



KrisEnergy announces 1H2015 financials & operational update

- EBITDAX jumps 47.3% to US\$31.0 million, net profit US\$55.8 million from loss a year earlier; revenue declines 47.0% on global oil-price volatility
- Gulf of Thailand milestones: first oil from Nong Yao field; Wassana on target for mid-August start up; four successful wells drilled in Rossukon
- Successful completion of rights issue raises net proceeds of S\$165.6 million

Singapore, 13 August 2015 – KrisEnergy Ltd. (“KrisEnergy” or “the “Company”), an independent upstream oil and gas company, today announces unaudited results for the second quarter (“2Q2015”) and first half (“1H2015”) ended 30 June 2015, and provides an operational update for the year up to 12 August 2015.

	Second quarter and six months ended 30 June					
	2Q2015	2Q2014	%	1H2015	1H2014	%
Production volumes (boepd)	7,574	7,878	(3.9)	7,636	7,987	(4.4)
<i>Oil and liquids (bopd)</i>	<i>1,414</i>	<i>1,519</i>	<i>(6.9)</i>	<i>1,382</i>	<i>1,533</i>	<i>(9.8)</i>
<i>Gas (mmcf)</i>	<i>37.0</i>	<i>38.2</i>	<i>(3.1)</i>	<i>37.5</i>	<i>38.7</i>	<i>(3.1)</i>
Revenue (US\$million)	11.6	22.3	(47.9)	23.1	43.5	(47.0)
EBITDAX ¹ (US\$million)	21.7	11.2	94.3	31.0	21.0	47.3
Average sales price						
<i>Oils and liquids (US\$/bbl)</i>	<i>61.98</i>	<i>109.58</i>	<i>(43.4)</i>	<i>57.46</i>	<i>108.81</i>	<i>(47.2)</i>
<i>Gas – B8/32 and B9A (US\$/mcf)</i>	<i>4.26</i>	<i>5.98</i>	<i>(28.8)</i>	<i>4.96</i>	<i>6.09</i>	<i>(18.6)</i>
<i>Gas – Block 9 (US\$/mcf)</i>	<i>2.32</i>	<i>2.32</i>	<i>-</i>	<i>2.32</i>	<i>2.32</i>	<i>-</i>
Average lifting costs (US\$/boe)	7.01	7.51	(6.7)	6.36	6.23	2.1

Volatility in global oil markets that carried over from last year had an inevitable impact on the Company’s business, with revenues declining 47.0% in the first six months 2015 (“1H2015”) from a year earlier. Nevertheless, KrisEnergy’s focus on executing projects for near-term growth in production and therefore cash flow, while at the same time controlling

¹ Earnings before interest, taxation, depreciation, amortization, geological and geophysical expenses and exploration expenses (“EBITDAX”). EBITDAX is a non-IFRS measure



costs and optimising capital and asset structures, sees the Company enter the second half of 2015 with a stronger balance sheet and a development pipeline primed for future value creation.

EBITDAX, the globally accepted benchmark of profitability for the upstream oil and gas industry, jumped 47.3% to US\$31.0 million in 1H2015 from US\$21.0 million in the first half 2014 ("1H2014") driven largely by strategic asset divestment and acquisition transactions. The Company recorded a net profit after tax of US\$55.8 million from a US\$23.8 million loss a year earlier.

The tumble in global oil markets led to a 47.2% decline in the 1H2015 average sales price for crude oil and liquids to an average US\$57.46 per barrel ("bbl") from US\$108.81/bbl in 1H2014. The average gas price in the B8/32 and B9A fields in the Gulf of Thailand, which is calculated on a formula linked to oil, fell 18.6% to US\$4.96 per thousand cubic feet ("mcf") from US\$6.09/mcf in 1H2014. The sales price at the Bangora onshore Bangladesh gas field remained steady at US\$2.32/mcf, reinforcing the benefits of KrisEnergy's strategy to build a diversified oil and gas company with assets along the entire hydrocarbon life cycle and in varying fiscal regimes. Working interest production in 1H2015 averaged 7,636 barrels of oil equivalent per day ("boepd"), down 4.4% from the 1H2014 average of 7,987 boepd.

The start of production at the Nong Yao oil field in June, in the Gulf of Thailand, marked a significant milestone in KrisEnergy's evolution. The Company is in the final stages of commissioning the first batch of four development wells and the processing systems for the start-up of the Wassana oil field in G10/48 in the Gulf of Thailand. Wassana is KrisEnergy's first greenfield development project and is on target to produce first oil in mid-August. Development drilling in both Nong Yao and Wassana is continuing and production is expected to ramp up over the coming months to approximately 10,000 barrels of oil per day ("bopd") from each field.

The Company remained cash-flow positive during both quarters of 2015 and enters the second half with higher cash in hand and less debt relative to shareholders' equity, in large part due to the successful completion on 11 August of a S\$169.5 million renounceable underwritten rights issue. The Company intends to use about 85.0% of the net proceeds of S\$165.6 million for capital expenditure.

