



**KrisEnergy Ltd.**  
**2019 Annual Report**

*KrisEnergy Ltd. (“KrisEnergy” or the “Company”, and together with its subsidiaries, the “Group”) is an Asian-focused upstream oil and gas company with a portfolio of producing assets and near-term development projects.*



|                                                                         |                                                                                                                                                                                                                                                                                                                                              |                                                                              |
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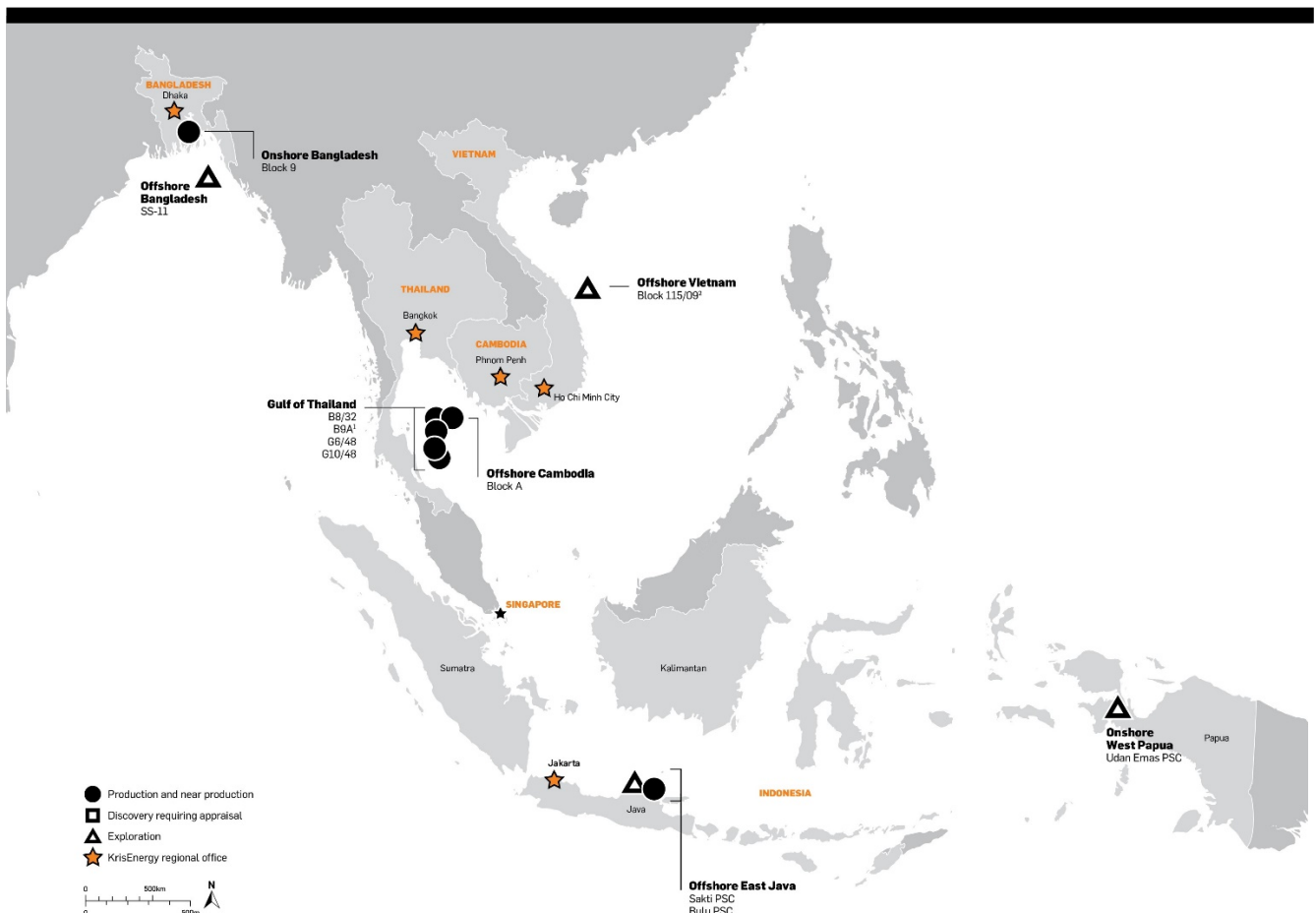
## 2019 Review The Portfolio

**We regularly review our asset portfolio to reduce the Group's exposure to high-risk exploration expenditure and commitment work programs for non-core assets to focus our financial resources on cash-flow generating activities such as maintaining existing production and oil development projects offshore Cambodia and the Gulf of Thailand.**

In 2019, the portfolio review resulted in the divestment of the Andaman II deepwater exploration production sharing contract ("PSC") offshore North Sumatra, Indonesia. In 2020, the Company agreed the farm-out of its entire working interest in the Block 115/09 exploration concession, offshore Vietnam, the transaction is pending government approvals. The Bala-Balakang PSC expired on 18 December 2020.

Following the emergence of the COVID-19 pandemic in the early months of 2020 and the negative impact on oil demand and price decline, KrisEnergy suspended production in early June 2020 at the Wassana field in the G10/48 concession in the Gulf of Thailand.

As at 3 June 2020, KrisEnergy's portfolio comprised: two producing assets – B8/32 oil and gas fields in the Gulf of Thailand and the Block 9 Bangora gas field onshore Bangladesh; the Apsara oil development in Cambodia Block A, which is scheduled to produce Cambodia's first oil in 2020; and eight concessions in various stages of pre-development, appraisal and exploration and relinquishment.



<sup>1</sup> B9A permanently ceased operation in October 2017. Abandonment activities are underway before the B9A licence is relinquished

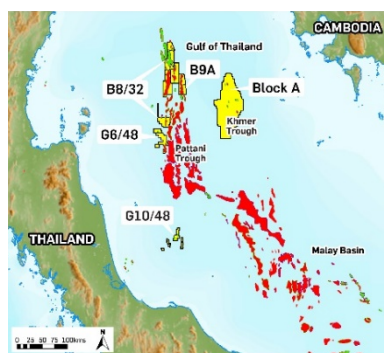
<sup>2</sup> In January 2020, KrisEnergy (Vietnam 115) Ltd. entered into a farm-out agreement for the transfer of its 100.0% working interest and operatorship of Block 115/09, offshore Vietnam. The transaction is pending approval of the Vietnamese authorities

| Country/Asset             | Working Interest (%) | Operator   | Gross Acreage (sq. km) | Location                          | Water Depth (m) |
|---------------------------|----------------------|------------|------------------------|-----------------------------------|-----------------|
| <b>Bangladesh</b>         |                      |            |                        |                                   |                 |
| Block 9                   | 30.0                 | KrisEnergy | 1,770                  | Surma Basin                       | Onshore         |
| SS-11                     | 45.0                 | Santos     | 4,475                  | Bay of Bengal                     | 200-1,500       |
| <b>Cambodia</b>           |                      |            |                        |                                   |                 |
| Block A                   | 95.0                 | KrisEnergy | 3,083                  | Khmer Basin                       | 50-80           |
| <b>Gulf of Thailand</b>   |                      |            |                        |                                   |                 |
| B8/32 & B9A <sup>1</sup>  | 4.6345               | Chevron    | 2,072                  | North Pattani Basin               | 42-113          |
| G6/48                     |                      | KrisEnergy |                        | Karawake Basin on                 | 60-70           |
| Production area           | 100.0 <sup>2</sup>   |            | 88                     | western margin of Pattani         |                 |
| Reservation area          | 30.0                 |            | 284                    | Basin                             |                 |
| G10/48                    | 89.0                 | KrisEnergy | 247                    | Pattani Basin                     | Up to 60        |
| <b>Indonesia</b>          |                      |            |                        |                                   |                 |
| Bulu PSC                  | 42.5                 | KrisEnergy | 697                    | East Java Sea                     | 50-60           |
| Sakti PSC                 | 95.0                 | KrisEnergy | 989                    | East Java Sea                     | 50-60           |
| Udan Emas PSC             | 100.0                | KrisEnergy | 1,070                  | Bintuni Basin                     | Onshore         |
| <b>Vietnam</b>            |                      |            |                        |                                   |                 |
| Block 115/09 <sup>3</sup> | 100.0                | KrisEnergy | 7,382                  | Quang Ngai Graben/Phu Khanh Basin | 60-200          |

