Mr. Parkin is a member of the South East Asia Petroleum Exploration Society, Indonesian Petroleum Association, Petroleum Exploration Society of Great Britain and Geological Society, UK.

Past Principal Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016): Nil

Brian Helyer (59) | Vice President Operations



Mr. Helyer has worked in the offshore oil and gas industry for over 35 years and looks after all aspects of project management for facilities construction, operations, maintenance and commissioning for KrisEnergy. Mr. Helyer joined the Company in 2010 and is also responsible for the writing and implementation of Environmental Health Safety and Security policy across the Group. Notably, he oversaw progress of the facilities construction and installation at the Wassana oil field, KrisEnergy's first greenfield development to go into production in the Gulf of Thailand. This included the procurement and refurbishment of the MOPU Ingenium. First oil for Wassana was produced 15 months after KrisEnergy took over operatorship of the block in May 2014.

Prior to KrisEnergy, Mr. Helyer was the Project and Operations Director for Songa Floating Production, and was responsible for the conversion and class approval of the floating production, storage and offloading vessel, FPSO East Fortune. Between 2003 and 2007, he worked for Petrofac Energy Developments in various roles such as Production Manager, Business Development Manager and Project Manager in Indonesia, Malaysia, United Kingdom and Tunisia. From 1999 to 2005, Mr. Helyer was Field Operations Manager at the Kakap oil field in the South China Sea for Gulf Resources (Indonesia). He also spent 14 years with Marathon Oil in various roles in the United Kingdom and Indonesia. Mr. Helyer has attained the National Examination Board in Occupational Safety and Health (NEBOSH) professional safety accreditation and is a member of the International Institute of Risk Management (IIRM) and the Institute of Occupational Safety and Health (IOSH).

Past Principal Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016): Nil

Tim Kelly (57) | Vice President Engineering



Mr. Kelly has more than 30 years of experience in the upstream oil industry with the last 25 years spent in Southeast Asia, during which time he has been involved in the appraisal and development of new fields and the reservoir and production management of mature fields.

Mr. Kelly was Corporate Petroleum Engineering Manager for Pearl Energy between 2003 and 2009 in Singapore and was involved in projects in Indonesia, Philippines, Thailand and Vietnam. Between 1989 and 2003, Mr. Kelly was based in Jakarta as Engineering Manager for Marathon Oil, Clyde Petroleum and Gulf Indonesia, and as DST Specialist with ExxonMobil. He began his career in 1981 with Phillips Petroleum as a Drilling & Reservoir Engineer working in the United States and Singapore.

Mr. Kelly holds a Bachelor of Science in Petroleum Engineering from the Colorado School of Mines. He is a member of the Society of Petroleum Engineers and the South East Asia Petroleum Exploration Society.

Past Principal Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016): Nil

Mike Whibley (58) | Vice President Technical



Mr. Whibley is a geologist with over 35 years of management, operational and interpretive experience in exploration and development projects and new business development. He has been based in Southeast Asia for more than 20 years.

Prior to joining KrisEnergy in 2009, Mr. Whibley held senior management and senior technical roles in Singapore with Pearl Energy-Aabar-Mubadala in Singapore between 2006 and 2009, and in Jakarta, Indonesia with Amerada Hess from 2003 until 2006, and Santa Fe Energy-Devon Energy-Petro China between 1998 and 2003, Santos Ltd. from 1997 until 1998, and Apache Corporation from 1993 until 1997.

Mr. Whibley worked in Perth, Australia originally with Phillips Petroleum as a Graduate Geologist from 1980 until 1983 and later with Bond Energy Resources-Occidental Petroleum-Hadson Energy between 1983 and 1993 as a Senior Explorationist.

Mr. Whibley graduated from the University of Western Australia with a Bachelor of Science (Hons) in Geology and is a member of the Indonesian Petroleum Association, South East Asian Exploration Society and the American Association of Petroleum Geologists.

Past Principal Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016): Nil

Chris Wilson (45) | Vice President Business Development



Mr. Wilson joined KrisEnergy in 2009 and is a strategist responsible for the origination and execution of corporate and asset acquisitions for the Group and in particular, the valuation of new business opportunities.

Between 2003 and 2009, he was the in-house Financial Advisor for Pearl Energy, working on all aspects of fundraising and acquisition opportunity evaluation, including reserves-based lending facilities, pre-IPO private equity placements, the company's initial public listing in 2005 and all key asset acquisitions.

In 2002, Mr. Wilson was a consultant with the Asian Development Bank. From 1997 until 2001, he was Assistant Vice President in the Project Finance Group of ABN AMRO in Singapore focusing initially on project advisory transactions in the power sector and later moving into lending and advisory in the oil and gas sector. Chris began his career in 1995 with Chase Manhattan Bank as a private equity analyst for Chase Capital Partners in Hong Kong before moving to Singapore to take up the role of Assistant Vice President in the Risk Asset Management Group.

Mr. Wilson holds a Bachelor of Arts in International Relations from the John Hopkins University, Baltimore in Maryland and a Master of Arts in China Studies from the Paul H. Nitze School of Advanced International Studies in Washington D.C. in the United States. He is a member of the Association of International Petroleum Negotiators and the South East Asia Petroleum Exploration Society.

Past Principal Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016): Panotech Pte Ltd

Management Team

As at 15 March 2017



Tanya Pang (51) | Vice President Investor Relations & Corporate Communications

Ms. Pang has more than 25 years of experience in journalism and media/investor relations in the energy sector. She was initially a consultant to KrisEnergy and became a full-time employee of the Group in 2012.

In 2009, Ms. Pang was a consultant to companies including KrisEnergy, Schlumberger Business Consulting, Arawak Energy, Vitol and Atlantic Energy on a range of corporate communications, marketing, public relations and editorial matters. From 2008 until 2009, she was with Arawak Energy Ltd, a dual-listed upstream company on the Toronto Stock Exchange and the London Stock Exchange, as General Manager, Investor Relations based in London, United Kingdom. Ms. Pang was with Pearl Energy from 2005 until 2008, where she was responsible for investor relations and all internal and external communications. From 1994 until 2005, she was with Reuters news agency as a Journalist and worked on foreign assignments including five years as an International Correspondent in Oslo, Norway, and five years in Singapore as Editor-in-Charge, Energy for Asia-Pacific. She began her career as Deputy Editor on a monthly science journal before moving to Platts, the oil price benchmarking agency in 1992.

Ms. Pang holds a Bachelor of Science (Hons) in Chemistry from the University of Sussex and is a member of the South East Asia Petroleum Exploration Society.

Past Principal Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016): Nil



Edwin Bowles (63) | General Manager, Bangladesh

Mr. Bowles, a geologist, is an executive oil and gas industry professional with more than 35 years of experience in Malaysia, India, Pakistan, UK, Middle East, North Africa and Sub-Saharan Africa. The majority of his career has been spent with British Gas and its overseas subsidiaries. He joined KrisEnergy in 2014.

Key roles which he has held prior to KrisEnergy include Exploration Manager West Africa, General Manager Pakistan and Managing Director of Gujarat Gas Company, India. In 2008, Edwin established RJ Energy, which acts as a strategic advisor to ministries, state oil companies and international oil companies. This followed an extensive assignment with the UK government as an advisor on oil and gas matters where he held key appointments in several energy advisory groups including those for Libya, Morocco, Egypt and Nigeria.

Edwin holds a Bachelor of Science (Hons) in Geology from Southampton University and a Master of Science, Geology from Imperial College of Science and Technology, University of London. He is a member of the Petroleum Exploration Society of Great Britain, American Association of Petroleum Geologists and the Geological Association.

Past Principal Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016): RJ Energy Ltd; SAER Ltd



Malin Ros (51) | General Manager, Cambodia

Ms. Ros has more than 20 years of experience in the upstream oil and gas industry. She started her career in 1992 as an Administrator in the Cambodian office of Enterprise Oil Exploration, a British exploration and production company.

Ms. Ros took over the role of Office Manager in 1997 and was Enterprise Oil's local representative in Cambodia from 1999 onwards. After Royal Dutch Shell's acquisition of Enterprise Oil in 2002, Ms. Ros joined Chevron Overseas Petroleum (Cambodia) as Country Manager and was responsible for local government relations, operations and community engagement.

Ms. Ros was appointed General Manager of KrisEnergy's Cambodian operations in October 2014 following the company's acquisition of Chevron Cambodia. Ms. Ros holds a Bachelor of Arts in Economics and a Master of Business Administration from the National University of Management in Phnom Penh, Cambodia.

Past Principal Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016): Nil



Basuki Kusmutarto (55) | General Manager, Indonesia

Mr. Basuki joined KrisEnergy in July 2010, bringing extensive local knowledge and experience in the upstream sector. He began his career in 1987 as a Consulting Engineer at PT SUCOFINDO, a state-owned inspection, testing and certification company, and later became Vice President of the Mineral Service Division.

In 2003, he joined Pearl Energy as General Manager for its Indonesia operations until 2010.

Mr. Basuki holds a Bachelor of Science in Chemical Engineering from the Bandung Institute of Technology and has an MBA from the Institute Pengembangan Manajemen Indonesia. Mr. Basuki is a member of the Indonesian Petroleum Association.

Past Principal Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016): Nil

Phattarin Jirapojaporn (41) | General Manager, Thailand



Ms. Jirapojaporn joined KrisEnergy in 2010. She holds an Executive Master of Business Administration from the Sasin Graduate Institute of Business Administration of Chulalongkorn University and started her career in 2001 as a business analyst with Thai Shell Exploration and Production. She later went on to work on contract analysis in procurement and contract management.

Between 2007 and 2009, she was a business analyst for Hess Corporation with a primary focus on oil and gas assets in Thailand. Prior to joining KrisEnergy, she was a senior manager of group financial planning and analysis at Thoresen Thai Agencies Plc, a strategic investment holding company with three primary business groups –Transport, Energy, and Infrastructure.

Ms. Jirapojaporn also holds a Bachelor of Business Administration, Finance & Banking and a Master of Science in Computer Information Systems from Assumption University.

Past Principal Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016): Nil

Nguyen Manh Huyen (67) | General Manager, Vietnam



Mr. Huyen has worked both as a geologist and a geophysicist. He has more than 40 years of experience, largely in Vietnam, but also in Southeast Asia, Middle East, North Africa and Russia. Mr. Huyen joined KrisEnergy in 2011.

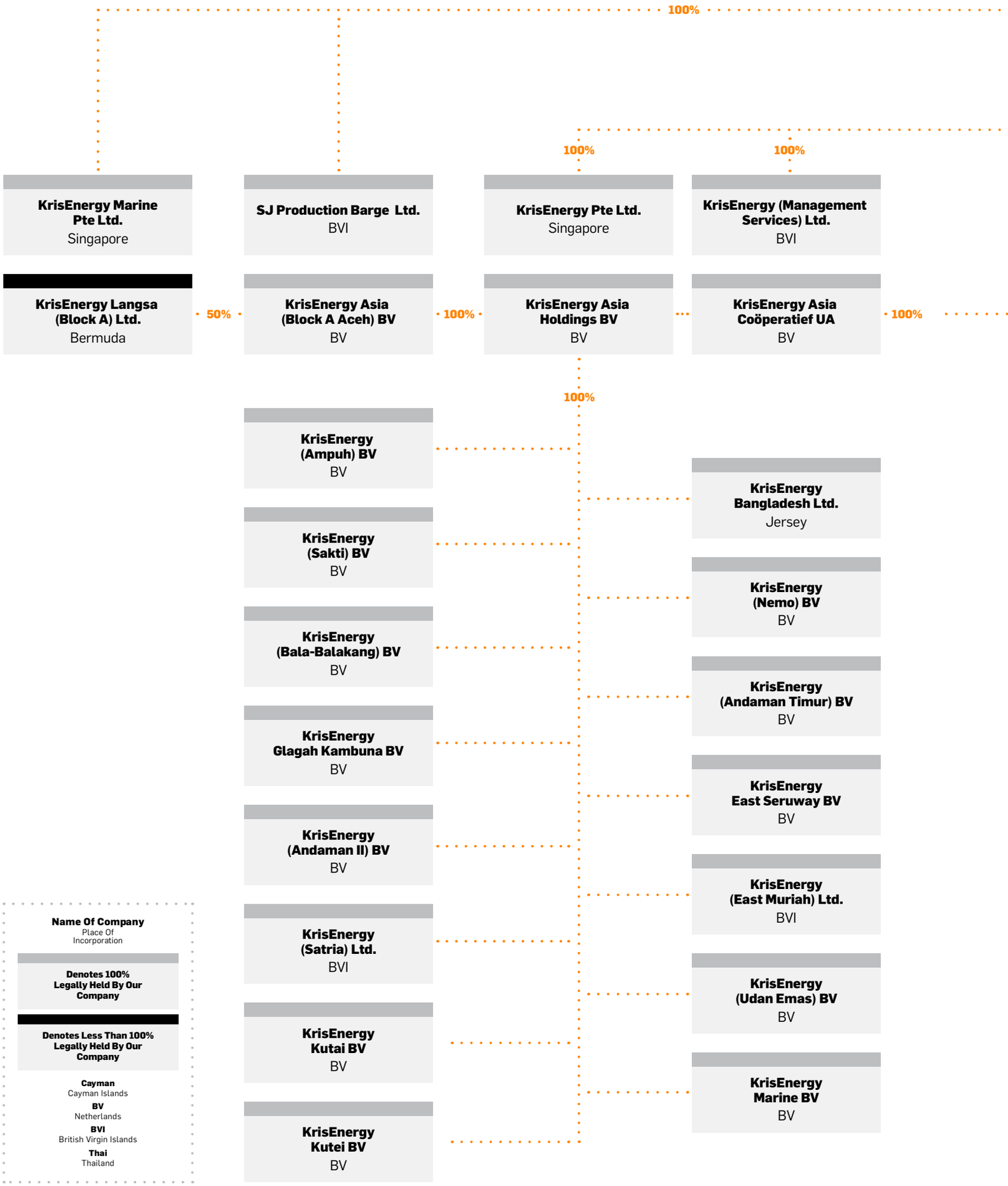
His previous positions include Party Chief for seismic acquisition and Seismic Interpreter/ Researcher in geophysical methodology at Vietnam Petroleum Institute, Chief Geophysicist at American Red River Co., and at Petrovietnam Supervising Company (PVSC), New Ventures Project Manager at PVSC, and Exploration & Production Senior Manager at Petrovietnam Investment and Development Company (PIDC). Prior to joining KrisEnergy in 2011, Mr. Huyen was Project/General Manager for PIDC-Alger Company in Algeria and was General Manager for BachDang Petrovietnam Operating Company.

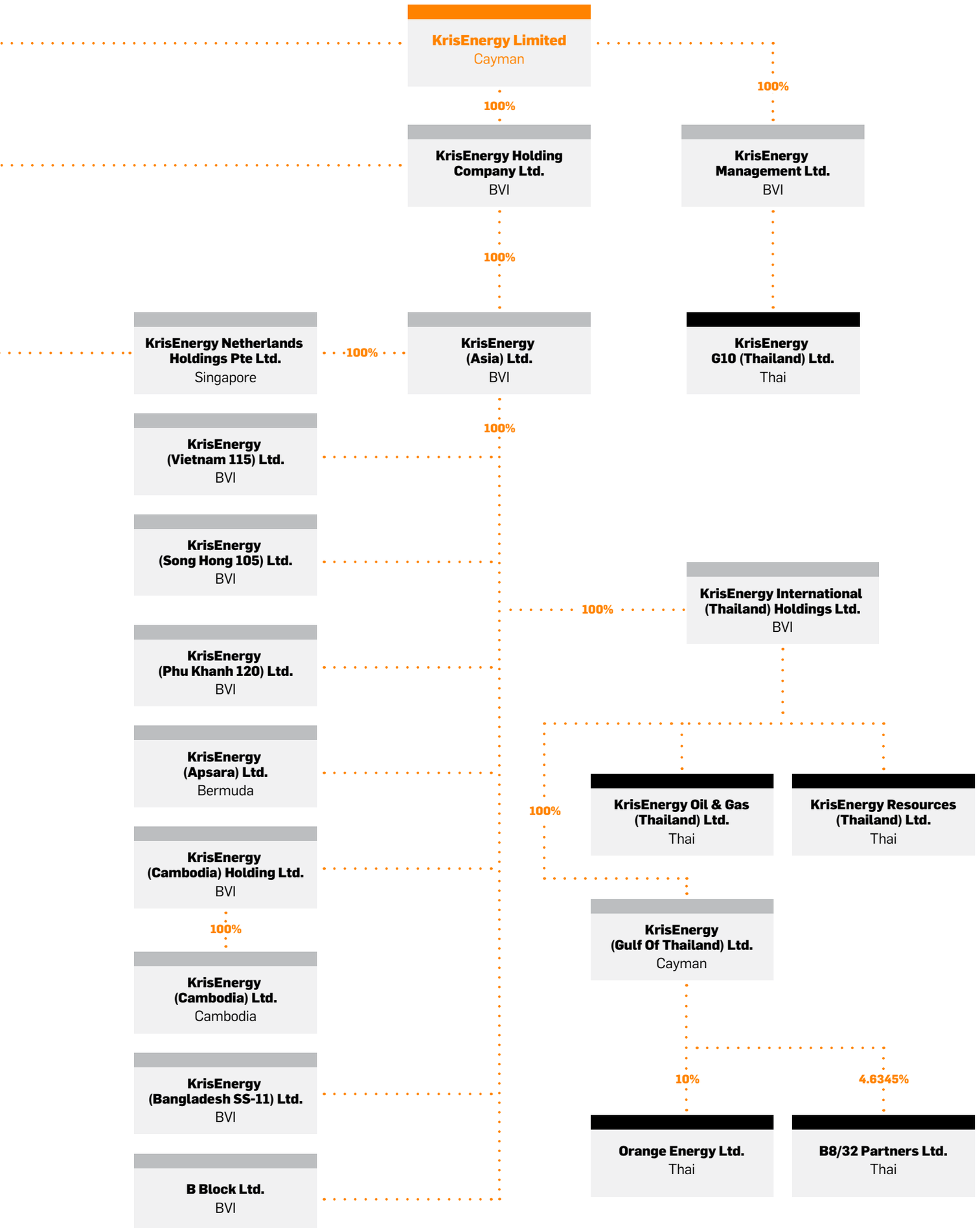
Mr. Huyen has a Bachelor of Science in Geophysics from the Institute de Petrol si Gas si Geology (University of Petroleum Geology), in Bucharest, Romania. He was a collaborator in Seismic Stratigraphy with the Moscow Geophysical Institute from 1983 until 1984. He is a member of the Vietnam Geophysical Association and is a Committee Member of the Vietnam Petroleum Association. He has a number of published reports and research work relating to petroleum exploration and production.

Past Principal Directorships held over the preceding 5 years (from 1 January 2012 to 31 December 2016): Nil

Group Structure

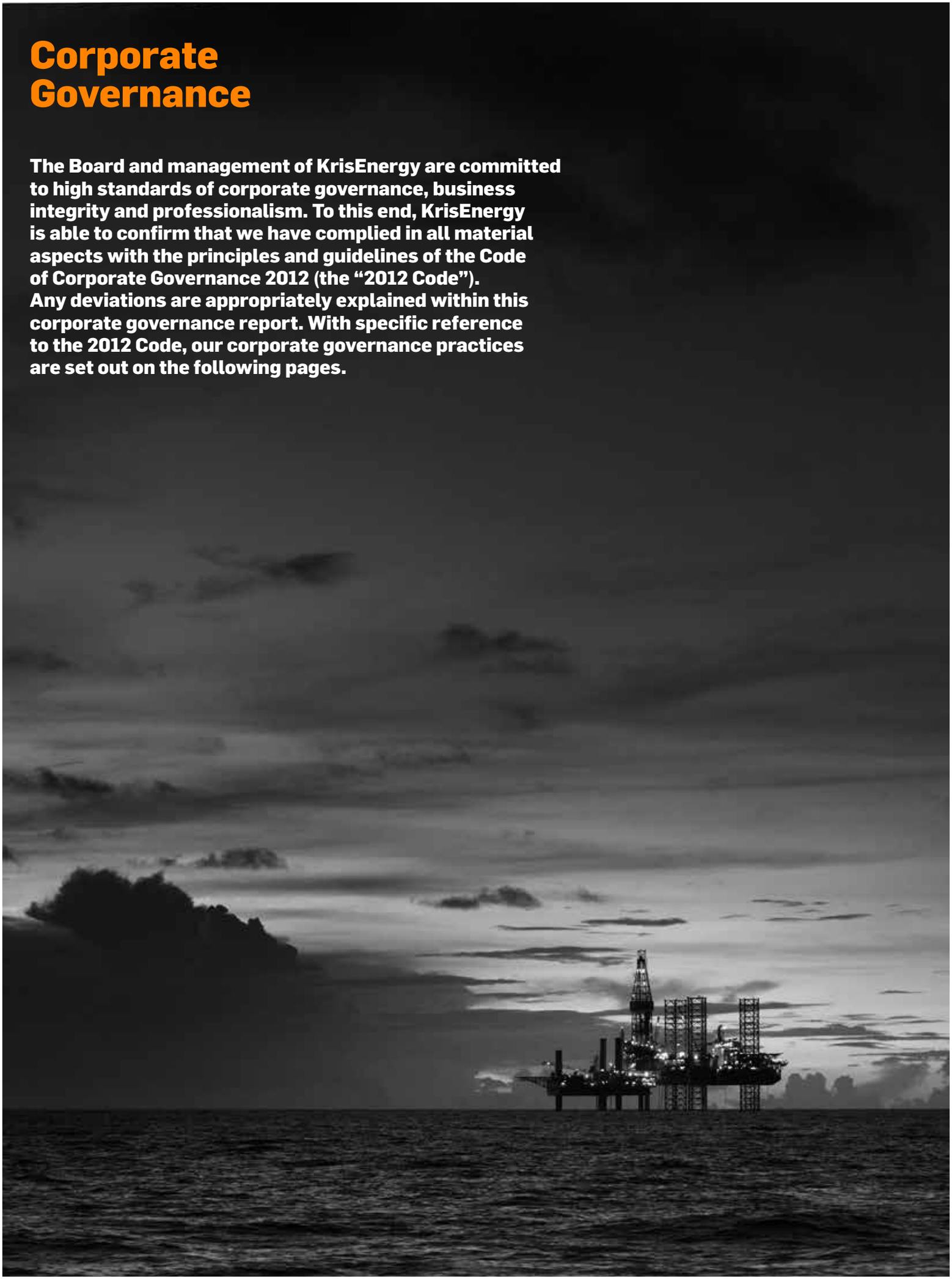
As at 15 March 2017




KrisEnergy Limited
Cayman
100%
KrisEnergy Holding Company Ltd.
BVI
100%
KrisEnergy Management Ltd.
BVI
KrisEnergy Netherlands Holdings Pte Ltd.
Singapore
100%
KrisEnergy (Asia) Ltd.
BVI
KrisEnergy G10 (Thailand) Ltd.
Thai
100%
KrisEnergy (Vietnam 115) Ltd.
BVI
KrisEnergy (Song Hong 105) Ltd.
BVI
100%
KrisEnergy International (Thailand) Holdings Ltd.
BVI
KrisEnergy (Phu Khanh 120) Ltd.
BVI
KrisEnergy (Apsara) Ltd.
Bermuda
100%
KrisEnergy Oil & Gas (Thailand) Ltd.
Thai
KrisEnergy Resources (Thailand) Ltd.
Thai
KrisEnergy (Cambodia) Holding Ltd.
BVI
100%
KrisEnergy (Gulf Of Thailand) Ltd.
Cayman
100%
KrisEnergy (Cambodia) Ltd.
Cambodia
10%
4.6345%
KrisEnergy (Bangladesh SS-11) Ltd.
BVI
Orange Energy Ltd.
Thai
B8/32 Partners Ltd.
Thai
B Block Ltd.
BVI

Corporate Governance

The Board and management of KrisEnergy are committed to high standards of corporate governance, business integrity and professionalism. To this end, KrisEnergy is able to confirm that we have complied in all material aspects with the principles and guidelines of the Code of Corporate Governance 2012 (the "2012 Code"). Any deviations are appropriately explained within this corporate governance report. With specific reference to the 2012 Code, our corporate governance practices are set out on the following pages.



Board's Conduct of Affairs

Principle 1

Board responsibility

Accountable for the Group's activities, strategy, governance, risk management and financial performance, the Board ensures that the corporate responsibility and ethical standards of the Group are met by overseeing the conduct of its affairs and exercising its fiduciary role in the interests of the Group, with the objective to create value for stakeholders and ensure the sustainable success of the Company. Specifically, its principal functions include:

- setting strategic direction and long-term targets and ensuring that resources are set aside to meet these targets;
- overseeing the business and affairs of the Group and instituting, with management, the strategies and financial objectives to be enforced by management, and monitoring the performance of management;
- approving the appointment of the Chief Executive Officer ("Chief Executive Officer"), Directors and the succession planning process;
- overseeing a framework for evaluating adequacy of internal controls, risk management systems, financial reporting and compliance to safeguard shareholders' interests;
- setting the values and standards (including ethical standards) of the Company;
- assuming responsibility for corporate governance; and
- considering sustainability issues of policies and proposals.

Independent judgement

The Directors are expected to exercise due diligence and independent judgement in the best interests of the Company.

Delegation by the Board

Although the Board retains overall responsibility, to assist the Board with oversight of various specific responsibilities, the Audit, Nominating, Remuneration, Transition and Technical Committees are delegated the necessary authority by the Board. Established with clear written terms of reference, in compliance with the 2012 Code, each Committee operates with a specific set of duties, authority and accountability. Individually, each Committee plays a pivotal role in ensuring good corporate governance practices within the Group.

Meetings and attendance

Meeting every quarter and ad hoc as warranted by circumstances, the schedules for all Board and Committee meetings for the next calendar year are planned in advance, in consultation with the Directors. Non-Executive Directors also meet without the presence of management at each quarter, upon conclusion of the Board and Committee meetings. The Company's Articles of Association ("Articles") permit telephonic attendance and conference for its Board and Committee meetings. The Board and Committees may also make decisions by way of circulating written resolutions.

Aside from reviewing the Group's financial performance, annual budget, work program and budget, corporate strategy, business plans, potential acquisitions and divestments and significant operational matters, the Chairman of each Committee provides updates from their respective Committee meetings to the Directors. Additionally, management provide the Board with regular email and teleconference updates regarding operations, financial performance and where applicable, developments in, and the Group's compliance with, corporate governance requirements and other regulations.

Disclosed in Table 1 are the number of meetings held by the Board and the Audit, Nominating and Remuneration Committees since 1 January 2016 to the end of the financial year under review, as well as the attendance of each Board member.

Management endeavours to provide timely dissemination of all papers and materials for discussion regardless of a Director's ability to physically attend a Board Meeting. Upon reviewing such materials, Directors are expected to advise the Chairman or Committee Chairman of views and comments on the matters at hand in order that they may be conveyed to other Board members at the meeting.

Board approval

Appropriate internal guidelines have been put in place which set forth matters requiring Board approval. The Board approves matters relating to, amongst others, (a) acquisitions and disposals of material assets, (b) plans of development for petroleum assets, (c) the Group work program and budget, and (d) all material commitments to corporate and project financing from banks and financial institutions. This allows management to focus on their responsibilities for the day-to-day operation and administration of the Company.

Table 1: Directors' attendance at Board and Committee meetings during the financial year under review

	Board Meetings[1]	Comittee Meetings[1]		
Name Of Director		**Audit**	**Nominating**	**Remuneration**
Will Honeybourne[2]	4	3[3]	4	3[3]
John Koh	4	4	4	1[3]
Keith Cameron[4]	2	1[3]	–	–
Chris Gibson-Robinson	4	2[3]	–	–
Richard Lorentz	4	2[3]	–	–
Brooks Shughart[5]	2	2	2[3]	2
Choo Chiau Beng[5]	1	1	1	1[3]
Loh Chin Hua[6]	–	–	–	–
Duane Radtke	4	3[3]	4	4
Jeffrey S. MacDonald[7]	4	3[3]	4	4
Tan Ek Kia	4	4	4	2[3]
Alan Nisbet	4	4	3[3]	4
Keith Pringle	4	4	3[3]	4
Chan Hon Chew[8]	2	1[3]	–	–
Michael Chia[9]	2	2	1	–
Total no. of meetings held	**4**	**4**	**4**	**4**

Notes

1 Refers to meetings held/attended while each Director was in office
2 Resigned from the Board on 23 February 2017
3 By invitation
4 Resigned from the Board on 1 July 2016
5 Resigned from the Board on 13 May 2016
6 Resigned from the Board on 17 March 2016
7 Appointed as KrisEnergy's Interim Chief Executive Officer and Executive Director
8 Appointed to the Board on 17 March 2016
9 Appointed to the Board on 13 May 2016

Further, the Company also implements a management approval authority policy which sets out authority levels to which management is expected to adhere in respect of entering into commitments, approving expenditure, authorising payments and agreeing and settling liabilities on behalf of the Group. The policy thus ensures that decisions are taken at an appropriate level consistent with (a) maintaining the implementation of any policy decided upon by the Board; and (b) maintaining appropriate internal controls to safeguard the assets and resources of the Group, while at the same time seeking efficiency of operation and devolving responsibility.

Board induction

Newly appointed Directors will be sent induction letters detailing their duties and responsibilities. Management will also conduct an orientation program, which serves as a comprehensive and tailored induction, outlining the Company's business, strategic plans, objectives, and governance practices, amongst others.

Board training

Directors are informed of, and arrangements would be made for them to attend, any appropriate and relevant courses which promote their professional development and encourage the highest standards of corporate governance and ethical conduct. Annual training sessions on topics such as Directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading and changes in industry-related matters are conducted by an external expert, which the Company arranges for.

Board Composition and Guidance

Principle 2

Board size, composition and competency

To keep up with the developing objectives of the Company and the industry, the Board, together with the Nominating Committee, evaluates on a regular basis the size of the Board, its composition and the mix of competencies of the Board members. The Nominating Committee places great importance on the necessity for Directors to possess a wide array of expertise, skills and attributes, including relevant core competencies in areas such as accounting and finance, business and management, the oil and gas industry, strategic planning and knowledge of risk management. These factors are taken into account when the Nominating Committee recommends Director appointments. The Board, with the concurrence of the Nominating Committee, agrees that the current composition of the Board (taking into consideration the recent changes to the Board) provides an appropriate balance and diversity of skills, experience and knowledge of the Company and its business without interfering with efficient and effective decision-making.

Board independence

In determining the independence of Directors, the Nominating Committee conducts an annual review, taking into account the 2012 Code definition of an "independent" Director and the guidance which the 2012 Code provides as to the type of relationships which would preclude a Director from being independent. The Nominating Committee will specifically take into consideration a Director's business relationships with the Company, or any related companies, and whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgement with a view to the best interests of the Company. In addition, each of the Independent Directors will provide an independence declaration yearly. None of the Directors have served more than nine years with the Company.

The Board, taking into account the views of the Nominating Committee, considers the following Directors independent: John Koh, Duane Radtke, Tan Ek Kia, Alan Nisbet and Keith Pringle.

Pursuant to the restructuring and recent changes to the Board membership, the Board is now helmed by an independent Chairman and the independent Directors comprise half of the Board.

Board information

A crucial feature of a robust and effective Board is an open and constructive environment for Board members to contest and query management on its proposals and assumptions. Regular teleconference meetings are held to update the Board on the Company's operations and to provide Directors a platform to provide their views and judgements. Further, as and when necessary, management holds informal meetings to brief Directors on prospective transactions and potential developments at an early stage prior to seeking formal Board approval. These informal briefings are usually accompanied with detailed Board memorandums.

Due to the prolonged volatile state of oil and gas prices which impacted the Company's financial health, the Company initiated a restructuring process in 2016 which necessitated a more active role by the Board in the Company's financial matters and state of affairs. Consequently, management held monthly teleconferences where possible to ensure that the Board was provided with the most updated information.

Meeting of Directors without management: Non-Executive Directors hold their meetings after each quarterly Board meeting to discuss matters without the presence of management.

Other Committees

In addition to the Audit, Nominating and Remuneration Committees, the Company has the following Committees to assist the Board in executing its duties:

- Technical Committee (constituted in February 2016 and meets when required)
- Transition Committee (constituted in June 2016 and meets when required)

Each Committee may make decisions on matters within its terms of reference and applicable limits of authority. The terms of reference of each Committee are reviewed from time to time, as are the structures and memberships of the Committees.

Technical Committee

The Technical Committee is chaired by Keith Pringle and comprises Tan Ek Kia, Duane Radtke and Jeffrey S. MacDonald. The Technical Committee comprises three Independent Non-Executive Directors. The Technical Committee meets on an ad hoc basis only when requested by the Company. The terms of reference for the Technical Committee include:

- providing advisory support to management for technical matters as and when required;
- holding meetings with Company's technical management team at suitable junctures to review and advise on exploration and appraisal plans and activities, field development plans, technical evaluations on acreage or asset acquisitions, and health, safety and environment matters;
- providing the Board with updates on relevant technical matters as and when required; and
- undertaking generally such other functions, duties and powers as may be required by the Board or the Board Committees from time to time.

