KrisEnergy acquires 41.6666% of Block A Aceh in Indonesia

1. INTRODUCTION

The Board of Directors of KrisEnergy Ltd. ("**KrisEnergy**" or the "**Company**") announces that its wholly-owned subsidiary, KrisEnergy Asia Holdings B.V. ("**KEAH**") has today entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") with Premier Oil Overseas B.V. (the "**Seller**") to purchase the entire issued share capital of Premier Oil Sumatra (North) B.V. ("**POSN**") (comprising 18,000 shares of EUR 1.00 each) and to repay certain intercompany loans owed by POSN to the Seller (collectively, the "**Acquisition**"). By way of a separate deed of guarantee with the Seller, the Company is a guarantor for KEAH's obligations under the Sale and Purchase Agreement.

2. INFORMATION ON THE ASSET

POSN, a company incorporated in the Netherlands, holds 41.6666% working interest in the Block A Aceh production sharing contract ("**Block A**").

PT Medco E&P Malaka is the operator of the production sharing contract with a 41.6667% working interest while Japex Block A Ltd. holds the remaining 16.6667%.

Block A, located onshore Sumatra in the semi-autonomous region of Aceh, covers an area of 1,803 sq km and contains several gas condensate discoveries including the Alur Rambong, Alur Siwah and Julu Rayeu fields, which were approved for development in 2007. Development of these gas condensate discoveries is expected to occur after completion of the Acquisition. First gas from Alur Rambong is anticipated in 2017. The block also contains the Matang gas discovery, which requires further appraisal prior to being developed via tie-back to the initial facilities, and the high-CO_2 Kuala Langsa gas discovery.

Upon completion of the Acquisition, the best estimate contingent resources ("**2C resources**") attributable to the Company's 41.6666% working interest in Block A is 103.5 million barrels of oil equivalent ("**mmboe**") as estimated by Netherland, Sewell & Associates, Inc. ("**NSAI**") as of 31 December 2013. This comprises 29.2 mmboe of 2C resources in the development pending category associated with the Alur Rambong, Alur Siwah and Julu Rayeu fields and 74.4 mmboe of 2C resources in the development unclarified category with the Kuala Langsa discovery accounting for 87.6%[(1)].

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

Note:

(1) Totals may not add due to rounding.

3. PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT

3.1 Conditions Precedent

Completion of the Acquisition ("**Completion**") is subject to the receipt of all government approvals. Subject to Completion, the Acquisition will have an effective date of 1 January 2014.

3.2 Consideration

The total after tax consideration for the Acquisition is US$40.0 million (S$50.0 million)[(2)], which comprises the sale and transfer of the entire issued share capital and repayment of intercompany loans owed by POSN to the Seller, subject to a working capital adjustment (as described in paragraph 3.3 below) (the "**Consideration**").

The Consideration was arrived at a willing-buyer and willing-seller basis after taking into account the exploration and appraisal costs incurred by the Seller, 2C resources attributable to Block A, development potential of Block A, the indebtedness of POSN to the Seller and the prevailing market conditions. Half of the Consideration will be paid on Completion, which is subject to the conditions described in paragraph 3.1 above, and the remainder of the Consideration will be paid shortly after Completion.

3.3 Working Capital Adjustment

The Consideration includes payment for working capital computed as at the date of the last audited financial statements of POSN, being 31 December 2013. Immediately after Completion, the Consideration will be adjusted accordingly to reflect the working capital of POSN as at the Effective Date.

Note:

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

4. FINANCIAL EFFECTS OF THE ACQUISITION

4.1 Assumptions

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

4.2 Net Profits Attributable to the Acquisition

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

4.3 Net Tangible Assets per Share

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

	Before the Acquisition	**Adjusted for the Acquisition**
NTA	US$416.8 million (S$521.0 million)	US$542.6 million (S$678.2 million)
NTA per share	US$0.40 (S$0.50)	US$0.52 (S$0.65)

4.4 Earnings per Share

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

5. RATIONALE FOR THE ACQUISITION

The Company believes that the Acquisition will bring the following key benefits to the shareholders of the Company (the "**Shareholders**"):

- Access to development acreage onshore Indonesia;
- Significant increase in the 2C resources of the Company; and
- Ability to progress development of gas fields based on a development plan approved by the government.

6. METHOD FOR FINANCING THE ACQUISITION

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

7. OTHER INFORMATION

7.1 Interests of the Directors and Controlling Shareholders

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

7.2 Directors' Service Contracts

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

7.3 Relative Figures

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

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

Rule 1006	Bases	The Acquisition	Group	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	N.A.[(i)]	N.A. [(i)]	N.A. [(i)]
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	N.A.[(ii)]	N.A.[(ii)]	N.A.[(ii)]
(c)	The aggregate value of the consideration[(iii)] given or received, compared with the Company's market capitalisation[(iv)] based on the total number of issued shares excluding treasury shares.	US$40.0 million (S$50.0 million)	US$677.9 million (S$847.4 million)	5.9

Rule 1006	Bases	The Acquisition	Group	Relative Figures (%)
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	N.A.(v)	N.A.(v)	N.A.(v)
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	N.A.(vi)	N.A.(vi)	N.A.(vi)

Notes:

(i) This basis is not applicable to an acquisition of assets.

(ii) No profit or loss relating to the asset or operations has been recorded as Block A is still in the development stage.

(iii) For the purposes of computing Rule 1006(c), the consideration for the Acquisition is taken to be US$40.0 million (S$50.0 million).

(iv) "Market capitalisation" is determined by multiplying the number of shares in the Company in issue by the weighted average price of such shares transacted on the market day preceding the date of the Sale and Purchase Agreement.

(v) This basis is not applicable because no equity securities will be issued by the Company as consideration for the Acquisition.

(vi) This basis is applicable to a disposal of mineral, oil and gas assets, but not to an acquisition of such assets.

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

Based on NSAI's verification of the 2C resources for Block A as of 31 December 2013, the Acquisition will increase our working interest 2C resources by approximately 151% from 68.6 mmboe to 172.1 mmboe. This 103.5 mmboe of 2C resources associated with Block A comprise 29.2 mmboe in the development pending category associated with the Alur Rambong, Alur Siwah and Julu Rayeu fields and 74.4 mmboe in the development unclarified category with Kuala Langsa field accounting for 87.6%(3).

Note:

(3) Totals may not add due to rounding.

8. DOCUMENTS FOR INSPECTION

A copy of the Sale and Purchase Agreement and NSAI's qualified person's report on the 2C resources for Block A as of 31 December 2013 is available for inspection upon request by our Shareholders during normal business hours at 83 Clemenceau Avenue, #10-05, UE Square, Singapore 239920 for a period of three months, commencing from the date of this announcement.

By order of the Board

Kelvin Tang
Joint Company Secretary
1 July 2014

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About KrisEnergy:

KrisEnergy Ltd. is an independent upstream company focused on the exploration for, and the development and production of oil and gas in Southeast Asia. Our strategy is to acquire assets in countries and basins where our technical team has expertise derived from decades of experience. Since 2009, we have built a portfolio of 18 contract areas in Bangladesh, Cambodia, Indonesia, Thailand and Vietnam, spanning the entire exploration-to-production life cycle. Once all government approvals have been received for the Block A acquisition, we will hold working interests in 19 licences of which we operate 11 of the contract areas. In the first quarter 2014, our working interest production was a little over 8,000 barrels of oil equivalent per day. Our asset portfolio provides a solid foundation from which we intend to grow our business in Southeast Asia.

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

For more information, visit www.krisenergy.com