Unused sources of liquidity as at 30 June 2015 amounted to US\$85.8 million and the Group's gearing was 40.9%, which remains within the middle of the targeted debt to debt-and-equity range. Following the rights issue, gearing has been reduced to 35.6%, increasing the Company's future borrowing capacity to fund value-added growth without risk of overleveraging.

Amid the uncertain outlook for oil markets, management has focused on optimising the balance sheet, prudent expansion and cost containment, which have resulted in significant benefits. These include the gain from the divestment of marine facilities related to the Wassana development and the recognition of provisional negative goodwill amounting to



US\$45.1 million in connection with our acquisition of a 41.6666% working interest in Block A Aceh, onshore Sumatra, Indonesia, the transaction for which was completed in January, and reflects KrisEnergy's continued ability to acquire accretive assets below reserve valuations.

Core production expenses also continued to fall: lifting costs excluding Nong Yao in 1H2015 were 4.5% lower at US\$5.95 per barrels of oil equivalent ("boe") versus US\$6.23/boe a year earlier. While the Company recognised costs related to the start-up of Nong Yao between 17 and 30 June 2015, which will continue to weigh on average lifting costs across the Company, no revenue was recognised from the field for the period as production is still in the ramp up phase and first lifting has yet to occur.

Keith Cameron, KrisEnergy's Chief Executive Officer, commented: "We expect the start of oil production at the Wassana field imminently, and our successful exploration drilling in the first half of 2015 underpins our strategy to be active across the exploration-to-production life cycle to generate the next generation of development projects. Our activities and plans for the remainder of 2015 are in line with our strategy to execute development projects in order to grow the intrinsic value of the Company through the increase in production and hence revenue and EBITDAX.

"Whilst the current macroeconomic and oil price environments are expected to place an overall strain on the upstream sector, we believe we have implemented the necessary operational and financial strategies to further strengthen our portfolio as we move into the next phase of value growth or value creation," Mr Cameron said.

Capital expenditure in 1H2015 was US\$121.6 million, with 71.3% going to the Nong Yao and Wassana developments as well as to the successful exploration drilling in the the G10/48 and G6/48 licences in the Gulf of Thailand. For the full year, the Company expects capital expenditure to reach almost US\$252.0 million, which will be funded from a combination of proceeds from the rights issue, cash flows from operations, potential further strategic asset divestments and farm-out transactions, as well as from debt facilities and cash resources.

Update from 31 March to 12 August 2015

Production set to ramp up

- First oil from the Nong Yao field in G11/48 in the Gulf of Thailand was achieved on 17 June 2015. Seven wells had been drilled and completed by 12 August 2015 and development drilling continues. The Nong Yao facilities have a production capacity of up to 15,000 bopd and are able to process 30,000 barrels of fluids per day.
- Commissioning is in the final stages for the first batch of four development wells and the processing systems for the Wassana oil field in G10/48 in the Gulf of Thailand. The project remains on target to commence production in mid-August. It will comprise up to 15 development wells, a MOPU and related facilities, which will have a capacity of 10,000 bopd;



- Thirty-five development wells were drilled in the B8/32 & B9A oil and gas producing complex in the Gulf of Thailand in 1H2015. Up to 52 development wells in B8/32 & B9A are scheduled to be drilled this year.

Developments progressing

- The contract for front-end engineering and design for the KrisEnergy-operated Lengo gas development in the Bulu PSC offshore East Java was awarded in April 2015 and the study was 65% completed by the end of July;
- The production area application for the Rossukon oil field in the G6/48 licence in the Gulf of Thailand was submitted in June 2015 following a successful four-well drilling program in March and April this year;
- Technical and fiscal terms for the Apsara oil development in Cambodia Block A have been agreed and steps are underway to formalise the paperwork, aiming for first oil approximately 24 months after final investment decision is declared.

Exploration

- The *Key Gibraltar* jack-up rig drilled the successful Rayrai exploration well in G10/48, 2.25 km north of the existing Niramai oil accumulation. The results are being integrated into the G10/48 geological model to assess potential future drilling locations;
- A 300 km 2D transition zone seismic acquisition program was completed in the Udan Emas PSC and a 575 sq. km of 3D seismic data was acquired in Block 120 offshore Vietnam.

Prudent capital and asset management

- Completed successful Rights Issue on 11 August 2015, raising net proceeds of S\$165.6 million;
- The 2014 Revolving Credit Facility was increased to US\$122.0 million from US\$100 million in April 2015;
- Following the refurbishment of the mobile offshore production unit, the *MOPU Ingenium*, the facility was divested in June 2015 together with other marine-related assets deployed in the Wassana field.

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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 19 contract areas in Bangladesh, Cambodia, Indonesia, Thailand and Vietnam, spanning the entire exploration-to-production life cycle. KrisEnergy operates 13 of the contract areas.

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