Transition Committee

The Transition Committee is currently chaired by Tan Ek Kia and comprises Chan Hon Chew and Jeffrey S. MacDonald. The prior Transition Committee Chairman was Will Honeybourne, who resigned from the Board with effect from 23 February 2017. The Transition Committee was set up to assist the Interim Chief Executive Officer with certain matters and meets on an ad hoc basis only when requested by the Company. The terms of reference for the Transition Committee include:

- providing advisory support, guidance and oversight to the Interim Chief Executive Officer and executive management in the conduct of the Company's business (including but not limited to the review of capital expenditures, operational expenditures and management approval authority policy), as and when required;
- undertaking decisions required by the Company which exceeds the financial limit authority of the Interim Chief Executive Officer, provided that such decisions are not specifically reserved for the Board or other supervisory persons / Committee; and
- undertaking generally such other functions, duties and powers as may be required by the Board or the Committee from time to time.

Chairman & Chief Executive Officer

Principle 3

Interim Chief Executive Officer

Keith Cameron, one of the Company's founders, retired from the Board as Chief Executive Officer on 1 July 2016. Consequently, due to the restructuring process which the Company was preparing for, an interim Chief Executive Officer was appointed internally. The Interim Chief Executive Officer, being Jeffrey S. MacDonald, previously served on the Board as an Independent Non-Executive Director. Due to his familiarity with the Company and prior experience with restructuring for companies, the Board, with the endorsement of the Nominating Committee, appointed Jeffrey S. MacDonald to helm the Company through this restructuring period until such time the Company is on stronger footing. The Board, with the aid of the Nominating Committee, will continue the search for the right candidate to replace the Interim Chief Executive Officer.

Separation of the role of Chairman and Interim Chief Executive Officer

A separation of roles and powers between the Chairman and the Interim Chief Executive Officer ensures an appropriate balance of power, greater accountability and increased capacity of the Board for independent decision making. The division of responsibilities between them are clearly established and agreed by the Board.

For the financial year ended 2016, Will Honeybourne was the Non-Executive Chairman. With effect from 23 February 2017, Tan Ek Kia, an Independent Non-Executive Director has been appointed as the Chairman. Neither the prior Chairman nor our current Chairman is related to the Interim Chief Executive Officer. Spearheading a high standard of corporate governance, the Chairman, who is independent and is also the Chairman of the Nominating Committee and the Transition Committee, with the aid of Directors, Company Secretaries and management, guides the Board to ensure its effectiveness in all aspects of its role. He sets the agenda and monitors the flow of information from management to the Board to ensure that all material information is provided in a timely manner for Directors to review and discuss. He encourages and promotes communication and constructive relations between the Board and management, and between Executive and Non-Executive Directors and is available to the shareholders should they have any concerns which have failed to be resolved by contact through the Interim Chief Executive Officer or the Chief FInancial Officer ("CFO"). The Interim Chief Executive Officer manages and oversees the Group's business. The other Executive Directors and management provide assistance to the Interim Chief Executive Officer in making strategic proposals to the Board. Pursuant to open and constructive Board discussion, the Interim Chief Executive Officer formulates the plan to execute the agreed strategy and implements Board decisions.

Lead Independent Director

As the current chairman is independent, the role and the scope of Lead Independent Director will be undertaken by the Chairman.

Board Membership

Principle 4

Nominating Committee

The Nominating Committee is chaired by Tan Ek Kia and comprises John Koh, Michael Chia[1] and Duane Radtke. The Nominating Committee comprises entirely Non-Executive Directors, of which three out of four (including the Nominating Committee Chairman) are independent.

The key terms of reference for the Nominating Committee include:

- reviewing and recommending candidates for appointments to the Board and Board Committees (excluding the appointment of existing members of the Board to each of the Audit Committee, the Nominating Committee and the Remuneration Committee for the purposes of the initial establishment of such Board committees), as well as candidates for senior management staff, who are not also candidates for appointment to the Board;
- developing of a process for evaluation of the performance of the Board, the Board Committees and the Directors;
- reviewing and recommending nomination for re-appointment or re-election or renewal of appointment of the Directors;
- reviewing of board succession plans for the Directors, in particular, the Chairman and the Interim Chief Executive Officer;
- reviewing of training and professional development programs for the Board;
- determining independence of the Directors; and
- undertaking generally such other functions and duties as may be required by law or the SGX-ST Listing Manual, and by amendments made thereto from time to time.

[1] Michael Chia was appointed to the Board on 13 May 2016

Recommendation of Directors

The Nominating Committee initiates the review and recommendation of all nominations and re-nominations of Directors and Committee members, taking into account the composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance. The Company's Articles require Directors to retire at least once every three years. The Company has, for this purpose, adopted a policy of retiring one-third of Directors from office by rotation at each Annual General Meeting ("AGM") and these Directors will be eligible for re-election at that AGM. The Articles also stipulate that Directors appointed by the Board during a financial year, shall only hold office until the next AGM, and thereafter be eligible for re-election at the AGM.

Review of Directors' independence

Principle 2 "Board Composition and Guidance" of this corporate governance report sets out the guidelines for the Nominating Committee's determination of a Director's independence on an annual basis.

Directors' time commitments

Factors such as multiple board representations are taken into consideration by the Nominating Committee when deciding whether a Director is able to devote sufficient time and attention to discharging his responsibilities adequately. Noting that the time requirement of each directorship varies, the Nominating Committee believes that limiting the number of directorships a Director can hold may be arbitrary. Instead, the Nominating Committee is provided by each of the Directors a confirmation of his ability to devote sufficient time and attention to the Company's affairs, having regard to all other commitments which they declare. The Nominating Committee is satisfied that all Directors have discharged their duties adequately from 1 January 2016 until the end of the financial year under review, and will continue to do so in the next financial year.

Alternate Directors

The Company does not currently have any alternate Directors.

Succession planning for the Board and management team

Emphasis on succession planning ensures seamless transition and the Nominating Committee seeks to refresh the Board membership progressively and in an orderly manner. The Nominating Committee reviews succession and leadership development plans for the Board and management, which are subsequently approved by the Board. External assistance had been previously sought from independent third party service providers to work with the Board and management to formulate a plan for succession and this continues to be discussed and assessed by the Nominating Committee.

Criteria and process for nomination and selection of new Directors

A formal process is adopted in the search for and nomination and selection of new Directors. The Nominating Committee identifies the main attributes required of an incoming director based on the composition and skill set of the existing Board. The Nominating Committee will draw on the resources of Directors' personal and business contacts and recommendations of candidates during this shortlisting process. Recruitment agencies may also be used. Interviews will be held between potential candidates and Nominating Committee members before a recommendation is made to the Board. For the Board appointments in the prior year, no external search was required as the recommended candidates are nominee directors which met the required criteria for the Board.

Key information on Directors

Please refer to the section entitled "Board of Directors" of this Annual Report for key information on our Directors. The Notice of Annual General Meeting sets out the Directors proposed for retirement and re-election at the AGM.

Board Performance

Principle 5

Board and Committee evaluation

An independent consultant is engaged to ensure that the Board and Committee assessments are completed promptly, fairly and confidentially.

The independent consultant works together with the Nominating Committee to design and update questionnaires for the evaluation process. Developed by incorporating the best practices in the market on Board and Committee evaluations, and revised based on key focus issues and areas prescribed by the Board, the questionnaires are provided to the Directors on an annual basis. The performance criteria for the evaluations has remained unchanged to-date and includes the size and composition, independence, processes, information and accountability, risk controls and internal management and standards of conduct, all of which are in accordance with the guidelines of the 2012 Code and the terms of reference of each of the Committees. The results are collated by the independent consultant and presented to the Nominating Committee.

For the financial year ended 31 December 2016, the Directors noted in their evaluation comments that much of the focus of the Board and its Committees were on the restructuring process. Notwithstanding, the evaluation results did not materially differ from that of the previous year and the performance criteria of each assessment were met with materially similar results. The Nominating Committee, upon detailed evaluation of these results, will work with the Board and each of the other Committees to identify key concerns and focal areas and an action plan will be implemented to address these.

Access to Information

Principle 6

Complete, adequate and timely information

Board and Committee materials are distributed in advance and are easily accessible via an online application on mobile devices. The Company fully recognises that the flow of relevant information on an accurate and timely basis is critical for the Board to be effective in the discharge of its duties, and aims to provide information the week before any meetings.

Any additional material or information requested by the Directors is promptly furnished. Matters of a highly sensitive nature may be tabled at the meeting or discussed without any papers being distributed. Management who provide additional insights into the matters at hand will be present at the meeting. The Directors are fully acquainted with the relevant management personnel, Company Secretaries, internal and external auditors to facilitate direct and independent access to the same.

Board materials include, amongst others, minutes to the previous Board meetings, major operational and financial updates, background or explanations on matters brought before the Board for decision or information, including issues dealt with by management, relevant budgets, forecasts and projections. In respect of budgets, any material variance between projections and actual results is disclosed and explained to the Board.

Company Secretaries

The Company Secretaries administer, attend and prepare minutes of Board proceedings. They assist the Chairman to ensure that Board procedures are followed and regularly reviewed to ensure the effective functioning of the Board, and that the Company's memorandum, Articles and relevant rules and regulations, including requirements of the Cayman Companies Law, Securities & Futures Act and Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST"), are complied with. They also assist the Chairman and the Board to implement and strengthen corporate governance practices and processes with a view to enhancing long-term shareholder value.

The appointment and removal of Company Secretaries are subject to the approval of the Board.

Independent professional advice

The Directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties, at the expense of the Company.

Remuneration Matters

Principle 7

Remuneration Committee

The Remuneration Committee is chaired by an interim Chairman, Duane Radtke and comprises Chan Hon Chew[1], Alan Nisbet and Keith Pringle. The Remuneration Committee comprises entirely Non-Executive Directors, of which three of four (including the Remuneration Committee Chairman) are independent.

The key terms of reference for the Remuneration Committee include:

- reviewing and approving the Company's policy for determining the remuneration of its executives including that of the Interim Chief Executive Officer and other key management executives (collectively, the "Senior Management");
- review the on-going appropriateness and relevance of the Company's executive remuneration policy and other benefit programs;
- considering, reviewing and approving and/or varying the entire specific remuneration package and service contract terms for Senior Management;
- considering, reviewing and approving and/or varying (if necessary) the entire specific remuneration package and service contract terms for each Senior Management (including directors' fees, salaries, allowances, bonuses, payments, options, share-based incentives and awards, benefits in kind, retirement rights, severance packages and service contracts) having regard to the executive remuneration policy for each of the companies within the Group;
- considering and approving termination payments, retirement payments, gratuities, ex-gratia payments, severance payments and other similar payments to members of the Board and Senior Management, including the Interim Chief Executive Officer;
- reviewing the Company's obligation arising in the event of termination of the Executive Directors and Senior Management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous;
- reviewing and approving the design of all option plans, stock plans and/or other equity based plans;
- determining each year whether awards will be made under each of the equity-based plans;
- reviewing and approving each award as well as the total proposed awards under each plan in accordance with the rules governing each plan;
- reviewing, approving and keeping under review performance hurdles and/or fulfilment of performance hurdles for each of our equity-based plans; and
- reviewing succession plans for Senior Management positions.

The Remuneration Committee's recommendations are then submitted for endorsement by the Board, thus assisting the Board to ensure that remuneration policies and practices are competitive within the industry in order to attract, retain and motivate employees, without being excessive, and thereby maximising shareholder value. No member of the Remuneration Committee is involved in deliberations in respect of any remuneration, compensation, options or any form of benefits to be granted to him. Where necessary, the Remuneration Committee may seek advice from independent expert remuneration consultants on remuneration matters, such as Towers Watson. Please refer to Principle 9 "Disclosure on Remuneration" of this corporate governance report for further information on the Company's compensation philosophy.

[1] Chan Hon Chew was appointed to the Board on 17 March 2016

Level & Mix of Remuneration

Principle 8

Remuneration of Executive Directors and Senior Management

The remuneration packages of Executive Directors and Senior Management comprise the following components:

(a) Fixed and variable components

The fixed component consists of basic salary and Central Provident Fund contributions (if applicable). The Remuneration Committee ensures that Senior Management's remuneration is consistent and comparable with market practice by reviewing and considering such remuneration components against those of comparable companies, if such information is publicly available, while continuing to be aware of the general correlation between increased remuneration and performance improvements.

The variable component comprises variable bonus based on the Group's performance in relation to stipulated key performance indicators, as well as relevant market remuneration benchmarks. The performance of Senior Management is assessed every year. Total bonuses payable are reviewed by the Remuneration Committee and approved by the Board to ensure (i) alignment of interests with those of shareholders and (ii) symmetry with risk outcomes.

The Board views performance bonuses with a design to support the Group's business strategy and the enhancement of shareholder value through the annual fulfilment and delivery of financial, strategic and operational objectives. On an individual level, the performance bonus may vary based on the actual achievement of the Group and individual performance objectives. While these objectives may be of different emphasis for each executive, they are assessed on the same principles across business and strategy targets, which include environmental, health and safety processes; production, reserves and resource values; financial and risk management; and people development. Further, executives may be assessed on teamwork and collaboration across the Group.

(b) Allowances and benefits

Allowances and benefits provided are consistent with market practice and include medical benefits, flexible benefits and transportation and education allowances. Eligibility for these benefits and allowances depends on individual salary grade, employment position and country of residence.

(c) Share awards and options

In recognition of the contribution of Senior Management to the Company and as a tool for long-term incentivisation and alignment of interests with the Company, Senior Management is eligible for share options and awards under the KrisEnergy Employee Share Option Scheme ("KrisEnergy ESOS") and KrisEnergy Performance Share Plan ("KrisEnergy PSP").

For the financial year under review, awards were granted under the KrisEnergy PSP at the discretion of the Remuneration Committee. Such share awards are conditional upon the achievement of predetermined performance targets over the performance period. These performance conditions include market capitalisation and reserves targets. As at the

end of the financial year, certain share awards granted under the KrisEnergy PSP have been partially vested.

For more information on KrisEnergy ESOS and KrisEnergy PSP and the share awards granted, please refer to the sections entitled "Directors' Report—KrisEnergy Employee Share Option Scheme and KrisEnergy Performance Share Plan" and "Notes to the Consolidated Financial Statements—Share-based Payments" of this Annual Report.

The Remuneration Committee has the discretion not to award performance bonuses or share-based incentives in any year if any executive is involved in misconduct which has a material impact on our Company.

Remuneration of Non-Executive Directors

The Chairman of each Committee commands a higher fee in view of the greater responsibility carried by that office. Each Non-Executive Director is paid a basic fee and an attendance fee. Executive Directors are not paid Directors' fees. The fees payable to Non-Executive Directors are paid in cash and are subject to shareholders' approval at each AGM.

Basic fee

The basic fee structure of the Non-Executive Directors is as disclosed in Table 2.

In 2016, there was a 25% reduction in the total remuneration of the Non-Executive Directors as one of several cost-cutting measures to aid the Company through the adverse macroeconomic conditions and its volatile financial position. As the industry outlook remains unstable, the reduced remuneration has since been approved as the basic fee structure.

Table 2: Non-Executive Directors' Fees

Nature	Description	Rate
		US$
Board Fees	Chairman Fee	$15,000 per annum
	Basic Retainer Fee	$37,500 per annum
	Lead Independent Director Fee	$7,500 per annum
Audit Committee Fees	Membership Fee	$7,500 per annum
	Chairman Fee	$7,500 per annum
Remuneration Committee Fees	Membership Fee	$7,500 per annum
	Chairman Fee	$7,500 per annum
Nominating Committee Fees	Membership Fee	$7,500 per annum
	Chairman Fee	$7,500 per annum

If a Director occupies a position for part of the financial year, the fee payable will be pro rated accordingly.

Attendance fee

A Non-Executive Director will be paid an attendance fee of US$7,500 for each Board meeting attended (whether in person or by teleconference) in that financial year and will also be reimbursed any travel expenses incurred in relation thereto. No attendance fee is payable for attendance of (i) routine Board telephone conference calls or (ii) Committee meetings.

Disclosure on Remuneration

Principle 9

Annual remuneration report

A breakdown showing the level and mix of individual Director's and Senior Management's remuneration payable for the financial year under review is as disclosed in Tables 3 and 4 on the next page.

Bonuses

Due to the restructuring process and until the Company has a stronger financial position, no bonuses were declared for financial year ended 31 December 2016, similar to the prior year.

Share awards and options

Non-Executive Directors are also eligible for the grant of share options and awards under KrisEnergy ESOS and KrisEnergy PSP and are encouraged to acquire Shares in order to align their interests with those of shareholders. Directors' shareholding interests are disclosed in the section entitled "Directors' Report—Directors' interests in shares and debentures" of this Annual Report. For the financial year under review, Non-Executive Directors will not receive any share options or awards as part of their remuneration. The Remuneration Committee will continue to review and consider the possibility of including a share-based component in the Non-Executive Directors' remuneration for future years.

Disclosure of the (i) precise remuneration amounts of individual Executive Directors and Senior Management, and (ii) aggregate total remuneration paid to Senior Management is disadvantageous to the Group's business interests in view of the shortage of talented and experienced personnel in the upstream oil and gas industry.

No termination, retirement or post-employment benefits have been granted to Directors or Senior Management.

Remuneration of employees who are immediate family members of a Director or the Interim Chief Executive Officer

No employee of the Company and its subsidiaries is an immediate family member of a Director or the Interim Chief Executive Officer. The remuneration packages of the Directors and Senior Management have been reviewed and approved by the Remuneration Committee, having regard to their contributions as well as the financial performance and commercial needs of the Group. The Remuneration Committee is satisfied and has ensured that the Directors and Senior Management are adequately, but not excessively, remunerated.

Details of KrisEnergy ESOS and KrisEnergy PSP

For more information of KrisEnergy ESOS and KrisEnergy PSP, please refer to the sections entitled "Directors' Report – KrisEnergy Employee Share Option Scheme and KrisEnergy Performance Share Plan" and "Notes to the Consolidated Financial Statements – Share-based Payments" of this Annual Report.

Table 3: Directors Remuneration Bands	Salary Including CPF, If Any	Bonus / Profit-sharing	Allowances & Others	Directors' Fees	Performance Shares	Total
	%	%	%	%	%	%
S$750,000 to S$1,000,000						
Keith Cameron[1]	87	–		–	13	100
Chris Gibson-Robinson	81	–		–	19	100
Richard Lorentz	82	–		–	18	100
Jeffrey S. MacDonald[2]	93	–	–	7	–	100
Below S$250,000						
Will Honeybourne[3]	–	–	–	100	–	100
John Koh	–	–	–	100	–	100
Brooks Shughart[4]	–	–	–	100	–	100
Choo Chiau Beng[4]	–	–	–	100	–	100
Loh Chin Hua[5]	–	–	–	100	–	100
Duane Radtke	–	–	–	100	–	100
Tan Ek Kia	–	–	–	100	–	100
Alan Nisbet	–	–	–	100	–	100
Keith Pringle	–	–	–	100	–	100
Chan How Chew[6]	–	–	–	100	–	100
Michael Chia[7]	–	–	–	100	–	100

Notes
1 Resigned from the Board on 1 July 2016
2 Appointed as KrisEnergy's Interim Chief Executive Officer (global change) and Executive Director
3 Resigned from the Board on 23 February 2017
4 Resigned from the Board on 13 May 2016
5 Resigned from the Board on 17 March 2016
6 Appointed to the Board on 17 March 2016
7 Appointed to the Board on 13 May 2016

Table 4: Senior Management RemunerationBands	Designaton	Based / Fixed Salary Including Cpf, If Any	Bonus / Profit-Sharing	Allowance & Others	Performance Shares	Total
		%	%	%	%	%
S$750,000 to S$1,000,000						
Kiran Raj	Chief Financial Officer	72		12	16	100
James Parkin	Vice President Exploration	78		5	17	100
Brian Helyer	Vice President Operations	78		5	17	100
Tim Kelly	Vice President Engineering	78		5	17	100
Kelvin Tang[1]	Vice President Legal	72		12	16	100

Notes
1 Appointed as Chief Operating Officer on 15 March 2017

In 2016, Senior Management undertook a 10% to 25% reduction in their remuneration packages and such reduced remuneration has since been approved as the new basic fee structure as a continued cost-cutting measure in light of the unstable industry outlook.

Accountability & Audit

Principle 10

Accountability and audit

By understanding its responsibility and embracing openness and transparency in the conduct of the Company's affairs, whilst preserving commercial interests, the Board has adopted a balanced and understandable assessment of the Group's performance, position and prospects when presenting interim and other price-sensitive public reports and reports to regulators (if required).

Financial statements and reports, along with all other price sensitive information, are released to all shareholders through timely announcements on SGXNET, press releases, the corporate website and during media and analyst briefings. The Board takes steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules. Regular updates on any material changes in the relevant legislative and regulatory frameworks are sent to the Board.

Leading up to and during the restructuring process, the Board was regularly updated with cash flow, and liquidity management information, to ensure that they are able to make balanced and informed assessment of the Company's performance and financial position.

Audit Committee

Principle 12

Audit Committee

The Audit Committee is chaired by John Koh and comprises Michael Chia, Tan Ek Kia, Alan Nisbet and Keith Pringle. The Audit Committee comprises entirely of Non-Executive Directors, of which four out of five (including the Audit Committee Chairman) are independent.

The key terms of reference for the Audit Committee include:

- reviewing all financial information and any public financial reporting with management and external auditors for submission to the Board;
- reviewing significant financial reporting issues and judgements so as to ensure the integrity of financial statements and any announcements relating to financial performance;
- reviewing together with external auditors, their audit plan, audit report, management letter and the responses which the external auditors have received from Management on difficulties which they have encountered with management in the course of their audit;
- reviewing with external and internal auditors, and reporting to the Board at least annually, the adequacy and effectiveness of the internal control system, including financial, operational, compliance and information technology controls;
- reviewing with internal auditors, the program, scope of results of the internal audit and management's response to findings to ensure that appropriate follow-up measures are taken;
- reviewing at least annually, the adequacy and effectiveness of the internal audit function;
- reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors;
- reviewing with external auditors the impact of any new or proposed changes in accounting principles or regulatory requirements on the financial information;
- reviewing interested person transactions for potential conflicts of interest as well as all conflicts of interests to ensure that proper measures to mitigate such conflicts of interest have been put in place;
- assessing the suitability of an accounting firm as external auditors and recommending to the Board the appointment or re-appointment of such external auditors, approving their compensation and reviewing and approving their discharge;
- reviewing filings with the SGX-ST or other regulatory bodies which contain financial information and ensuring proper disclosure;

- commissioning and reviewing the findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or infringement of any law, rule and regulation which is likely to be material;
- reviewing risk management policies and guidelines and monitoring compliance therewith and assessing the adequacy and effectiveness of such risk management function;
- reviewing policy and arrangements by which the staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken;
- reviewing and approving all hedging policies and types of hedging instruments;
- reporting to the Board the work performed by the Audit Committee in carrying out its functions;
- monitoring the investments in the customers, suppliers and competitors made by Directors, controlling shareholders and their respective associates who are involved in the management or have shareholding interests in businesses that are similar or related to the Company and making assessments on whether there are any potential conflicts of interest;
- reviewing the whistle-blower arrangements instituted by the group through which staff may in confidence, raise concerns and possible improprieties in matters of financial or other matters; and
- undertaking generally such other functions and duties as may be required by the Listing Manual and by amendments made thereto from time to time.

The Audit Committee has explicit authority to investigate any matter within its terms of reference, and has the full cooperation of and access to management. It also has direct access to the internal and external auditors, and full discretion to invite any Director or executive officer to attend its meetings. Its authority extends to reviewing its terms of reference and its own effectiveness annually and recommending necessary changes to the Board. The Audit Committee regularly meets with the external auditors and internal auditors, in each case without management's presence and at least once annually.

No member of the Audit Committee is a former partner or director of the Company's external auditors. The Board is of the view that the Audit Committee members (including the Audit Committee Chairman) have recent and relevant accounting and related financial management expertise and are familiar with the Company's business and operations and are thus able to discharge their duties as Audit Committee members. Where possible, the Company arranges for sessions with the Company's external auditors to ensure that any changes to accounting standards and issues which have a direct impact on financial statements are highlighted to Audit Committee members and the Board.

External auditors

The Audit Committee recommends to the Board the appointment, re-appointment and removal of the external auditors, and the remuneration and terms of engagement of the external auditors. The re-appointment of the external auditors is subject to shareholder approval at the AGM.

During the financial year under review, the Audit Committee Chairman, without the presence of management, held meetings with the external auditors. The Audit Committee reviewed the independence and objectivity of the external auditors through discussions with the external auditors as well as a review of the volume and nature of non-audit services provided by the external auditors during the period. Based on the review, the Audit Committee is satisfied that the financial, professional and business relationships between the Company and the external auditors will not prejudice their independence and objectivity. Accordingly, the Audit Committee has recommended the re-appointment of the external auditors at the coming AGM.

In the financial year under review, the Audit Committee held discussions with management and the external auditors regarding the accounting principles applied in the financial statements and any items that may affect the integrity of the financial statements. Subsequently, the Audit Committee recommended to the Board the release of the full-year financial statements. The total fees paid to the external auditors, Ernst & Young LLP, are as disclosed in Table 5.

Table 5: Fees to external auditors

	S$'000	% Of Total Fees Paid
External auditors' fees for the financial year under review		
Total Audit Fees	465	92
Total Non-Audit Fees[1]	38	8
Total fees paid	**503**	**100**

[1] Non-audit services provided by Ernst & Young LLP include tax filing and project review

The Company has complied with Rules 712 and 715 of the Listing Manual of SGX-ST in the appointment of its external auditors.

Whistle-blowing policy

Clearly defined procedures have been established to encourage employees, customers or third parties to report malpractices and misconduct in the workplace. Concerns about possible improprieties in matters of financial reporting, fraudulent acts and other matters in breach of company policies can be raised confidentially to the legal team and arrangements are in place for investigations of such matters and for appropriate follow-up action. These procedures aim to promote fairness and consistency in dealing with concerns made in good faith. There were no whistle-blowing reports made during the financial year under review.

Interested person transactions

The Company has embedded procedures to comply with the requirements of the Listing Manual of the SGX-ST relating to interested person transactions. All new Directors are briefed on the relevant provisions that they are required to comply with. Any interested person transactions are reported to, and monitored by and reviewed by the Audit Committee. There were no interested person transactions for the financial year under review.

Material contracts (Rule 1207(8) of the listing manual of the SGX-ST)

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the Interim Chief Executive Officer, any Director, or controlling shareholder subsisting at the end of the financial year under review.

Risk Management & Internal Controls, Internal Audit

Principles 11 & 13

Risk management and internal controls

It is the responsibility of the Board to ensure that there are sufficient risk governance measures implemented in the Company. The Board is also responsible for ensuring that management maintains a sound system of risk management and internal controls to safeguard shareholders' investments and the Group's assets. Risk management is a continuous process where Senior Management and operational managers continually participate to evaluate, monitor and report to the Audit Committee and the Board on significant risks encountered in operations.

The Company has developed and implemented a Board Assurance Framework ("Framework"), which includes an enterprise risk management framework. The Framework acts as the platform for identification of significant and material risks, to measure the potential impact and likelihood of those risks occurring, test the internal control effectiveness and to create any action plans to further mitigate those risks. The risks identified in the Framework include strategic, financial, operational, compliance and information technology risks. A risk governance structure has been developed to provide details on the roles and responsibilities for the Board and management (specifically, the Chief Risk Officer) in risk monitoring, escalation, mitigation and reporting.

Risk appetite statements with tolerance limits are established to monitor shifts in significant risks and to proactively manage them within acceptable levels. These risk appetite statements have been reviewed and approved by the Audit Committee and the Board and are monitored on a quarterly basis. In addition, the Board has received assurance from the Interim Chief Executive Officer and CFO that the Company's financial records have been properly maintained and give a true and fair view of the Group's operations and finances, and that the Company has sufficiently effective risk management and internal control systems.

The Audit Committee has the responsibility to oversee the Company's risk management framework and policies. Any material non-compliance or failures in internal controls and recommendations for improvements will be reported to the Audit Committee. The Audit Committee will also review the effectiveness of the actions taken by management on the recommendations made by the external and internal auditors.

Further, the Audit Committee will update the Board on such risk management framework and policies at least annually and from time to time when necessary.

Based on the internal controls established and maintained by the Group, work performed by independent external third parties, and reviews and assurances by management and various Board Committees, the Board with the concurrence of the Audit Committee is of the opinion that the Group's system of risk management and internal controls, addressing financial, operational, compliance and information technology risks, which is relevant and material to the Group's current business scope and environment, was adequate and effective as at 31 December 2016. Nonetheless, it is understood that such a system can only provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that no system of internal controls and risk management can provide a complete assurance against human error, poor judgement in decision making, losses, fraud or other irregularities.

Internal audit

KPMG has been appointed to act as the Group's internal audit function ("Internal Auditors"). It is responsible for executing the Internal Audit Plan as approved by the Audit Committee and reporting the findings and recommendations of such audit to the Audit Committee on a quarterly basis. The Internal Auditors' primary line of reporting is to the Chairman of the Audit Committee, although the function reports administratively to Executive Directors. All internal audit summary reports are submitted to the Audit Committee for consideration, with copies of these reports extended to the Chairman, Executive Directors (specifically the Interim Chief Executive Officer) and relevant Senior Management. To ensure timely and adequate closure of internal audit findings, the status of the implementation of the actions agreed by management is tracked and discussed with the Audit Committee.

The Internal Auditors have unrestricted direct access to the Audit Committee and unfettered access to all of documents, records, properties and personnel. The Internal Auditor carries out its function according to the International Professional Practices Framework developed by the Institute of Internal Auditors.

The Audit Committee approves the hiring, removal, evaluation and compensation of the auditing firm to which the internal audit function is outsourced. The Audit Committee is also responsible for the review, at least annually, of the adequacy and effectiveness of the internal audit function. The Audit Committee believes that the current Internal Auditors have the relevant qualifications and experience.

Going forward, the Board, at the recommendation of the Audit Committee, has sanctioned the incorporation of an internal audit department within the Company, where subsequent internal audits will be performed and managed by this department. For 2017, in the nascent stages of such function, the department will continue to work with the current Internal Auditors to complete and formulate the internal audit processes and review the procedures to complement the new structure.

Shareholder Rights & Responsibilities

Principle 14

The Company believes in having a robust governance culture to ensure that shareholders receive fair and equitable treatment. The Company recognises that shareholders should be entitled to equal information rights and strives to provide adequate, timely and sufficient information pertaining to changes and updates in its business that could have a material impact on the share price and value. Such changes and updates could include financing arrangements, asset divestments and industry factors.

Shareholders whose names are registered in the CDP Register and the Register of Members are entitled to participate in, and vote at, shareholders' meetings. Shareholders are informed of shareholders' meetings through notices published in newspapers and reports or circulars sent to all shareholders. All shareholders have the opportunity to participate effectively in and vote at shareholders' meetings and will be informed of the rules, including voting procedures, which govern such shareholders' meetings. If any shareholder is unable to attend, he is allowed to appoint proxies to vote on his behalf at the meeting through proxy forms sent in advance. At shareholders' meetings, each distinct issue is proposed as a separate resolution and the results of the votes are announced at shareholders' meetings.

The Company advocates shareholder participation and will hold shareholders' meetings in a central location in Singapore. Shareholders will be able to proactively engage Board and management on its business activities and financial performance.

Communication with Shareholders & Investors

Principle 15

The Company remains committed to delivering high standards of corporate disclosure and transparency through an open and non-discriminatory approach towards communications with shareholders and investors, the investment community and the media. The Company provides regular and relevant information regarding the Company's performance, progress and prospects to aid shareholders and investors in their investment decisions. Where possible, the Company holds regular investor forums to provide information about its business and operations and the prevailing industry climate and also provide investors an avenue to raise any queries with management. Briefing sessions are conducted for the media and analysts when quarterly financial results are released.

All press statements, financial results and material information are published on SGXNET and the Company's website www.krisenergy.com, and where appropriate, through media releases. The Company's announcements and website provide contact details for investors in the event they wish to contact the Company.

Throughout the financial year, management has participated in local and foreign investor meetings, conferences and forums, which provide a platform for management to explain business strategy and financial performance. Management is provided with an opportunity to seek investor and analyst feedback and perceptions of the Company during these meetings, conferences and forums.

Further, the Company arranges for investor meetings after the release of first half and full year financial statements and makes available the briefing slides for such meetings on its website and SGXNET.

The Company has a dedicated investor relations team to facilitate communications with shareholders, the investor community, analysts and the media. The investor relations team responds to and ensures that all queries are addressed promptly.

No dividend policy

The Company does not have a fixed dividend policy. Taking into consideration factors including but not limited to its results of operations and cash flow, expected financial performance and working capital needs, future prospects, capital expenditures and other investment plans, other investment and growth plans, general economic and business conditions and other factors deemed relevant by the Board and statutory restrictions on the payment of dividends, the Company does not intend to pay dividends.

