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1. Independent Auditor Assessment of Material Uncertainty Related to Going Concern on the Audited Consolidated Financial Statements for the Financial Year ended 31 December 2018

2. Material Adjustments between Unaudited Consolidated Financial Statements and Audited Consolidated Financial Statements for the Financial Year ended 31 December 2018

Singapore, 2 April 2019 – KrisEnergy Ltd. ("**KrisEnergy**" or "the **Company**", and together with its subsidiaries, the "**Group**"), an independent upstream oil and gas company, wishes to announce the following:

1. **Independent Auditor Assessment of Material Uncertainty Related to Going Concern on the Audited Consolidated Financial Statements for the Financial Year ended 31 December 2018**

   The Company's independent auditor, Deloitte & Touche LLP (the "**Independent Auditor**"), has included an assessment of the Material Uncertainty Related to Going Concern in its audit report (the "**Independent Auditor's Report**") on the Company's audited consolidated financial statements for the financial year ended 31 December 2018 ("**FY2018 Audited Financial Statements**").

   For the avoidance of doubt, the opinion of the Independent Auditor on the FY2018 Audited Financial Statements remains unqualified.

   A copy of the Independent Auditor's Report together with an extract of Note 1 to the FY2018 Audited Financial Statements is annexed to this announcement for reference.

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

   (i) the Board has commenced a strategic review of the Group's capital structure. In this regard, the Company has retained Houlihan Lokey as financial advisor to for the purposes of assisting the Board explore, develop and implement all viable options available to the Group to improve its financial condition. The review will be focused on the Group's balance sheet and is not intended to impact the Group's operations, employees, partners, suppliers or trade creditors;

(ii) the Group has requested DBS Bank Ltd ("**DBS**") to provide additional funding of US$31.7 million via an upsize of the existing revolving credit facility ("**Additional Funding**") and DBS continues to work with the Group on the Additional Funding, for a period and terms to be agreed; and

(iii) there is ongoing implementation of short-term strategies to divest of non-core assets.

Additionally, the Board has confirmed that sufficient information has been disclosed by the Company to enable trading of the Company's shares to continue in an orderly manner.

Shareholders of the Company ("**Shareholders**") are advised to read the FY2018 Audited Financial Statements in its 2018 annual report, which will be despatched to Shareholders in due course.

2. Material Adjustments between Unaudited Consolidated Financial Statements and Audited Consolidated Financial Statements for the Financial Year ended 31 December 2018

The Board refers to its *Unaudited Fourth Quarter & Full Year ended 31 December 2018 Financial Statements Announcement* made on 26 February 2019 ("**FY2018 Unaudited Financial Statements**").

Subsequent to the release of the FY2018 Unaudited Financial Statements, the Independent Auditor has proposed certain adjustments which the management of the Company has adopted accordingly.

Details and explanation of the material adjustments between the FY2018 Unaudited Financial Statements and the FY2018 Audited Financial Statements are set out below:

(a) <u>Decommissioning Provision relating to B8/32</u>

Subsequent to the release of the FY2018 Unaudited Financial Statements, the Independent Auditor has proposed an audit adjustment in relation to decommissioning provisions between the FY2018 Unaudited Financial Statements and FY2018 Audited Financial Statements. The Independent Auditor performed agreed-upon procedures for the FY2018 Unaudited Financial Statements. The audit adjustment relates to the reversal for overprovision of decommissioning provisions (the "**Provision**") which was recorded as a result of the agreed-upon procedures undertaken by the Independent Auditor and amounted to US$29.0 million as at 31 December 2018. As the Provision was a result of changes in accounting estimates, it was adjusted from the net carrying amount of Oil and Gas Properties on the Group's Statement of Financial Position in the FY2018 Unaudited Financial Statements to Other Income on the Consolidated Statement of Comprehensive Income in the FY2018 Audited Financial Statements.

(b) <u>Land and Building Tax relating to the Bala-Balakang PSC</u>

Subsequent to the release of the FY2018 Unaudited Financial Statements, the Supreme Court in Indonesia has notified KrisEnergy (Bala-Balakang) BV ("**KEBB**"), a wholly-owned subsidiary of the Company, of its rejection of an appeal by KEBB (as operator and on behalf of the partners of the Bala-Balakang production sharing contract) against an imposed land and building tax ("**LBT**"). The Group is currently working closely with its tax advisors in assessing options relating to LBT but has made a provision in the FY2018 Audited Financial Statements amounting to approximately US$6.74 million.

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About KrisEnergy:

KrisEnergy Ltd. is an independent upstream company focused on the exploration for and the development and production of oil and gas in Southeast Asia. The Company holds working interests in three producing oil and/or gas fields, two in the Gulf of Thailand and one onshore Bangladesh. It also participates in 10 blocks in various stages of development, appraisal and exploration in Bangladesh, Cambodia, Indonesia, Thailand and Vietnam. KrisEnergy operates nine of the contract areas.

KrisEnergy's shares are listed on the mainboard of Singapore Exchange Securities Trading Ltd under the ticker SK3. For more information, visit www.krisenergy.com

Copy of Independent Auditor’s Report

Independent auditor’s report
For the financial year ended 31 December 2018

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of KrisEnergy Ltd. (the “Company”) and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year then ended in accordance with International Financial Reporting Standards (“IFRS”).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Group has recorded losses of US$137.4 million for the year ended 31 December 2018 which resulted in Total Equity reducing to US$22.7 million as at 31 December 2018. As stated in Note 1 to the consolidated financial statements, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group’s and the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter and our opinion remains unqualified.