<sup>1</sup> B9A permanently ceased operation on 31 October 2017. Abandonment is underway before the B9A licence is relinquished

<sup>2</sup> As of 18 February 2019, KrisEnergy holds 100.0% working interest in the Exclusive Operation of the Rossukon development plan

<sup>3</sup> In January 2020, KrisEnergy (Vietnam 115) Ltd. entered into a farm-out agreement for the transfer of its entire 100.0% working interest in Block 115/09 subject to certain conditions and approvals by the relevant government authorities



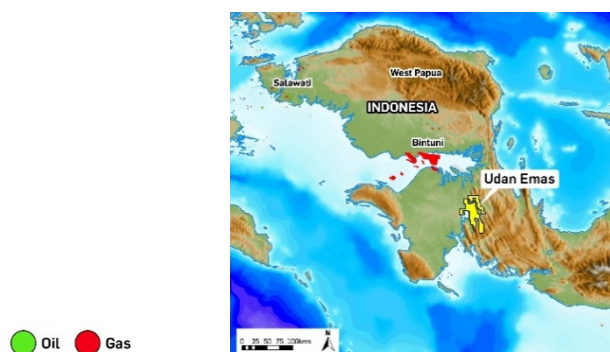
Gulf of Thailand/Offshore Cambodia<sup>1</sup>



Onshore/Offshore Bangladesh



Offshore East Java, Indonesia



Onshore West Papua, Indonesia



Offshore Vietnam<sup>3</sup>

Oil Gas

## Chairman's Statement

**At the time of publish of KrisEnergy's 2019 Annual Report, the world is trying to regain a footing from what has been an unprecedented global health and economic crisis in the first five months of 2020. The COVID-19 pandemic has spread worldwide and there is insufficient understanding of the virus to have clarity as to its full impact, duration and lasting consequences.**

The energy sector has been severely affected by the virus with countries in lockdown, transport at a standstill and economies contracting. Analysts and think-tanks indicate that energy demand plummeted 20.0% to 30.0% in April 2020 depending on the stringency of government restrictions.

In a confluence of factors, the pandemic struck at a time of a global glut in oil supplies resulting in unparalleled market reaction. In April 2020, US oil futures traded in negative territory for the first time in history, and global benchmark Brent fell to 20-year lows below US\$20.00 per barrel ("bbl"). Prices in the second half of May 2020 have recovered somewhat with Brent trading around the mid-US\$30.00/bbl but future direction and/or sustainability of any further price recovery remain uncertain.

### Review of Wassana

Due to the oil price crash, upstream companies worldwide have deferred development projects, slashed capital expenditure and, in some instances, shut in non-commercial production.

We have reviewed KrisEnergy's operations and determined that the cost structure at the Wassana oil field is unsustainable at prevailing oil prices, therefore we suspended production in early June 2020, and we have no visibility at this time when or if Wassana operations will resume.

This decision means we have regrettably reduced our workforce in Thailand by one quarter and, where appropriate, we have redeployed some personnel to the ongoing development of the Apsara oil field in Cambodia. Our remaining production continues in the KrisEnergy-operated Bangora gas field in Bangladesh and the non-operated B8/32 oil and gas fields in Thailand.

### 2019 headwinds

KrisEnergy faced significant challenges in 2019. Since the previous oil price decline, which started at the end of 2014, KrisEnergy's liquidity position has continued to deteriorate.

Material non-cash charges related to impairments, writedowns and increasing finance costs remain a burden and following a loss after tax of US\$168.9 million in 2019, the Company's net capital deficiency position stood at US\$145.9 million as at 31 December 2019. With total debt of US\$503.1 million as at 31 December 2019 and gearing of 140.8%, the balance sheet is clearly unsustainable, and a substantial reorganisation of liabilities and assets is urgently needed.

In August 2019, KrisEnergy's securities were suspended from trading while we applied to the High Court of Singapore for a moratorium in order to provide us breathing space from our creditors while we reviewed all available options for restructuring. The application was granted, and the moratorium was extended in November 2019 until 27 February 2020 and subsequently until 27 May 2020, when we applied for a further extension.

We have continued to formulate a restructuring path and we will shortly begin to implement the plan and engage KrisEnergy's stakeholders. While undeniably a challenge, there are few realistic options available to deliver a viable and sustainable financial structure.

Our first informal meeting with investors was well attended in September 2019 and we received a great deal of feedback. We anticipate convening a second investor townhall within the second quarter 2020. Due to COVID-19, the format of the meeting will be on a virtual platform.

## Apsara cornerstone

In April 2020, we entered into a credit facility agreement with Kepinvest Singapore Pte. Ltd., a subsidiary of Keppel Corporation Ltd (“Keppel”), for up to US\$87 million to finance the first phase of the Apsara oil development in Cambodia Block A. As Keppel is a majority shareholder of KrisEnergy, the loan facility is deemed an Interested Person Transaction under the Singapore Listing Manual and therefore we will convene an extraordinary general meeting (“EGM”), in order to obtain shareholder approval. Details of the EGM will be provided at a later date.

The development of Cambodia Block A is a cornerstone in KrisEnergy’s future. It marks an outstanding long-term opportunity in Southeast Asia and will be historic for the Kingdom of Cambodia.

There has been substantial geological and geophysical work undertaken in the block as well as exploration and appraisal drilling. Of the 27 wells drilled in the original licence area, 23 encountered oil and/or gas.

As the Khmer Basin is yet to produce oil, we are taking a cautious approach as befits an operator of our size by using the minimum of facilities and wells for the initial phase of development.

Once onstream later this year, we will be able to observe reservoir performance and record other valuable data in order to chart the course ahead for the next development phase. Today, we believe there is potential for an additional three platforms in the Apsara area and the Apsara fault trend is one of seven in Cambodia Block A, which is anticipated to be the highest revenue generating asset in the Group’s portfolio in the long term

Work on the Apsara facilities is at an advanced stage although we have encountered some delays to deliveries of materials and equipment and disruption to personnel movement and works due to government-enforced COVID-19 restrictions. However, we have continued operations where possible and are coordinating closely with suppliers and contractors to minimise any delays.

The *Ingenium II* production barge is nearing mechanical completion and we hope that commissioning will begin shortly. The structures of the jacket and topsides for the Apsara platform are nearing completion and installation of piping, electrical and instrument systems and equipment is ongoing.

## Green shoots?

The Board of Directors was delighted to confirm Joanne Ang as our permanent Chief Financial Officer (“CFO”) with effect from 19 May 2020. Joanne, who joined KrisEnergy in 2013, was appointed interim CFO in April 2019. I look forward to continuing to work with Joanne as we navigate the challenges ahead.

As of the time of this Annual Report, there appears to be tentative signs of green shoots of recovery with governments slowly lifting COVID-19 restrictions, people gradually returning to work and school and businesses reopening. The world’s major oil producers are making unprecedented cuts to supplies to try and restore some fundamental balance to oil markets and prices are steadying. However, we remain cautious.

On behalf of the Board of Directors, I wish to thank our shareholders and all stakeholders, contractors and vendors, and KrisEnergy staff for your patience, perseverance and efforts in these extremely testing times.