Conduct of Shareholder Meetings

Principle 16

At each AGM, the Chairman will address the shareholders and present the progress and performance of the Group. The external auditors will be present to address shareholders' queries on the conduct of the audit and the preparation and content of the auditors' report. The Directors, chairpersons of each Board Committee, or members of the respective Committees standing in for them, will endeavour to be present at each AGM and other shareholders' meetings, if any, to address shareholders' queries. The Company will also ensure that appropriate management personnel will be present at each AGM and other shareholders' meetings, to respond to any shareholder enquiries.
A Company Secretary will prepare minutes of the shareholders' meetings, which will include any substantial comments or queries from shareholders and the corresponding responses from the Board and management.
These minutes will be made available to shareholders upon request.

Each item of special business included in the notice of the shareholders' meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at such meetings. Resolutions will be put to vote by electronic poll and detailed results showing the number of votes cast for and against each resolution and their respective percentage will be announced.

The Company is not implementing absentia voting methods such as voting via mail, email or fax until security, integrity and other pertinent issues are satisfactorily resolved.

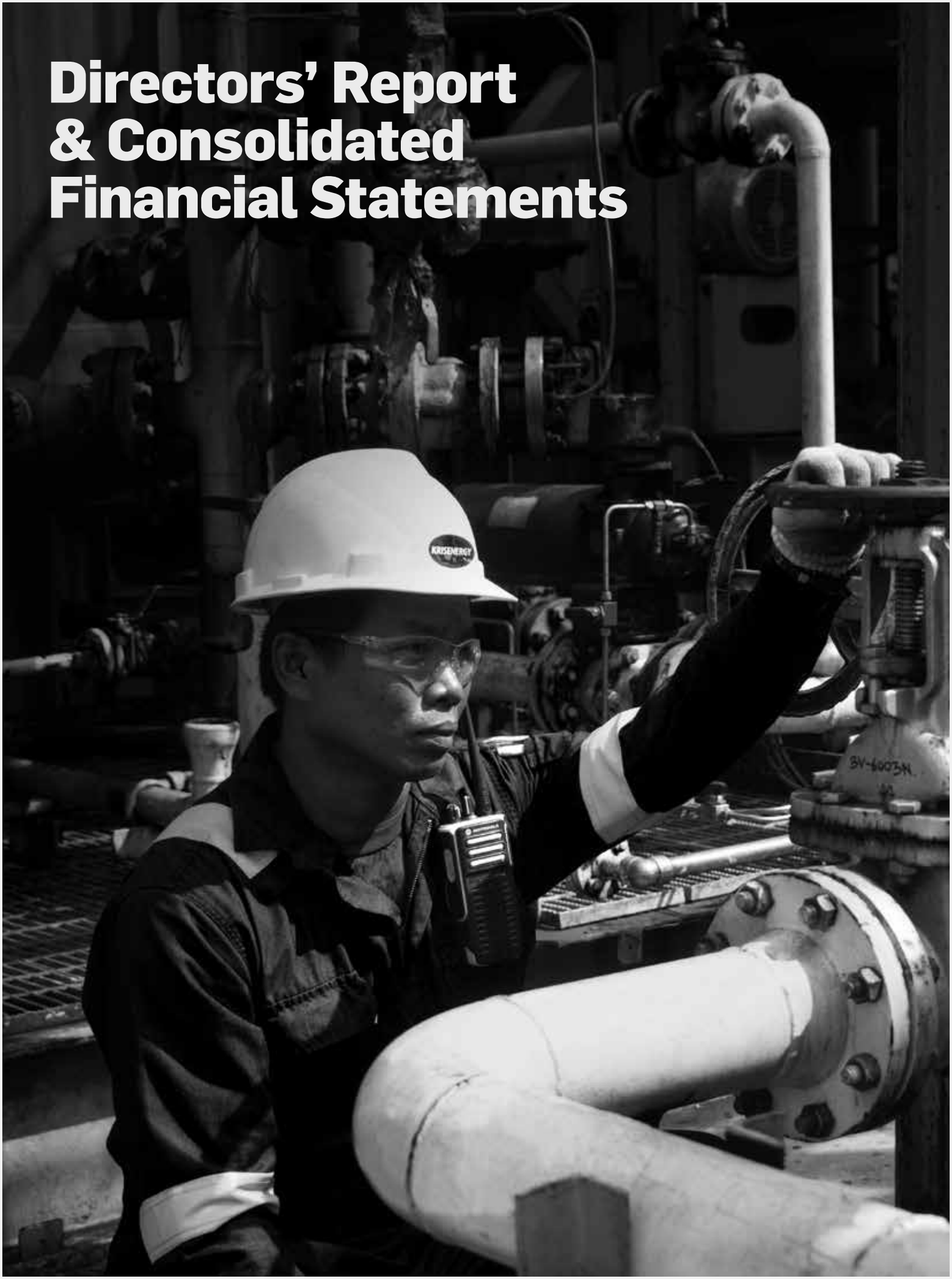
Securities dealing

Securities transactions policy

The Company has adopted an internal policy which prohibits the Directors and officers and staff of the Group from dealing in the securities of the Company while in possession of price-sensitive information.

The Directors and officers are also discouraged from dealing in the Company's securities on short-term considerations and are prohibited from dealing in the Company's securities during the "black-out" period beginning two weeks before the announcement of the Company's quarterly financial statements and one month before the announcement of the Company's full-year financial statements, and ending on the date of the announcement of the relevant results.

Directors' Report & Consolidated Financial Statements



Directors' Report & Consolidated Financial Statements

The Directors present herein their report dated 15 March 2017, together with the audited consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2016.

1 | Directors

The Directors in office at the date of this Directors' Report are:

Tan Ek Kia
Independent Non-Executive Chairman

Jeffrey S. MacDonald
Interim Chief Executive Officer and Executive Director

Chris Gibson-Robinson
Executive Director

Richard Lorentz
Executive Director

Chan Hon Chew
Non-Executive Director

Michael Chia
Non-Executive Director

John Koh
Non-Executive Independent Director

Duane Radtke
Non-Executive Independent Director

Alan Nisbet
Non-Executive Independent Director

Keith Pringle
Non-Executive Independent Director

2 | Audit Committee

The Audit Committee comprises four independent Directors. Members of the Audit Committee are:

John Koh
Chairman

Tan Ek Kia

Michael Chia

Alan Nisbet

Keith Pringle

The Audit Committee carried out its function in accordance with the Code of Corporate Governance 2012, including the following:

- reviewing all financial information and any public financial reporting with management and external auditors for submission to the Board;
- reviewing significant financial reporting issues and judgements so as to ensure the integrity of financial statements and any announcements relating to financial performance;
- reviewing together with external auditors, their audit plan, audit report, management letter and the responses which the external auditors have received from Management on difficulties which they have encountered with management in the course of their audit;
- reviewing with external and internal auditors, and reporting to the Board at least annually, the adequacy and effectiveness of the internal control system, including financial, operational, compliance and information technology controls;
- reviewing with internal auditors, the program, scope of results of the internal audit and management's response to findings to ensure that appropriate follow-up measures are taken;
- reviewing at least annually, the adequacy and effectiveness of the internal audit function;
- reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors;
- reviewing with external auditors the impact of any new or proposed changes in accounting principles or regulatory requirements on the financial information;
- reviewing interested person transactions for potential conflicts of interest as well as all conflicts of interests to ensure that proper measures to mitigate such conflicts of interest have been put in place;
- assessing the suitability of an accounting firm as external auditors and recommending to the Board the appointment or re-appointment of such external auditors, approving their compensation and reviewing and approving their discharge;
- reviewing filings with the SGX-ST or other regulatory bodies which contain financial information and ensuring proper disclosure;
- commissioning and reviewing the findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or infringement of any law, rule and regulation which is likely to be material;
- reviewing risk management policies and guidelines and monitoring compliance therewith and assessing the adequacy and effectiveness of such risk management function
- reviewing policy and arrangements by which the staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken
- reviewing and approving all hedging policies and types of hedging instruments;
- reporting to the Board the work performed by the Audit Committee in carrying out its functions;
- monitoring the investments in the customers, suppliers and competitors made by Directors, controlling shareholders and their respective associates who are involved in the management or have shareholding interests in businesses that are similar or related to the Company and making assessments on whether there are any potential conflicts of interest;
- reviewing the whistle-blower arrangements instituted by the group through which staff may in confidence, raise concerns and possible improprieties in matters of financial or other matters; and
- undertaking generally such other functions and duties as may be required by the Listing Manual and by amendments made thereto from time to time.

The Audit Committee has recommended to the Board of Directors the nomination of Ernst & Young LLP for re-appointment as external auditors at the forthcoming Annual General Meeting of the Company.

3 | Arrangements To Enable Directors To Acquire Shares And Debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of Shares or debentures in the Company or any other body corporate other than the performance shares granted under the KrisEnergy PSP.

4 | Directors' Interest In Shares And Debentures

The interests of Directors holding office at the beginning and end of the financial year in the share capital of the Company or its related corporations according to the Register of Directors' Shareholdings kept by the Company were as follows:

	Holdings Registered In Name Of Directors Or Nominees		Holdings In Which Directors Are Deemed To Have An Interest	
Name Of Director	AS AT 31 DECEMBER 2016	AS AT 1 JANUARY 2016 OR DATE OF APPOINTMENT, IF LATER	AS AT 31 DECEMBER 2016	AS AT 1 JANUARY 2016 OR DATE OF APPOINTMENT, IF LATER
Will Honeybourne[1]	–	–	–	–
John Koh	142,000[2]	142,000	–	–
Keith Cameron	See footnote 3	180,249	See footnote 3	The aggregate of[4]: (i) 5,947,022 Shares; (ii) up to one-ninth of 3% of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied; and (iii) 1,349,057 PSP Awards
Chris Gibson-Robinson	888,554	601,235	The aggregate of[5]: (i) 5,545,916 Shares; (ii) up to one-ninth of 3% of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied; and (iii) 1,061,738 PSP Awards	The aggregate of: (i) 5,545,916 Shares; (ii) up to one-ninth of 3% of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied; and (iii) 1,349,057 PSP Awards
Richard Lorentz	868,674	581,355	The aggregate of[6]: (i) 5,545,916 Shares; (ii) up to one-ninth of 3% of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied; and (iii) 1,061,738 PSP Awards	The aggregate of: (i) 5,545,916 Shares; (ii) up to one-ninth of 3% of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied; and (iii) 1,349,057 PSP Awards
Brooks Shughart[7]	–	–	–	–
Choo Chiau Beng[7]	–	–	–	–
Loh Chin Hua[8]	–	–	–	–
Duane Radtke	–	–	2,000,000[9]	2,000,000
Jeffrey S. MacDonald	500,000[10]	500,000	–	–
Tan Ek Kia	142,000	142,000	–	–
Alan Nisbet	–	–	–	–
Keith Pringle	243,308[11]	243,308	–	–
Chan Hon Chew[12]	–	–	–	–
Michael Chia[13]	50,000	50,000	–	–

5 | Directors' Receipt & Entitlement To Contractual Benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this Annual Report.

6 | Krisenergy Employee Share Option Scheme & Krisenergy Performance Share Plan

The Remuneration Committee is responsible for administering the KrisEnergy ESOS and the KrisEnergy PSP. As at the date of this Directors' Report, the members of the Remuneration Committee are as follows:

Duane Radtke
Interim Chairman

Chan Hon Chew

Alan Nisbet

Keith Pringle

The KrisEnergy ESOS and KrisEnergy PSP were adopted on 10 July 2013, in conjunction with the initial public offering of the Company. The duration of these share-based incentive schemes is 10 years commencing from 10 July 2013.

The KrisEnergy ESOS and KrisEnergy PSP were established with the objective of rewarding, motiving and retaining our employees and Directors to achieve better performance. Through these share-based incentive schemes, we will be able to recognise and reward past contributions and services and motivate eligible employees and Directors to continue to strive for our long-term success.

Restrictions: The aggregate number of Shares which may be issued pursuant to the options and/or awards granted under the KrisEnergy ESOS and/or the KrisEnergy PSP, when added to the number of Shares issued and/or issuable in respect of all options and awards granted under the KrisEnergy ESOS and KrisEnergy PSP, shall not exceed 15% of the total issued share capital of the Company on the day immediately preceding the date of the relevant grant.

Unless otherwise decided by the Remuneration Committee, the entitlement to any share options or share awards is conditional on the continued employment of the eligible employee or Director up to the specified vesting date.

Special provisions for vesting and lapsing of awards granted under the KrisEnergy ESOS and KrisEnergy PSP apply for events such as the retirement, ill health or termination of employment and any other events approved by the Remuneration Committee. Upon the occurrence of such events, the Remuneration Committee will consider, at its discretion, whether or not to release any award, and will take into account circumstances of each individual case, including but not limited to the contributions made by that employee or Director

Eligibility: Employees who are not on probation and all Directors (including Non-executive or Independent Directors) of the Group who are in the employment of the Group are eligible to participate in the KrisEnergy ESOS and KrisEnergy PSP. Such an eligible participant must not be an undischarged bankrupt or have entered into a composition with his creditors.

Notes:

1 Resigned from the Board on 23 February 2017

2 Held through nominee, DBS Nominees Pte Ltd

3 Resigned from the Board on 1 July 2016

4 Keith Cameron's deemed interests as at 1 January 2016 comprised:

(i) 401,106 Shares held in trust by Flamboyant Ltd for his benefit and 5,545,916 Shares held by CKR Resources (B.V.I.) Ltd ("CKR Resources"), of which he is a controlling shareholder;
(ii) Shares awarded to him under the KrisEnergy PSP ("MS-Awards") comprising up to one-ninth of 3% of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied, subject to certain performance conditions being met and other terms and conditions; and
(iii) up to 1,349,057 Shares awarded to him under the KrisEnergy PSP subject to certain performance conditions being met and other terms and conditions

5 Chris Gibson-Robinson's deemed interests as at 31 December 2016 comprised:

(i) 5,545,916 Shares held by CKR Resources, of which he is a controlling shareholder;
(ii) Shares awarded to him under the KrisEnergy PSP comprising up to one-ninth of 3% of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satis fied, subject to certain performance conditions being met and other terms and conditions; and
(iii) up to 1,061,738 Shares awarded to him under the KrisEnergy PSP subject to certain performance conditions being met and other terms and conditions

6 Richard Lorentz's deemed interests as at 31 December 2016 comprised:

(i) 5,545,916 Shares held by CKR Resources, of which he is a controlling shareholder;
(ii) Shares awarded to him under the KrisEnergy PSP (MS-Awards) comprising up to one-ninth of 3% of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied, subject to certain performance conditions being met and other terms and conditions; and
(iii) up to 1,061,738 Shares awarded to him under the KrisEnergy PSP subject to certain performance conditions being met and other terms and conditions

7 Resigned from the Board on 13 May 2016

8 Resigned from the Board on 17 March 2016

9 Duane Radtke is deemed interested in the 2,000,000 Shares held by Radtke Investments L.P. ("RILP") as Duane Radtke and his wife are the general partners of RILP and each is able to make investment decisions for RILP. RILP is owned by Duane Radtke (4.0%) and his wife (4.0%) and their two sons (46.0% each)

10 Held through nominee, Raffles Nominees Pte Ltd

11 Held through nominee, TD Direct Investing (Europe) Ltd

12 Appointed to the Board on 17 March 2016

13 Appointed to the Board on 13 May 2016

According to the Register of Directors' Shareholdings kept by the Company, there are no changes in any of the Directors' interests between the end of the financial year and 21 January 2017.

Share Options
As at the date of this Directors' Report, the Company has not issued any share options pursuant to the KrisEnergy ESOS.

Share awards
Participants of the KrisEnergy PSP will receive fully paid Shares free of charge, the equivalent in cash, or combinations thereof, provided that conditions are met within a prescribed performance period.

Since the commencement of the KrisEnergy PSP to the end of the financial year under review, PSP Awards comprising an aggregate 22,877,336 Shares have been granted to employees of the Company, including an aggregate of 5,230,332 Shares awarded to the then Executive Directors of the Company.

In addition, awards have been granted under the KrisEnergy PSP on the Listing Date to certain Executive Directors and executive officers of the Company, subject to certain performance conditions being met and other terms and conditions. The maximum number of Shares that may be issued under the MS-Awards is 3% of the issued share capital of the Company. Under an MS-Award, each grantee has the conditional right to receive from the Company such number of Shares (fully paid up by the Company as required by law, as to par value) as represents up to one-ninth of 3% of the issued ordinary share capital of the Company.

Since the commencement of the KrisEnergy PSP, PSP Awards comprising 13,323,186 Shares had vested, and were allotted and issued to employees, including 2,045,118 Shares to the then Executive Directors as of the end of the financial year in review. Share awards granted, vested and cancelled during the financial year and share awards outstanding as at the end of the financial year, are reflected in the table below:

Date Of Grant	Total Share Awards Granted Since Commencement Of Krisenergy PSP To End Of Financial Year Under Review	Total Share Awards Vested Since Commencement Of Krisenergy PSP To End Of Financial Year Under Review	Total Share Awards Cancelled Since Commencement Of Krisenergy PSP To End Of Financial Year Under Review	Balance As At 1 January 2016	Balance As At 31 December 2016
19 July 2013 (MS-Awards)					
Directors					
Chris Gibson-Robinson	up to one-ninth of 3% of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied	–	–	up to one-ninth of 3% of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied	up to one-ninth of 3% of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied
Richard Lorentz	up to one-ninth of 3% of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied	–	–	up to one-ninth of 3% of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied	up to one-ninth of 3% of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied
Others	up to six-ninths of 3% of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied	–	–	up to six-ninths of 3% of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied	up to six-ninths of 3% of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied
13 November 2013					
Directors					
Chris Gibson-Robinson	321,208	321,208	–	107,070	–
Richard Lorentz	321,208	321,208	–	107,070	–
Others	4,787,273	4,682,882	104,391	1,574,739	–
25 JUNE 2014					
DIRECTORS					
Chris Gibson-Robinson	321,208	–	–	321,208	321,208
Richard Lorentz	321,208	–	–	321,208	321,208
Others	1,070,695	–	–	1,070,695	1,070,695
31 December 2014					
Directors					
Chris Gibson-Robinson	560,280	–	–	560,280	560,280
Richard Lorentz	560,280	–	–	560,280	560,280
Others	2,353,177	–	–	2,353,177	2,353,177
17 March 2015					
Employees	647,325	431,552	10,619	431,549	205,154
9 November 2015					
Directors					
Chris Gibson-Robinson	540,748	360,498	–	360,499	180,250
Richard Lorentz	540,748	360,498	–	360,499	180,250
Others	10,531,978	6,845,340	633,364	6,615,142	3,053,274

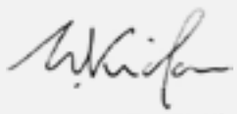
Save as disclosed in the table above, no Shares have been awarded under the KrisEnergy PSP to:

(a) any other Director of the Company;
(b) any Controlling Shareholder or its associate;
(c) any director or employee of any parent company and its subsidiaries; or
(d) any participant who has received Shares pursuant to the vesting of awards granted under the KrisEnergy PSP which, in aggregate, represents 5.0% or more of the total number of Shares available under the KrisEnergy PSP.

7 | Auditors

Our auditors, Ernst & Young LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

	
Tan Ek Kia Director	**Jeffrey S. MacDonald** Director

15 March 2017, Singapore

Statement by Directors

We, Tan Ek Kia and Jeffrey S. MacDonald, Being Two Of The Directors Of KrisEnergy Ltd. ("The Company"), Do Hereby State That, In The Opinion Of The Directors,

(i) the accompanying financial statements of the Company and its subsidiaries (collectively, the "Group"), which comprise the statement of financial position of the Group and the Company as at 31 December 2016, the statement of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended together with notes thereto are drawn up so as to present fairly, in material respects, the financial position of the Group and of the Company as at 31 December 2016 and the financial performance of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Group and the Company will be able to pay debts as and when they fall due subsequent to the exercise of the financial restructuring plan as mentioned in Note 29 to the consolidated financial statements.

On behalf of the Board of Directors

	
Tan Ek Kia Director	**Jeffrey S. MacDonald** Director

15 March 2017, Singapore

Independent Auditor's Report

For The Financial Year Ended 31 December 2016

Independent Auditor's Report To The Members Of KrisEnergy Ltd.

Report On The Audit Of The Financial Statements

Opinion

We have audited the financial statements of KrisEnergy Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position of the Group and statement of financial position of the Company as at 31 December 2016, the statements of changes in equity of the Group and the Company, the consolidated statement of comprehensive income and consolidated cash flow statement of the Group 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, the statement of financial position and the 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 2016 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Carrying amounts of exploration and evaluation assets, oil and gas properties and goodwill

As at 31 December 2016, the carrying amounts of exploration and evaluation assets, oil and gas properties and goodwill were US$507.4 million, US$207.4 million and US$8.4 million respectively, which represent 81.6% of the Group's total assets. The volatility in crude oil prices has given rise to heightened risk of impairment of these assets. During the financial year ended 31 December 2016, management performed impairment assessment on these assets. Based on the impairment testing, management recognised impairment loss of US$77.9 million, US$96.6 million and US$23.7 million for exploration and evaluation assets, oil and gas properties and goodwill respectively, during the year.

We considered the audit of management's impairment assessment of these assets to be a key audit matter due to the magnitude of the amounts recognised in the statement of financial position. In addition, the impairment assessment involves management exercising significant judgement and making assumptions about future cash flows of the business, which is dependent on the future market and economic conditions. The key assumptions used by management in the impairment testing of these assets are the crude oil prices, production volumes and discount rates.

Our audit procedures included, amongst others:

- examined the Group's process for identifying impairment indicators;
- evaluated management's assessment of impairment indicators; and
- assessed whether there are impairment indicators and when required, the estimation of recoverable amount was required for each cash generating unit ("CGU"), which is the smallest group of assets that independently generates cash flow and whose cash flows is largely independent of the cash flows generated by other assets.

Our audit procedures in assessing the reasonableness of management's estimation of the recoverable amount of those CGUs with impairment indicators, amongst others:

- evaluated the robustness of management's budget process by comparing the actual financial performance against previously forecasted results;
- checked the mathematical accuracy of value-in-use calculations using cash flow projections approved by Board of Directors, covering until the production sharing contracts period;
- benchmarking and analysis of oil price assumptions against forward curves and other market data;
- agreement of hydrocarbon production profiles to the development plans approved by management and reserves to the independent qualified person's reserve report;
- assessed the objectivity, competence and capability of the independent qualified person who is responsible for reserves estimate;
- recalculated and benchmarking of discount rates and inflation rates applied against third party data;
- involved our internal valuation specialist to assist us in evaluating the discount rates used by management; and
- reviewed the adequacy of the Group's disclosures on impairment of exploration and evaluation assets, oil and gas properties and goodwill in Note 11 to the financial statements.

Other Information

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' responsibilities include 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.
- 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 period 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.

The engagement partner on the audit resulting in this independent auditor's report is Chan Yew Kiang.



Ernst & Young LLP

Public Accountants and Chartered Accountants
Singapore

15 March 2017

Consolidated Statement of Comprehensive Income

For The Financial Year Ended 31 December 2016

	Note	2016 US$	2015 US$
Revenue	6	142,831,322	60,171,199
Cost of sales	6	(204,892,825)	(95,494,556)
Gross loss		(62,061,503)	(35,323,357)
Other income	6	100,159,115	110,777,899
General and administrative expenses		(38,570,588)	(33,696,980)
Other operating expenses		(201,168,280)	(67,871,371)
Finance income		273,311	289,750
Finance costs		(33,276,107)	(19,458,084)
Loss before tax	6	(234,644,052)	(45,282,143)
Tax expense	7	(2,444,701)	(3,291,691)
Loss for the year		(237,088,753)	(48,573,834)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(149,651)	(232,955)
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit obligations		135,318	303,144
Total comprehensive income for the year		**(237,103,086)**	**(48,503,645)**
Loss for the year attributable to			
Owners of the Company		(235,305,670)	(41,675,825)
Non-controlling interests		(1,783,083)	(6,898,009)
		(237,088,753)	(48,573,834)
Total comprehensive income attributable to			
Owners of the Company		(235,320,003)	(41,605,636)
Non-controlling interests		(1,783,083)	(6,898,009)
		(237,103,086)	**(48,503,645)**
Loss per share attributable to owners of the Company (cents per share)			
Basic	6	(16)	(3)
Diluted	6	(16)	(3)

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

Statements of Financial Position

As At 31 December 2016

		Group		Company	
Assets	**Note**	**2016** US$	**2015** US$	**2016** US$	**2015** US$
Non-current assets					
Exploration and evaluation assets	8	507,419,187	447,405,007	–	–
Oil and gas properties	9	207,418,630	415,068,053	–	–
Other property, plant and equipment	10	11,018,508	11,219,620	–	–
Intangible assets	11	8,444,892	33,182,972	–	–
Investment securities		–	216,000	–	–
Investment in subsidiaries	12	–	–	335,047,547	333,298,448
Other receivables	14	11,966,275	–	887,546,422	884,507,158
		746,267,492	**907,091,652**	**1,222,593,969**	**1,217,805,606**
Current assets					
Inventories	13	26,802,443	28,272,387	–	–
Trade and other receivables	14	64,283,443	66,226,269	–	–
Prepayments		1,584,299	2,507,550	149,782	151,501
Other current assets		1,919,653	–	1,919,653	–
Cash and bank balances	15	45,792,339	29,351,634	4,986,902	433,269
		140,382,177	**126,357,840**	**7,056,337**	**584,770**
Total assets		**886,649,669**	**1,033,449,492**	**1,229,650,306**	**1,218,390,376**
Equity And Liabilities					
Equity					
Share capital	16	1,874,528	1,867,564	1,874,528	1,867,564
Share premium	16	729,529,098	727,245,039	729,529,098	727,245,039
Other reserves	16	(9,516,108)	1,494,936	1,011,769	1,676,876
Accumulated losses		(463,694,029)	(228,523,677)	(43,811,011)	(21,433,747)
		258,193,489	**502,083,862**	**688,604,384**	**709,355,732**
Non-controlling interests		–	(6,833,794)	–	–
Total equity		**258,193,489**	**495,250,068**	**688,604,384**	**709,355,732**
Non-current liabilities					
Employee benefit liability	20	1,410,770	1,888,841	–	–
Loans and borrowings	18	287,911,704	304,571,912	139,641,704	229,571,912
Deferred tax liabilities	7	38,404,491	40,959,937	–	–
Provisions	19	50,406,946	48,472,869	–	–
Other payables	17	–	34,843,307	269,397,176	239,785,877
		378,133,911	**430,736,866**	**409,038,880**	**469,357,789**
Current liabilities					
Trade and other payables	17	50,987,189	31,911,859	4,537,097	3,349,350
Accrued operating expenses	17	27,952,071	38,015,365	444,809	782,472
Loans and borrowings	18	129,051,058	–	89,051,058	–
Derivative liabilities	22	37,974,078	35,545,033	37,974,078	35,545,033
Withholding tax payable		1,044,015	734,860	–	–
Tax payable		3,313,858	1,255,441	–	–
		250,322,269	**107,462,558**	**132,007,042**	**39,676,855**
Total liabilities		**628,456,180**	**538,199,424**	**541,045,922**	**509,034,644**
Total equity and liabilities		**886,649,669**	**1,033,449,492**	**1,229,650,306**	**1,218,390,376**

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

Statements of Changes in Equity

For The Financial Year Ended 31 December 2016

		Attributable To Owners Of The Company							
Group	**Note**	**Share Capital**	**Share Premium**	**Accumulated Losses**	**Foreign Currency Translation Reserve**	**Employee Share Option Reserve**	**General Reserve**	**Non-Controlling Interests**	**Total Equity**
		US$	US$	US$	US$	US$	US$	US$	US$
Balance at 1 January 2016		**1,867,564**	**727,245,039**	**(228,523,677)**	**(1,697,130)**	**1,676,876**	**1,515,190**	**(6,833,794)**	**495,250,068**
Loss net of tax		–	–	(235,305,670)	–	–	–	(1,783,083)	(237,088,753)
Other comprehensive income									
Exchange differences on translation of foreign operations		–	–	–	(149,651)	–	–	–	(149,651)
Re-measurement of defined benefit obligations		–	–	135,318	–	–	–	–	135,318
Total comprehensive incomefor the year		**–**	**–**	**(235,170,352)**	**(149,651)**	**–**	**–**	**(1,783,083)**	**(237,103,086)**
Grant of equity-settled share transactions with employees	21	–	–	–	–	1,625,916	–	–	1,625,916
Vesting of equity-settled share transactions with employees	16	6,964	2,284,059	–	–	(2,291,023)	–	–	–
Acquisition of non-controlling interests without a change of control		–	–	–	–	–	(10,196,286)	8,616,877	(1,579,409)
Balance at 31 December 2016		**1,874,528**	**729,529,098**	**(463,694,029)**	**(1,846,781)**	**1,011,769**	**(8,681,096)**	**–**	**258,193,489**

		Attributable To Owners Of The Company							
Group	**Note**	**Share Capital**	**Share Premium**	**Accumulated Losses**	**Foreign Currency Translation Reserve**	**Employee Share Option Reserve**	**General Reserve**	**Non-Controlling Interests**	**Total Equity**
		US$	US$	US$	US$	US$	US$	US$	US$
Balance at 1 January 2015		**1,309,955**	**604,582,768**	**(187,150,996)**	**(1,464,175)**	**1,689,441**	**–**	**–**	**418,966,993**
Loss net of tax		–	–	(41,675,825)	–	–	–	(6,898,009)	(48,573,834)
Other comprehensive income									
Exchange differences on translation of foreign operations		–	–	–	(232,955)	–	–	–	(232,955)
Re-measurement of defined benefit obligations		–	–	303,144	–	–	–	–	303,144
Total comprehensive incomefor the year		**–**	**–**	**(41,372,681)**	**(232,955)**	**–**	**–**	**(6,898,009)**	**(48,503,645)**
Grant of equity-settled share transactions with employees	21	–	–	–	–	2,531,789	–	–	2,531,789
Vesting of equity-settled share transactions with employees	16	7,428	2,536,926	–	–	(2,544,354)	–	–	–
Disposal of ownership in interest in subsidiary, without loss of control		–	–	–	–	–	1,515,190	64,215	1,579,405
Issuance of shares	16	550,181	123,785,875	–	–	–	–	–	124,336,056
Shares issuance expense	16	–	(3,660,530)	–	–	–	–	–	(3,660,530)
Balance at 31 December 2015		**1,867,564**	**727,245,039**	**(228,523,677)**	**(1,697,130)**	**1,676,876**	**1,515,190**	**(6,833,794)**	**495,250,068**

Company	Note	Share Capital	Share Premium	Accumulated Losses	Employee Share Option Reserve	Total Equity
		US$	US$	US$	US$	US$
Balance at 1 January 2016		**1,867,564**	**727,245,039**	**(21,433,747)**	**(1,676,876)**	**709,355,732**
Loss net of tax		–	–	(22,377,264)	–	(22,377,264)
Other comprehensive income		–	–	–	–	–
Total comprehensive income for the year		**–**	**–**	**(22,377,264)**	**–**	**(22,377,264)**
Grant of equity-settled share transactions with employees	21	–	–	–	1,625,916	1,625,916
Vesting of equity-settled share transactions with employees	16	6,964	2,284,059	–	(2,291,023)	–
Balance at 31 December 2016		**1,874,528**	**729,529,098**	**(43,811,011)**	**1,011,769**	**688,604,384**
Balance at 1 January 2015		1,309,955	604,582,768	(19,760,492)	1,689,441	587,821,672
Loss net of tax		–	–	(1,673,255)	–	(1,673,255)
Other comprehensive income		–	–	–	–	–
Total comprehensive income for the year		**–**	**–**	**(1,673,255)**	**–**	**(1,673,255)**
Grant of equity-settled share transactions with employees	21	–	–	–	2,531,789	2,531,789
Vesting of equity-settled share transactions with employees	16	7,428	2,536,926	–	(2,544,354)	–
Issuance of Shares	16	550,181	123,785,875	–	–	124,336,056
Shares issuance expense	16	–	(3,660,530)	–	–	(3,660,530)
Balance at 31 December 2015		**1,867,564**	**727,245,039**	**(21,433,747)**	**1,676,876**	**709,355,732**

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

For The Financial Year Ended 31 December 2016

Operating activities	Note	2016 US$	2015 US$ (Restated)
Loss before tax		(234,644,052)	(45,282,143)
Adjustments to reconcile loss before tax to net cash flows			
Depreciation, depletion and amortisation		105,098,952	43,196,999
Decommissioning provisions		249,223	8,951,487
Employee defined benefit		(342,753)	708,338
Equity-settled share transactions with employees	21	1,625,916	2,531,789
Excess of fair value of identifiable net assets acquired over consideration paid	4	–	(42,993,442)
Gain on disposal of assets	6	–	(24,558,714)
Gain on transfer and assignment of working interest	6	(81,005,772)	(34,100,337)
Gain on disposal of subsidiary	4	(10,607,140)	–
Impairment loss on exploration and evaluation assets	8	77,855,614	584,309
Impairment loss on oil and gas properties	9	96,560,724	11,116,545
Impairment loss on intangible assets	11	24,513,524	58,177,765
Impairment loss on investment securities		216,000	–
Loss on disposal of other property, plant and equipment		44,497	1,140
Net fair value loss / (gain) on financial instruments		1,549,895	(2,151,703)
Finance costs		30,954,809	18,538,845
Unwinding of discount on decommissioning provisions	19	2,321,298	919,239
Interest income		(273,311)	(289,750)
Operating cash flows before changes in working capital		**14,117,424**	**(4,649,633)**
Changes in working capital			
Decrease/(increase) in inventories		100,892	(3,465,666)
Increase in trade and other receivables		(18,684,301)	(664,678)
Increase in other current assets		(1,919,653)	–
Increase in trade and other payables		18,496,549	37,162,383
Cash flows from operations		**12,110,911**	**28,382,406**
Interest received		273,311	289,750
Interest paid		(13,748,841)	(4,998,038)
Taxes paid		(2,941,730)	(6,473,965)
Net cash flows (used in) / from operating activities		**(4,306,349)**	**17,200,153**

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

Investing activities	**Note**	**2016** US$	**2015** US$ (Restated)
Additions to exploration and evaluation assets	8	(56,864,022)	(70,242,401)
Additions to oil and gas properties	9	(20,605,476)	(193,346,053)
Expenditure on assets refurbishment		(416,892)	(21,370,227)
Proceeds from disposal of assets		–	110,000,000
Proceeds from disposal of ownership of interest in subsidiary		–	20,111,846
Proceeds from disposal of other property, plant and equipment		1,995	–
Proceeds from disposal of subsidary	4	821,566	–
Purchase of other property, plant and equipment		(16,163)	(5,833,092)
Acquisition of subsidiary, net of cash acquired	4	–	(50,456,505)
Net cash flows used in investing activities		**(77,078,992)**	**(211,136,432)**
Financing activities			
Proceeds from issuance of shares		–	124,775,550
Proceeds from bank borrowings		113,270,000	189,000,000
Shares issuance expense	16	–	(3,660,530)
Repayment of bank borrowings		–	(124,000,000)
Payment of bond interest		(15,288,243)	(13,962,569)
Increase in short-term deposits	15	(8,270,000)	–
Decrease in cash collateralised	15	1,500,000	2,258,824
Net cash flows from financing activities		**91,211,757**	**174,411,275**
Net increase / (decrease) in cash and cash equivalents		**9,826,416**	**(19,525,004)**
Net effect of exchange rate changes		(155,711)	(198,626)
Cash and cash equivalents at 1 January		27,851,634	47,575,264
Cash and cash equivalents at 31 December	**15**	**37,522,339**	**27,851,634**

The accompanying accounting policies and explanatory notes form an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

For The Financial Year Ended 31 December 2016

1 | Corporate information

KrisEnergy Ltd. (the "Company") was incorporated on 5 October 2009 as a limited liability company in Cayman Islands. The Company is domiciled in Singapore and is listed on the Singapore Exchange.