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 year. 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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Independent auditor's report
For the financial year ended 31 December 2018

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

Key Audit Matter	How the audit matter was addressed in the audit
Assessment of impairment in exploration and evaluation assets, oil and gas properties, and intangible assets As at 31 December 2018, the Group recorded US$307.9 million of exploration and evaluation assets, US$163.8 million of oil and gas properties, US$8.4 million of intangible assets and US$13.5 million of other property, plant and equipment relating to the oil & gas assets (collectively the "Oil & Gas Assets"), which amount to approximately 77.0% of the Group's total assets. Management assessed the recoverability of its Oil and Gas Assets by looking at future cash flows from the respective Oil & Gas Assets at 31 December 2018 and its future plans for these assets. They have also engaged an independent qualified person to estimate, where appropriate, the proved, probable and possible reserves for certain of the Oil & Gas Assets, including the future net cash flows arising from such. The above assessment requires the exercise of significant judgement about and assumptions on, amongst others, the discount rate, oil reserves, expected production volumes and future Brent oil prices. The Group has made disclosures on the above judgement in Note 3, and further disclosures in Note 11 to the financial statements.	Our audit procedures focused on evaluating and challenging the judgements and key assumptions used by management in performing the impairment review. Such procedures included, amongst others: • Evaluated the appropriateness of management's defined cash generating units ("CGU") in performing their impairment assessment; • Reviewed management's budget and plan for the assets, including the funding options for future capital expenditure; • Compared forecasted oil price assumptions to publicly available forecasts and other market data; • Engaged our valuation specialists to independently develop expectations for the key macro-economic assumptions used in the impairment analysis, in particular the discount rate, and compared the independent expectations to those used by management; • Reviewed the reserve reports prepared by independent qualified person relating to the Group's estimated oil reserves, including having a discussion of the reserve reports with the independent qualified person; • Assessed the objectivity, competency and capability of the independent qualified person who prepared the reserve reports; • Agreed the hydrocarbon production profile in the independent qualified person's reserve report to what management has used in their internal corporate financial model; and • Reviewed the sensitivity tests performed by management on key variables such as (i) oil prices; (ii) discount rate; and (iii) production volume, keeping other assumptions constant. We have also reviewed the adequacy of the Group's disclosures that have been set out in Note 11 to the financial statements.

Copy of Independent Auditor's Report

Independent auditor's report
For the financial year ended 31 December 2018

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

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

The directors' 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.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

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

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

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

Copy of Independent Auditor's Report

Independent auditor's report
For the financial year ended 31 December 2018

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

Report on Other Legal and Regulatory Requirements

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

Public Accountants and
Chartered Accountants
Singapore

1 April 2019

Extract of Note 1 to the FY2018 Audited Financial Statements

KrisEnergy Ltd.
Notes to the consolidated financial statements
For the financial year ended 31 December 2018

1. Corporate information

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

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

The principal activity of the Company is that of investment holding. The principal activities of the joint arrangements and subsidiaries are disclosed in Note 5 and Note 12 to the consolidated financial statements.

Material Uncertainty Related to Going Concern

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

Although the Group benefitted from the general improvement in oil prices in 2018, the consequences of depressed and volatile oil markets from August 2014, coupled with the Group's high exposure to interest-bearing debts and associated non-cash finance charges, has materially and adversely impacted the Group's results of operations and financial condition.

The Group recorded net losses amounting to US$137.4 million for the financial year ended 31 December 2018, total equity was US$22.7 million and gearing was at 95.5% as at 31 December 2018. In addition, as at 31 December 2018, the Group has outstanding capital commitments (Note 23) that it will need to fulfil for the Group's oil & gas properties and exploration and evaluation assets.

To support the financial statements having been prepared on going concern basis and to ensure the adequacy of funds required to meet its obligations, working capital and capital commitment needs, the Group has prepared a 15-months consolidated cash flow forecast from 1 January 2019. In preparing the 15-months cash flow forecast, judgement and certain key assumptions have been taken into consideration by the Group, including:

(i) The Group has requested DBS Bank Ltd ("DBS") to provide additional funding of US$31.7 million via an upsize of the existing revolving credit facility ("Additional Funding") and DBS continues to work with the Group on the Additional Funding, for a period and terms to be agreed;

(ii) The Group is in ongoing negotiations with material long-term vendors to significantly reduce and/or defer certain payment obligations. As at the date of the consolidated financial statements, the Company remains focused to achieve a positive outcome;

(iii) Oil prices continue to be volatile and in preparing the cash flow forecasts, the Group's average forecast for Brent Crude future prices for the next 12-15 months range from US$65 to US$70 per barrel;

(iv) As part of its continued effort to manage the Group's portfolio of assets, the Group is in discussion with a third party to divest and/or farm out certain of its interests in the Group's exploration and evaluation assets; and

(v) In relinquishing its interest in an exploration and evaluation asset, the Group has sought, and is currently pending approval from the relevant Government, to transfer unfulfilled capital commitments to another exploration and evaluation asset in which the Group has a working interest.

Extract of Note 1 to the FY2018 Audited Financial Statements

1. Corporate information (cont'd)

As at 31 December 2018 and as at the date of these consolidated financial statements, the Group remains overgeared and underequitised and as such, the Group has appointed financial advisors to formally evaluate and advise the Board on all available options to improve and strengthen the financial position of the Group ("Recapitalisation").

The above matters represent a material uncertainty that may cast a significant doubt on the Group's and the Company's ability to continue as a going concern, and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business. Taking into account the underlying assumptions forming the cash flow projections of the Group as well as the Group's ongoing discussions with its major stakeholders, the Directors believe that positive outcomes relating to the matters stated above will enable the Group and the Company to continue operations for the foreseeable future, and that the basis of preparation of the accompanying consolidated financial statements remains appropriate.

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