**Tan Ek Kia**  
Independent Non-Executive Chairman  
3 June 2020

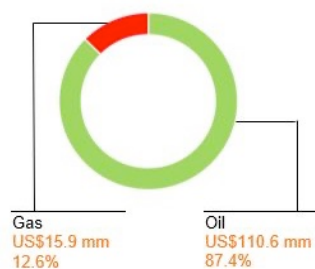
# 2019 Financial Review

## Revenue (US\$ mm)

**126.5**

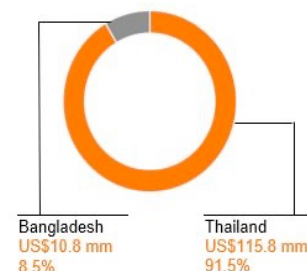
(2018: 144.8)

## Revenue: Oil vs Gas



## Revenue by Country

(numbers may not add due to rounding)



## Adjusted EBITDAX<sup>1</sup> (US\$ mm)

**24.7**

(2018: 53.0)

## Average Lifting Cost (US\$/boe)

**22.98**

(2018: 23.70)

## Operating Cost (US\$ mm)

**49.4**

(2018: 79.9)

## Loans & Borrowings (US\$ mm)

**503.1**

(2018: 459.1)

## Gearing (As at 31 December)

**140.8%**

(2018: 95.5%)

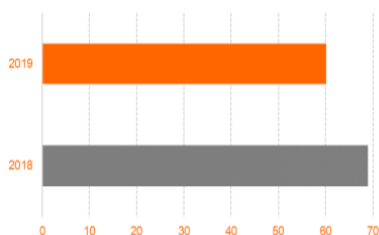
<sup>1</sup> Earnings before interest, taxation, depreciation, depletion, amortisation, geological and geophysical expenses and exploration expenses ("EBITDAX"). Adjusted EBITDAX excludes unrealised foreign exchange differences

<sup>2</sup> Excludes Bangladesh gas at US\$2.32/mcf

## Average Realised Oil & Liquids Sales Price (US\$/bbl)

**60.04**

(2018: 68.89)

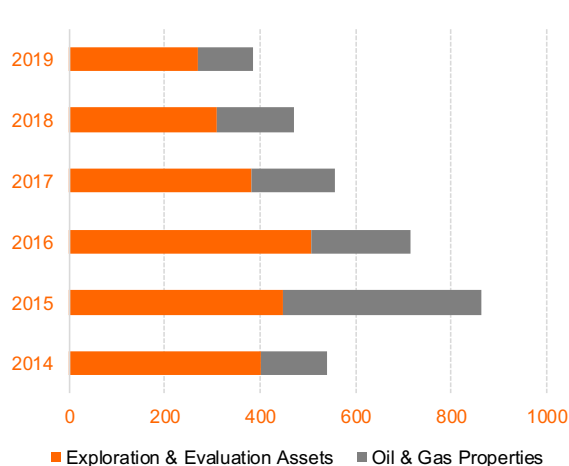


## Oil & Gas Assets (US\$ mm)

(As at 31 December)

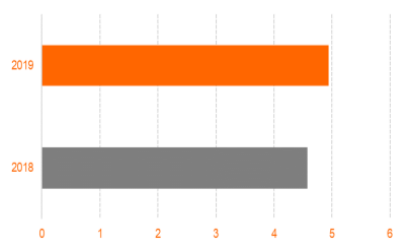
**385.0**

(2018: 471.7)



## Average Realised Gas Sales Price<sup>2</sup> (US\$/mcf)

**4.94** (2018: 4.58)



**KrisEnergy remained severely financially stressed in 2019. Increasing finance costs and significant non-cash charges deepened losses, and total loans, borrowings and gearing continued to increase resulting in further deterioration of the Group's capital position.**

Over-gearred and under-equitised, KrisEnergy Ltd. applied to the High Court of the Republic of Singapore ("Singapore High Court") on 14 August 2019 to commence a court-supervised process to reorganise its liabilities and to seek a moratorium against enforcement actions and legal proceedings by creditors against the Company pursuant to section 211B of the Companies Act (Cap. 50). Concurrently, trading of all KrisEnergy securities – equity and debt – on the Singapore Exchange Securities Trading Ltd ("SGX-ST") was indefinitely suspended.

The Singapore High Court granted the moratorium application for a three-month period to 14 November 2019 while the Company continued to review its options to restructuring its liabilities. An application on 13 November 2019 for a three-month extension of the moratorium was granted by the Singapore High Court to 26 February 2020 and on 24 February 2020, a second application was granted to extend the moratorium to 27 May 2020. See section *Loans, borrowings and moratorium*. On 27 May 2020, the Company applied for a third moratorium extension.

The Group's financial statements for the period ending 31 December 2019 were prepared on a going concern basis. The Group's auditors' view, as stated in the audited consolidated full-year 2019 financial statements, is that material uncertainty exists over the Group's ability to continue as a going concern.

## **Production & revenue**

Benchmark Brent crude oil averaged US\$64.16 per barrel ("bbl") in 2019, a 10.5% decline from 2018's US\$71.69/bbl as trade and geopolitical tensions cast a shadow over economic growth and raised concerns over oil and gas demand while major producers pumped record high volumes.

| <b>For the year ended 31 December</b>      | <b>2019</b>   | <b>2018</b>   |
|--------------------------------------------|---------------|---------------|
| Sale of crude oil & liquids (US\$ million) | 110.6         | 130.4         |
| Sale of gas (US\$ million)                 | 15.9          | 14.4          |
| <b>Revenue (US\$ million)</b>              | <b>126.5</b>  | <b>144.8</b>  |
| <b>Production volumes</b>                  |               |               |
| Oil & liquids (bopd) <sup>1</sup>          | 4,750         | 5,677         |
| Gas (mmcf)                                 | 32.9          | 30.1          |
| <b>Total (boepd)</b>                       | <b>10,229</b> | <b>10,691</b> |
| <b>Average sales price</b>                 |               |               |
| Oil & liquids (US\$/bbl)                   | 60.04         | 68.89         |
| Gas – B8/32 (US\$/mcf)                     | 4.94          | 4.58          |
| Gas – Block 9 (US\$/mcf)                   | 2.32          | 2.32          |

<sup>1</sup> Includes KrisEnergy's working interest share of Nong Yao production up to 31 May 2018

The Group's working interest production in 2019 averaged 10,229 barrels of oil equivalent per day ("boepd"), 4.3% lower than a year ago. On a *pro forma* basis, excluding production from the Nong Yao field for the 1 January 2018 to 31 May 2019 period, the Group's three remaining assets – Block 9, B8/32 and G10/48 – recorded working interest production of 9,921 boepd in 2018. The 3.1% increase in 2019 on a *pro forma* basis was a result of higher production from B8/32 and Block 9.

The continued volatility of the oil markets was reflected in the Group's average realised selling price for crude oil and liquids, which decreased 12.8% to US\$60.04/bbl in 2019 (2018: US\$68.89/bbl). The price of crude oil sales from the Wassana field in the G10/48 concession in the Gulf of Thailand, which accounts for 75.0% to 80.0% of KrisEnergy's oil and liquids production, is calculated on the average of the Dubai crude benchmark for the calendar month of lifting. In August 2019, the realised price achieved for a Wassana cargo was the lowest since December 2017. Similarly, in the fourth quarter of 2019, Wassana barrels were priced 20.0% below a cargo sold in the last three months of 2018 when the Dubai marker was close to the year's peak.

The Group's gas pricing and production were higher in 2019 with the realised price at the B8/32 fields in the Gulf of Thailand up 7.9% to US\$4.94 per thousand cubic feet ("mcf") (2018: US\$4.58/mcf) in line

with the redetermination of the gas price formula which is set on a trailing six-month basis. The realised gas price from the Bangora gas field, onshore Bangladesh, was unchanged from a year earlier at US\$2.32/mcf.

Lower realised prices and sales volumes led to a 12.6% reduction in 2019 revenue to US\$126.5 million. Approximately 91.5% of revenue is derived from the B8/32 and G10/48 fields in the Gulf of Thailand and the remainder from Block 9 in Bangladesh. Oil accounted for 46.4% of the Group's average working interest production and 87.4% of total 2019 revenue.

### Adjusted operating costs

Operating costs including the bareboat charters for Wassana field operations in G10/48 – namely the *Ingenium I* mobile offshore production unit ("MOPU") and the floating storage and offloading vessel ("FSO") – were US\$88.6 million in 2019, marking a 10.8% increase versus 2018 primarily as a result of an increase in the number of barrels of Wassana crude oil lifted compared with 2018<sup>1</sup>.