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 12 to the consolidated financial statements.

2 | Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Company and its subsidiaries, (collectively the "Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars ("USD" or "US$"), except when otherwise indicated.

The Group incurred a net loss of US$237.1 million during the financial year ended 31 December 2016 and as at that date, the Group's current liabilities exceeded its current assets by US$109.9 million. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

With the proposed financial restructuring plan announced on 3 November 2016 and subsequent exercises in 2017, the Group is able to continue as a going concern. Further details about the financial restructuring plan are provided in Note 29.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2016. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recognised in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.3 Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2016. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

2.4 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective For Annual Periods Beginning On Or After
Amendments to IAS 7: *Disclosure Initiative*	1 January 2017
Amendments to IAS 12: *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
IFRS 9: *Financial Instruments*	1 January 2018
Amendments to IFRS 7 and IFRS 9: *Mandatory Effective Date and Transition Disclosures*	
IFRS 15: *Revenue from Contracts with Customers*	1 January 2018
Amendments to IFRS 2: *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
IFRIC 22: *Foreign Currency Transactions and Advance Consideration*	1 January 2018
IFRS 16: *Leases*	1 January 2019

Except for Amendments to IAS 7 and IFRS 2, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of Amendments to IAS 7 and IFRS 2 are described below.

Amendments to IAS 7: *Disclosure Initiative*

The amendments to IAS 7 *Statement of Cash Flows* are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the Group.

Amendments to IFRS 2: *Classification and Measurement of Share-based Payment Transactions*

The IASB issued amendments to IFRS 2 *Share-based Payment* that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Group is assessing the potential effect of the amendments on its consolidated financial statements.

2.5 Business combination and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another IFRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as excess of fair value of net assets acquired over consideration paid in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash generating units ("CGUs") that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The CGUs to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

2.6 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses.

2.7 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group reassesses whether the type of joint arrangement in which it is involved has changed when facts and circumstances change.

Joint operations

The Group recognises in relation to its interest in a joint operation,

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

When the Group enters into transaction involving a sale or contribution of assets with a joint operation in which it is a joint operator, the Group recognises gains and losses resulting from such a transaction only to the extent of the interests held by the other parties of the joint operation.

When the Group enters into a transaction involving purchase of assets with a joint operation in which it is a joint operator, the Group does not recognise its share of the gains and losses until it resells those assets to a third party. When such transactions provide evidence of a reduction in the net realisable value of the assets to be purchased or of an impairment loss of those assets, the Group recognises its share of those losses.

When the Group enters into a transaction involving the transfer and assignment of working interest in which it is a joint operator with no consideration, the Group recognises gains and losses resulting from such transaction only to the extent of the interests transferred and assigned to the Group and when the transaction provide evidence of future economic benefits.

2.8 Foreign currency

The financial statements are presented in USD, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(i) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(ii) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

2.9 Oil and natural gas exploration, evaluation and development expenditure

Oil and natural gas exploration, evaluation and development expenditure is accounted for using the successful efforts method of accounting.

Pre-licence costs

Pre-licence costs are expensed in the period in which they are incurred.

Licence and property acquisition costs

Exploration licence and leasehold property acquisition costs are capitalised as intangible assets.

Licence and property acquisition costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine that the discovery is economically viable based on a range of technical and commercial considerations and sufficient progress is being made on establishing development plans and timing.

If no future activity is planned or the licence has been relinquished or has expired, the carrying amount of the licence and property acquisition costs is written off through profit or loss. Upon production of first gas or oil, the relevant expenditure is transferred to oil and gas properties.

Exploration and evaluation costs

Exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalised as exploration and evaluation intangible assets until the drilling of the well is completed and the results have been evaluated. These costs include directly attributable employee remuneration, materials and fuel used, rig costs and payments made to contractors.

If no potentially commercial hydrocarbons are discovered and evaluated results are not used in assessing the commerciality of the asset, the exploration and evaluation asset is written off through profit or loss as a dry hole expense. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g. the drilling of additional wells), it is probable they can be commercially developed, the costs continue to be carried as an intangible asset while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalised as an intangible asset.

All such capitalised costs are subject to technical, commercial and management review, as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off through profit or loss.

Upon production of first gas or oil, the relevant capitalised expenditure is first assessed for impairment and (if required) any impairment loss is recognised, then the remaining balance is transferred to oil and gas properties.

Farm-outs – in the exploration and evaluation phase

The Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements, but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

Development costs

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development on delineation wells, is capitalised within exploration and evaluation assets.

2.10 Oil and gas properties and other property, plant and equipment

Initial recognition

Oil and gas properties and other property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation, and for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included within property, plant and equipment.

When a development project moves into the production stage, the capitalisaion of certain construction/development costs ceases and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to oil and gas properties asset additions, improvements or new developments.

Oil and gas properties are depreciated, depleted and amortised on a unit-of-production basis over the total proved developed and undeveloped reserves of the asset concerned. Rights and concessions are depleted on the unit-of-production basis over the total proved developed and undeveloped reserves of the relevant area. The unit-of-production rate calculation for the depreciation, depletion and amortisation of asset development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure.

Other property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives which are as follows:

Renovation	3 years
Furniture and fittings	3 years
Office equipment	3 years
Computers	2 years

Refurbishment assets included in property, plant and equipment are not depreciated as these assets are not yet available for use.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is de-recognised.

The assets' residual values, useful lives and methods of depreciation, depletion and amortisation are reviewed at each reporting period, and adjusted prospectively, if appropriate.

Farm-outs – outside the exploration and evaluation phase

In accounting for a farm-out arrangement outside the exploration and evaluation phase, the Group:

- De-recognises the proportion of the asset that it has sold to the farmee,
- Recognises the consideration received or receivable from the farmee, which represents the cash received and/or the farmee's obligation to fund the capital expenditure in relation to the interest retained by the farmor,
- Recognises a gain or loss on the transaction for the difference between the net disposal proceeds and the carrying amount of the asset disposed of. A gain is only recognised when the value of the consideration can be determined reliably. If not, then the Group accounts for the consideration received as a reduction in the carrying amount of the underlying assets, and
- Tests the retained interests for impairment if the terms of the arrangement indicate that the retained interest may be impaired.

The consideration receivable on disposal of an item of property, plant and equipment or an intangible asset is recognised initially at its fair value by the Group. However, if payment for the item is deferred, the consideration received is recognised initially at the cash price equivalent. The difference between the nominal amount of the consideration and the cash price equivalent is recognised as interest revenue. Any part of the consideration that is receivable in the form of cash is treated as a definition of a financial asset and is accounted for at amortised cost.

Major maintenance, inspection and repairs

Expenditure on major maintenance re-fits, inspections or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset, that was separately depreciated and is now written off, is replaced and it is probable that future economic benefits associated with the item will flow to the Group, the expenditure is capitalised. Where part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) which is immediately written off. Inspection costs associated with major maintenance programs are capitalised and amortised over the period to the next inspection. All other day-to-day repairs and maintenance costs are expensed as incurred.

2.11 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying amount may be impaired either individually or at the CGU level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset (or CGU) may be impaired. CGU is the smallest group of assets that independently generates cash flow and whose cash flows is largely independent of the cash flows generated by other assets, which include oil and gas properties, other property, plant and equipment, goodwill and other intangible assets. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's or CGU's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use ("VIU") and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In calculating VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. The Group bases its impairment calculation on detailed budgets and forecasts, which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These budgets and forecasts generally cover the period up to the end of oil and gas field's economic life. VIU does not reflect future cash flows associated with improving or enhancing an asset's performance.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.13 Financial instruments

2.13.1 Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification, as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group. Derivatives, including separated embedded derivatives are also classified as held for trading.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

The Group has not designated any financial asset upon initial recognition as held-to-maturity investments or available-for-sale financial assets.

De-recognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is de-recognised when:

- The Group transfers the contractual rights to receive the cash flows of the financial asset; or
- The Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in a "pass-through" arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.13.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

Financial liabilities carried at amortised cost

Financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.13.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, short-term deposits and cash collateralised which are subject to insignificant risk of changes in value.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in the normal course of business in bringing each product to its present location and condition. The drilling supplies and materials are accounted for on a first-in first-out basis and crude oil are determined based on a weighted average basis. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying amount of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Leases

Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term.

2.17 Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Decommissioning liability

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the field location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related oil and gas assets to the extent that it was incurred by the development/construction of the field. Any decommissioning obligations that arise through the production of inventory are expensed when the inventory item is recognised in cost of goods sold.

Changes in the estimated timing of decommissioning or changes to the decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to oil and gas assets.

Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying amount is taken immediately to profit or loss.

If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying amount of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment in accordance with IAS 36. If, for mature fields, the estimate for the revised value of oil and gas assets net of decommissioning provisions exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discount liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in profit or loss as a finance cost.

The Group recognises neither the deferred tax asset in respect of the temporary difference on the decommissioning liability nor the corresponding deferred tax liability in respect of the temporary difference on a decommissioning asset.

2.18 Hedge accounting

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

For the purpose of hedge accounting, hedges are classified as fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging derivative is recognised in profit or loss in other operating expenses. The change in the fair value of the hedged

item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in profit or loss in other operating expenses.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying amount is amortised through profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is de-recognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

The Group has cross currency swaps that are used as hedges for the exposure of changes in the fair value of its KEL Multi-currency Medium Term Notes. See Note 22 for more details.

2.19 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue from the sale of oil and gas is recognised when the significant risks and rewards of ownership have been transferred, which is considered to occur when title passes to the customer. This generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism.

Revenue from the production of oil, in which the Group has an interest with other producers, is recognised based on the Group's working interest and the terms of the relevant production sharing contracts. Differences between oil lifted and sold and the Group's share of production are not significant. Where forward sale and purchase contracts for oil or natural gas have been determined to be for trading purposes, the associated sales and purchases are reported net.

2.20 Employee benefits

(a) Defined contribution plans

The Group makes contributions to the defined contribution pension schemes. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting date.

(c) Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions), and are granted share appreciation rights, which are settled in cash (cash-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in employee share option reserve in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimates of the number of equity instruments that will ultimately vest. The profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense in Note 21.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using a binomial model, further details of which are given in Note 21. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is re-measured to fair value at each reporting date up to, and including the settlement date, with changes in fair value recognised in employee benefits expense in Note 21.

(d) Defined benefit plan

The Group operates defined benefit pension plans in Indonesia and Thailand, which are governed by the local labour laws.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligations (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any) adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. If there is no deep market for high quality corporate bonds, the Group derives the discount rate based on government bonds instead. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Re-measurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Re-measurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

2.21 Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current taxes are recognised in profit and loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:
- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available, against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Royalties, resource rent tax and revenue-based taxes
In addition to corporate taxes, the Group's consolidated financial statements also include and recognise taxes on income, other type of taxes on net income which are calculated based on oil and gas production.

Royalties, resource rent taxes and revenue-based taxes are accounted for under IAS 12 when they have the characteristics of an income tax. This is considered to be the case when they are imposed under government tax authority and the amount payable is based on taxable income – rather than based on physical quantity produced or as a percentage of revenue – after adjustment for temporary differences. For such arrangements, current and deferred tax is provided on the same basis as described above for other forms of taxation. Obligations arising from royalty arrangements and other types of taxes that do not satisfy these criteria are recognised as current provisions and included in cost of sales.

Production-sharing agreements
According to the production-sharing agreements ("PSA"), the share of the profit oil to which the government is entitled in any calendar year, is deemed to include a portion representing the corporate income tax imposed upon and due by the Group. This amount will be paid directly by the government on behalf of the Group to the appropriate tax authorities. This portion of tax and revenue are presented net in profit or loss.

3 | Significant accounting judgements, estimates & assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

Hydrocarbon reserve and resource estimates (Note 7, 8, 9, 11, 13 and 19)
Oil and gas properties are depreciated on a unit-of-production ("UOP") basis at a rate calculated by reference to total proved and probable developed and undeveloped reserves determined in accordance with Society of Petroleum Engineers' rules and incorporating the estimated future cost of developing those reserves. The Group estimates its commercial reserves based on information compiled by appropriately qualified external experts relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates. Commercial reserves are determined using estimates of oil in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to the host government under the terms of the PSA. Future development costs are estimated using assumptions as to number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs. The oil price assumption is derived based on the average forecast for Brent Crude future prices and adjusted for quality, transportation fees and regional price differences. The Group's calculation incorporates a range of oil prices from US$50 to US$85 (2015: US$50 to US$90) per barrel.

As the economic assumptions used may change and as additional geological information is obtained during the operation of an asset, estimates of recoverable reserves may change. Such changes may impact the Group's reported financial position and results, which include:
- The carrying amount of exploration and evaluation assets, oil and gas properties, and goodwill may be affected due to changes in estimated future cash flows;
- Depreciation, depletion and amortisation charges and inventory cost may change where such charges are determined using the UOP method, or where the useful life of the related assets change;
- Provisions for decommissioning may change where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities; and
- The recognition and carrying amount of deferred tax assets may change due to changes in judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

Exploration and evaluation expenditures (Note 8)
The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether it is likely that future economic benefits are likely, either from future exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Group defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, whether an economical viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in profit or loss in the period when the new information becomes available.

Unit-of-production depreciation of oil and gas assets (Note 9)
Oil and gas properties are depreciated using the UOP method over total proved and probable developed and undeveloped hydrocarbon reserves. This

results in a depreciation, depletion and amortisation charge proportional to the depletion of the anticipated remaining production from the asset.

The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the asset at which the asset is located. These calculations require use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation could be impacted to the extent that actual production in the future is different from current forecast production based on total proved and probable reserves, or future capital expenditure estimates changes. Changes to proved and probable reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- The effect on proved and probable reserves of differences between actual commodity prices and commodity price assumptions; or
- Unforeseen operational issues.

Any changes in estimates are accounted for prospectively. A 1% difference in the forecast production based on total proved and probable reserves from management's estimates would result in approximately 0.5% (2015: 0.1%) variance in the net book value of oil and gas properties.

Recoverability of oil and gas assets (Note 9)
The Group assesses each asset or CGU (excluding goodwill, which is assessed annually regardless of indicators) each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amounts is made, which is considered to be the higher of fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions, such as long-term oil prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, decommissioning costs, exploration potential, reserves and operating performance (which includes production and sales volumes). These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGU.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for oil and gas assets is generally determined as the present value of estimated future cash flows arising from the continued use of the assets, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset/CGU. Management has assessed its CGUs as being an individual asset, which is the lowest level for which cash inflows are largely independent of those of other assets.

Decommissioning costs (Note 19)
Decommissioning costs will be incurred by the Group at the end of the operating life of some of the Group's facilities and properties. The Group assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expenditure can also change, for example, in response to changes in reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represent management's best estimate of the present value of the future decommissioning costs required. If the estimated pre-tax discount rate used in the calculation had been 1% higher than management's estimate, the carrying amount of the provision would have been US$2.1 million (2015: US$2.6 million) lower.

Fair value measurement (Note 25)
The Group measures financial instruments, such as derivatives, at fair value at each balance sheet date. The fair values of these financial instruments are disclosed in Note 25.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Changes in estimates and assumptions about these inputs could affect the reported fair value.

Taxes (Note 7)
Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Group has US$66.0 million (2015: US$49.0 million) of tax losses available for carry forward. These losses relate to subsidiaries that have a history of losses, do not expire and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have no taxable temporary differences nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward. Further details on taxes are disclosed in Note 7.

Defined benefit plan (Note 20)
The cost of defined benefit pension plans and the present value of the pension obligations are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, expected rates of return of assets, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The net benefit liability as at 31 December 2016 is US$1.4 million (2015: US$1.9 million).

In determining the appropriate discount rate, management considers the interest rates of high quality government bonds. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country. Further details about the assumptions used are provided in Note 20.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of intangible assets
As disclosed in Note 11 to the financial statements, the recoverable amounts of the CGUs which goodwill and other intangible assets have been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow models. The recoverable

amount is most sensitive to the discount rate used for the discounted cash flow model as well as the production volumes and the long-term crude oil prices assumptions used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 11 to the financial statements.

The carrying amount of the intangible assets as at 31 December 2016 is US$8.4 million (2015: US$33.2 million).

Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 14 to the financial statements.

4 | Business combinations

Disposal in 2016

Wassana G10 Limited ["WG10"]

On 30 March 2016, the Group completed its disposal of a 100% equity interest in Wassana G10 Limited, which holds a 11.0% working interest in the G10/48 Concession to Palang Sophon Offshore ("PSO"), for a consideration of US$41.3 million. The consideration consists of cash consideration of US$1.6 million and settlement of shareholder loan between PSO and the Group. This disposal is consistent with the Group's new business plan to rationalise the existing asset portfolio where the Group's working interest is in excess of 85.0%.

The carrying amount of the identifiable assets and liabilities of WG10 as at date of disposal was:

	Carrying Amount On Disposal
Statement of financial position	US$
Assets	
Oil and gas properties	27,438,390
Trade and other receivables	12,940,349
Inventories	1,369,052
Cash and bank balances	785,445
	42,533,236
Liabilities	
Trade and other payables	45,805,696
Accrued operating expenses	1,199,034
Provisions	636,445
	47,641,175
Total identifiable net liabilities at carrying amount	(5,107,939)
Intra-group settlement	(3,892,190)
Gain on disposal of subsidiary	10,607,140
Consideration received in cash	1,607,011
Less: cash and bank balances	(785,445)
Net cash inflow on disposal	**821,566**

Included in trade and other payables is WG10 intra-group payables of US$3.9 million, which is included as part of the consideration receivable from PSO.

Acquisition in 2015

KrisEnergy (Block A Aceh) B.V. ["KEBAABV"]

On 12 January 2015, the Group completed its acquisition of a 100% equity interest in KrisEnergy (Block A Aceh) B.V. (formerly known as Premier Oil Sumatra (North) B.V.) which holds 46.6666% working interest in the Block A Aceh Production Sharing Contract ("PSC") from Premier Oil Overseas B.V., for a consideration of US$50.5 million. The Group has acquired KEBAABV to expand its development portfolio which is key to near-term growth in reserves and production.

The fair value of the identifiable assets and liabilities of KEBAABV as at date of acquisition was:

	Fair Value Recognised On Acquisition
Statement of financial position	US$
Assets	
Exploration and evaluation assets	79,668,776
Investment securities	216,000
Trade and other receivables	5,501,025
Prepayments	10,048
Inventories	10,136,647
	95,532,496
Liabilities	
Trade and other payables	23,051,025
Accrued operating expenses	174,473
Tax payables	118,474
Provisions	1,280,662
Total identifiable net liabilities at fair value	**24,624,634**
Total identifiable net assets at fair value	70,907,862
Intra-group settlement	22,542,085
Excess of fair value of net assets acquired over consideration paid	(42,993,442)
Net cash outflow on acquisition	**50,456,505**

The carrying amount of the trade and other receivables amounting to US$5.5 million was an approximate of its fair value. None of the trade and other receivables has been impaired and it is expected that full contractual amounts can be collected.

Included in trade and other payables is KEBAABV intra-group payables of US$22.5 million, which is included as part of the cash consideration paid to Premier Oil Overseas B.V.

The excess of fair value of net assets acquired over consideration paid of US$43.0 million comprises the probable reserves arising from the exploration and evaluation assets acquired.

From the date of acquisition to 31 December 2015, KEBAABV did not contribute to the Group revenue and net profit to the Group. If the business combination had taken place at the beginning of the year, there would be no impact to the Group's revenue and the loss for the year.

5 | Interests in oil & gas blocks

The Group holds interests in each contract area for the right to explore and produce oil and gas. The Group's interests in oil and gas blocks are listed in the following table.

For each contract area where the Group and other partners jointly hold interests in, the respective interests are accounted for as joint operations.

Contract Area (Date Of Expiry)	Held By	Description	Place Of Operaton	% Of Effective Working Interest	
				2016	2015
G10/48 Concession (7 December 2035)[1]	KrisEnergy (Gulf of Thailand) Ltd. (25.0%) and KrisEnergy G10 (Thailand) Ltd. (64.0%)	Exploration and production of petroleum under Concession Agreement with Department of Mineral Resources	Gulf of Thailand	89.0	100.00
G11/48 Concession (12 February 2036)	KrisEnergy (Gulf of Thailand) Ltd.	Exploration and production of petroleum under Concession Agreement with Departmentof Mineral Resources	Gulf of Thailand	22.50	22.50
Cambodia Block A PA (No expiry date for exploration stage)[2]	KrisEnergy (Cambodia) Ltd (25.0%) and KrisEnergy (Apsara) Ltd. (75.0%)	Drilling of exploration wells under the Petroleum Agreement ("PA") with General Department of Petroleum (formerly known as Cambodian National Petroleum Authority)	Offshore Cambodia	100.00	55.00
Glagah Kambuna TAC (16 December 2016)	KrisEnergy Glagah-Kambuna B.V.	Exploration and production of petroleum under Technical Assistance Contract ("TAC") with Indonesia Governmental Authority	Indonesia	25.00	25.00
Kutai PSC (15 January 2037)	KrisEnergy Kutai B.V. (24.6%) and KrisEnergy Kutei B.V. (30.0%)	Exploration and production of petroleum under Production Sharing Contract with Indonesia Governmental Authority	Indonesia	54.60	54.60
B8/32 Concession (31 July 2020)	KrisEnergy (Gulf of Thailand) Ltd. / Orange Energy Ltd / B8/32 Partners Ltd	Exploration and production of petroleum under Concession Agreement with Department of Mineral Resources	Gulf of Thailand	4.63	4.63
B9A Concession (16 July 2041)	KrisEnergy (Gulf of Thailand) Ltd./ Orange Energy Ltd	Exploration and production of petroleum under Concession Agreement with Department of Mineral Resources	Gulf of Thailand	4.63	4.63
Block 105 PSC (2 February 2040)[4, 5]	KrisEnergy (Song Hong 105) Ltd	Exploration and development of petroleum under Production Sharing Contract with Vietnam Government Authority	Offshore Vietnam	51.00	51.00
Block 120 PSC (22 January 2039)[4]	KrisEnergy (Phu Khanh 120) Ltd	Exploration and development of petroleum under Production Sharing Contract with Vietnam Government Authority	Offshore Vietnam	33.33	33.33
East Seruway PSC (12 November 2038)	KrisEnergy East Seruway B.V.	Exploration and production of petroleum under Production Sharing Contract with Indonesia Governmental Authority	Indonesia	100.00	100.00
Bulu PSC (13 October 2033)	KrisEnergy (Satria) Ltd	Exploration and production of petroleum under Production Sharing Contract with Indonesia Governmental Authority	Indonesia	42.50	42.50
East Muriah PSC (12 November 2038)	KrisEnergy (East Muriah) B.V.	Exploration and production of petroleum under Production Sharing Contract with Indonesia Governmental Authority	Indonesia	50.00	50.00
Bala-Balakang PSC (18 December 2041)[6]	KrisEnergy (Bala-Balakang) B.V.	Exploration and production of petroleum under Production Sharing Contract with Indonesia Governmental Authority	Indonesia	85.00	85.00
Udan Emas PSC (19 July 2042)	KrisEnergy (Udan Emas) B.V.	Exploration and production of petroleum under Production Sharing Contract with Indonesia Governmental Authority	Indonesia	100.00	100.00
Block 9 PSC (26 August 2033)	KrisEnergy Bangladesh Limited	Exploration and production of petroleum under Production Sharing Contract with Bangladesh Governmental Authority	Bangladesh	30.00	30.00
G6/48 Concession (7 January 2036)	KrisEnergy (Gulf of Thailand) Ltd.	Exploration and production of petroleum under Concession Agreement with Department of Mineral Resources	Gulf of Thailand	30.00	30.00
Sakti PSC (25 February 2044)	KrisEnergy (Sakti) B.V.	Exploration and production of petroleum under Production Sharing Contract with Indonesia Governmental Authority	Indonesia	95.00	95.00

Contract Area (Date Of Expiry)	Held By	Description	Place Of Operaton	% Of Effective Working Interest	
				2016	2015
Block 115/09 PSC (30 March 2044)	KrisEnergy (Vietnam 115) Ltd.	Exploration and development of petroleum under Production Sharing Contract with Vietnam Government Authority	Offshore Vietnam	100.00	100.00
Block SS-11 PSC (11 March 2019)	KrisEnergy (Asia) Ltd.	Exploration and development of petroleum under Production Sharing Contract with Bangladesh Governmental Authority	Bangladesh	45.00	45.00
Block A Aceh PSC[3] (31 August 2031)	KrisEnergy (Block A Aceh) B.V.	Exploration and production of petroleum under Production Sharing Contract with Indonesia Governmental Authority	Indonesia	41.67	41.67

Notes:

1 On 30 March 2016, KrisEnergy Management Ltd completed the disposal of WG10, which holds a 11.0% working interest in the G10/48 Concession.

2 On 7 October 2016, the Cambodian authorities approved the transfer and assignment of 30.0% and 15.0% working interest in Cambodia Block A from Mitsui Oil Exploration Co. Ltd and GS Energy Corporation, respectively, to KrisEnergy (Apsara) Ltd. KrisEnergy (Apsara) Ltd has recognised the transfer and assignment of working interest of US$81.0 million as exploration and evaluation assets (Note 8) and a gain on transfer and assignment of working interest in profit or loss (Note 6).

3 On 9 November 2016, KrisEnergy (Block A Aceh) B.V. entered into a farm-out agreement with PT Medco E&P Melaka to farm out 26.6666% working interest in the Block A Aceh PSC. As at 31 December 2016, the approval from the Government of Indonesia and the provincial government of Aceh has not been received.

4 Pursuant to the deed executed in relation to the default and subsequent withdrawal of Neo Energy (Song Hong) Pty Ltd ("Neon Energy') from Block 105 PSC and Block 120 PSC, Neon Energy's working interest was proportionately transferred to ENI Vietnam B.V. ("ENI"), KrisEnergy (Song Hong 105) Ltd and KrisEnergy (Phu Khanh 120) Ltd. On 13 February 2015, the approvals for the revised working interest were approved by Ministry of Industry and Trade of Vietnam. KrisEnergy (Song Hong 105) Ltd and KrisEnergy (Phu Khanh 120) Ltd has recognised the transfer and assignment of working interest of US$7.3 million as exploration and evaluation assets (Note 8) and a gain on transfer and assignment of working interest in profit or loss (Note 6).

5 Pursuant to the deed executed in relation to the withdrawal of ENI from Block 105 PSC, the operatorship and 66.67% working interest was transferred to KrisEnergy (Song Hong 105) Ltd. On 28 September 2015, the Ministry of Industry and Trade of Vietnam approved the transfer of ENI's working interest to KrisEnergy (Song Hong 105) Ltd., and the concurrent transfer of 49.0% working interest in Block 105 PSC to Vietnam Oil and Gas Group. KrisEnergy (Song Hong 105) Ltd has recognised the transfer and assignment of working interest of US$25.2 million as exploration and evaluation assets (Note 8) and a gain on transfer and assignment of working interest in profit or loss (Note 6).

6 Pursuant to the deed executed in relation to the default and subsequent withdrawal of Neon Energy from Bala-Balakang PSC (previously known as Tanjung Aru PSC), Neon Energy's working interest was transferred to KrisEnergy (Bala-Balakang) B.V. (previously known as KrisEnergy (Tanjung Aru) B.V.). On 5 August 2015, the approval for the transfer of working interest was received from Special Task Force for Upstream Oil and Gas Business Activities ("SKKMigas") and The Ministry of Energy and Mineral Resources of Republic of Indonesia. KrisEnergy (Bala-Balakang) B.V. has recognised the transfer and assignment of working interest of US$1.6 million as exploration and evaluation assets (Note 8) and a gain on transfer and assignment of working interest in profit or loss (Note 6).

6 | Loss Before Tax

The following items have been included in arriving at loss before tax:

Group

	Note	2016	2015
		US$	US$
Revenue:			
Sale of crude oil		121,589,282	40,680,319
Sale of gas		21,242,040	19,490,880
		142,831,322	**60,171,199**
Cost of sales:			
Depletion and amortisation of oil and gas properties		(104,480,341)	(42,389,272)
Operating costs		(81,823,774)	(30,518,596)
Thai Petroleum royalties and remuneration paid		(11,507,959)	(4,928,949)
Inventories written down	13	(7,080,751)	(17,657,739)
		(204,892,825)	**(95,494,556)**
Other income:			
Excess of fair value of net assets acquired over consideration paid	4	–	42,993,442
Gain on transfer and assignment of working interest	5	81,005,772	34,100,337
Gain on disposal of subsidiary	4	10,607,140	–
Gain on disposal of assets		–	24,558,714
Joint operator overhead charges		1,317,577	3,353,547
Income from shared facilities in joint operations		350,081	601,197
Income from technical services provided to joint operations		2,764,983	4,870,677
Others		4,113,562	299,985
		100,159,115	**110,777,899**

Group

	Note	2016 US$	2015 US$
General and administrative expenses is mainly made up of the following items:			
Consultants' fees		(835,952)	(989,135)
Data purchase and subscriptions		(291,952)	(528,703)
Database rental		(548,853)	(703,483)
Depreciation of other property, plant and equipment	10	(618,611)	(807,727)
Employee benefits expense			
Salaries and bonuses		(10,370,626)	(11,809,339)
Share-based payments	21	(1,662,911)	(2,516,377)
Central Provident Fund contributions		(191,165)	(284,488)
Employee defined benefit		(505,752)	(164,333)
Other short-term benefits		(489,048)	(647,351)
Operating lease expense		(770,475)	(786,754)
Professional fees		(3,994,923)	(5,274,414)
Travel and entertainment		(542,612)	(1,216,258)
Value added tax receivables written off	14	(4,043,701)	–
Other operating expenses is mainly made up of the following items:			
Impairment losses on exploration and evaluation assets	8	(77,855,614)	(584,309)
Impairment losses on oil and gas properties	9	(96,560,724)	(11,116,545)
Impairment losses on intangible assets	11	(24,513,524)	(58,177,765)
Impairment losses on investment securities		(216,000)	–
Joint study expenses		–	(144,455)
Net fair value (loss)/gain on financial instruments		(1,549,895)	2,151,703
Finance costs:			
Financing fees		(9,510,007)	(1,561,980)
Interest on bank borrowings		(7,219,269)	(2,600,027)
Interest on multi-currency medium term notes		(14,225,533)	(14,376,838)
Unwinding of discount on decommissioning provisions	19	(2,321,298)	(919,239)
		(33,276,107)	**(19,458,084)**

Thai Petroleum royalties and remuneration paid

Under the terms of the Thai I regime, the concessionaire is required to pay production royalties to the Royal Thai Government computed based on 12.5% of value of petroleum sold for payment in cash and in kind respectively.

Under the Thai III regime, the concessionaire is required to pay production royalties to the Royal Thai Government computed based on sliding scale rates from 5% to 15% of the value of petroleum sold or disposed during the month, depending on the number of barrels sold or disposed during the month.

Special remuneration benefit ("SRB") is tax payable only in years concessionaire has petroleum profit. In calculating such profit (or loss), capital expenditure, operating costs and a special reduction of 35% operating expenses for the year and petroleum loss carried forward indefinitely from prior years may be deducted. SRB is calculated by exploration block on income per meter of well, subject to a ceiling of 75% of petroleum profit.

Loss per share

Basic loss per share are calculated by dividing loss for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share are calculated by dividing loss for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the vesting of all performance shares under the Performance Share Plan (Note 21).

The following tables reflect the profit and share data used in the computation of basic and diluted loss per share for the years ended 31 December:

Group

	2016 US$	2015 US$
Loss for the year attributable to owners of the Company used in the computation of basic and diluted loss per share	(235,305,670)	(41,675,825)
	NO. OF SHARES	NO. OF SHARES
Weighted average number of ordinary shares for basic loss per share computation	1,494,942,587	1,221,330,651
Effects of dilution:		
– Vesting of performance shares	14,185,030	10,080,846
Weighted average number of ordinary shares for diluted loss per share computation	**1,509,127,617**	**1,231,411,497**

During the year, there is no instrument that could potentially dilute earnings per share in the future, but were not included in calculating diluted earnings per share because they are anti-dilutive.

7 | Taxation

The major components of tax expense for the years ended 31 December 2016 and 2015 are:

Group

	2016 US$	2015 US$
Current tax:		
– Current tax charge	4,964,307	2,629,286
– Under provision in respect of previous years	35,840	12,108
	5,000,147	**2,641,394**
Deferred tax:		
– (Reversal) / origination of temporary differences	(2,555,446)	650,297
Tax expense recognised in profit or loss	**2,444,701**	**3,291,691**

Relationship between tax expense and accounting loss

A reconciliation between tax expense and the accounting loss multiplied by the applicable tax rate for the years ended 31 December 2016 and 2015 is as follows:

Group

	2016 US$	2015 US$
Loss before tax	(234,644,052)	(45,282,143)
Tax at domestic rates applicable in the countries where the Group operates	(18,880,266)	(1,047,243)
Adjustments:		
Non-deductible expenses	25,053,187	3,174,673
Income not subject to tax	(24,482,056)	(12,031,502)
Deferred tax assets not recognised	20,717,996	13,183,655
Under provision in respect of previous years	35,840	12,108
Tax expense recognised in profit or loss	**2,444,701**	**3,291,691**

The above reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction.

Pursuant to the tax rules and regulations in Singapore, Thailand, Indonesia, Vietnam and Cambodia, the subsidiaries located in the aforementioned countries are liable to taxes ranging from 17% to 50%, on the assessable profits generated in these countries.

The nature of expenses that is not deductible for tax purposes are mainly made up of the following items.

Group

	2016 US$	2015 US$
Impairment losses	78,071,614	–
Value added tax receivables written off	4,043,701	–
Unrealised foreign exchange loss	181,500	913,315

Deferred tax

Deferred tax at 31 December relates to the following:

Group	Consolidated Statement Of Financial Position		Consolidated Statement Of Comprehensive Income	
	2016 US$	2015 US$	2016 US$	2015 US$
Deferred tax liabilities				
Fair value adjustment on acquired reserves	38,404,491	40,959,937	(2,555,446)	(379,280)
Deferred tax assets				
Provisions	–	–	–	1,029,577
Deferred tax (benefit)/liability			**(2,555,446)**	**650,297**
Net deferred tax liabilities	**38,404,491**	**40,959,937**		

Deferred tax assets have not been recognised in respect of these temporary differences and tax losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operates. The tax losses have an expiry period of 10 years.

Group

	2016 US$	2015 US$
Differences in depreciation, depletion and amortisation for tax purposes	55,564,378	51,895,644
Unutilised tax losses	66,028,908	48,979,645
	121,593,286	**100,875,289**

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

8 | Exploration & Evaluation Assets

Group

	Note	US$
Cost		
At 1 January 2015		402,778,672
Additions		70,242,401
Transfer and assignment of working interest	5	34,100,337
Acquisition of subsidiary	4	79,668,776
Transfer to oil and gas properties	9	(138,800,870)
At 31 December 2015 and 1 January 2016		**447,989,316**
Additions		56,864,022
Transfer and assignment of working interest	5	81,005,772
At 31 December 2016		**585,859,110**
Accumulated impairment		
At 1 January 2015		–
Impairment losses	11	584,309
At 31 December 2015 and 1 January 2016		**584,309**
Impairment losses	11	77,855,614
At 31 December 2016		**78,439,923**
Net book value		
At 31 December 2016		**507,419,187**
At 31 December 2015		**447,405,007**

9 | Oil & Gas Properties

Group

	Note	US$
Cost		
At 1 January 2015		321,946,993
Additions		193,346,053
Transfer from exploration and evaluation assets	8	138,800,870
At 31 December 2015 and 1 January 2016		**654,093,916**
Additions		20,605,476
Disposal	4	(30,304,844)
At 31 December 2016		**644,394,548**
Accumulated depletion, amortisation and impairment		
At 1 January 2015		185,612,214
Charge for the year		42,297,104
Impairment losses	11	11,116,545
At 31 December 2015 and 1 January 2016		**239,025,863**
Charge for the year		104,255,785
Disposal	4	(2,866,454)
Impairment losses	11	96,560,724
At 31 December 2016		**436,975,918**
Net book value		
At 31 December 2016		**207,418,630**
At 31 December 2015		**415,068,053**

10 | Other Property, Plant & Equipment

Group	Renovation	Furniture And Fittings	Office Equipment	Computers	Refurbish-ment Assets	Total
	US$	US$	US$	US$	US$	US$
Cost						
At 1 January 2015	1,514,885	165,230	157,269	1,269,211	–	3,106,595
Additions	118,707	54,073	162,638	242,258	10,323,937	10,901,613
Disposals	(1,267)	–	–	–	–	(1,267)
Exchange differences	(91,095)	(5,477)	(1,260)	(74,375)	–	(172,207)
At 31 December 2015 and 1 January 2016	**1,541,230**	**213,826**	**318,647**	**1,437,094**	**10,323,937**	**13,834,734**
Additions	595	337	–	15,231	416,892	433,055
Disposals	(313,976)	(37,226)	(12,774)	(120)	–	(364,096)
Exchange differences	(1,490)	859	97	(12,655)	–	(13,189)
At 31 December 2016	**1,226,359**	**177,796**	**305,970**	**1,439,550**	**10,740,829**	**13,890,504**
Accumulated depreciation						
At 1 January 2015	866,303	69,518	41,751	967,820	–	1,945,392
Charge for the year	399,221	52,765	74,999	280,742	–	807,727
Disposals	(127)	–	–	–	–	(127)
Exchange differences	(66,219)	(2,790)	(1,236)	(67,633)	–	(137,878)
At 31 December 2015 and 1 January 2016	**1,199,178**	**119,493**	**115,514**	**1,180,929**	**–**	**2,615,114**
Charge for the year	265,536	51,596	94,891	206,588	–	618,611
Disposals	(313,976)	(22,749)	(2,686)	(120)	–	(339,531)
Exchange differences	(3,914)	131	(5,051)	(13,364)	–	(22,198)
At 31 December 2016	**1,146,824**	**148,471**	**202,668**	**1,374,033**	**–**	**2,871,996**
Net carrying amount						
At 31 December 2016	**79,535**	**29,325**	**103,302**	**65,517**	**10,740,829**	**11,018,508**
At 31 December 2015	**342,052**	**94,333**	**203,133**	**256,165**	**10,323,937**	**11,219,620**

11 | Intangible Assets

Group	Goodwill	Others	Total
	US$	US$	US$
Cost			
At 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016	**106,039,993**	**1,669,721**	**107,709,714**
Accumulated amortisation and impairment loss			
At 1 January 2015	16,256,809	–	16,256,809
Charge for the year	–	92,168	92,168
Impairment losses	57,600,330	577,435	58,177,765
At 31 December 2015 and 1 January 2016	**73,857,139**	**669,603**	**74,526,742**
Charge for the year	–	224,556	224,556
Impairment losses	23,737,962	775,562	24,513,524
At 31 December 2016	**97,595,101**	**1,669,721**	**99,264,822**
Net carrying amount			
At 31 December 2016	**8,444,892**	**–**	**8,444,892**
At 31 December 2015	**32,182,854**	**1,000,118**	**33,182,972**

Goodwill

Goodwill arises principally because of the following factors:

(a) The going concern value implicit in our ability to sustain and/or grow our business by increasing reserves and resources through new discoveries

(b) The ability to capture unique synergies that can be realised from managing a portfolio of both acquired and existing assets

Other intangible assets

Group

	2016 US$	2015 US$
0.75% overriding royalty interest in G10/48 and G11/48 Concessions	–	636,146
Leasehold bonus for G10/48 Concession	–	263,972
Block 105 PSC	–	100,000
	–	**1,000,118**

The Group was assigned the overriding royalty interest from the acquisitions of KrisEnergy Oil and Gas (Thailand) Ltd ("KEOG") and KrisEnergy Resources (Thailand) Ltd ("KER"). The overriding royalty interest entitles the Group rights to the revenues derived from the production and disposal of all of the oil, gas, and other minerals, in, on, under, and that may be produced and saved from G10/48 and G11/48 Concessions.

Allocation of goodwill and other intangible assets

For the purposes of assessing for any impairment, goodwill and other intangible assets acquired through business combinations have been allocated as follows:

	Goodwill		Others	
	2016 US$	2015 US$	2016 US$	2015 US$
G10/48 Concession	–	23,727,962	–	900,118
Bulu PSC	7,144,606	7,144,606	–	–
Block 105 PSC	–	–	–	100,000
Cambodia Block A PA	1,300,286	1,300,286	–	–
	8,444,892	**32,182,854**	**–**	**1,000,118**

Impairment testing

Impairment losses on exploration and evaluation assets, oil and gas properties and intangible assets have been recognised as follows:

Group

	Note	2016 US$	2015 US$
Exploration and evaluation assets	8	77,855,614	584,309
Oil and gas properties	9	96,560,724	11,116,545
Goodwill		23,727,962	57,600,330
Other intangible assets		775,562	577,435
		198,919,862	**69,878,619**

During the year ended 31 December 2016, impairment losses on exploration and evaluation assets and other intangible assets of US$78.0 million (2015: Nil) was recognised in relation to the exploration assets of which the right to explore in these areas have expired or are near expiry, and the Group has no intention to extend the exploration period.

Impairment losses on oil and gas properties, goodwill and other intangible assets of US$121.0 million (2015: US$69.9 million) was also recognised to write down the CGU's carrying amount to its recoverable amount. The recoverable amount of each CGU is determined based on a value-in-use calculation.

The calculation of value in use of the oil exploration and production CGU is most sensitive to the following assumptions:

- Production volumes
- Discount rates
- Crude oil prices

Estimated production volumes are based on detailed data for the assets and take into account development plans for the assets agreed by management as part of the long-term planning process. It is estimated that, if all production were to be reduced by 2% for the whole term of the contract area, this would not be sufficient to reduce the excess of the recoverable amount over the carrying amounts of the individual CGUs to zero. Consequently, management believes no reasonably possible change in the production assumptions would cause the carrying amount of goodwill and/or other non-current assets to exceed their recoverable amount. For the CGUs which are written down to its recoverable amount during the year, a further reduction in the production would result in further impairment.

The Group generally estimates value in use for the oil exploration and production CGU using a discounted cash flow model. The future cash flows are discounted to their present value using a pre-tax discount rate of 8% to 10% (2015: 8% to 10%) that reflects current market assessments of the time value of money and the risks specific to the asset. The discount rate is derived from the Group's weighted average cost of capital ("WACC"), with appropriate adjustments made to reflect the risks specific to the CGU.

Oil prices are based on average forecast for Brent Crude future prices and adjusted for quality, transportation fees and regional price differences. The Group's calculation incorporates a range of oil prices from US$50 to US$85 (2015: US$50 to US$90) per barrel.

12 | Investment In Subsidiaries

Company

	Note	2016 US$	2015 US$
Unquoted shares, at cost		326,809,783	326,809,783
Capital contribution for share-based payments	21	8,237,764	6,488,665
		335,047,547	**333,298,448**

The Group has the following investment in subsidiaries:

Name Of Entities	Principal Activities	Principal Place Of Business	Country Of Incorporation	% Of Equity Interest	
				2016	2015
KrisEnergy Holding Company Ltd.[1]	Investment holding	Singapore	British Virgin Islands	100	100
KrisEnergy Pte. Ltd.	Provision of management support service	Singapore	Singapore	100	100
KrisEnergy (Management Services) Ltd.	Provision of offshore management support service	Singapore	British Virgin Islands	100	100
KrisEnergy (Asia) Ltd.	Investment holding	Singapore	British Virgin Islands	100	100
KrisEnergy International (Thailand) Holdings Ltd.[1]	Investment holding	Thailand	British Virgin Islands	100	100
KrisEnergy (Gulf of Thailand) Ltd.[1]	Investment holding	Thailand	Cayman Islands	100	100
KrisEnergy Oil and Gas (Thailand) Ltd.[1]	Exploration and production of oil and gas	Thailand	Thailand	100	100
KrisEnergy Resources (Thailand) Ltd.[1]	Exploration and production of oil and gas	Thailand	Thailand	100	100
KrisEnergy Management Ltd.[1, 2]	Investment holding	Singapore	British Virgin Islands	100	85.33
KrisEnergy (Cambodia) Holding Ltd.	Investment holding	Singapore	British Virgin Islands	100	100
KrisEnergy (Cambodia) Ltd.	Exploration and production of oil and gas	Cambodia	Cambodia	100	100
KrisEnergy (Phu Khanh 120) Ltd.	Exploration and production of oil and gas	Vietnam	British Virgin Islands	100	100
KrisEnergy (Song Hong 105) Ltd.	Exploration and production of oil and gas	Vietnam	British Virgin Islands	100	100
KrisEnergy (Vietnam 115) Ltd.	Exploration and production of oil and gas	Vietnam	British Virgin Islands	100	100
KrisEnergy Asia Coöperatief U.A.[1]	Investment holding	Singapore	The Netherlands	100	100
KrisEnergy Asia Holdings B.V.[1]	Investment holding	Singapore	The Netherlands	100	100
KrisEnergy Glagah-Kambuna B.V.	Exploration and production of oil and gas	Indonesia	The Netherlands	100	100
KrisEnergy Marine B.V.	Charter and sub-charter of Mobile Offshore Production Unit	Singapore	The Netherlands	100	100
KrisEnergy Kutai B.V.	Exploration and production of oil and gas	Indonesia	The Netherlands	100	100
KrisEnergy (Andaman II) B.V.	Exploration and production of oil and gas	Indonesia	The Netherlands	100	100
KrisEnergy Marine Pte. Ltd.	Investment holding	Singapore	Singapore	100	100
KrisEnergy Kutei B.V.	Exploration and production of oil and gas	Indonesia	The Netherlands	100	100
KrisEnergy East Seruway B.V.	Exploration and production of oil and gas	Indonesia	The Netherlands	100	100
KrisEnergy (Bangladesh SS-11) Ltd.	Investment holding	Singapore	British Virgin Islands	100	100
SJ Production Barge Ltd.	Investment holding	Singapore	British Virgin Islands	100	100
B Block Limited	Investment holding	Singapore	British Virgin Islands	100	100
KrisEnergy (Satria) Ltd.[1]	Exploration and production of oil and gas	Indonesia	British Virgin Islands	100	100
KrisEnergy (East Muriah) Limited	Exploration and production of oil and gas	Indonesia	British Virgin Islands	100	100
KrisEnergy (Ampuh) B.V.	Exploration and production of oil and gas	Indonesia	The Netherlands	100	100
KrisEnergy (Andaman Timur) B.V.	Exploration and production of oil and gas	Indonesia	The Netherlands	100	100
KrisEnergy (Nemo) B.V.	Exploration and production of oil and gas	Indonesia	The Netherlands	100	100
KrisEnergy (Sakti) B.V.	Exploration and production of oil and gas	Indonesia	The Netherlands	100	100
KrisEnergy (Bala-Balakang) B.V.	Exploration and production of oil and gas	Indonesia	The Netherlands	100	100
KrisEnergy (Udan Emas) B.V.	Exploration and production of oil and gas	Indonesia	The Netherlands	100	100
KrisEnergy Bangladesh Limited[1]	Exploration and production of oil and gas	Bangladesh	Jersey	100	100
KrisEnergy (Apsara) Ltd.	Exploration and production of oil and gas	Cambodia	Bermuda	100	100
KrisEnergy G10 (Thailand) Ltd.	Exploration and production of oil and gas	Thailand	Thailand	100	100
KrisEnergy (Block A Aceh) B.V. [1]	Exploration and production of oil and gas	Indonesia	The Netherlands	100	100
Wassana G10 Ltd.[3]	Exploration and production of oil and gas	Thailand	British Virgin Islands	–	100
KrisEnergy Netherlands Holdings Pte. Ltd.[1]	Investment holding	Singapore	Singapore	100	–

Notes:

[1] Capital stock in this entity pledged as collateral for KEAL Revolving Credit Facility (Note 18)

[2] On 30 March 2016, KrisEnergy Management Ltd has entered into an agreement to buy back its own shares previously allotted and issued to PSO

[3] On 30 March 2016, KrisEnergy Management Ltd completed its disposal of WG10 to PSO (Note 4)

13 | Inventories

Group

	Note	2016 US$	2015 US$
Balance sheet			
Drilling supplies and materials		19,155,611	20,610,481
Crude oil		7,646,832	7,661,906
		26,802,443	**28,272,387**
Profit or loss			
Inventories recognised as an expense in cost of sales		148,850,864	32,514,624
Inclusive of the following charge			
Inventories written down	6	7,080,751	17,657,739

14 | Trade & Other Receivables

		Group		Company	
	Note	2016 US$	2015 US$	2016 US$	2015 US$
Trade and other receivables (current)					
Trade receivables		10,035,427	8,263,725	–	–
Refundable deposits		366,345	447,578	–	–
Other receivables		34,857,740	42,348,021	–	–
Joint operation receivables		19,023,931	15,166,945	–	–
		64,283,443	**66,226,269**	**–**	**–**
Other receivables (non-current)					
Other receivables		11,966,275	–	–	–
Amounts due from subsidiaries		–	–	887,546,422	884,507,158
Total trade and other receivables (current and non-current)		**76,249,718**	**66,226,269**	**887,546,422**	**884,507,158**
Add: cash and bank balances	15	45,792,339	29,351,634	4,986,902	433,269
Total loans and receivables		**122,042,057**	**95,577,903**	**892,533,324**	**884,940,427**

Other receivables (current) comprise

	Group		Company	
	2016 US$	2015 US$	2016 US$	2015 US$
Payment on behalf of joint operation's partners	8,933,530	9,023,053	–	–
Proportionate share of joint operation's other receivables	8,982,014	2,783,038	–	–
Value added tax receivables	16,132,022	30,357,422	–	–
Others	810,174	184,508	–	–
	34,857,740	**42,348,021**	**–**	**–**

Trade receivables are non-interest bearing and are generally on 30-day terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Joint operation receivables and other receivables relate to amounts due from the joint operators for cash calls and expenses incurred on their behalf in excess of the Group's obligation. These amounts are unsecured, non-interest bearing, and will be settled by future cash calls within the next 12 months.

Amount due from subsidiaries are non-trade related, unsecured, non-interest bearing, and repayable upon demand.

Trade and other receivables denominated in foreign currencies at 31 December are as follows:

Group

	2016	2015
	US$	US$
Thai Baht	891,097	3,105,667

At reporting date, the Group has value added tax receivables with a nominal amount of US$16.1 million (2015: US$30.4 million). For the year ended 31 December 2016, US$4.0 million (2015: Nil) of value added tax receivables was written off as the claims may not be recoverable due to the proposed application for relinquishment of assets.

15 | Cash & Bank Balances

	Group		Company	
	2016	2015	2016	2015
	US$	US$	US$	US$
Cash at banks and on hand	37,522,339	27,851,634	4,986,902	433,269
Cash collateralised	–	1,500,000	–	–
Short-term deposits	8,270,000	–	–	–
Cash and bank balances	**45,792,339**	**29,351,634**	**4,986,902**	**433,269**

Cash at banks earn interest at floating rates based on daily bank deposit rates. The cash collaterised to a bank of US$1.5 million was released in June 2016.

Short-term deposits earn interests at the respective short-term deposit rates. The weighted average effective interest rate as at 31 December 2016 for the Group was 0.4% (2015: Nil).

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at 31 December:

Group

	2016	2015
	US$	US$
Cash and bank balances	45,792,339	29,351,634
Less: restricted cash	(8,270,000)	(1,500,000)
Cash and cash equivalents	**37,522,339**	**27,851,634**

Cash at banks and on hand denominated in foreign currencies at 31 December are as follows:

Group

	2016	2015
	US$	US$
Thai Baht	292,794	55,166
Euro Dollar	22,554	42,468
Singapore Dollar	4,578,123	27,780
United States Dollar	179,724	937,776

16 | Share Capital & Reserve

Group And Company

Share Capital	2016 No. of shares	2016 US$	2015 No. of shares	2015 US$
Issued and fully paid ordinary shares				
At 1 January	1,494,051,245	1,867,564	1,047,963,898	1,309,955
Vesting of equity-settled share transactions with employees on 20 July 2015	–	–	2,025,674	2,532
Rights issue on 11 August 2015 for cash	–	–	440,144,838	550,181
Vesting of equity-settled share transactions with employees on 31 December 2015	–	–	3,916,835	4,896
Vesting of equity-settled share transactions with employees on 19 July 2016	1,921,278	2,402	–	–
Vesting of equity-settled share transactions with employees on 30 December 2016	3,649,501	4,562	–	–
At 31 December	**1,499,622,024**	**1,874,528**	**1,494,051,245**	**1,867,564**

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have a par value of US$0.00125 (2015: US$0.00125) each.

Group And Company

Share Premium	2016 US$	2015 US$
At 1 January	727,245,039	604,582,768
Vesting of equity-settled share transactions with employees on 20 July 2015	–	1,606,818
Rights issue on 11 August 2015 for cash	–	123,785,875
Share issuance expense	–	(3,660,530)
Vesting of equity-settled share transactions with employees on 31 December 2015	–	930,108
Vesting of equity-settled share transactions with employees on 19 July 2016	1,412,187	–
Vesting of equity-settled share transactions with employees on 30 December 2016	871,872	–
At 31 December	**729,529,098**	**727,245,039**

Foreign currency translation reserve
The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from that of the Group's presentation currency.

Employee share option reserve
Employee share option reserve represents equity-settled share transactions granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share transactions, and is reduced by the expiry or exercise of the share transactions.

General reserve
General reserve represents the change in ownership of subsidiary arising from disposal of interest in subsidiary and acquisition of non-controlling interests.

17 | Trade & Other Payables

	Note	Group 2016 US$	Group 2015 US$	Company 2016 US$	Company 2015 US$
Trade and other payables (current)					
Trade payables		22,516,359	23,739,493	1,163,266	27,073
Joint operation payables		937,108	–	–	–
Staff payroll and bonus payables		219,166	258,137	–	–
Other payables		27,314,556	7,914,229	3,373,831	3,322,277
		50,987,189	**31,911,859**	**4,537,097**	**3,349,350**
Other payables (non-current)					
Other payables		–	34,843,307	–	–
Amounts due to subsidiaries		–	–	269,397,176	239,785,877
Total trade and other payables (current and non-current)		**50,987,189**	**66,755,166**	**273,934,273**	**243,135,227**
Accrued operating expenses		27,952,071	38,015,365	444,809	782,472
Loans and borrowings	18	416,962,762	304,571,912	228,692,762	229,571,912
Employee benefit liability	20	1,410,770	1,888,841	–	–
Total financial liabilities carried at amortised cost		**497,312,792**	**411,231,284**	**503,071,844**	**473,489,611**

Trade payables are non-interest bearing and are normally settled on 60-day terms.

Joint operation payables are cash calls due to the operator of joint operations. These amounts are unsecured, non-interest bearing, and are to be settled in cash.

Other payables (current) comprise

	Group 2016 US$	Group 2015 US$	Company 2016 US$	Company 2015 US$
Payment on behalf by joint operation's partners	20,704,178	–	–	–
Proportionate share of joint operation's other payables	1,437,469	1,405,611	–	–
Accrued interest payable for multi-currency medium term note	3,347,767	3,322,277	3,347,767	3,322,277
Value added tax payables	1,713,051	3,044,972	–	–
Others	112,091	141,369	26,064	–
	27,314,556	**7,914,229**	**3,373,831**	**3,322,277**

Included in accrued operating expenses is the Group's proportionate share of joint operation's accrued expenses amounting to US$ 21.7 million (2015: US$32.2 million).

Amount due to subsidiaries are unsecured, non-interest bearing and repayable on demand.

Trade and other payables denominated in foreign currencies at 31 December are as follows:

Group

	2016 US$	2015 US$
Thai Baht	1,856,797	3,220,460

18 | Loans & Borrowings

		Group		Company	
	Maturity	2016	2015	2016	2015
		US$	US$	US$	US$
Current					
Revolving credit facility	2017	40,000,000	–	–	–
Multi-currency Medium Term Notes	2017	89,051,058	–	89,051,058	–
		129,051,058	**–**	**89,051,058**	**–**
Non-current					
Revolving credit facility	2018	148,270,000	75,000,000	–	–
Multi-currency Medium Term Notes	2018	139,641,704	229,571,912	139,641,704	229,571,912
		287,911,704	**304,571,912**	**139,641,704**	**229,571,912**
Total		**416,962,762**	**304,571,912**	**228,692,762**	**229,571,912**

KEL Multi-currency Medium Term Note

On 26 May 2014, the Company established a S$500.0 million Multi-currency Medium Term Note Program ("MMTN Program") with The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank. Under the MMTN Program, the Company issued a S$130.0 million three-year fixed rate bond on 9 June 2014 (the "2017 Notes"), with a coupon of 6.25%. On 22 August 2014, the Company issued another S$200.0 million four-year fixed rate notes with a coupon of 5.75% (the "2018 Notes").

As part of the Company's financial restructuring plan (Note 29), the Company has exchanged the 2017 and 2018 Notes for the senior unsecured notes due 2022 (the "2022 Notes") and 2023 (the "2023 Notes") respectively, on 11 January 2017.

KEAL Revolving Credit Facility

On 24 March 2014, KrisEnergy (Asia) Ltd ("Borrower"), a wholly owned subsidiary of the Company, entered into a facility agreement with The Hongkong and Shanghai Banking Corporation for a US$100.0 million revolving credit facility ("RCF") for a period of two years with an option to extend to three years.

On 30 June 2016, the RCF was transferred to a single lender, DBS Bank Ltd. On 11 July 2016, the Borrower and DBS agreed to increase the RCF's total commitments by US$40.0 million, from US$108.3 million to US$148.3 million.

On 3 November 2016, as part of the Company's financial restructuring plan (Note 29), the Borrower and DBS agreed to extend the RCF maturity from 24 March 2017 to 30 June 2018 and provide the Bridge Upsize additional commitments of US$50.0 million for up to six months, and financial covenants were waived.

As at 31 December 2016, the total amount drawn from the RCF and Bridge Upsize was US$148.3 million and US$40.0 million, respectively. The interest rate of the RCF was at LIBOR plus margin of 5.2% per annum, and the interest rate of the Bridge Upsize was at LIBOR plus margin of 2.6% per annum. There were no fixed repayment terms for the RCF and Bridge Upsize.

The Parent Guarantors of the RCF are the Company and KrisEnergy Holding Company Ltd. The Subsidiary Guarantors are KrisEnergy Management Ltd, KrisEnergy International (Thailand) Holdings Ltd, KrisEnergy (Gulf of Thailand) Ltd., KrisEnergy Oil & Gas (Thailand) Ltd, KrisEnergy Resources (Thailand) Ltd, KrisEnergy Netherlands Holdings Pte Ltd, KrisEnergy Asia Coöperatief U.A., KrisEnergy Asia Holdings B.V., KrisEnergy (Block A Aceh) B.V., KrisEnergy (Satria) Ltd and KrisEnergy Bangladesh Limited.

Please refer to Note 12 for subsidiaries that provide the above collaterals.

19 | Provisions

Group

	US$
Decommissioning provisions	
At 1 January 2016	48,472,869
Arising during the year	3,144,130
Write-back of unused provisions	(3,531,351)
Unwinding of discount	2,321,298
At 31 December 2016	**50,406,946**

The Group provides for the future cost of decommissioning oil production facilities and pipelines on a discounted basis on the installation of those facilities.

The decommissioning provision represents the present value of decommissioning costs relating to oil and gas properties, which are expected to be incurred up to 2021 which is when the producing oil and gas properties are expected to cease operations. These provisions have been created based on the Group's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This in turn will depend upon future oil and gas prices, which are inherently uncertain.

The average discount rate used in the calculation of the provisions as at 31 December 2016 is 7.7% (2015: 7.8%).

20 | Employee Benefit Liability

The Group has defined benefit pension plans for its employees in Indonesia and Thailand. The plans are governed by the local labour laws, and all local permanent employees are entitled to the plan. Salary is a basis of payment for severance and service benefits which consist of basis salary plus fixed allowances.

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit pension plans are as follows:

Group

	2016	**2015**
	US$	US$
Present value of defined benefit obligations	1,546,088	2,191,985
Re-measurement of defined benefit obligations	(135,318)	(303,144)
Net liability arising from defined benefit obligations	**1,410,770**	**1,888,841**

Changes in present value of the defined benefit obligations are as follows:

Group

	US$
At 1 January 2015	1,483,647
Interest cost	80,135
Current service cost	731,640
Past service cost	(20,818)
Re-measurement (gains)/losses	
Re-measurement of other long term employee benefits	(2,252)
Actuarial gains and losses arising from changes in demographic assumption	56
Actuarial gains and losses arising from changes in financial assumption	(226,880)
Actuarial gains and losses arising from experience adjustments	(76,320)
Benefits paid	(80,367)
At 31 December 2015 and 1 January 2016	**1,888,841**
Interest cost	78,184
Current service cost	127,708
Past service cost	(361,168)
Re-measurement (gains)/losses	
Re-measurement of other long term employee benefits	23
Actuarial gains and losses arising from changes in financial assumption	34,503
Actuarial gains and losses arising from experience adjustments	(169,821)
Benefits paid	(187,500)
At 31 December 2016	**1,410,770**

The cost of the defined benefit pension plans and the present value of the defined benefit obligations are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining defined benefit obligations are shown below:

	2016	**2015**
Retirement age	55 – 70 years	55 – 70 years
Discount rate	3% - 9% per annum	3% - 9% per annum
Long-term salary increase	3% - 5% per annum	3% - 5% per annum
Voluntary resignation	6% for employee before the age of 30 and linear decrease until 0% at the age of 55	6% for employee before the age of 30 and linear decrease until 0% at the age of 55

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligations as of the end of the reporting period, assuming if all other assumptions were held constant:

		2016	**2015**
		US$	US$
Discount rate	+ 50 basis points	(26,480)	(27,070)
	- 50 basis points	30,002	30,380

21 | Share-Based Payments

The expenses recognised for employee services received during the year are shown in the following table:

Group

	2016	2015
	US$	US$
Expense arising from cash-settled share-based payment transactions	36,995	(15,412)
Expense arising from equity-settled share-based payment transactions	1,625,916	2,531,789
	1,662,911	**2,516,377**

Virtual Shares Award ("VSA")

On 18 September 2013, the Company awarded 783,764 virtual shares to its employees under the VSA scheme. This VSA is a performance based share incentive scheme to reward eligible employees for their continued contribution to KrisEnergy and to serve as a long-term incentive reward to motivate and retain eligible employees, with a view to align the interests of such employees with the interests of KrisEnergy and its shareholders.