Average lifting cost, which reflect the Group's working interest share of joint-venture operating expenditure incurred versus production in the same period, was US\$22.98 per barrel of oil equivalent ("boe") compared with US\$23.70/boe in 2018. The 3.1% decrease was due to higher production from B8/32 and Block 9 while maintaining operating expenditure at relatively stable levels.

Depreciation, depletion and amortisation ("DD&A") charges rose substantially in 2019 to US\$86.7 million versus US\$49.8 million in 2018, primarily due to the adoption of IFRS 16 *Leases* ("IFRS 16") effective 1 January 2019, which superseded IAS 17 *Leases* ("IAS 17"). Under IFRS 16, the bareboat charters for the Wassana field operations – the *Ingenium I* MOPU and the *Rubicon Vantage* FSO – are accounted for as DD&A of right-of-use assets in cost of sales. Prior to 1 January 2019, the bareboat charters were recognised as operating costs in cost of sales in accordance with IAS 17.

| For the year ended 31 December            | 2019             | 2018             |
|-------------------------------------------|------------------|------------------|
| Cost of sales (US\$ million)              | 147.9            | 149.6            |
| <b>Average lifting cost</b>               |                  |                  |
| Oil, liquids & gas (US\$/boe)             | 22.98            | 23.70            |
| Net operating expenditure (US\$ million)  | 85.8             | 92.5             |
| <b>Total production (boe)<sup>2</sup></b> | <b>3,733,649</b> | <b>3,902,390</b> |

### Adjusted EBITDAX

As at 1 January 2019, the Company began reporting earnings before interest, taxation, depreciation, amortisation, geological and geophysical expenses and exploration expenses, or EBITDAX, as Adjusted EBITDAX, which excludes unrealised foreign exchange differences. EBITDAX is considered a global measure of core profitability within the exploration and production sector. For 2019, Group Adjusted EBITDAX amounted to US\$24.7 million as a result of a lower contribution from higher-value crude oil volumes in the production mix and lower realised prices.

### Finance costs

Finance costs in 2019 increased 14.9% to US\$56.6 million due to higher bank loan interest, restructuring fees and accretion of the lease liabilities under IFRS 16. In 2019, material finance costs incurred related to cash interest and default interest accrued on loans and borrowings amounting to US\$27.8 million and non-cash accretion of bond discount, lease liabilities and decommissioning provision amounting to US\$24.0 million.

Pursuant to the financial restructuring in 2017, the Group recognised a one-off non-cash fair value gain on exchange of the S\$130.0 million 4.0% senior unsecured notes due 2022 ("2022 Notes") and the S\$200.0 million 4.0% senior unsecured notes due 2023 ("2023 Notes") amounting to US\$73.9 million

<sup>1</sup> In accordance with the Group's accounting policies and industry practice, operating costs are incurred and matched with revenue earned at the time of offtake. Although operating expenditure associated with the Wassana field is largely fixed, the accounting recognition of costs will fluctuate in line with the timing of liftings and revenue

<sup>2</sup> For 2018, includes KrisEnergy's working interest production for the Nong Yao field up to 31 May 2018

(the “Notes Exchange Gain”) as the 2022 Notes and 2023 Notes were recognised at a discount to par value upon exchange. Each reporting quarter until maturity or redemption of the 2022 Notes and 2023 Notes, the non-cash accretion of the bond discount, computed on the effective interest method in accordance with IFRS, will be charged to the Group’s profit and loss as finance costs to offset the Notes Exchange Gain. In addition, non-cash accretion of bond discount on the 2024 Zero Coupon Notes (“2024 ZCNs”) will be charged to finance costs as the 2024 ZCNs were initially recognised at a discount to par value on issuance in 2017.

### Loss after tax

KrisEnergy incurred a loss after tax in 2019 of US\$168.9 million. Material non-cash charges to the profit and loss statement in 2019 remained at significantly high levels and amounted to US\$158.2 million comprising US\$46.9 million for DD&A expenses excluding DD&A on right-of-use assets in relation to the bareboat charters, US\$65.2 million in write-offs for exploration and evaluation assets (Udan Emas production sharing contract (“PSC”), Sakti PSC and Block 115/09), US\$22.1 million for impairment of oil and gas properties, primarily G10/48 due to lower oil prices and well performance, and US\$24.0 million related to the non-cash accretion of bond discount, lease liability and decommissioning provision.

The loss after tax resulted in a net capital deficiency position of the Group of US\$145.9 million and net current liabilities of US\$531.7 million as at 31 December 2019.

### Loans, borrowings & moratorium

As at 31 December 2019, total loans and borrowings recognised on the Group’s balance sheet was US\$503.1 million and gearing was 140.8%.

At the end of 2018, the Group’s revolving credit facility (“RCF”), provided by DBS Bank Ltd (“DBS”), stood at US\$148.3 million with an additional US\$20.0 million commitment from DBS under the RCF (the “Bridge Upsize”) with a maturity date of 8 January 2019. Subsequently, DBS and KrisEnergy entered into the following transactions:

- On 8 January 2019, the Bridge Upsize maturity date was extended for one month to 8 February 2019;
- On 1 February 2019, the Bridge Upsize maturity date was extended for one month to 8 March 2019; and
- On 5 March 2019, the Bridge Upsize maturity date was extended for one month to 8 April 2019.

On 4 April 2019, DBS increased the RCF by an amount which would not result in the total commitments exceeding US\$200.0 million, whereby DBS provided an additional commitment of US\$31.7 million (the “RCF Upsize”) under the RCF and the Bridge Upsize was subsumed under the RCF.

As at 31 December 2019, the total draw on the RCF was US\$192.4 million. The RCF matures on 30 June 2020 and therefore the full amount drawn is classified as current liability. The Group is finalising documentation for a short-term extension of the RCF with DBS.

The aggregate value of the 2022 Notes, 2023 Notes and 2024 ZCNs (collectively, the “Notes”) as at 31 December 2019 was US\$276.3 million. Following suspension of trading of the Company’s securities on 14 August 2019, the Company announced an event of redemption for the Notes under the terms and conditions of the securities as a result of the trading halt exceeding seven consecutive days. Concurrently, the Company disclosed that it was not in a position to redeem any of the Notes.

Furthermore, pursuant to the moratorium application, the Notes are repayable on demand and hence the carrying amount of debt as at 31 December 2019 is classified as current liability.

Given the financial condition of the Group, the Company announced on 21 August 2019 that it was not feasible to make all payments of its financial obligations as they fell due and therefore the Company temporarily ceased payment of certain obligations, including interest payable on the 2022 Notes, 2023 Notes, and the principal and interest payable under the unsecured term facility agreements amounting to US\$4.6 million in aggregate due on 21 August 2019.

On 20 February 2020, the Company issued an update on further non-payment of interest relating to the 2022 Notes and the 2023 Notes, and non-payment of principal and interest in relation to term facility agreements. The unsecured term loans were also deemed as current liability as at 31 December 2019.

| For the year ended 31 December (US\$ million) | 2019         | 2018         |
|-----------------------------------------------|--------------|--------------|
| 2022 Notes                                    | 80.8         | 74.3         |
| 2023 Notes                                    | 122.5        | 115.4        |
| 2024 ZCNs                                     | 73.0         | 66.7         |
| RCF                                           | 192.4        | 148.3        |
| Bridge Upsize                                 | -            | 20.0         |
| Unsecured term loans                          | 34.4         | 34.4         |
| <b>Total</b>                                  | <b>503.1</b> | <b>459.1</b> |

## Cash

As at 31 December 2019, total cash and cash equivalents were US\$45.1 million, compared with US\$69.3 million as at 31 December 2018, and unused sources of liquidity including undrawn amounts on the RCF amounted to US\$13.1 million.

The Group remained cash flow positive with net cash from operating activities for the full year at US\$24.8 million compared with US\$35.3 million in 2018.

Net cash used in investing activities was US\$43.4 million (2018: US\$45.2 million). Material capital expenditure included development activities for the production barge, wellhead platform and facilities for the Apsara oil field offshore Cambodia; 3D seismic, geotechnical and geophysical surveys in Cambodia Block A; a 3D seismic survey in the non-operated Andaman II exploration licence; a geotechnical survey at the Rossukon oil discovery location in the G6/48 concession in the Gulf of Thailand; and ongoing ordinary course of business expenditure in the Block 9, and G10/48 producing assets.