The virtual share represents a cash award which is linked to KrisEnergy's share price. No shares are actually issued or transferred to the employee who has been awarded virtual shares. The cash amount depends on KrisEnergy's closing share price on the relevant vesting date and is calculated based on the number of virtual shares vested on the relevant vesting date multiplied by the vesting share price.

On 1 July 2014 and 24 November 2014, the Company awarded additional 430,874 and 400,770 virtual shares respectively to its employees. On 21 July 2014, 398,881 virtual shares vested at vesting share price of S$0.775.

On 9 November 2015, the Company awarded additional 3,308,215 virtual shares to its employees. On 20 July 2015 and 31 December 2015, 486,572 and 1,102,743 virtual shares vested at vesting share price of S$0.400 and S$0.166 respectively.

On 19 July 2016 and 30 December 2016, 356,483 and 823,015 virtual shares vested at vesting share price of S$0.144 and S$0.185 respectively.

The carrying amount to the liability relating to the VSA as at 31 December 2016 is US$0.1 million (2015: US$0.1 million).

Performance Share Plan ("PSP")

On 13 November 2013, the Company awarded 5,429,689 performance shares to its employees under the PSP scheme. The PSP is a performance based share incentive scheme to reward selected employees and directors of the Company, who have contributed to the growth and performance of the Group and for their continued support and loyalty, with a direct interest in KrisEnergy.

The shares will be awarded to the selected employees if they remain employed by KrisEnergy with a clean employment record during the relevant vesting period. When the shares are fully vested, the shares will be issued and allotted to an account or sub-account with the Central Depository (Pte) Limited ("CDP") in Singapore within ten (10) business days of the vesting date.

On 21 July 2014, 1,809,898 performance shares vested and ordinary shares were issued (Note 16). On 25 June 2014 and 31 December 2014, the Company awarded additional 1,713,111 and 3,473,737 performance shares to its employees. The shares will be awarded to selected employees and directors of the Company when certain conditions, which have been predetermined, are achieved during 5 years vesting period.

On 17 March 2015 and 9 November 2015, the Company awarded additional 647,325 to employees and 11,613,474 shares to employees and directors respectively. On 20 July 2015 and 31 December 2015, 2,025,674 and 3,916,635 performance shares vested and ordinary shares were issued (Note 16).

On 19 July 2016 and 30 December 2016, 1,921,278 and 3,649,501 performance shares vested and ordinary shares were issued (Note 16).

As at 31 December 2016, the employee share option reserve for the PSP amounts to US$1.0 million (2015: US$1.7 million).

There has been no cancellation or modification to the employee share-based payments in 2016 and 2015.

The fair value of the VSA and PSP are estimated at reporting date and grant date respectively, using a Monte Carlo simulation model, taking into account the terms and conditions upon which the shares were granted. The model simulates a sophisticated random number generator of random variables based on their historical distributions. These variables are then input into a model predicting the price behaviors of the instruments, and the mean of this distribution is taken as the approximate fair value. The valuations are split into three tranches based on the vesting dates.

The following table lists the inputs to the Monte Carlo simulation models for the VSA and PSP respectively. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the share-based payments is indicative of future trends, which may not necessarily be the actual outcome.

VSA

	2016	2015
Risk free rate (%)	0.6% – 1.2%	0.8% – 1.4%
Expected volatility (%)	32% – 76%	33% – 66%
Annual employee exit rate (%)	1% – 18%	1% – 3%

PSP

Risk free rate (%)	0.9% – 1.4%	0.9% – 1.4%
Expected volatility (%)	35% – 48%	35% – 48%
Annual employee exit rate (%)	1% – 3%	1% – 3%

22 | Derivatives Liabilities

Concurrent with the issue of 2017 Notes and 2018 Notes under the MMTN Program (Note 18), the Group entered into the following cross currency swaps with total notional contract amount of US$ 263.8 million:

a) Cross currency swaps of a similar duration to convert the 3-Year S$ fixed rate liability of S$130.0 million to US$ floating rate liability of US$103.3 million; and

b) Cross currency swaps of a similar duration to convert the 4-Year S$ fixed rate liability of S$200.0 million to US$ floating rate liability of US$160.5 million.

Under the cross currency swaps, the Group agreed with the swap counterparties to exchange S$ for US$ at the start date of the swaps and vice versa at the maturity date. In addition, the Group will exchange US$ interest amounts for S$ interest amounts with the swap counterparties, at specified intervals during the tenor of the cross currency swaps, calculated by reference to the respective contracted notional principal amounts. The cumulative fair value changes of the risk hedged was included in the carrying amount of the KEL Multi-currency Medium Term Note (Note 18).

The increase in fair value of the cross currency swaps of US$2.4 million (2015: US$16.2 million) has been recognised in other operating expenses and offset with the gain due to hedge of US$0.9 million (2015: US$17.9 million) that has been adjusted to the carrying amount of the 2017 and 2018 Notes.

	Fair Values			
Group And Company	**2016**		**2015**	
	ASSETS US$	LIABILITIES US$	ASSETS US$	LIABILITIES US$
Current				
Fair value hedges				
Cross currency swaps	–	37,974,078	–	35,545,033
	–	**37,974,078**	**–**	**35,545,033**

On 11 January 2017, the fair value hedge relationship was discontinued pursuant to the exchange of 2017 and 2018 Notes for the 2022 and 2023 Notes (Note 29).

23 | Commitments

(a) Operating lease commitments

The Group has entered into non-cancellable commercial property leases for the office operations. These operating leases have remaining lease terms of one year or more.

Future minimum lease payments payable under non-cancellable operating leases as at 31 December are as follows:

Group

	2016 US$	**2015** US$
Within one year	575,776	733,418
After one year but not more than five years	623,758	1,218,606
	1,199,534	**1,952,024**

(b) Capital commitments

Certain of our joint operations have firm capital commitments where we are required to participate in minimum exploration activities. The Group's share of the estimated firm minimum exploration commitments is approximately US$50.6 million (2015: US$57.8 million). As at 31 December 2016, there are optional capital commitments of US$32.6 million (2015: US$62.5 million).

At the reporting date, the Group's outstanding minimum exploration commitments will fall due as follows:

Group

	2016 US$	**2015** US$
Within one year	11,100,000	11,100,000
Within two to five years	39,526,000	46,665,978
	50,626,000	**57,765,978**

24 | Related Party Disclosures

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

Group

	2016 US$	2015 US$
Salaries and bonus	6,770,625	7,380,000
Central Provident Fund contributions	51,771	61,850
Share-based payments	1,030,296	1,046,678
	7,852,692	**8,488,528**
Comprising amounts paid to		
Directors of the Company	3,832,114	3,766,301
Other key management personnel	4,020,578	4,722,227
	7,852,692	**8,488,528**

25 | Fair Value Of Financial Instruments

(a) Fair value hierarchy

The Group categorises fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 – Unobservable inputs for the asset or liability

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities measured at fair value

The following table shows an analysis of assets and liabilities measured at fair value at the end of the reporting period:

Group and Company

	Note	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
2016					
Financial liabilities					
Derivative liabilties					
– Cross currency swaps	22	–	37,974,078	–	37,974,078
Loans and borrowings					
– Fair value of hedged risk of Multi-currency Medium Term Notes	18	–	(35,175,946)	–	(35,175,946)
		–	**2,798,132**	**–**	**2,798,132**
2015					
Financial liabilities					
Derivative liabilties					
– Cross currency swaps	22	–	35,545,033	–	35,545,033
Loans and borrowings					
– Fair value of hedged risk of Multi-currency Medium Term Notes	18	–	(34,296,796)	–	(34,296,796
		–	**1,248,237**	**–**	**1,248,237**

(c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets that are categorised within Level 2 of the fair value hierarchy:

Cross currency swaps and hedged risk

Swap contracts and hedged risks are valued using a valuation technique with market observable inputs which includes forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

(d) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximationof fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

Group	2016		2015	
	CARRYING AMOUNT US$	FAIR VALUE US$	CARRYING AMOUNT US$	FAIR VALUE US$
Financial assets				
Equity securities, at cost	–	–	216,000	*

* Investment in equity securities carried at cost

Fair value information has not been disclosed for the Group's investment in equity securities that are carried at cost because fair value cannot be measured reliably. These equity securities are not quoted on any market and does not have any comparable industry peer that is listed.

26 | Financial Risk Management Objectives And Policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, liquidity risk and commodity price risk. It is, and has been throughout the current financial year, the Group's policy that no derivatives shall be undertaken, except for the use as hedging instruments where appropriate and cost-efficient.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Exposure to credit risk

At the end of the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the consolidated statement of financial position.

Credit risk concentration profile

At the reporting date, approximately 69% (2015: 57%) of the Group's receivables arises from the Group's working interest in G10/48 Concession, G11/48 Concession, B9A and B8/32 Concessions, and Block 9 PSC.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents, investment securities and derivatives are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 14 (Trade and other receivables).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their floating rate loans and borrowings, which are contractually re-priced at drawdown date.

As at 31 December 2016 and 31 December 2015, the Group has insignificant exposure to interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group considers and manages its liquidity risk as part of the financial restructuring plan (Note 29).

The table below summaries the maturity profile of the Group's financial assets and liabilities at the reporting date based on contractual undiscounted repayments obligations.

Group	One Year Or Less	One To Five Years	More Than Five Years	Total
	US$	US$	US$	US$
2016				
Financial assets				
Trade and other receivables	64,283,443	11,966,275	–	76,249,718
Cash and bank balances	45,792,339	–	–	45,792,339
Total undiscounted financial assets	**110,075,782**	**11,966,275**	**–**	**122,042,057**

Group	One Year Or Less	One To Five Years	More Than Five Years	Total
	US$	US$	US$	US$
2016				
Financial liabilities				
Trade and other payables	50,987,189	–	–	50,987,189
Accrued operating expenses	27,952,071	–	–	27,952,071
Loans and borrowings	130,086,693	287,911,704	–	417,998,397
Total undiscounted financial liabilities	**209,025,953**	**287,911,704**	**–**	**496,937,657**
Total net undiscounted financial liabilities	**(98,950,171)**	**(275,945,429)**	**–**	**(374,895,600)**
Included in loans and borrowings are current and non-current KEL Multi-currency Medium Term Notes of US$89.1 million and US$139.6 million respectively (Note 18). The contractual undiscounted repayment obligations are subjected to restructuring as part of the financial restructuring plan (Note 29).				
2015				
Financial assets				
Trade and other receivables	66,226,269	–	–	66,226,269
Cash and bank balances	29,351,634	–	–	29,351,634
Total undiscounted financial assets	**95,577,903**	**–**	**–**	**95,577,903**
Financial liabilities				
Trade and other payables	31,911,859	34,843,307	–	66,755,166
Accrued operating expenses	38,015,365	–	–	38,015,365
Loans and borrowings	–	304,571,912	–	304,571,912
Total undiscounted financial liabilities	**69,927,224**	**339,415,219**	**–**	**409,342,4434**
Total net undiscounted financial assets/ (liabilities)	**20,650,679**	**(339,415,219)**	**–**	**(313,764,540)**

Commodity price risk

The Group is exposed to the price volatility of crude oil. It generates revenue from selling crude oil from its producing assets where the sales price is determined based on benchmark crude oil price. The Group's exposure to commodity price risk arises primarily from their crude oil inventory as at the end of the reporting date.

Sensitivity analysis for commodity price risk

At the end of the reporting date, if the benchmark price of the crude oil had been 10% (2015: 10%) higher/lower with all other variables held constant, the Group's loss before tax would have been US$0.5 million (2015: US$0.7 million) lower/higher, arising as a result of higher/lower net realisable value of crude oil inventory.

27 | Capital Management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2016 and 31 December 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio within 30% to 50%. Given the decline in oil prices and the impact on the Group's results of operations and financial condition, coupled with the scarcity of equity capital to strengthen the Group's financial position, gearing has increased to 62% for the year ended 31 December 2016 (2015: 38%). In the absence of a substantial future equity contribution, the Group expects the gearing to remain above the Group's policy range.

Group

	Note	2016	2015
		US$	US$
Loans and borrowings	18	416,962,762	304,571,912
Equity attributable to the owners of the Company		258,193,489	502,083,862
Capital and net debt		**675,156,251**	**806,655,7745**
Gearing ratio		**62%**	**38%**

28 | Segment Reporting

For management purposes, the Group operates in one business segment that is exploration and production of oil and gas in Asia.

Revenue and non-current assets information based on the geographical location of assets respectively are as follows:

Group	Revenue		Non-Current Assets	
	2016	2015	2016	2015
	US$	US$	US$	US$
Bangladesh	14,168,361	13,325,160	42,826,813	39,490,847
Cambodia	–	–	173,280,125	90,851,165
Indonesia	–	–	244,801,055	221,976,395
Thailand	128,662,961	46,846,039	227,846,368	462,376,992
Vietnam	–	–	34,528,348	80,960,633
	142,831,322	**60,171,199**	**723,282,709**	**895,656,032**

Non-current assets information presented above consists of exploration and evaluation assets, oil and gas properties and intangible assets as presented in the consolidated statement of financial position.

Information about major customers

The Group identifies a major customer as one who contributes to 10 per cent or more of the total revenue. As at 31 December 2016, revenue from one (2015: four) major customer contributed to 80% (2015: 45%, 22%, 18% and 15%) of the Group's total revenue.

29 | Financial Restructuring Plan And Subsequent Events

Financial Restructuring Plan

On 3 November 2016, the Company announced the proposed financial restructuring plan comprising the following elements:

- A Proposed Consent Solicitation in relation to the Company's 2017 and 2018 Notes under the MMTN Program;
- A Proposed Preferential Offering to raise up to S$140 million;
- A proposed restructuring of the KEAL Revolving Credit Facility to (i) extend the maturity; (ii) provide a bridge upsize for up to six months; and (iii) remove financial covenants; and
- A proposed restructuring of the terms of, or financing and addressing the exposure under the cross-currency swaps.

Proposed Consent Solicitation for 2017 and 2018 Notes (Note 18)

On 17 November 2016, the Company officially launched the consent solicitation exercise and received the requisite number of votes in favour from noteholders of the 2017 and 2018 Notes by the earlybird consent date and the resolutions were subsequently passed during the extraordinary general meetings held on 9 December 2016.

On 11 January 2017, the 2017 and 2018 Notes were exchanged for the 2022 and 2023 Notes, respectively. The 2022 and 2023 Notes have a fixed rate coupon of 4% payable annually, 2% payable annually in cash and 2% payable annually in cash or accrued at the discretion of the Company. The fixed rate coupon of 4% payable annually will be 4% payable annually all in the form of cash from the fifth coupon payment. In addition to the cash coupon, an additional cash coupon per interest period will be paid subject to the Brent crude oil benchmark.

Proposed Preferential Offering

On 6 January 2017, the Company officially launched the non-renounceable non-underwritten preferential offering of up to S$140.0 million in principal amount of senior secured zero coupon notes due 2024 (the "Zero-Coupon Notes") with free detachable warrants to its shareholders.

On 2 February 2017, the Company issued and received gross proceeds of S$139.5 million in principal amount of Zero-Coupon Notes and 1,255,183,632 warrants. The Company is currently assessing the valuation of the warrants.

Proposed restructuring of KEAL Revolving Credit Facility (Note 18)

On 3 November 2016, the RCF maturity was extended to June 2018, additional commitments of US$50.0 million were provided under the Bridge Upsize, and financial covenants were waived.

In February 2017, the Group has fully repaid the amount drawn under the Bridge Upsize, and repaid US$25.0 million of the RCF.

Proposed restructuring of cross-currency swaps (Note 22)

On 11 January 2017, upon the exchange of 2017 and 2018 Notes for the 2022 and 2023 Notes, the fair value hedge relationship was discontinued. On de-recognition, the fair value of the cross-currency swaps of US$38.0 million and derivative due to hedge of US$35.2 million has been recognised in other operating expenses.

Pursuant to the termination of the cross-currency swaps in 2017, the Company recognised the early termination costs of US$34.4 million in profit or loss, and correspondingly entered into unsecured term loan agreements with each of The HongKong and Shanghai Banking Corporation and Standard Chartered Bank for the settlement amount on 17 February 2017.

30 | Restatement Of Comparative Figures

Certain comparative amounts in the consolidated statement of cash flows pertaining to additions to exploration and evaluation assets amounting to US$34.1 million have been reclassified from investing activities to operating activities as adjustment to reconcile loss before tax to net cash flows to reflect the non-cash item.

	As Previously Classified	Adjustment	Restated
	US$	US$	US$
Net cash flows from operating activities	51,300,490	(34,100,337)	17,200,153
Net cash flows used in investing activities	(245,236,769)	34,100,337	(211,136,432)

31 | Authorisation Of Consolidated Financial Statements For Issue

The consolidated financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 15 March 2017.

Shareholding And Warrantholding Statistics

Total number of issued Shares	:	1,499,633,400
Class of Shares	:	Ordinary Shares of US$0.00125 par value
Voting rights	:	1 vote per ordinary Share

Analysis of shareholdings as at 15 March 2017:

SIZE OF SHAREHOLDINGS	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
1 – 99	88	3.63	668	0.00
100 – 1,000	157	6.48	113,036	0.01
1,001 – 10,000	784	32.37	4,993,899	0.33
10,001 – 1,000,000	1,364	56.32	119,464,792	7.97
1,000,001 & above	29	1.20	1,375,061,005	91.69
Total	**2,422**	**100.00**	**1,499,633,400**	**100.00**

Top twenty shareholders as at 15 March 2017:

NO.	NAME OF SHAREHOLDER	NUMBER OF SHARES	%
1.	BNP Paribas Nominees Singapore Pte Ltd	598,263,893	39.89
2.	Merrill Lynch (S) Pte Ltd	560,677,275	37.39
3.	Citibank Nominees Singapore Pte Ltd	39,622,124	2.64
4.	Maybank Kim Eng Securities Pte Ltd	36,325,407	2.42
5.	Morgan Stanley Asia (S) Securities Pte Ltd	25,368,194	1.69
6.	DBS Nominees Pte Ltd	23,022,026	1.54
7.	Raffles Nominees (Pte) Ltd	19,101,154	1.27
8.	OCBC Securities Private Ltd	10,649,788	0.71
9.	Waterworth Pte Ltd	8,000,000	0.53
10.	UOB Kay Hian Pte Ltd	6,923,740	0.46
11.	Phillip Securities Pte Ltd	5,885,584	0.39
12.	Coffee Express 2000 Pte Ltd	3,800,000	0.25
13.	Richard Hau Boon Ping	3,400,000	0.23
14.	Teo Chiang Song	3,200,000	0.21
15.	Allplus Holdings Pte Ltd	3,000,000	0.20
16.	BQS Private Ltd	3,000,000	0.20
17.	Ang Siew Joo	2,956,200	0.20
18.	DBS Vickers Securities (S) Pte Ltd	2,767,000	0.18
19.	HSBC (Singapore) Nominee Pte Ltd	2,696,220	0.18
20.	Citibank Consumer Nominees Pte Ltd	2,396,000	0.16
		1,361,054,605	**90.74**

Substantial shareholders as at 15 March 2017:

	Holdings Registered In Name Of Substantial Shareholders Or Nominees		Holdings In Which Substantial Shareholders Are Deemed To Have An Interest In		Total Shareholding	
	NO. OF SHARES	%	NO. OF SHARES	%	NO. OF SHARES	%
Keppel Oil & Gas Pte Ltd	598,263,893	39.89	–	–	598,263,893	39.89
Kepventure Pte Ltd	–	–	598,263,893[1]	39.89	598,263,893	39.89
Keppel Corporation Limited	–	–	598,263,893[1]	39.89	598,263,893	39.89
Temasek Holdings (Private) Limited	–	–	598,263,893[2]	39.89	598,263,893	39.89
KrisEnergy Holdings Ltd	560,505,269	37.38	–	–	560,505,269	37.38
First Reserve Fund XII, L.P.	–	–	560,505,269[3]	37.38	560,505,269	37.38
First Reserve GP XII, L.P.	–	–	560,505,269[3]	37.38	560,505,269	37.38
First Reserve GP XII Limited	–	–	560,505,269[3]	37.38	560,505,269	37.38
William Macaulay	–	–	560,505,269[3]	37.38	560,505,269	37.38

Notes

1 Kepventure Pte Ltd ("KepVenture") and Keppel Corporation Limited ("Keppel Corp") are deemed under Section 4 of the SFA to have an interest in the Shares held by Keppel Oil and & Gas Pte Ltd. ("KOG") as:
(a) KOG is a wholly owned subsidiary of KepVenture; and
(b) KepVenture a wholly owned subsidiary of Keppel Corp

2 Temasek Holdings (Private) Limited ("Temasek") is deemed under Section 4 of the SFA to have an interest in the Shares held by KOG as:
(a) KOG is a wholly owned subsidiary of KepVenture;
(b) KepVenture a wholly owned subsidiary of Keppel Corp; and
(c) Temasek has more than 20% interest in Keppel Corp, an independently managed Temasek portfolio company

3 First Reserve Fund XII, L.P. ("FR XII"), First Reserve GP XII, L.P. ("FR GP XII"), First Reserve GP XII Limited ("FR GP XII Limited") and William Macaulay are deemed under Section 4 of the Securities and Futures Act, Chapter 289 of Singapore ("SFA") to have an interest in the Shares held by KrisEnergy Holdings Ltd. ("KEHL") as:
(a) FR XII is the holding company of KEHL;
(b) FR XII is managed by FR GP XII;
(c) FR GP XII is managed by FR GP XII Limited; and
(d) William Macaulay has the ability to appoint directors of FR GP XII Limited

Public Shareholders

Based on the information available to our Company as at 15 March 2017, approximately 22.04% of the issued shares of our Company is held by the public and therefore, pursuant to Rules 1207 and 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is confirmed that at least 10% of the ordinary shares of our Company is at all times held by the public.

Treasury Shares

As at 15 March 2017, the Company does not hold any treasury shares.

Analysis of warrantholdings as at 15 March 2017:

SIZE OF WARRANTHOLDINGS	NUMBER OF WARRANTHOLDERS	%	NUMBER OF WARRANTS	%
1 – 99	22	3.70	1,156	0.00
100 – 1,000	8	1.35	5,020	0.00
1,001 – 10,000	77	12.96	588,831	0.05
10,001 – 1,000,000	444	74.75	63,803,104	5.08
1,000,001 & above	43	7.24	1,190,774,145	94.87
Total	**594**	**100.00**	**1,255,172,256**	**100.00**

Top twenty warrantholders as at 15 March 2017:

NO.	NAME OF WARRANTHOLDER	NUMBER OF WARRANTS	%
1.	BNP Paribas Nominees Singapore Pte Ltd	964,853,865	76.87
2.	Maybank Kim Eng Securities Pte Ltd	34,779,507	2.77
3.	Citibank Nominees Singapore Pte Ltd	31,583,240	2.52
4.	DBS Nominees Pte Ltd	26,349,455	2.10
5.	Liew Chee Kong	12,637,620	1.01
6.	Waterworth Pte Ltd	10,000,000	0.80
7.	Lee Yuen Shih	9,000,000	0.72
8.	OCBC Securities Private Ltd	8,345,913	0.66
9.	Phillip Securities Pte Ltd	7,852,551	0.63
10.	UOB Kay Hian Pte Ltd	7,502,856	0.60
11.	Raffles Nominees (Pte) Ltd	7,221,856	0.58
12.	Loo Lip Giam	6,800,000	0.54
13.	Ng Pock Hoe	5,000,000	0.40
14.	CIMB Securities (S) Pte Ltd	4,124,424	0.33
15.	Teo Chiang Song	4,000,000	0.32
16.	DBS Vickers Securities (S) Pte Ltd	3,774,972	0.30
17.	Chin Lee Keow	3,300,000	0.26
18.	Kuan Kok Siang	2,870,000	0.23
19.	Teo Chiang Wee	2,837,000	0.23
20.	Chiu Hong Keong or Khoo Yok Kee	2,548,300	0.20
		1,155,381,559	**92.07**

Summary Of Qualified Person's Report (NSAI)



NETHERLAND, SEWELL & ASSOCIATES, INC.
WORLDWIDE PETROLEUM CONSULTANTS
ENGINEERING • GEOLOGY • GEOPHYSICS • PETROPHYSICS

EXECUTIVE COMMITTEE
ROBERT C. BARG
P. SCOTT FROST
JOHN G. HATTNER
J. CARTER HENSON, JR.
MIKE K. NORTON
DAN PAUL SMITH
JOSEPH J. SPELLMAN
DANIEL T. WALKER

CHAIRMAN & CEO
C.H. (SCOTT) REES III
PRESIDENT & COO
DANNY D. SIMMONS
EXECUTIVE VP
G. LANCE BINDER

February 14, 2017

Board of Directors
KrisEnergy (Asia) Ltd
83 Clemenceau Avenue
10-05, UE Square, Shell House
Singapore 239920

Gentlemen:

In accordance with your request, we have estimated the proved, probable, and possible reserves and future revenue, as of December 31, 2016, to the KrisEnergy (Asia) Ltd (referred to herein as "KrisEnergy") interest in certain oil and gas properties located in Blocks B8/32 and B9A, Rossukon Field, Wassana Field, and Nong Yao Field, offshore Thailand; Lengo Field, offshore Indonesia; Block A Aceh, onshore Indonesia; and Bangora Field, onshore Bangladesh. Also as requested, we have estimated the development pending contingent resources and cash flow, as of December 31, 2016, to the KrisEnergy interest in certain discoveries located offshore Indonesia and offshore Cambodia and the development unclarified contingent resources, as of December 31, 2016, to the KrisEnergy working interest in certain other discoveries located offshore Thailand, offshore and onshore Indonesia, offshore Cambodia, and onshore Bangladesh. This is a revision of our report dated January 20, 2017. The estimates in this report have been revised to include the development unclarified contingent resources of Sakti PSC, offshore Indonesia. We completed our evaluation on or about January 20, 2017. This report has been prepared using price and cost parameters specified by KrisEnergy, as discussed in subsequent paragraphs of this letter. These parameters provide for the real growth of oil and gas prices. Monetary values shown in this report are expressed in United States dollars ($) or thousands of United States dollars (M$).

The estimates in this report have been prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers (SPE). As presented in the 2007 PRMS, petroleum accumulations can be classified, in decreasing order of likelihood of commerciality, as reserves, contingent resources, or prospective resources. Different classifications of petroleum accumulations have varying degrees of technical and commercial risk that are difficult to quantify; thus reserves, contingent resources, and prospective resources should not be aggregated without extensive consideration of these factors. Definitions are presented immediately following this letter. The tables following the definitions set forth our estimates of reserves and contingent resources, by category, to the KrisEnergy interest for each asset area.

RESERVES

Reserves are those quantities of petroleum anticipated to be commercially recoverable from known accumulations by application of development projects from a given date forward under defined conditions. Reserves must be discovered, recoverable, commercial, and remaining as of the evaluation date based on the planned development projects to be applied. Proved reserves are those quantities of oil and gas which, by analysis of engineering and geoscience data, can be estimated with reasonable certainty to be commercially recoverable; probable and possible reserves are those additional reserves which are sequentially less certain to be recovered than proved reserves.

We estimate the gross (100 percent) reserves and working interest reserves and future net revenue to the KrisEnergy interest in these properties, as of December 31, 2016, to be:

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Category	Gross (100%) Reserves Oil (MBBL)	Gross (100%) Reserves Gas (MMCF)	Working Interest Reserves Oil (MBBL)	Working Interest Reserves Gas (MMCF)	Future Net Revenue[1] (M$) Total	Future Net Revenue[1] (M$) Present Worth At 10%
Proved Developed Producing	17,131.0	248,605.6	1,458.8	55,923.6	9,225.5	12,083.3
Proved Developed Non-Producing	92.2	0.0	20.7	0.0	(107.3)[2]	(161.0)[2]
Proved Undeveloped	6,787.2	366,402.8	2,145.4	149,535.3	295,602.3	125,551.4
Proved (1P)	24,010.3	615,008.5	3,624.9	205,458.9	304,720.4	137,473.7
Probable	108,506.3	1,021,252.6	19,159.7	237,615.6	571,847.2	302,187.3
Proved + Probable (2P)	132,516.6	1,636,261.1	22,784.6	443,074.5	876,567.7	439,661.0
Possible	32,748.3	265,957.6	7,019.7	52,192.5	258,804.7	161,289.9
Proved + Probable + Possible (3P)	165,264.9	1,902,218.7	29,804.3	495,267.1	1,135,372.4	600,951.0

Totals may not add because of rounding.

(1) Future net revenue is after deductions for royalties and KrisEnergy's share of capital costs, abandonment costs, operating expenses, carried costs and reimbursements associated with local participation, head office overhead, production bonus payments, special remuneratory benefit, value-added taxes, Aceh community development fund payments, ExxonMobil Indonesia overriding royalty interest, and income taxes.

(2) Future net revenue is negative after deducting budgeted nonspecific workover costs.

The oil volumes shown include crude oil and condensate. Oil volumes are expressed in thousands of barrels (MBBL); a barrel is equivalent to 42 United States gallons. Gas volumes are expressed in millions of cubic feet (MMCF) at standard temperature and pressure bases.

The estimates of reserves shown in this report are for proved, probable, and possible reserves. Reserves categorization conveys the relative degree of certainty; reserves subcategorization is based on development and production status. The estimates of reserves and future revenue included herein have not been adjusted for risk.

Gross revenue for the reserves is KrisEnergy's share of the gross (100 percent) revenue from the properties after deductions for royalties. Future net revenue is after additional deductions for KrisEnergy's share of capital costs, abandonment costs, operating expenses, carried costs and reimbursements associated with local participation, head office overhead, production bonus payments, special remuneratory benefit, value-added taxes, Aceh community development fund payments, ExxonMobil Indonesia overriding royalty interest, and income taxes. The future net revenue has been discounted at an annual rate of 10 percent to determine its present worth, which is shown to indicate the effect of time on the value of money. Future net revenue presented in this report, whether discounted or undiscounted, should not be construed as being the fair market value of the properties.

We have made no investigation of potential volume and value imbalances resulting from overdelivery or underdelivery to the KrisEnergy interest. Therefore, our estimates of reserves and future revenue do not include adjustments for the settlement of any such imbalances; our projections are based on KrisEnergy receiving its net revenue interest share of estimated future gross production. Additionally, we have made no investigation of any firm transportation contracts that may be in place for these properties; no adjustments have been made to our estimates of future revenue to account for such contracts.

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CONTINGENT RESOURCES

Contingent resources are those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from known accumulations, but for which the applied project or projects are not yet considered mature enough for commercial development because of one or more contingencies. The discoveries assessed in this report have been subclassified as development pending or development unclarified. The 2007 PRMS defines a development pending discovery as a discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future and a development unclarified discovery as a discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay. The contingent resources shown in this report are contingent upon one or more of the following: (1) collection of additional technical data, to be gathered through delineation wells and flow tests, to establish commercial viability, (2) finalization of a plan to develop the resources, (3) commitment of the license partners to develop the resources, (4) submission and approval of a Plan of Development, Production Area Application, or Production Permit Application, (5) completion of a gas sales agreement, and (6) extension of the production sharing contract. The costs required to resolve these contingencies have not been included in this report; estimates of cash flow are based on the assumption that all applicable contingencies will be successfully addressed. If these contingencies are successfully addressed, some portion of the contingent resources estimated in this report may be reclassified as reserves; our estimates have not been risked to account for the possibility that the contingencies are not successfully addressed. This report does not include economic analysis for the development unclarified contingent resources. Because of the early stage of development of these projects, we did not perform an economic analysis on these resources; as such, the economic status of these resources is undetermined.

We estimate the gross (100 percent) contingent resources and working interest contingent resources and net contingent cash flow to the KrisEnergy interest in these discoveries, as of December 31, 2016, to be:

Subclassification/ Category	Gross (100%) Contingent Resources		Working Interest Contingent Resources		Net Contingent Cash Flow[1] (M$)	
	Oil (MBBL)	Gas (MMCF)	Oil (MBBL)	Gas (MMCF)	Total	Discounted At 10%
Development Pending						
Low Estimate (1C)	0.0	0.0	0.0	0.0	0.0	0.0
Best Estimate (2C)	8,627.1	75,700.0	8,159.4	41,332.2	194,777.7	95,826.8
High Estimate (3C)	15,099.5	117,449.0	14,285.2	64,127.1	434,046.4	246,871.3
Development Unclarified						
Low Estimate (1C)	5,558.5	826,448.2	4,079.2	361,220.4	[2]	[2]
Best Estimate (2C)	9,485.4	1,475,162.7	6,933.3	773,065.1	[2]	[2]
High Estimate (3C)	36,970.2	2,345,765.2	16,789.2	1,249,944.2	[2]	[2]

Note: Contingent resources are the arithmetic sum of multiple asset-level probability distributions.

(1) Net contingent cash flow is after deductions for royalties and KrisEnergy's share of capital costs, abandonment costs, operating expenses, value-added taxes, carried costs and reimbursements associated with local participation, head office overhead, and income taxes.

(2) Because of the early stage of development of these projects, we did not perform an economic analysis on these resources; as such, the economic status of these resources is undetermined.

The oil volumes shown include crude oil and condensate.

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The contingent resources shown in this report have been estimated using probabilistic methods. Once all contingencies have been successfully addressed, the probability that the quantities of contingent resources actually recovered will equal or exceed the estimated amounts is 90 percent for the low estimate, 50 percent for the best estimate, and 10 percent for the high estimate. For the purposes of this report, the volumes and parameters associated with the low, best, and high estimate scenarios of contingent resources are referred to as 1C, 2C, and 3C, respectively. The estimates of contingent resources included herein have not been adjusted for development risk. As recommended in the PRMS, the 1C, 2C, and 3C contingent resources have been aggregated beyond the field level by arithmetic summation; therefore, these totals do not include the portfolio effect that might result from statistical aggregation.

Gross contingent revenue for the development pending discoveries is KrisEnergy's share of the gross (100 percent) revenue from the properties after deductions for royalties. Net contingent cash flow is after additional deductions for KrisEnergy's share of capital costs, abandonment costs, operating expenses, value-added taxes, carried costs and reimbursements associated with local participation, head office overhead, and income taxes. The net contingent cash flow has been discounted at an annual rate of 10 percent to indicate the effect of time on the value of money; the contingent cash flow, whether discounted or undiscounted, should not be construed as being the fair market value of the properties.

ECONOMIC PARAMETERS

As requested, this report has been prepared using oil and gas price parameters specified by KrisEnergy. Oil prices for the reserves and development pending contingent resources are based on the average forecast for Brent Crude prices from an aggregation of several independent public forecasts and are adjusted by field area for quality, transportation fees, and market differentials. The oil prices, before adjustments, are shown in the following table:

Period Ending	Oil Price ($/Barrel)
12-31-2017	54.00
12-31-2018	63.00
12-31-2019	68.00
Thereafter	82.00

Gas prices for Block B8/32 and Block B9A reserves for January through March 2017 are based on the Tantawan Gas Sales Agreement price of $3.371 per MMBTU and are adjusted by field area for energy content. Gas prices starting in April 2017 are based on the Tantawan Gas Sales Agreement pricing formula and the oil prices shown in the table above and are adjusted by field area for energy content. The gas prices, before adjustments, are shown in the following table:

Period Ending	Gas Price ($/MMBTU)
3-31-2017	3.371
12-31-2017	4.372
12-31-2018	4.518
Thereafter	5.100

The gas price for Bangora Field reserves is the contract price of $2.319 per MCF. The gas prices for Block A Aceh reserves are based on a contract sales price of $9.45 per MMBTU and an expected price of $6.50 per MMBTU for

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the surplus gas volumes; these prices are adjusted for energy content. Gas prices for Bangora Field and Block A Aceh are held constant throughout the lives of the properties.

The gas prices for Lengo Field and Dambus and Mangkok Discoveries are based on recent gas contracts in similar areas and are $6.000 per MMBTU and $7.000 per MMBTU, respectively; these prices are adjusted for energy content. Gas prices for Lengo Field and Dambus and Mangkok Discoveries are escalated 3 percent per year from the year of first production throughout the lives of the properties.

Operating costs used in this report are based on operating expense records of and budgets prepared by the operators of the properties, as provided by KrisEnergy. These costs include the per-well overhead expenses allowed under concession agreements along with estimates of costs to be incurred at and below the field level. Headquarters general and administrative overhead expenses of KrisEnergy are included to the extent that they are covered under concession agreements for the operated properties. As requested, operating costs are not escalated for inflation.

Capital costs used in this report were provided by KrisEnergy and are based on budgeted expenditures and actual costs from recent activity. Capital costs are included as required for workovers, new development wells, and production equipment. Based on our understanding of future development plans, a review of the records provided to us, and our knowledge of similar properties, we regard these estimated capital costs to be reasonable. Abandonment costs used in this report are KrisEnergy's estimates of the costs to abandon the wells, platforms, and production facilities, net of any salvage value. As requested, capital costs and abandonment costs are not escalated for inflation.

GENERAL INFORMATION

This report does not include any value that could be attributed to interests in undeveloped acreage beyond those tracts for which undeveloped reserves and development pending contingent resources have been estimated. For the purposes of this report, we did not perform any field inspection of the properties, nor did we examine the mechanical operation or condition of the wells and facilities. Based on the information used in our analysis, it is our opinion that a field visit was not required and would not materially affect our evaluation. We have not investigated possible environmental liability related to the properties; therefore, our estimates do not include any costs due to such possible liability.

The reserves and contingent resources shown in this report are estimates only and should not be construed as exact quantities. Estimates may increase or decrease as a result of market conditions, future operations, changes in regulations, or actual reservoir performance. Our estimates are based on certain assumptions including, but not limited to, that the properties will be developed consistent with current development plans as provided to us by KrisEnergy, that the properties will be operated in a prudent manner, that no governmental regulations or controls will be put in place that would impact the ability of the interest owner to recover the volumes, and that our projections of future production will prove consistent with actual performance. If these volumes are recovered, the revenues therefrom and the costs related thereto could be more or less than the estimated amounts. Because of governmental policies and uncertainties of supply and demand, the sales rates, prices received, and costs incurred may vary from assumptions made while preparing this report.

For the purposes of this report, we used technical and economic data including, but not limited to, well logs, geologic maps, seismic data, well test data, production data, historical price and cost information, and property ownership interests. The reserves and contingent resources in this report have been estimated using a combination of deterministic and probabilistic methods; these estimates have been prepared in accordance with generally accepted

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petroleum engineering and evaluation principles set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the SPE (SPE Standards). We used standard engineering and geoscience methods, or a combination of methods, including performance analysis, volumetric analysis, and analogy, that we considered to be appropriate and necessary to classify, categorize, and estimate volumes in accordance with the 2007 PRMS definitions and guidelines. The contingent resources and a portion of the reserves shown in this report are for undeveloped locations; such volumes are based on estimates of reservoir volumes and recovery efficiencies along with analogy to properties with similar geologic and reservoir characteristics. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geoscience data; therefore, our conclusions necessarily represent only informed professional judgment.

The data used in our estimates were obtained from KrisEnergy, other interest owners, various operators of the properties, public data sources, and the nonconfidential files of Netherland, Sewell & Associates, Inc. and were accepted as accurate. Supporting work data are on file in our office. We have not examined the contractual rights to the properties or independently confirmed the actual degree or type of interest owned. The technical persons primarily responsible for preparing the estimates presented herein meet the requirements regarding qualifications, independence, objectivity, and confidentiality set forth in the SPE Standards. We are independent petroleum engineers, geologists, geophysicists, and petrophysicists; we do not own an interest in these properties nor are we employed on a contingent basis.

Sincerely,

NETHERLAND, SEWELL & ASSOCIATES, INC.
Texas Registered Engineering Firm F-2699

By:
C.H. (Scott) Rees III, P.E.
Chairman and Chief Executive Officer

By:
Philip S. (Scott) Frost, P.E. 88738
Senior Vice President

Date Signed: February 14, 2017

PSF:EAP

STATE OF TEXAS
P. S. FROST
88738
LICENSED
PROFESSIONAL ENGINEER

By:
Allen E. Evans, Jr., P.G. 1286
Vice President

Date Signed: February 14, 2017

STATE OF TEXAS
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PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

Excerpted from the Petroleum Resources Management System Approved by
the Society of Petroleum Engineers (SPE) Board of Directors, March 2007

This document contains information excerpted from definitions and guidelines prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG), and the Society of Petroleum Evaluation Engineers (SPEE).

Preamble

Petroleum resources are the estimated quantities of hydrocarbons naturally occurring on or within the Earth's crust. Resource assessments estimate total quantities in known and yet-to-be-discovered accumulations; resources evaluations are focused on those quantities that can potentially be recovered and marketed by commercial projects. A petroleum resources management system provides a consistent approach to estimating petroleum quantities, evaluating development projects, and presenting results within a comprehensive classification framework.

These definitions and guidelines are designed to provide a common reference for the international petroleum industry, including national reporting and regulatory disclosure agencies, and to support petroleum project and portfolio management requirements. They are intended to improve clarity in global communications regarding petroleum resources. It is expected that this document will be supplemented with industry education programs and application guides addressing their implementation in a wide spectrum of technical and/or commercial settings.

It is understood that these definitions and guidelines allow flexibility for users and agencies to tailor application for their particular needs; however, any modifications to the guidance contained herein should be clearly identified. The definitions and guidelines contained in this document must not be construed as modifying the interpretation or application of any existing regulatory reporting requirements.

1.0 Basic Principles and Definitions

The estimation of petroleum resource quantities involves the interpretation of volumes and values that have an inherent degree of uncertainty. These quantities are associated with development projects at various stages of design and implementation. Use of a consistent classification system enhances comparisons between projects, groups of projects, and total company portfolios according to forecast production profiles and recoveries. Such a system must consider both technical and commercial factors that impact the project's economic feasibility, its productive life, and its related cash flows.

1.1 Petroleum Resources Classification Framework

Petroleum is defined as a naturally occurring mixture consisting of hydrocarbons in the gaseous, liquid, or solid phase. Petroleum may also contain non-hydrocarbons, common examples of which are carbon dioxide, nitrogen, hydrogen sulfide and sulfur. In rare cases, non-hydrocarbon content could be greater than 50%.

The term "resources" as used herein is intended to encompass all quantities of petroleum naturally occurring on or within the Earth's crust, discovered and undiscovered (recoverable and unrecoverable), plus those quantities already produced. Further, it includes all types of petroleum whether currently considered "conventional" or "unconventional."

Figure 1-1 is a graphical representation of the SPE/WPC/AAPG/SPEE resources classification system. The system defines the major recoverable resources classes: Production, Reserves, Contingent Resources, and Prospective Resources, as well as Unrecoverable petroleum.

The "Range of Uncertainty" reflects a range of estimated quantities potentially recoverable from an accumulation by a project, while the vertical axis represents the "Chance of

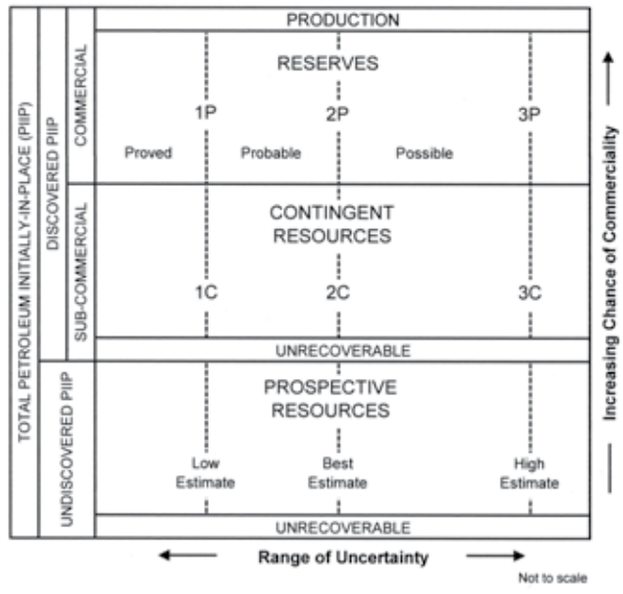


Figure 1-1: Resources Classification Framework.

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Commerciality", that is, the chance that the project that will be developed and reach commercial producing status. The following definitions apply to the major subdivisions within the resources classification:

TOTAL PETROLEUM INITIALLY-IN-PLACE is that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production plus those estimated quantities in accumulations yet to be discovered (equivalent to "total resources").

DISCOVERED PETROLEUM INITIALLY-IN-PLACE is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production.

PRODUCTION is the cumulative quantity of petroleum that has been recovered at a given date. While all recoverable resources are estimated and production is measured in terms of the sales product specifications, raw production (sales plus non-sales) quantities are also measured and required to support engineering analyses based on reservoir voidage (see Production Measurement, section 3.2).

Multiple development projects may be applied to each known accumulation, and each project will recover an estimated portion of the initially-in-place quantities. The projects shall be subdivided into Commercial and Sub-Commercial, with the estimated recoverable quantities being classified as Reserves and Contingent Resources respectively, as defined below.

RESERVES are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status.

CONTINGENT RESOURCES are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be subclassified based on project maturity and/or characterized by their economic status.

UNDISCOVERED PETROLEUM INITIALLY-IN-PLACE is that quantity of petroleum estimated, as of a given date, to be contained within accumulations yet to be discovered.

PROSPECTIVE RESOURCES are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.

UNRECOVERABLE is that portion of Discovered or Undiscovered Petroleum Initially-in-Place quantities which is estimated, as of a given date, not to be recoverable by future development projects. A portion of these quantities may become recoverable in the future as commercial circumstances change or technological developments occur; the remaining portion may never be recovered due to physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

Estimated Ultimate Recovery (EUR) is not a resources category, but a term that may be applied to any accumulation or group of accumulations (discovered or undiscovered) to define those quantities of petroleum estimated, as of a given date, to be potentially recoverable under defined technical and commercial conditions plus those quantities already produced (total of recoverable resources).

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1.2 Project-Based Resources Evaluations

The resources evaluation process consists of identifying a recovery project, or projects, associated with a petroleum accumulation(s), estimating the quantities of Petroleum Initially-in-Place, estimating that portion of those in-place quantities that can be recovered by each project, and classifying the project(s) based on its maturity status or chance of commerciality.

This concept of a project-based classification system is further clarified by examining the primary data sources contributing to an evaluation of net recoverable resources (see Figure 1-2) that may be described as follows:

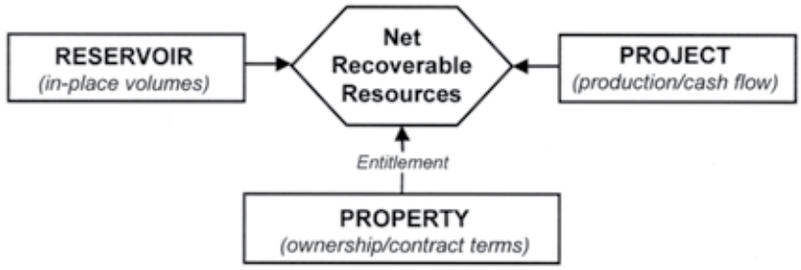


Figure 1-2: Resources Evaluation Data Sources.

- The Reservoir (accumulation): Key attributes include the types and quantities of Petroleum Initially-in-Place and the fluid and rock properties that affect petroleum recovery.

- The Project: Each project applied to a specific reservoir development generates a unique production and cash flow schedule. The time integration of these schedules taken to the project's technical, economic, or contractual limit defines the estimated recoverable resources and associated future net cash flow projections for each project. The ratio of EUR to Total Initially-in-Place quantities defines the ultimate recovery efficiency for the development project(s). A project may be defined at various levels and stages of maturity; it may include one or many wells and associated production and processing facilities. One project may develop many reservoirs, or many projects may be applied to one reservoir.

- The Property (lease or license area): Each property may have unique associated contractual rights and obligations including the fiscal terms. Such information allows definition of each participant's share of produced quantities (entitlement) and share of investments, expenses, and revenues for each recovery project and the reservoir to which it is applied. One property may encompass many reservoirs, or one reservoir may span several different properties. A property may contain both discovered and undiscovered accumulations.

In context of this data relationship, "project" is the primary element considered in this resources classification, and net recoverable resources are the incremental quantities derived from each project. Project represents the link between the petroleum accumulation and the decision-making process. A project may, for example, constitute the development of a single reservoir or field, or an incremental development for a producing field, or the integrated development of several fields and associated facilities with a common ownership. In general, an individual project will represent the level at which a decision is made whether or not to proceed (i.e., spend more money) and there should be an associated range of estimated recoverable quantities for that project.

An accumulation or potential accumulation of petroleum may be subject to several separate and distinct projects that are at different stages of exploration or development. Thus, an accumulation may have recoverable quantities in several resource classes simultaneously.

In order to assign recoverable resources of any class, a development plan needs to be defined consisting of one or more projects. Even for Prospective Resources, the estimates of recoverable quantities must be stated in terms of the sales products derived from a development program assuming successful discovery and commercial development. Given the major uncertainties involved at this early stage, the development program will not be of the detail expected in later stages of maturity. In most cases, recovery efficiency may be largely based on analogous projects. In-place quantities for which a feasible project cannot be defined using current, or reasonably forecast improvements in, technology are classified as Unrecoverable.

Not all technically feasible development plans will be commercial. The commercial viability of a development project is dependent on a forecast of the conditions that will exist during the time period encompassed by the project's activities (see

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Commercial Evaluations, section 3.1). "Conditions" include technological, economic, legal, environmental, social, and governmental factors. While economic factors can be summarized as forecast costs and product prices, the underlying influences include, but are not limited to, market conditions, transportation and processing infrastructure, fiscal terms, and taxes.

The resource quantities being estimated are those volumes producible from a project as measured according to delivery specifications at the point of sale or custody transfer (see Reference Point, section 3.2.1). The cumulative production from the evaluation date forward to cessation of production is the remaining recoverable quantity. The sum of the associated annual net cash flows yields the estimated future net revenue. When the cash flows are discounted according to a defined discount rate and time period, the summation of the discounted cash flows is termed net present value (NPV) of the project (see Evaluation and Reporting Guidelines, section 3.0).

The supporting data, analytical processes, and assumptions used in an evaluation should be documented in sufficient detail to allow an independent evaluator or auditor to clearly understand the basis for estimation and categorization of recoverable quantities and their classification.

2.0 Classification and Categorization Guidelines

2.1 Resources Classification

The basic classification requires establishment of criteria for a petroleum discovery and thereafter the distinction between commercial and sub-commercial projects in known accumulations (and hence between Reserves and Contingent Resources).

2.1.1 Determination of Discovery Status

A discovery is one petroleum accumulation, or several petroleum accumulations collectively, for which one or several exploratory wells have established through testing, sampling, and/or logging the existence of a significant quantity of potentially moveable hydrocarbons.

In this context, "significant" implies that there is evidence of a sufficient quantity of petroleum to justify estimating the in-place volume demonstrated by the well(s) and for evaluating the potential for economic recovery. Estimated recoverable quantities within such a discovered (known) accumulation(s) shall initially be classified as Contingent Resources pending definition of projects with sufficient chance of commercial development to reclassify all, or a portion, as Reserves. Where in-place hydrocarbons are identified but are not considered currently recoverable, such quantities may be classified as Discovered Unrecoverable, if considered appropriate for resource management purposes; a portion of these quantities may become recoverable resources in the future as commercial circumstances change or technological developments occur.

2.1.2 Determination of Commerciality

Discovered recoverable volumes (Contingent Resources) may be considered commercially producible, and thus Reserves, if the entity claiming commerciality has demonstrated firm intention to proceed with development and such intention is based upon all of the following criteria:

- Evidence to support a reasonable timetable for development.
- A reasonable assessment of the future economics of such development projects meeting defined investment and operating criteria.
- A reasonable expectation that there will be a market for all or at least the expected sales quantities of production required to justify development.
- Evidence that the necessary production and transportation facilities are available or can be made available.
- Evidence that legal, contractual, environmental and other social and economic concerns will allow for the actual implementation of the recovery project being evaluated.

To be included in the Reserves class, a project must be sufficiently defined to establish its commercial viability. There must be a reasonable expectation that all required internal and external approvals will be forthcoming, and there is evidence of firm intention to proceed with development within a reasonable time frame. A reasonable time frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. While 5 years is recommended as a benchmark, a longer time frame could be applied where, for example, development of economic projects are deferred at the option of the producer for, among other things, market-related reasons, or to meet contractual or strategic objectives. In all cases, the justification for classification as Reserves should be clearly documented.

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To be included in the Reserves class, there must be a high confidence in the commercial producibility of the reservoir as supported by actual production or formation tests. In certain cases, Reserves may be assigned on the basis of well logs and/or core analysis that indicate that the subject reservoir is hydrocarbon-bearing and is analogous to reservoirs in the same area that are producing or have demonstrated the ability to produce on formation tests.

2.2 Resources Categorization

The horizontal axis in the Resources Classification (Figure 1.1) defines the range of uncertainty in estimates of the quantities of recoverable, or potentially recoverable, petroleum associated with a project. These estimates include both technical and commercial uncertainty components as follows:

- The total petroleum remaining within the accumulation (in-place resources).
- That portion of the in-place petroleum that can be recovered by applying a defined development project or projects.
- Variations in the commercial conditions that may impact the quantities recovered and sold (e.g., market availability, contractual changes).

Where commercial uncertainties are such that there is significant risk that the complete project (as initially defined) will not proceed, it is advised to create a separate project classified as Contingent Resources with an appropriate chance of commerciality.

2.2.1 Range of Uncertainty

The range of uncertainty of the recoverable and/or potentially recoverable volumes may be represented by either deterministic scenarios or by a probability distribution (see Deterministic and Probabilistic Methods, section 4.2).

When the range of uncertainty is represented by a probability distribution, a low, best, and high estimate shall be provided such that:

- There should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.
- There should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.
- There should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

When using the deterministic scenario method, typically there should also be low, best, and high estimates, where such estimates are based on qualitative assessments of relative uncertainty using consistent interpretation guidelines. Under the deterministic incremental (risk-based) approach, quantities at each level of uncertainty are estimated discretely and separately (see Category Definitions and Guidelines, section 2.2.2).

These same approaches to describing uncertainty may be applied to Reserves, Contingent Resources, and Prospective Resources. While there may be significant risk that sub-commercial and undiscovered accumulations will not achieve commercial production, it is useful to consider the range of potentially recoverable quantities independently of such a risk or consideration of the resource class to which the quantities will be assigned.

2.2.2 Category Definitions and Guidelines

Evaluators may assess recoverable quantities and categorize results by uncertainty using the deterministic incremental (risk-based) approach, the deterministic scenario (cumulative) approach, or probabilistic methods (see "2001 Supplemental Guidelines," Chapter 2.5). In many cases, a combination of approaches is used.

Use of consistent terminology (Figure 1.1) promotes clarity in communication of evaluation results. For Reserves, the general cumulative terms low/best/high estimates are denoted as 1P/2P/3P, respectively. The associated incremental quantities are termed Proved, Probable and Possible. Reserves are a subset of, and must be viewed within context of, the complete resources classification system. While the categorization criteria are proposed specifically for Reserves, in most cases, they can be equally applied to Contingent and Prospective Resources conditional upon their satisfying the criteria for discovery and/or development.

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For Contingent Resources, the general cumulative terms low/best/high estimates are denoted as 1C/2C/3C respectively. For Prospective Resources, the general cumulative terms low/best/high estimates still apply. No specific terms are defined for incremental quantities within Contingent and Prospective Resources.

Without new technical information, there should be no change in the distribution of technically recoverable volumes and their categorization boundaries when conditions are satisfied sufficiently to reclassify a project from Contingent Resources to Reserves. All evaluations require application of a consistent set of forecast conditions, including assumed future costs and prices, for both classification of projects and categorization of estimated quantities recovered by each project (see Commercial Evaluations, section 3.1).

Based on additional data and updated interpretations that indicate increased certainty, portions of Possible and Probable Reserves may be re-categorized as Probable and Proved Reserves.

Uncertainty in resource estimates is best communicated by reporting a range of potential results. However, if it is required to report a single representative result, the "best estimate" is considered the most realistic assessment of recoverable quantities. It is generally considered to represent the sum of Proved and Probable estimates (2P) when using the deterministic scenario or the probabilistic assessment methods. It should be noted that under the deterministic incremental (risk-based) approach, discrete estimates are made for each category, and they should not be aggregated without due consideration of their associated risk (see "2001 Supplemental Guidelines," Chapter 2.5).

Table 1: Recoverable Resources Classes and Sub-Classes

Class/Sub-Class	**Definition**	**Guidelines**
Reserves	Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.	Reserves must satisfy four criteria: they must be discovered, recoverable, commercial, and remaining based on the development project(s) applied. Reserves are further subdivided in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their development and production status. To be included in the Reserves class, a project must be sufficiently defined to establish its commercial viability. There must be a reasonable expectation that all required internal and external approvals will be forthcoming, and there is evidence of firm intention to proceed with development within a reasonable time frame. A reasonable time frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. While 5 years is recommended as a benchmark, a longer time frame could be applied where, for example, development of economic projects are deferred at the option of the producer for, among other things, market-related reasons, or to meet contractual or strategic objectives. In all cases, the justification for classification as Reserves should be clearly documented. To be included in the Reserves class, there must be a high confidence in the commercial producibility of the reservoir as supported by actual production or formation tests. In certain cases, Reserves may be assigned on the basis of well logs and/or core analysis that indicate that the subject reservoir is hydrocarbon-bearing and is analogous to reservoirs in the same area that are producing or have demonstrated the ability to produce on formation tests.
On Production	The development project is currently producing and selling petroleum to market.	The key criterion is that the project is receiving income from sales, rather than the approved development project necessarily being complete. This is the point at which the project "chance of commerciality" can be said to be 100%. The project "decision gate" is the decision to initiate commercial production from the project.

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Class/Sub-Class	**Definition**	**Guidelines**
Approved for Development	All necessary approvals have been obtained, capital funds have been committed, and implementation of the development project is under way.	At this point, it must be certain that the development project is going ahead. The project must not be subject to any contingencies such as outstanding regulatory approvals or sales contracts. Forecast capital expenditures should be included in the reporting entity's current or following year's approved budget. The project "decision gate" is the decision to start investing capital in the construction of production facilities and/or drilling development wells.
Justified for Development	Implementation of the development project is justified on the basis of reasonable forecast commercial conditions at the time of reporting, and there are reasonable expectations that all necessary approvals/contracts will be obtained.	In order to move to this level of project maturity, and hence have reserves associated with it, the development project must be commercially viable at the time of reporting, based on the reporting entity's assumptions of future prices, costs, etc. ("forecast case") and the specific circumstances of the project. Evidence of a firm intention to proceed with development within a reasonable time frame will be sufficient to demonstrate commerciality. There should be a development plan in sufficient detail to support the assessment of commerciality and a reasonable expectation that any regulatory approvals or sales contracts required prior to project implementation will be forthcoming. Other than such approvals/contracts, there should be no known contingencies that could preclude the development from proceeding within a reasonable timeframe (see Reserves class). The project "decision gate" is the decision by the reporting entity and its partners, if any, that the project has reached a level of technical and commercial maturity sufficient to justify proceeding with development at that point in time.
Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies.	Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.
Development Pending	A discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future.	The project is seen to have reasonable potential for eventual commercial development, to the extent that further data acquisition (e.g. drilling, seismic data) and/or evaluations are currently ongoing with a view to confirming that the project is commercially viable and providing the basis for selection of an appropriate development plan. The critical contingencies have been identified and are reasonably expected to be resolved within a reasonable time frame. Note that disappointing appraisal/evaluation results could lead to a re-classification of the project to "On Hold" or "Not Viable" status. The project "decision gate" is the decision to undertake further data acquisition and/or studies designed to move the project to a level of technical and commercial maturity at which a decision can be made to proceed with development and production.
Development Unclarified or on Hold	A discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay.	The project is seen to have potential for eventual commercial development, but further appraisal/evaluation activities are on hold pending the removal of significant contingencies external to the project, or substantial further appraisal/evaluation activities are required to clarify the potential for eventual commercial development. Development may be subject to a significant time delay. Note that a change in circumstances, such that there is no longer a reasonable expectation that a critical contingency can be removed in the foreseeable future, for example, could lead to a reclassification of the project to "Not Viable" status. The project "decision gate" is the decision to either proceed with additional evaluation designed to clarify the potential for eventual commercial development or to temporarily suspend or delay further activities pending resolution of external contingencies.

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Class/Sub-Class	**Definition**	**Guidelines**
Development Not Viable	A discovered accumulation for which there are no current plans to develop or to acquire additional data at the time due to limited production potential.	The project is not seen to have potential for eventual commercial development at the time of reporting, but the theoretically recoverable quantities are recorded so that the potential opportunity will be recognized in the event of a major change in technology or commercial conditions. The project "decision gate" is the decision not to undertake any further data acquisition or studies on the project for the foreseeable future.
Prospective Resources	Those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.	Potential accumulations are evaluated according to their chance of discovery and, assuming a discovery, the estimated quantities that would be recoverable under defined development projects. It is recognized that the development programs will be of significantly less detail and depend more heavily on analog developments in the earlier phases of exploration.
Prospect	A project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target.	Project activities are focused on assessing the chance of discovery and, assuming discovery, the range of potential recoverable quantities under a commercial development program.
Lead	A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation in order to be classified as a prospect.	Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to confirm whether or not the lead can be matured into a prospect. Such evaluation includes the assessment of the chance of discovery and, assuming discovery, the range of potential recovery under feasible development scenarios.
Play	A project associated with a prospective trend of potential prospects, but which requires more data acquisition and/or evaluation in order to define specific leads or prospects.	Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to define specific leads or prospects for more detailed analysis of their chance of discovery and, assuming discovery, the range of potential recovery under hypothetical development scenarios.

Table 2: Reserves Status Definitions and Guidelines

Status	**Definition**	**Guidelines**
Developed Reserves	Developed Reserves are expected quantities to be recovered from existing wells and facilities.	Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-Producing.
Developed Producing Reserves	Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate.	Improved recovery reserves are considered producing only after the improved recovery project is in operation.
Developed Non-Producing Reserves	Developed Non-Producing Reserves include shut-in and behind-pipe Reserves.	Shut-in Reserves are expected to be recovered from (1) completion intervals which are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells which will require additional completion work or future re-completion prior to start of production. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

NSAI NETHERLAND, SEWELL & ASSOCIATES, INC.

PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

Excerpted from the Petroleum Resources Management System Approved by the Society of Petroleum Engineers (SPE) Board of Directors, March 2007

Status	Definition	Guidelines
Undeveloped Reserves	Undeveloped Reserves are quantities expected to be recovered through future investments:	(1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g. when compared to the cost of drilling a new well) is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

Table 3: Reserves Category Definitions and Guidelines

Category	Definition	Guidelines
Proved Reserves	Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations.	If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. The area of the reservoir considered as Proved includes (1) the area delineated by drilling and defined by fluid contacts, if any, and (2) adjacent undrilled portions of the reservoir that can reasonably be judged as continuous with it and commercially productive on the basis of available geoscience and engineering data. In the absence of data on fluid contacts, Proved quantities in a reservoir are limited by the lowest known hydrocarbon (LKH) as seen in a well penetration unless otherwise indicated by definitive geoscience, engineering, or performance data. Such definitive information may include pressure gradient analysis and seismic indicators. Seismic data alone may not be sufficient to define fluid contacts for Proved reserves (see "2001 Supplemental Guidelines," Chapter 8). Reserves in undeveloped locations may be classified as Proved provided that: • The locations are in undrilled areas of the reservoir that can be judged with reasonable certainty to be commercially productive. • Interpretations of available geoscience and engineering data indicate with reasonable certainty that the objective formation is laterally continuous with drilled Proved locations. For Proved Reserves, the recovery efficiency applied to these reservoirs should be defined based on a range of possibilities supported by analogs and sound engineering judgment considering the characteristics of the Proved area and the applied development program.
Probable Reserves	Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.	It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate. Probable Reserves may be assigned to areas of a reservoir adjacent to Proved where data control or interpretations of available data are less certain. The interpreted reservoir continuity may not meet the reasonable certainty criteria. Probable estimates also include incremental recoveries associated with project recovery efficiencies beyond that assumed for Proved.

NETHERLAND, SEWELL & ASSOCIATES, INC.

PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

Excerpted from the Petroleum Resources Management System Approved by the Society of Petroleum Engineers (SPE) Board of Directors, March 2007

Category	Definition	Guidelines
Possible Reserves	Possible Reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than Probable Reserves.	The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate. Possible Reserves may be assigned to areas of a reservoir adjacent to Probable where data control and interpretations of available data are progressively less certain. Frequently, this may be in areas where geoscience and engineering data are unable to clearly define the area and vertical reservoir limits of commercial production from the reservoir by a defined project. Possible estimates also include incremental quantities associated with project recovery efficiencies beyond that assumed for Probable.
Probable and Possible Reserves	(See above for separate criteria for Probable Reserves and Possible Reserves.)	The 2P and 3P estimates may be based on reasonable alternative technical and commercial interpretations within the reservoir and/or subject project that are clearly documented, including comparisons to results in successful similar projects. In conventional accumulations, Probable and/or Possible Reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from Proved areas by minor faulting or other geological discontinuities and have not been penetrated by a wellbore but are interpreted to be in communication with the known (Proved) reservoir. Probable or Possible Reserves may be assigned to areas that are structurally higher than the Proved area. Possible (and in some cases, Probable) Reserves may be assigned to areas that are structurally lower than the adjacent Proved or 2P area. Caution should be exercised in assigning Reserves to adjacent reservoirs isolated by major, potentially sealing, faults until this reservoir is penetrated and evaluated as commercially productive. Justification for assigning Reserves in such cases should be clearly documented. Reserves should not be assigned to areas that are clearly separated from a known accumulation by non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results); such areas may contain Prospective Resources. In conventional accumulations, where drilling has defined a highest known oil (HKO) elevation and there exists the potential for an associated gas cap, Proved oil Reserves should only be assigned in the structurally higher portions of the reservoir if there is reasonable certainty that such portions are initially above bubble point pressure based on documented engineering analyses. Reservoir portions that do not meet this certainty may be assigned as Probable and Possible oil and/or gas based on reservoir fluid properties and pressure gradient interpretations.