Net cash used in financing activities totalled US\$5.6 million (2018: US\$13.8 million): US\$44.1 million drawn on the RCF, US\$20.0 million to repay the Bridge Upsize, US\$23.6 million to lease payments, US\$3.0 million for financial restructuring expenses and US\$5.0 million to coupon payments for the 2022 Notes and 2023 Notes. Coupon payments for the 2022 Notes and 2023 Notes were suspended from August 2019.

| For the year ended 31 December (US\$ million)      | 2019        | 2018        |
|----------------------------------------------------|-------------|-------------|
| Net cash flows from operating activities           | 24.8        | 35.3        |
| Net cash flows used in investing activities        | (43.4)      | (45.2)      |
| Net cash flows (used in) from financing activities | (5.6)       | 13.8        |
| <b>Cash and cash equivalents</b>                   | <b>45.1</b> | <b>69.3</b> |

## Capital expenditure

Group capital expenditure in 2019, excluding non-cash items, amounted to US\$46.6 million and was primarily focused on the development of the Apsara oil field in Block A in Cambodian waters in the Gulf of Thailand:

- Ongoing maintenance expenditure in the Block 9, B8/32 and G10/48 producing assets;
- Deferred infill drilling and well workover expenses in the Wassana oil field in G10/48 in the Gulf of Thailand;
- Upgrading and refurbishment of the *Ingenium II* production barge for the Apsara development in Block A offshore Cambodia;
- Fabrication of the minimum facilities wellhead platform for the Apsara oil development;
- 1,200 sq. km 3D seismic acquisition program in Cambodia Block A;
- Geotechnical and geophysical surveys at the proposed platform and production barge locations for the Apsara oil development;

- Geotechnical survey at the proposed location of the Rossukon oil development in the G6/48 licence in the Gulf of Thailand; and
- Working interest expenses related to a 2,720 sq. km 3D seismic survey in the non-operated Andaman II exploration licence.

## Fiscal Terms

### Bangladesh

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

**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.**

|                                            | Block 9                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | SS-11                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Domestic Market Obligation ("DMO") for Oil | With six months' prior written notice, Petrobangla may require contractor to provide its <i>pro rata</i> 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 <i>pro rata</i> 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 share of gas to Petrobangla and affiliates. If Petrobangla or affiliates do not purchase gas within six months of contractor's submission of an evaluation report, contractor may find a market in Bangladesh.                                                                                                                                                                                                                                                  | Contractor must first offer share of gas to Petrobangla and affiliates. If Petrobangla or affiliates do not purchase gas within six months of contractor's submission of an evaluation report, contractor may find a market in 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 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. | 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. |
| <b>Cost Recovery Limit</b>                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 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 |       |
|------------------------------------------|----------------------|---------------------|-------|
| <b>Profit Oil Split (to Contractor)</b>  |                      |                     |       |
| Up to 10,000 bopd                        | 33.0%                | 30.0%               | —     |
| Portion Over 10,000 & Up to 25,000 bopd  | 30.0%                | 25.0%               | —     |
| Portion Over 25,000 & Up to 50,000 bopd  | 25.0%                | 20.0%               | —     |
| Portion Over 50,000 & Up to 100,000 bopd | 20.0%                | 15.0%               | —     |
| Portion Over 100,000 bopd                | 17.0%                | 10.0%               | —     |
| <b>Profit Gas Split (to Contractor)</b>  |                      |                     |       |
| Up to 75 mmcfd                           | 39.0%                | 34.0%               | 45.0% |
| Portion Over 75 & Up to 150 mmcfd        | 39.0%                | 34.0%               | 40.0% |
| Portion Over 150 & Up to 250 mmcfd       | 34.0%                | 27.5%               | 35.0% |
| Portion Over 250 & Up to 300 mmcfd       | 34.0%                | 27.5%               | 30.0% |
| Portion Over 300 & Up to 400 mmcfd       | 27.5%                | 22.0%               | 30.0% |
| Portion Over 400 & Up to 450 mmcfd       | 27.5%                | 22.0%               | 25.0% |
| Portion Over 450 & Up to 600 mmcfd       | 25.0%                | 17.5%               | 25.0% |
| Portion Over 600 mmcfd                   | 18.0%                | 15.0%               | 20.0% |

|                                                            | Block 9                                                                                           |                     | SS-11                                                                                                |
|------------------------------------------------------------|---------------------------------------------------------------------------------------------------|---------------------|------------------------------------------------------------------------------------------------------|
|                                                            | During Cost Recovery                                                                              | After Cost Recovery |                                                                                                      |
| Profit Condensate/ Liquids (to Contractor)                 |                                                                                                   |                     |                                                                                                      |
| Up to 3,000 boepd                                          | 35.0%                                                                                             | 30.0%               | —                                                                                                    |
| Portion Over 3,000 & Up to 6,000 boepd                     | 32.0%                                                                                             | 27.0%               | —                                                                                                    |
| Portion Over 6,000 & Up to 10,000 boepd                    | 28.0%                                                                                             | 25.0%               | —                                                                                                    |
| Portion Over 10,000 & Up to 15,000 boepd                   | 25.0%                                                                                             | 20.0%               | —                                                                                                    |
| Portion Over 15,000 boepd                                  | 20.0%                                                                                             | 15.0%               | —                                                                                                    |
| Profit Oil and Condensate/ Liquids (to Contractor)         |                                                                                                   |                     |                                                                                                      |
| Up to 5,000 boepd                                          | —                                                                                                 | —                   | 45.0%                                                                                                |
| Portion Over 5,000 & Up to 12,500 boepd                    | —                                                                                                 | —                   | 42.5%                                                                                                |
| Portion Over 12,500 & Up to 25,000 boepd                   | —                                                                                                 | —                   | 40.0%                                                                                                |
| Portion Over 25,000 & Up to 40,000 boepd                   | —                                                                                                 | —                   | 35.0%                                                                                                |
| Portion Over 40,000 & Up to 65,000 boepd                   | —                                                                                                 | —                   | 30.0%                                                                                                |
| Portion Over 65,000 & 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\$2mm                                                                                           |                     | US\$3mm                                                                                              |
|                                                            | Oil                                                                                               | Oil                 |                                                                                                      |
| Upon Daily Average of 10,000 bopd for 30 Consecutive Days  | US\$1mm                                                                                           | US\$0.5mm           |                                                                                                      |
| Upon Daily Average of 20,000 bopd for 30 Consecutive Days  | US\$1mm                                                                                           | US\$1mm             |                                                                                                      |
| Upon Daily Average of 30,000 bopd for 30 Consecutive Days  | US\$1mm                                                                                           | US\$2mm             |                                                                                                      |
| Upon Daily Average of 40,000 bopd for 30 Consecutive Days  | US\$2mm                                                                                           | US\$2.5mm           |                                                                                                      |
| Upon Daily Average of 50,000 bopd for 30 Consecutive Days  | US\$2mm                                                                                           | US\$3mm             |                                                                                                      |
| Upon Daily Average of 100,000 bopd for 30 Consecutive Days | US\$2mm                                                                                           | US\$4mm             |                                                                                                      |
|                                                            | Gas                                                                                               | Gas                 |                                                                                                      |
| Upon Daily Average of 75 mmcf for 30 Consecutive Days      | US\$1mm                                                                                           | US\$0.5mm           |                                                                                                      |
| Upon Daily Average of 150 mmcf for 30 Consecutive Days     | US\$1mm                                                                                           | US\$1mm             |                                                                                                      |
| Upon Daily Average of 225 mmcf for 30 Consecutive Days     | US\$1mm                                                                                           | US\$2mm             |                                                                                                      |
| Upon Daily Average of 300 mmcf for 30 Consecutive Days     | US\$2mm                                                                                           | US\$2.5mm           |                                                                                                      |
| Upon Daily Average of 375 mmcf for 30 Consecutive Days     | US\$2mm                                                                                           | US\$3mm             |                                                                                                      |
| Upon Daily Average of 450 mmcf for 30 Consecutive Days     | —                                                                                                 | US\$4mm             |                                                                                                      |
| Upon Daily Average of 600 mmcf for 30 Consecutive Days     | US\$5mm                                                                                           | US\$6mm             |                                                                                                      |
| 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

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

| Block A                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                             |                 |
|------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Royalty                                                                      | 12.5% of production                                                                                                                                                                                                                                                                                                                                                                                         |                 |
| Cost Recovery Petroleum                                                      | 85.0% of production for first five years from date of first commercial production, and 70.0% of production for the period thereafter                                                                                                                                                                                                                                                                        |                 |
| Allocation of Remaining Oil (to Contractor) (average annual production)      | Up to 10,000 bopd                                                                                                                                                                                                                                                                                                                                                                                           | 58.0%           |
|                                                                              | In excess of 10,000 – 25,000 bopd                                                                                                                                                                                                                                                                                                                                                                           | 53.0%           |
|                                                                              | Portion over 25,000 and up to 50,000 bopd                                                                                                                                                                                                                                                                                                                                                                   | 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 year of taxable income, and 30.0% thereafter.                                                                                                                                                                                                                                                                                                                               |                 |
| Export Tax                                                                   | 2.0%                                                                                                                                                                                                                                                                                                                                                                                                        |                 |
| Production Bonus Payment                                                     | None                                                                                                                                                                                                                                                                                                                                                                                                        |                 |
| Excess Profit Tax ("EPT")                                                    | <b>Excess Profit Ratio</b>                                                                                                                                                                                                                                                                                                                                                                                  | <b>EPT Rate</b> |
|                                                                              | 0.00 – 1.30                                                                                                                                                                                                                                                                                                                                                                                                 | 0.0%            |
|                                                                              | 1.30 – 1.60                                                                                                                                                                                                                                                                                                                                                                                                 | 10.0%           |
|                                                                              | 1.60 – 2.00                                                                                                                                                                                                                                                                                                                                                                                                 | 20.0%           |
|                                                                              | 2.00 – 2.50                                                                                                                                                                                                                                                                                                                                                                                                 | 30.0%           |
|                                                                              | 2.50 – 3.00                                                                                                                                                                                                                                                                                                                                                                                                 | 30.0%           |
|                                                                              | over – 3.00                                                                                                                                                                                                                                                                                                                                                                                                 | 30.0%           |
| Annual Surface Rental Fee                                                    | US\$500 per sq. km of unrelinquished contract area from effective date.                                                                                                                                                                                                                                                                                                                                     |                 |
| Ministry of Mines and Energy ("MME") Option                                  | 5.0% participating interest held by General Department of State Property and Non Tax Revenue ("GDSPNTR") of the Ministry of Economy and Finance. Petroleum operations costs associated with GDSPNTR's 5.0% participating interest will be carried by the remaining holder(s) of the 95.0% participating interest in the block and reimbursed out of GDSPNTR's share of revenues from commercial production. |                 |

## Indonesia

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

|                                                                                            | Bulu      | Sakti     | Udan Emas |
|--------------------------------------------------------------------------------------------|-----------|-----------|-----------|
| <b>First Tranche Petroleum ("FTP") (Oil and Gas): (as % of Total Petroleum Production)</b> |           |           |           |
|                                                                                            | 10.0%     | 20.0%     | 20.0%     |
| Effective Tax Rate                                                                         | 44.0%     | 44.0%     | 44.0%     |
| DMO For Oil                                                                                | 25.0%     | 25.0%     | 25.0%     |
| DMO for Gas                                                                                | 25.0%     | 25.0%     | 25.0%     |
| DMO Price for Oil (% of Market Price)                                                      | 25.0%     | 25.0%     | 25.0%     |
| DMO Price for Gas (% of Market Price)                                                      | 100.0%    | 100.0%    | 100.0%    |
| Pre-Tax Profit Oil Split to Contractor                                                     | 35.7%     | 41.7%     | 58.3%     |
| Pre-Tax Profit Gas Split to Contractor                                                     | 62.5%     | 58.3%     | 66.7%     |
| <b>Production Bonus Payments Upon Cumulative Production Having Reached:</b>                |           |           |           |
| 25 mmboe                                                                                   | –         | US\$1mm   | US\$1mm   |
| 50 mmboe                                                                                   | US\$0.5mm | US\$1.5mm | US\$1.5mm |
| 75 mmboe                                                                                   | US\$1mm   | US\$2mm   | US\$2mm   |
| 100 mmboe                                                                                  | –         | –         | –         |
| 125 mmboe                                                                                  | US\$2mm   | –         | –         |
| Indonesian Participation Option                                                            | 10.0%     | 10.0%     | 10.0%     |
| Local Community Fund Contribution                                                          | –         | –         | –         |

## Thailand

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

|                                                                 | B9A <sup>2</sup>              | B8/32 <sup>2</sup> , G6/48 & G10/48                                                                                                        |                                                                                                                                        |
|-----------------------------------------------------------------|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| Royalty                                                         | 12.5%                         | 0 – 60,000 barrels                                                                                                                         | 5.0%                                                                                                                                   |
| (as % of the Value of Petroleum Sold or Disposed in Each Month) |                               | 60,000 – 150,000 barrels                                                                                                                   | 6.2%                                                                                                                                   |
|                                                                 |                               | 150,001 – 300,000 barrels                                                                                                                  | 10.0%                                                                                                                                  |
|                                                                 |                               | 300,001 – 600,000 barrels                                                                                                                  | 12.5%                                                                                                                                  |
|                                                                 |                               | Over 600,000 barrels                                                                                                                       | 15.0%                                                                                                                                  |
| Income Tax Rate                                                 | 50.0%                         |                                                                                                                                            | 50.0%                                                                                                                                  |
| Annual Surface Reservation Fee                                  | THB 4,000 per sq. km per year |                                                                                                                                            | THB 100,000 per sq. km per year                                                                                                        |
| Special Remuneration Benefit                                    | None                          | Payable at end of each fiscal year in various rates based on profit earned during the year up to maximum payment of 75.0% of profit earned |                                                                                                                                        |
|                                                                 | B9A <sup>2</sup>              | B8/32                                                                                                                                      | G6/48                                                                                                                                  |
| Production Bonus Payment                                        | Fully discharged              | Fully discharged                                                                                                                           | US\$0.3 mm payable within 30 days from day total production from the contract area first averages 10,000 boepd for 90 consecutive days |
| Thai Participant Option                                         | None                          | None                                                                                                                                       | US\$0.5 mm payable within 30 days from day total production from the contract area first averages 20,000 boepd for 30 consecutive days |

- 2 The Tantawan field in B8/32 and the Rajpruek field in B9A permanently ceased operation on 31 October 2017. Abandonment activities are underway before the B9A licence is relinquished

## Vietnam

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

- 3 On 16 January 2020, KrisEnergy (Vietnam 115) Ltd. entered into a farm-out agreement with a major international oil and gas company for the transfer of its entire 100.0% working interest in Block 115/09. The transfer of operatorship and working interest is subject to a number of conditions including approvals from the relevant government authorities