The 2007 Petroleum Resources Management System can be viewed in its entirety at http://www.spe.org/spe-app/spe/industry/reserves/prms.htm.

NETHERLAND, SEWELL & ASSOCIATES, INC.

SUMMARY OF RESERVES AND FUTURE NET REVENUE
KRISENERGY (ASIA) LTD INTEREST
AS OF DECEMBER 31, 2016

	Gross (100%) Reserves		Working Interest Reserves[1]		Net Reserves[2]		Future Net Revenue[3] (M$)	
Country/Asset/Category	Oil (MBBL)	Gas (MMCF)	Oil (MBBL)	Gas (MMCF)	Oil (MBBL)	Gas (MMCF)	Total	Present Worth at 10%
Offshore Thailand								
Blocks B8/32 and B9A								
Proved Developed Producing	13,622.5	73,556.8	631.3	3,409.0	578.0	3,178.8	(21,082.1)[4]	(13,786.8)[4]
Proved Undeveloped	1,001.1	1,802.0	46.4	83.5	41.3	76.6	2,250.1	1,802.5
Proved (1P)	14,623.6	75,358.8	677.7	3,492.5	619.3	3,255.4	(18,832.0)[4]	(11,984.2)[4]
Probable	81,117.6	460,366.9	3,759.4	21,335.7	3,364.5	19,474.0	122,060.5	69,737.8
Proved + Probable (2P)	95,741.2	535,725.7	4,437.1	24,828.2	3,983.8	22,729.3	103,228.6	57,753.5
Possible	20,782.5	139,917.6	963.2	6,484.5	826.1	5,710.1	42,657.8	21,754.1
Proved + Probable + Possible (3P)	116,523.7	675,643.3	5,400.3	31,312.7	4,809.9	28,439.4	145,886.4	79,507.7
Block G6/48, Rossukon Field								
Probable	11,700.0	0.0	3,510.0	0.0	3,265.0	0.0	50,713.2	36,025.8
Proved + Probable (2P)	11,700.0	0.0	3,510.0	0.0	3,265.0	0.0	50,713.2	36,025.8
Possible	4,100.0	0.0	1,230.0	0.0	1,117.2	0.0	20,081.4	14,628.0
Proved + Probable + Possible (3P)	15,800.0	0.0	4,740.0	0.0	4,382.2	0.0	70,794.7	50,653.8
Block G10/48, Wassana Field								
Probable	12,224.8	0.0	10,880.1	0.0	10,056.8	0.0	109,895.0	81,665.6
Proved + Probable (2P)	12,224.8	0.0	10,880.1	0.0	10,056.8	0.0	109,895.0	81,665.6
Possible	4,220.4	0.0	3,756.2	0.0	3,366.6	0.0	106,397.7	87,942.0
Proved + Probable + Possible (3P)	16,445.3	0.0	14,636.3	0.0	13,423.4	0.0	216,292.7	169,607.6
Block G11/48, Nong Yao Field								
Proved Developed Producing	3,000.8	0.0	675.2	0.0	634.9	0.0	(3,129.6)[5]	(847.9)[5]
Proved Developed Non-Producing	92.2	0.0	20.7	0.0	19.5	0.0	(107.3)[6]	(161.0)[6]
Proved Undeveloped	1,589.9	0.0	357.7	0.0	329.9	0.0	10,937.1	9,376.2
Proved (1P)	4,682.9	0.0	1,053.7	0.0	984.2	0.0	7,700.3	8,367.4
Probable	2,038.0	0.0	458.6	0.0	422.7	0.0	19,383.4	16,560.1
Proved + Probable (2P)	6,720.9	0.0	1,512.2	0.0	1,406.9	0.0	27,083.7	24,927.5
Possible	2,244.2	0.0	504.9	0.0	468.2	0.0	20,347.2	17,344.9
Proved + Probable + Possible (3P)	8,965.1	0.0	2,017.1	0.0	1,875.1	0.0	47,430.9	42,272.4

Note: Reserves categorization conveys the relative degree of certainty; reserves subcategorization is based on development and production status. The estimates of reserves and future revenue included herein have not been adjusted for risk.

(1) KrisEnergy's current working interest is 4.6345 percent in Blocks B8/32 and B9A, 30.0000 percent in Block G6/48, 89.0000 percent in Block G10/48, 22.5000 percent in Block G11/48, 42.5000 percent in the Bulu PSC, 41.6666 percent in Block A Aceh, and 30.0000 percent in Bangora Field.

(2) Net reserves are the portion of gross reserves representing KrisEnergy's revenue entitlement.

(3) Future net revenue is after deductions for royalties and KrisEnergy's share of capital costs, abandonment costs, operating expenses, carried costs and reimbursements associated with local participation, head office overhead, production bonus payments, special remuneratory benefit, value-added taxes, Aceh community development fund payments, ExxonMobil Indonesia overriding royalty interest, and income taxes.

(4) Future net revenue is negative after deducting estimated abandonment costs.

(5) Future net revenue is negative after deducting estimated abandonment costs and all proved operating costs.

(6) Future net revenue is negative after deducting budgeted nonspecific workover costs.

(7) Reserves are negative because of a combination of factors including varying estimated ultimate recoveries for each field in the low, best, and high estimate cases; differing gas energy content by field; the production sharing contract expiration date of August 31, 2031; fuel gas usage requirements; and daily and total contracted gas quantity constraints.

NETHERLAND, SEWELL & ASSOCIATES, INC.

SUMMARY OF RESERVES AND FUTURE NET REVENUE
KRISENERGY (ASIA) LTD INTEREST
AS OF DECEMBER 31, 2016

	Gross (100%) Reserves		Working Interest Reserves[1]		Net Reserves[2]		Future Net Revenue[3] (M$)	
Country/Asset/Category	Oil (MBBL)	Gas (MMCF)	Oil (MBBL)	Gas (MMCF)	Oil (MBBL)	Gas (MMCF)	Total	Present Worth at 10%
Offshore Indonesia								
Bulu PSC, Lengo Field								
Probable	0.0	358,547.6	0.0	152,382.7	0.0	108,447.7	205,919.3	68,500.6
Proved + Probable (2P)	0.0	358,547.6	0.0	152,382.7	0.0	108,447.7	205,919.3	68,500.6
Possible	0.0	61,052.4	0.0	25,947.3	0.0	15,739.8	45,749.4	8,554.0
Proved + Probable + Possible (3P)	0.0	419,600.0	0.0	178,330.0	0.0	124,187.5	251,668.7	77,054.6
Onshore Indonesia								
Block A Aceh								
Proved Undeveloped	4,134.9	343,472.3	1,722.9	143,113.2	784.5	113,976.4	276,320.5	110,895.8
Proved (1P)	4,134.9	343,472.3	1,722.9	143,113.2	784.5	113,976.4	276,320.5	110,895.8
Probable	1,062.1	27,391.9	442.6	11,413.3	173.2	5,717.6	26,948.1	11,386.0
Proved + Probable (2P)	5,197.0	370,864.2	2,165.4	154,526.5	957.7	119,694.0	303,268.6	122,281.9
Possible	1,242.9	2,267.1	517.9	944.6	115.8	(73.4)[7]	10,643.6	6,213.0
Proved + Probable + Possible (3P)	6,440.0	373,131.3	2,683.3	155,471.1	1,073.6	119,620.6	313,912.2	128,494.8
Onshore Bangladesh								
Block 9, Bangora Field								
Proved Developed Producing	507.6	175,048.8	152.3	52,514.6	52.4	27,574.7	33,437.1	26,717.9
Proved Undeveloped	61.3	21,128.6	18.4	6,338.6	14.4	3,645.8	6,094.5	3,476.8
Proved (1P)	568.9	196,177.4	170.7	58,853.2	66.8	31,220.5	39,531.6	30,194.7
Probable	363.6	174,946.2	109.1	52,483.9	31.8	23,598.2	36,927.7	18,311.3
Proved + Probable (2P)	932.6	371,123.6	279.8	111,337.1	98.6	54,818.7	76,459.3	48,506.1
Possible	158.3	62,720.5	47.5	18,816.2	14.6	8,415.9	12,927.6	4,854.0
Proved + Probable + Possible (3P)	1,090.8	433,844.2	327.3	130,153.2	113.2	63,234.6	89,386.9	53,360.0
Total								
Proved Developed Producing	17,131.0	248,605.6	1,458.8	55,923.6	1,265.3	30,753.5	9,225.5	12,083.3
Proved Developed Non-Producing	92.2	0.0	20.7	0.0	19.5	0.0	(107.3)[6]	(161.0)[6]
Proved Undeveloped	6,787.2	366,402.8	2,145.4	149,535.3	1,170.2	117,698.8	295,602.3	125,551.4
Proved (1P)	24,010.3	615,008.5	3,624.9	205,458.9	2,454.9	148,452.3	304,720.4	137,473.7
Probable	108,506.3	1,021,252.6	19,159.7	237,615.6	17,314.1	157,237.5	571,847.2	302,187.3
Proved + Probable (2P)	132,516.6	1,636,261.1	22,784.6	443,074.5	19,768.9	305,689.8	876,567.7	439,661.0
Possible	32,748.3	265,957.6	7,019.7	52,192.5	5,908.5	29,792.4	258,804.7	161,289.9
Proved + Probable + Possible (3P)	165,264.9	1,902,218.7	29,804.3	495,267.1	25,677.4	335,482.2	1,135,372.4	600,951.0

Note: Reserves categorization conveys the relative degree of certainty; reserves subcategorization is based on development and production status. The estimates of reserves and future revenue included herein have not been adjusted for risk.

(1) KrisEnergy's current working interest is 4.6345 percent in Blocks B8/32 and B9A, 30.0000 percent in Block G6/48, 89.0000 percent in Block G10/48, 22.5000 percent in Block G11/48, 42.5000 percent in the Bulu PSC, 41.6666 percent in Block A Aceh, and 30.0000 percent in Bangora Field.

(2) Net reserves are the portion of gross reserves representing KrisEnergy's revenue entitlement.

(3) Future net revenue is after deductions for royalties and KrisEnergy's share of capital costs, abandonment costs, operating expenses, carried costs and reimbursements associated with local participation, head office overhead, production bonus payments, special remuneratory benefit, value-added taxes, Aceh community development fund payments, ExxonMobil Indonesia overriding royalty interest, and income taxes.

(4) Future net revenue is negative after deducting estimated abandonment costs.

(5) Future net revenue is negative after deducting estimated abandonment costs and all proved operating costs.

(6) Future net revenue is negative after deducting budgeted nonspecific workover costs.

(7) Reserves are negative because of a combination of factors including varying estimated ultimate recoveries for each field in the low, best, and high estimate cases; differing gas energy content by field; the production sharing contract expiration date of August 31, 2031; fuel gas usage requirements; and daily and total contracted gas quantity constraints.

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

NETHERLAND, SEWELL & ASSOCIATES, INC.

SUMMARY OF DEVELOPMENT PENDING
CONTINGENT RESOURCES AND CASH FLOW
KRISENERGY (ASIA) LTD INTEREST
AS OF DECEMBER 31, 2016

	Gross (100%) Contingent Resources		Working Interest Contingent Resources[1]		Net Contingent Resources[2]		Net Contingent Cash Flow[3] (M$)	
Country/Asset/Category	Oil (MBBL)	Gas (MMCF)	Oil (MBBL)	Gas (MMCF)	Oil (MBBL)	Gas (MMCF)	Total	Discounted at 10%
Offshore Indonesia								
Kutai PSC, Dambus and Mangkok Discoveries								
Low Estimate (1C)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Best Estimate (2C)	90.1	75,700.0	49.2	41,332.2	29.3	26,786.4	95,395.6	47,094.0
High Estimate (3C)	146.8	117,449.0	80.2	64,127.1	39.4	37,399.7	138,862.0	65,849.1
Offshore Cambodia								
Block A, Platform A								
Low Estimate (1C)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Best Estimate (2C)	8,537.1	0.0	8,110.2	0.0	6,516.4	0.0	99,382.1	48,732.8
High Estimate (3C)	14,952.7	0.0	14,205.1	0.0	10,699.1	0.0	295,184.3	181,022.2
Total[4]								
Low Estimate (1C)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Best Estimate (2C)	8,627.1	75,700.0	8,159.4	41,332.2	6,545.7	26,786.4	194,777.7	95,826.8
High Estimate (3C)	15,099.5	117,449.0	14,285.2	64,127.1	10,738.5	37,399.7	434,046.4	246,871.3

(1) KrisEnergy's current working interest is 54.6000 percent in the Kutai PSC and 95.0000 percent in Block A. It is anticipated that local participation will reduce the current working interest proportionately in the Kutai PSC based on the local participant obtaining a 10.0000 percent interest in the asset. Where applicable, working interest contingent resources are estimated based on the current working interest and net contingent cash flows are estimated based on the future reduced working interest.

(2) Net contingent resources are the portion of gross resources representing KrisEnergy's cash flow entitlement.

(3) Net contingent cash flow is after deductions for royalties and KrisEnergy's share of capital costs, abandonment costs, operating expenses, value-added taxes, carried costs and reimbursements associated with local participation, head office overhead, and income taxes.

(4) Totals are the arithmetic sum of multiple asset-level probability distributions.

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

NETHERLAND, SEWELL & ASSOCIATES, INC.

SUMMARY OF DEVELOPMENT UNCLARIFIED
CONTINGENT RESOURCES
KRISENERGY (ASIA) LTD INTEREST
AS OF DECEMBER 31, 2016

Country/Asset/Category	Gross (100%) Contingent Resources Oil (MBBL)	Gross (100%) Contingent Resources Gas (MMCF)	Working Interest Contingent Resources[1] Oil (MBBL)	Working Interest Contingent Resources[1] Gas (MMCF)
Offshore Thailand				
Block G6/48, Rossukon Field				
Low Estimate (1C)	0.0	11,476.9	0.0	3,443.1
Best Estimate (2C)	0.0	13,238.4	0.0	3,971.5
High Estimate (3C)	0.0	15,369.3	0.0	4,610.8
Block G10/48, Wassana Field				
Low Estimate (1C)	2,700.8	0.0	2,403.7	0.0
Best Estimate (2C)	3,896.0	0.0	3,467.4	0.0
High Estimate (3C)	5,420.3	0.0	4,824.1	0.0
Block G10/48, Mayura Field				
Low Estimate (1C)	453.7	0.0	403.8	0.0
Best Estimate (2C)	1,140.3	0.0	1,014.9	0.0
High Estimate (3C)	3,124.7	0.0	2,781.0	0.0
Block G11/48, Angun Field				
Low Estimate (1C)	285.1	0.0	64.1	0.0
Best Estimate (2C)	663.8	0.0	149.4	0.0
High Estimate (3C)	21,066.8	0.0	4,740.0	0.0
Block G11/48, Mantana Field				
Low Estimate (1C)	0.0	4,922.7	0.0	1,107.6
Best Estimate (2C)	0.0	14,842.6	0.0	3,339.6
High Estimate (3C)	0.0	26,077.9	0.0	5,867.5
Block G11/48, Nong Yao Field				
Low Estimate (1C)	817.8	0.0	184.0	0.0
Best Estimate (2C)	989.3	0.0	222.6	0.0
High Estimate (3C)	1,186.1	0.0	266.9	0.0
Offshore Indonesia				
Bala-Balakang PSC, Halimun and Papandayan Discoveries				
Low Estimate (1C)	0.0	0.0	0.0	0.0
Best Estimate (2C)	0.0	110,510.4	0.0	93,933.9
High Estimate (3C)	0.0	155,810.7	0.0	132,439.1

(1) KrisEnergy's current working interest is 30.0000 percent in Block G6/48, 89.0000 percent in Block G10/48, 22.5000 percent in Block G11/48, 85.0000 percent in the Bala-Balakang PSC, 95.0000 percent in the Sakti PSC, 41.6666 percent in Block A Aceh, 95.0000 percent in Block A, and 30.0000 percent in Block 9. It is anticipated that local participation will reduce the current working interest proportionately in the Bala-Balakang and Sakti PSCs based on the local participant obtaining a 10.0000 percent interest in the asset. Working interest contingent resources are estimated based on the current working interest.

(2) Totals are the arithmetic sum of multiple asset-level probability distributions.

All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.

NSAI NETHERLAND, SEWELL & ASSOCIATES, INC.

SUMMARY OF DEVELOPMENT UNCLARIFIED
CONTINGENT RESOURCES
KRISENERGY (ASIA) LTD INTEREST
AS OF DECEMBER 31, 2016

Country/Asset/Category	Gross (100%) Contingent Resources Oil (MBBL)	Gross (100%) Contingent Resources Gas (MMCF)	Working Interest Contingent Resources[1] Oil (MBBL)	Working Interest Contingent Resources[1] Gas (MMCF)
Offshore Indonesia (continued)				
Sakti PSC, Mustika Field				
Low Estimate (1C)	0.0	37,236.1	0.0	35,374.3
Best Estimate (2C)	0.0	221,522.6	0.0	210,446.5
High Estimate (3C)	0.0	425,364.3	0.0	404,096.1
Onshore Indonesia				
Block A Aceh				
Low Estimate (1C)	370.5	766,732.9	154.4	319,471.5
Best Estimate (2C)	943.3	1,087,369.3	393.1	453,069.8
High Estimate (3C)	2,502.2	1,594,190.9	1,042.6	664,245.1
Offshore Cambodia				
Block A, Platform B				
Low Estimate (1C)	762.1	0.0	724.0	0.0
Best Estimate (2C)	1,423.8	0.0	1,352.6	0.0
High Estimate (3C)	2,476.6	0.0	2,352.8	0.0
Block A, Platform C				
Low Estimate (1C)	145.6	0.0	138.3	0.0
Best Estimate (2C)	314.9	0.0	299.2	0.0
High Estimate (3C)	652.0	0.0	619.4	0.0
Onshore Bangladesh				
Block 9, Lalmai Field				
Low Estimate (1C)	23.0	6,079.6	6.9	1,823.9
Best Estimate (2C)	113.9	27,679.3	34.2	8,303.8
High Estimate (3C)	541.5	128,952.1	162.4	38,685.6
Total[2]				
Low Estimate (1C)	5,558.5	826,448.2	4,079.2	361,220.4
Best Estimate (2C)	9,485.4	1,475,162.7	6,933.3	773,065.1
High Estimate (3C)	36,970.2	2,345,765.2	16,789.2	1,249,944.2

(1) KrisEnergy's current working interest is 30.0000 percent in Block G6/48, 89.0000 percent in Block G10/48, 22.5000 percent in Block G11/48, 85.0000 percent in the Bala-Balakang PSC, 95.0000 percent in the Sakti PSC, 41.6666 percent in Block A Aceh, 95.0000 percent in Block A, and 30.0000 percent in Block 9. It is anticipated that local participation will reduce the current working interest proportionately in the Bala-Balakang and Sakti PSCs based on the local participant obtaining a 10.0000 percent interest in the asset. Working interest contingent resources are estimated based on the current working interest.

(2) Totals are the arithmetic sum of multiple asset-level probability distributions.

Notice Of Annual General Meeting

KrisEnergy Ltd.

Company Registration Number: 231666
Incorporated in the Cayman Islands on 5 October 2009

Notice is hereby given that the fourth Annual General Meeting of KrisEnergy Ltd. (the "Company") will be held at Paprika Room, Level 5, Novotel Clarke Quay Singapore, 177A River Valley Road, Singapore 179 031 on 24 April 2017 at 1.00 P.M. to transact the following business (the "Annual General Meeting"):

A	ORDINARY SHARES	ORDINARY RESOLUTION
1.	To receive and adopt the Directors' Report and the Audited Financial Statements for the financial year ended 31 December 2016 and the Auditor's Report thereon.	**Resolution 1**
2.	To re-elect Mr. Michael Chia Hock Chye, a Director retiring pursuant to Article 124 of the Company's Articles of Association, and who, being eligible, offers himself for re-election as a Director of the Company. [See Explanatory Note 1]	**Resolution 2**
3.	To re-elect Mr. Koh Tiong Lu John, a Director retiring pursuant to Article 125 of the Company's Articles of Association, and who, being eligible, offers himself for re-election as a Director of the Company. [See Explanatory Note 1]	**Resolution 3**
4.	To re-elect Mr. Keith James Pringle, a Director retiring pursuant to Article 125 of the Company's Articles of Association, and who, being eligible, offers himself for re-election as a Director of the Company. [See Explanatory Note 1]	**Resolution 4**
5.	To approve the sum of US$736,875 (S$1,016,888) to be paid to all non-executive directors as Directors' fees for the financial year ended 31 December 2016. (2015: US$1,140,000 (S$1,596,000)) [See Explanatory Note 2]	**Resolution 5**
6.	To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.	**Resolution 6**

B **SPECIAL BUSINESS** **ORDINARY RESOLUTION**

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

7. That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to: **Resolution 7**

(1) (i) issue shares in the capital of the Company (the "Shares") (whether by way of rights, bonus or otherwise); and/or
(ii) make or grant offers, agreements or options that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares (collectively, "Instruments"), at any time and upon such terms and conditions and for such purposes and to such person(s) as the Directors may in their absolute discretion deem fit; and

(2) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

(a) the aggregate number of Shares to be issued pursuant to this Resolution (including new Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50.0 per cent. of the issued share capital of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to the shareholders of the Company (including new Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 20.0 per cent. of the issued share capital of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under paragraph (a) above, the percentage of issued share capital shall be based on the issued share capital of the Company excluding treasury shares at the time this Resolution is passed, after adjusting for:
(i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
(ii) any subsequent bonus issue, consolidation or subdivision of Shares;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(d) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note 3]

8. To transact any other business as may properly be transacted at an annual general meeting.

By Order of the Board

Chrystle Kuek / Jennifer Lee
Joint Company Secretaries

7 April 2017, Singapore

Notice Of Annual General Meeting

Notes

1. Poll.

The Chairman of the Annual General Meeting will be exercising his right under Article 86(a) of the Memorandum and Articles of Association of the Company (the "Articles") to demand a poll in respect of the resolutions to be put to the vote at the Annual General Meeting and at any adjournment thereof. Accordingly, the Ordinary Resolutions proposed at the Annual General Meeting will be voted on by way of a poll.

2. Depositors.

Under the Articles, unless The Central Depository (Pte) Limited ("CDP") specifies otherwise in a written notice to the Company, CDP is deemed to have appointed as CDP's proxies to vote on behalf of CDP at the Annual General Meeting each of the persons (who are individuals) holding shares in the capital of the Company through CDP and whose shares are entered in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore) ("Depositors"), whose names are shown in the records of CDP as at a time not earlier than 48 hours prior to the time of the Annual General Meeting supplied by CDP to the Company, and such appointment of proxies shall not require an instrument of proxy or the lodgement of any instrument of proxy.

A Depositor may appoint not more than two persons (who shall be natural persons) to attend and vote in his place as proxy or proxies for CDP in respect of his shareholding, by completing and submitting the Depositor Proxy Form. The submission of a Depositor Proxy Form shall not preclude a Depositor appointed as a proxy by virtue of the Articles from attending and voting at the Annual General Meeting but in the event of attendance by such Depositor, the Depositor Proxy Form submitted bearing his name as the Nominating Depositor (as defined in the Articles) shall be deemed to be revoked. The Company will reject a Depositor Proxy Form if the Nominating Depositor's name is not shown in the records of CDP as at a time not earlier than 48 hours prior to the time of the Annual General Meeting supplied by CDP to the Company.

Where a Depositor is a corporation and wishes to be represented at the Annual General Meeting, it must appoint a person or persons (who shall be natural persons) to attend and vote as proxy or proxies of CDP at the Annual General Meeting in respect of its shareholding, by completing and submitting the Depositor Proxy Form.

3. Shareholders.

A shareholder of the Company (other than CDP) entitled to attend and vote at the Annual General Meeting who is the holder of two or more shares is entitled to appoint not more than two proxies to attend and vote instead of him, by completing and submitting the Shareholder Proxy Form.

A proxy need not be a shareholder of the Company. Delivery of the Shareholder Proxy Form shall not preclude a shareholder from attending and voting in person at the Annual General Meeting and in such event, the Shareholder Proxy Form shall be deemed to be revoked.

4. Deposit of Instrument of Proxy.

The instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a certified copy thereof) must be deposited at the office of M & C Services Private Limited at 112 Robinson Road #05-01 Singapore 068902 at least 48 hours before the time appointed for holding the Annual General Meeting.

5. Personal Data Privacy.

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a shareholder of the Company or, as the case may be, a Depositor (i) consents to the collection, use and disclosure of the shareholder's or, as the case may be, the Depositor's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the shareholder or, as the case may be, the Depositor discloses the personal data of the shareholder's or, as the case may be, the Depositor's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the shareholder or, as the case may be, the Depositor has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder or, as the case may be, the Depositor will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's or, as the case may be, the Depositor's breach of warranty.

Explanatory Notes

Resolutions 2 to 4

1. Detailed information on these Directors can be found in the section Board of Directors of the Company's Annual Report.

(a) Mr. Michael Chia Hock Chye, upon re-election as a Director of the Company, will remain as a member of the Audit Committee and the Nominating Committee.

(b) Mr. Koh Tiong Lu John, upon re-election as a Director of the Company, will remain the Chairman of the Audit Committee and a member of the Nominating Committee and is considered independent.

(c) Mr. Keith James Pringle, upon re-election as a Director of the Company, will remain as a member of the Audit Committee, Remuneration Committee and the Technical Committee and is considered independent.

Resolution 5

2. SGD to USD exchange rates of 1.38:1 and 1.40:1 were used for the financial years ended 31 December 2016 and 31 December 2015, respectively.

Resolution 7

3. Resolution 7 is to empower the Directors to issue shares in the capital of the Company and/or to make or grant Instruments (as defined in Resolution 7). The aggregate number of Shares which may be issued pursuant to Resolution 7 (including new Shares to be issued in pursuance of Instruments made or granted pursuant to Resolution 7) shall not exceed 50.0 per cent. of the issued share capital of the Company excluding treasury shares, with a sub-limit of 20.0 per cent. for Shares issued other than on a pro rata basis to Shareholders. For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares shall be based on the total number of issued Shares in the capital of the Company excluding treasury shares at the time of the passing of Resolution 7, after adjusting for (i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time Resolution 7 is passed; and (ii) any subsequent bonus issue, consolidation or subdivision of Shares.

Corporate Information

As at 15 March 2017

Board Of Directors

Tan Ek Kia	Independent Non-Executive Chairman
Jeffrey S. MacDonald	Interim Chief Executive Officer and Executive Director
Chris Gibson-Robinson	Executive Director
Richard Lorentz	Executive Director
Chan Hon Chew	Non-Executive Director
Michael Chia	Non-Executive Director
John Koh	Non-Executive Independent Director
Duane Radtke	Non-Executive Independent Director
Alan Nisbet	Non-Executive Independent Director
Keith Pringle	Non-Executive Independent Director

Audit Committee

John Koh	Chairman
Tan Ek Kia	
Michael Chia	
Alan Nisbet	
Keith Pringle	

Nominating Committee

Tan Ek Kia	Chairman
John Koh	
Duane Radtke	
Michael Chia	

Remuneration Committee

Duane Radtke	Interim Chairman
Alan Nisbet	
Keith Pringle	
Chan Hon Chew	

Transition Committee

Tan Ek Kia	Chairman
Jeffrey S. MacDonald	
Chan Hon Chew	

Technical Committee

Keith Pringle	Chairman
Tan Ek Kia	
Duane Radtke	
Jeffrey S. MacDonald	

Joint Company Secretaries

Chrystle Kuek
Jennifer Lee

Registered Office

Intertrust Corporate Services (Cayman) Limited
190 Elgin Avenue, George Town, Grand Cayman, KY1–9005, Cayman Islands
T: +1 345 943 3100
F: +1 345 945 4757

Singapore Office

83 Clemenceau Avenue, #10–05 UE Square, Singapore 239920
T: +65 6838 5430
F: +65 6538 3622

Share Transfer Agent

M&C Services Private Limited
112 Robinson Road, #05–01, Singapore 068902

Auditors

Ernst & Young LLP
Public Accountants and Chartered Accountants
One Raffles Quay North Tower, Level 18, Singapore 048583

Audit Partner

Chan Yew Kiang
Year appointed: 2016
Public Accountants and Chartered Accountants
One Raffles Quay North Tower, Level 18 Singapore 048583

Glossary

This glossary contains explanations and definitions of certain terms used in connection with our business. The terms and their assigned meaning may not correspond to standard industry or common meaning or usage of these terms.

1C	Low estimate scenario of contingent resources.
1P	Equivalent to proved reserves; denotes low estimate scenario of reserves.
2017 Notes	S$130 million fixed-rate notes due June 2017.
2018 Notes	S$200 million fixed-rate notes due August 2018.
2022 Notes	S$130 million fixed-rate notes due June 2022.
2023 Notes	S$200 million fixed-rate notes due August 2023.
2C	Best estimate scenario of contingent resources.
2P	Equivalent to proved plus probable reserves; denotes best estimate scenario of reserves.
3C	High estimate scenario of contingent resources.
3D seismic data	Geophysical data that depicts the subsurface strata in three dimensions (3D). 3D seismic typically provides a more detailed and accurate interpretation of the subsurface strata than 2D seismic.
3P	Equivalent to proved plus probable plus possible reserves; denotes high estimate scenario of reserves.
basin	Areas where sedimentary rocks have accumulated over time, which are regarded as good prospects for oil and gas exploration.
bbl	Barrel.
bcf	Billion cubic feet.
Block 105	Block 105/110-04 offshore Vietnam.
boepd	Barrel(s) of oil equivalent per day.
bopd	Barrel(s) of oil per day.
contingent resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but are not currently considered to be commercially recoverable due to one or more contingencies.
DBS	DBS Bank Ltd.
DD&A	Depreciation, depletion and amortisation.
development well	A well drilled to obtain production from a proven oil or gas field.
EBITDAX	Earnings before interest, tax, depreciation, amortisation, geological and geophysical expenses and exploration expenses. EBITDAX is used when reporting earnings for oil and mineral exploration companies. It excludes exploration expenses and gives the true EBITDA of the firm.
Executive Director	A Director of our Group who performs an executive function.
gross reserves	The total volume of oil and/or gas anticipated to be commercially produced in the future.
km	Kilometre.
leads	A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation in order to be classified as a prospect.
lifting costs	Costs to operate and maintain oil and gas wells and related equipment, and facilities to bring oil and gas to the surface.
mcf	Thousand cubic feet.
MD	Measured depth, describes the length of the borehole of a well.
MME	Ministry of Mines and Energy in Cambodia.
mmbo	Million barrels of oil.
mmboe	Million barrels of oil equivalent.
mmcf	Million cubic feet.
mmcfd	Million cubic feet per day.

NSAI	Netherland, Sewell & Associates, Inc.
possible reserves	Those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than probable reserves.
probable reserves	Those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than proved reserves but more certain to be recovered than possible reserves.
prospect	A project associated with a potential accumulation that is sufficiently well defined to represent a viable exploration drilling target.
prospective resources	Those quantities of petroleum, which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.
proved reserves	Those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods and government regulations.
PSC	Production sharing contract, which is an agreement with the relevant host government, which outlines the fiscal terms for exploring, developing and producing oil and gas within a specified contract area.
OPEC	The Organization of the Petroleum Exporting Countries.
QPR	Qualified person's report.
reserves	Those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.
resources	All quantities of petroleum (recoverable and unrecoverable) naturally occurring on or within the Earth's crust, discovered and undiscovered, plus those quantities already produced.
RCF	Revolving Credit Facility.
SGX-ST	Singapore Exchange Securities Trading Ltd.
sq. km	Square kilometre.
TVDSS	Total vertical depth subsea.
work program	An annual budget program that defines the seismic, well drilling and facilities construction plans.
working interest	Percentage ownership in a joint operation associated with revenue and costs. Working interests do not take into account the terms of any royalties, government shares of production, or similar fiscal terms, and thus do not reflect net entitlement to any oil or gas produced.

KrisEnergy Regional Offices

Bangladesh

NB Tower, Level 12 , 40/7
North Avenue, Gulshan 2
Dhaka 1212

Cambodia

No. 28, Street 310
Sangkat Boeung, Keng Kang 1
Khan Chamcar Monn
Phnom Penh, P.O. Box 1619

Indonesia

Talavera Office Park
3rd Floor, Jalan Letjend TB.
Simatupang, Kav. 22–26 , Cilandak
Jakarta 12430

Singapore

83 Clemenceau Avenue
#10–05, UE Square
Singapore 239920

Thailand

7F, Athenee Tower, No. 63
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Bangkok 10330

Vietnam

18F, Bitexco Financial Tower, No. 2
Hai Trieu Street, Dist. 1
Ho Chi Minh City