- 4 Pending relinquishment

|                                               | Block 115/09 <sup>3</sup>               | Block 120 <sup>4</sup>                   |
|-----------------------------------------------|-----------------------------------------|------------------------------------------|
| Royalty on Oil (bopd)                         | 7.0% 9.0% 11.0% 13.0% 18.0% 23.0%       | 4.0% 6.0% 8.0% 10.0% 15.0% 20.0%         |
| Royalty on Gas (mmcf)                         | 0.0% 3.0% 6.0%                          | 0.0% 3.0% 6.0%                           |
| Cost Recovery Limit                           | 70.0% of gross reserves                 | 70.0% of gross reserves                  |
| Pre-Tax Profit Oil Split (to Contractor)      | 75.0% 70.0% 65.0% 60.0% 55.0% 50.0%     | 40.0% 35.0% 30.0% 25.0% 20.0% 15.0%      |
| Pre-Tax Profit Gas Split (to Contractor)      | 77.0% 70.0% 60.0% 50.0% 50.0%           | 50.0% 47.5% 45.0% 42.5% 40.0%            |
| Income Tax Rate                               | 32.0% 32.0% 32.0%                       | 0.0% 16.0% 32.0%                         |
| Oil Export Duty                               | 10.0%                                   | 4.0%                                     |
| <b>Production Bonus Payments</b>              |                                         |                                          |
| <b>General</b>                                |                                         |                                          |
| Within 30 Days of First Commercial Discovery  | US\$1mm                                 | US\$2mm                                  |
| Within 30 Days of First Commercial Production | US\$1mm                                 | US\$2mm                                  |
| <b>Oil (bopd)</b>                             |                                         |                                          |
| 30 Consecutive Days                           | US\$1mm US\$2mm US\$3mm US\$4mm US\$5mm | US\$2mm US\$3mm US\$5mm US\$7mm US\$10mm |
| <b>Gas (mmcf)</b>                             |                                         |                                          |
| 30 consecutive Days                           | US\$1mm US\$1mm US\$1mm                 | US\$2mm US\$3mm US\$4mm                  |
| PetroVietnam Option                           | 20.0%                                   | 20.0%                                    |

The table sets out certain information regarding our oil and gas assets as at 3 June 2020.

| Country/<br>Asset Name | Effective<br>Interest<br>(%) | Status <sup>1</sup>                       | Effective<br>Date | Licence<br>Expiry Date    | Exploration<br>Period                             | Production<br>Area           | Production<br>Permit<br>Expiry Date | Licence<br>Area<br>(sq. km) | Type of<br>Mineral Oil or<br>Gas Deposit | Licence<br>Type     |
|------------------------|------------------------------|-------------------------------------------|-------------------|---------------------------|---------------------------------------------------|------------------------------|-------------------------------------|-----------------------------|------------------------------------------|---------------------|
| <b>Bangladesh</b>      |                              |                                           |                   |                           |                                                   |                              |                                     |                             |                                          |                     |
| Block 9                | 30.0                         | Production & development unclarified      | 11 April 2001     | 26 August 2033            | –                                                 | Bangora                      | 26 August 2033 <sup>2</sup>         | 1,770                       | Gas / Condensate                         | PSC                 |
| SS-11                  | 45.0                         | Exploration                               | 12 March 2014     | See Note 2                | 12 March 2014 to 11 March 2021                    | –                            | –                                   | 4,475                       | Oil/Gas                                  | PSC                 |
| <b>Cambodia</b>        |                              |                                           |                   |                           |                                                   |                              |                                     |                             |                                          |                     |
| Block A                | 95.0                         | Near production                           | 23 August 2017    | 22 August 2042            | 23 August 2017 to 22 August 2024                  | Apsara                       | 22 August 2042                      | 3,083                       | Oil                                      | Petroleum Agreement |
| <b>Indonesia</b>       |                              |                                           |                   |                           |                                                   |                              |                                     |                             |                                          |                     |
| Bulu                   | 42.5                         | Near production                           | 14 October 2003   | 13 October 2033           | –                                                 | Lengo                        | 13 October 2033                     | 697                         | Gas                                      | PSC                 |
| Sakti                  | 95.0                         | Development unclarified                   | 26 February 2014  | 25 February 2044          | 26 February 2014 to 25 February 2024 <sup>3</sup> | –                            | –                                   | 989                         | Oil/Gas                                  | PSC                 |
| Udan Emas              | 100.0                        | Exploration                               | 20 July 2012      | 19 July 2042              | 20 July 2012 to 19 July 2022 <sup>3</sup>         | –                            | –                                   | 1,070                       | Gas                                      | PSC                 |
| <b>Thailand</b>        |                              |                                           |                   |                           |                                                   |                              |                                     |                             |                                          |                     |
| B8/32                  | 4.6345                       | Production                                | 1 August 1991     | 31 July 2030 <sup>4</sup> | –                                                 | Tantawan <sup>6</sup>        | 31 July 2030 <sup>5</sup>           | 1,992                       | Oil/Gas                                  | Tax/<br>Royalty     |
|                        |                              |                                           |                   |                           |                                                   | Benchamas South and Pakarong | 31 July 2030 <sup>5</sup>           |                             |                                          |                     |
|                        |                              |                                           |                   |                           |                                                   | Maliwan                      | 31 July 2030 <sup>5</sup>           |                             |                                          |                     |
|                        |                              |                                           |                   |                           |                                                   | North Jarmjuee               | 31 July 2030 <sup>5</sup>           |                             |                                          |                     |
|                        |                              |                                           |                   |                           |                                                   | North Benchamas              | 31 July 2030 <sup>5</sup>           |                             |                                          |                     |
|                        |                              |                                           |                   |                           |                                                   | Chaba                        | 31 July 2030 <sup>5</sup>           |                             |                                          |                     |
| B9A                    | 4.6345                       | Production <sup>6</sup>                   | 17 July 2003      | 16 July 2041              | –                                                 | Rajpruek <sup>6</sup>        | 16 July 2041                        | 80                          | Oil/Gas                                  | Tax/<br>Royalty     |
| G6/48                  | 100.0 <sup>7</sup>           | Near production & development unclarified | 8 January 2007    | See Note 4                | 8 January 2007 to 7 January 2021 <sup>3</sup>     | Rossukon                     | 7 January 2036 <sup>5</sup>         | 88                          | Oil/Gas                                  | Tax/<br>Royalty     |
| Production area        | 30.0                         |                                           |                   |                           |                                                   |                              |                                     | 284                         |                                          |                     |
| G10/48                 | 89.0                         | Production & development unclarified      | 8 December 2006   | See Note 4                | 8 December 2006 to 7 December 2020 <sup>3</sup>   | Wassana                      | 7 December 2035 <sup>5</sup>        | 247                         | Oil                                      | Tax/<br>Royalty     |
| <b>Vietnam</b>         |                              |                                           |                   |                           |                                                   |                              |                                     |                             |                                          |                     |
| Block 115/09           | 100.0                        | Exploration <sup>8</sup>                  | 31 March 2014     | 30 March 2044             | 31 March 2014 to 30 March 2020 <sup>3</sup>       | –                            | –                                   | 7,382                       | Oil/Gas                                  | PSC                 |
| Block 120              | 33.33                        | Exploration <sup>9</sup>                  | 23 January 2009   | 22 January 2039           | 23 January 2009 to 22 January 2019                | –                            | –                                   | 6,869                       | Oil/Gas                                  | PSC                 |

NOTES:

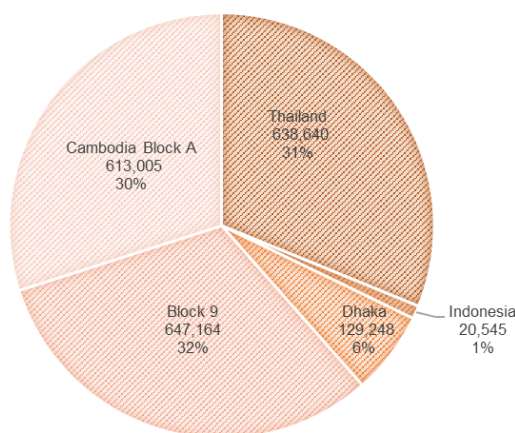
- Each of our contract areas also holds exploration prospects and leads
- Production permits will be valid for 25 years with an extension period of up to five years
- Exploration period may be extended with the approval of the host government
- Licence expiry dates can be extended if host government grants extension of exploration period or production permit
- Production permits are valid for 20 years with an extension period of up to 10 years
- The Tantawan field in B8/32 and the Rajpruek field in B9A permanently ceased operation on 31 October 2017. Abandonment activities are underway before the B9A licence is relinquished
- As of 18 February 2019, KrisEnergy has 100.0% working interest in the Exclusive Operation of the Rossukon field development plan area
- On 16 January 2020, KrisEnergy (Vietnam 115) Ltd. entered into a farm-out agreement with a major international oil and gas company for the transfer of its entire 100.0% working interest in Block 115/09. The transfer of operatorship and working interest is subject to a number of conditions including approvals from the relevant government authorities
- Block 120 PSC is pending relinquishment

## 2019 Technical Review

The outset of 2019 was marked by Tropical Storm Pabuk, which rampaged through the Gulf of Thailand causing the temporary shut-in of many offshore oil and gas fixed installations while personnel were evacuated, and vessels were decoupled from moorings and sailed to safe haven.

Production at the KrisEnergy-operated Wassana oil field in the G10/48 concession and the non-operated B8/32 oil and gas complex was halted for approximately one week in early January 2019. All personnel and equipment safely remobilised to the field locations once the storm had passed and production was restarted without incident.

KrisEnergy maintained tight vigilance over environment, health, safety and security (“EHSS”) issues and recorded 2,048,602 man-hours in 2019 on KrisEnergy-operated assets with zero lost time injuries.



The 2019 man-hour count is the second highest in KrisEnergy’s 10 years of operations due to a step-up in activities related to the Apsara oil field development in Cambodia, which included geotechnical, geophysical and 3D seismic surveys offshore at the field location; refurbishment and upgrading of the

### EHSS & COVID-19

In early 2020, a novel coronavirus, COVID-19, emerged and rapidly spread globally to reach pandemic status by early March. Mindful of the outbreak of SARS in 2003, KrisEnergy’s management designated COVID-19 as Tier 3 under the Group’s Incident Management System. Tier 3 is the highest level of alert and requires the intervention of the Group’s Crisis Management Team (“CMT”) in the Singapore corporate office.

In February 2020, two individuals on the *Ingenium I* MOPU in the Wassana oil field in the Gulf of Thailand, were found to have elevated temperatures, a symptom of COVID-19. The CMT was immediately informed and the individuals were instantly isolated, provided with protective clothing and masks, and monitored. Within six hours they had been transferred by boat to medical facilities onshore for testing and the MOPU underwent deep cleansing. Fortunately, the test results were negative for COVID-19 and the incident demonstrated that the systems in place responded efficiently and effectively.

Further in response to the pandemic, KrisEnergy activated its business continuity plan and implemented health and safety measures in all offices and field locations as mandated by host government authorities. Office staff worked remotely, all non-essential personnel were removed from field operations and shift rotations were extended to four weeks from two at the KrisEnergy-operated Bangora gas field, onshore Bangladesh, and the Wassana oil field.

We have collaborated closely with suppliers and contractors to resolve anticipated delays and interruptions due to global logistics issues and travel restrictions curtailing the movement of technical personnel. However, despite our best efforts, we encountered a multitude of government-enforced measures in all countries of origin in the supply chain of materials and equipment for the Apsara development, as well as workforce disruptions at fabrication and refurbishment facilities.

*Ingenium II* production barge at the Benoi yard and Gul dry dock in Singapore; and fabrication of the jacket and topsides for the minimum facilities wellhead platform in Batam Island, Indonesia.

## 2P reserves and 2C resources

Year-end 2019 working interest proved plus probable (“2P”) reserves were estimated by Netherland, Sewell & Associates, Inc. (“NSAI”) at 58.1 million barrels of oil equivalent (“mmboe”), 8.5% down from 63.5 mmboe as at 31 December 2018.

An uplift of 6.7 million barrels of oil (“mmbo”) in 2P volumes in the G6/48 concession to 11.7 mmbo resulted from an increase in KrisEnergy’s economic interest from 30.0% to 100.0% over the Rossukon field development area. Lower well performance and oil prices reduced working interest 2P volumes at the Wassana field in the G10/48 concession to 4.4 mmbo from 5.7 mmbo a year ago, and a smaller scale development of the initial phase of the Apsara oil field to a mini wellhead platform facility with five wells led to a 20.3% reduction in Cambodia Block A 2P estimates to 6.5 mmbo.

NSAI reduced gas volumes associated with the Lengo development in the Bulu PSC, offshore East Java in Indonesia, by 27.4% to 18.4 mmboe due to a requirement to remove the carbon dioxide content before delivery to a potential offtaker and a shorter field life based on delayed first gas and the fixed block expiry date of 2033.

In Bangladesh, 2P gas and liquids reserves for Block 9 decreased 11.7% to 12.8 mmboe due to 2019 production volumes at the Bangora field and competing recovery in the neighbouring block.

NSAI recognised the Group’s working interest best estimate contingent resources (“2C”) at 64.4 mmboe, a rise of 0.5% as a result of increased economic interest in the Rossukon field development area in G6/48 in the Gulf of Thailand. In May 2020, the Company was officially informed that the Bala-Balakang PSC in Indonesia expired on 18 December 2019. The Bala-Balakang PSC accounts for 15.7 mmboe of 2C resources in the 2019 NSAI report.

## Capital expenditure

Group capital expenditure in 2019 amounted to US\$46.6 million and was primarily focused on the development of the Apsara oil field in Block A in Cambodian waters in the Gulf of Thailand including work to upgrade and refurbish the *Ingenium II* production barge, fabrication of the minimum facilities wellhead platform, geotechnical and geophysical surveys at the proposed Apsara platform location and a 3D seismic acquisition program.

The 2019 expenditure also included deferred infill drilling costs in the Wassana field, a geotechnical survey at the proposed location of the Rossukon oil development in the G6/48 licence in the Gulf of Thailand and working interest expenses related to a 2,720 sq. km 3D seismic survey in the non-operated Andaman II exploration licence<sup>3</sup>.

## 2019 Production

The Group’s average working interest production in 2019 was 10,229 boepd, 4.3% lower than in 2018 when the average was 10,691 boepd. The 2018 period included five months of working interest volumes from the Nong Yao oil field in G11/48 in the Gulf of Thailand, in which the Group ceased participation at the end of May 2018.

On a *pro forma* basis, excluding G11/48, the Group’s three remaining producing assets – Block 9, B8/32 and G10/48 – recorded working interest production of 9,921 boepd in 2018. The 3.1% increase in 2019 *pro forma* production resulted from the higher performance from B8/32 in the Gulf of Thailand and Block 9 onshore Bangladesh.

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<sup>3</sup> In April 2020, KrisEnergy completed the sale of its 30.0% non-operating working interest in the Andaman II PSC

## **Block 9, Bangora gas field**

Following well optimisation in the B-5 development well in June 2019, the KrisEnergy-operated Bangora gas field, onshore Bangladesh, has consistently produced at or above a gross rate of 100 million cubic feet per day (“mmcf/d”).

In 2019, the field’s average gross production was 96.8 mmcf/d and 285 barrels of condensate per day and Group working interest share of production averaged 4,927 boepd. The entire Bangora operation was shut in for annual scheduled maintenance from 13 to 16 August 2019.

In the first half of March 2020, the state gas distribution company, Gas Transmission Company Limited, requested intermittent reductions of 10.0% to 15.0% in supplies to the national grid. At the end of March 2020, Bangora output was curtailed at the direction of the Ministry of Power, Energy and Mineral Resources by 50.0% to 50.0 mmcf/d as a result of reduced demand due to a nationwide public holiday and government controls to limit the spread of COVID-19.

A further cut to 28.0 mmcf/d was implemented in early April 2020 for approximately one month, during which three of five Bangora wells were temporarily shut in. Production was restored to 100 mmcf/d in the first half of May 2020.

## **G10/48, Wassana oil field**

In January 2019, the Department of Mineral Fuels in Thailand approved KrisEnergy’s proposal for the relinquishment of a portion of the reservation area in the G10/48 licence. The reservation area was reduced to 114 sq. km from 1,392 sq. km. The Wassana production area was unchanged at 132 sq. km.

Gross production at the Wassana oil field averaged 4,173 barrels of oil per day (“bopd”) in 2019 and the Group’s working interest share of production was 3,714 bopd.

Production was shut-in as a safety precaution for one week at the start of the year while Tropical Storm Pabuk passed through the Gulf of Thailand. The inclement weather also affected the tail end of the second infill drilling campaign in which three development wells were drilled and put online and workovers were performed on three existing wells.

The infill program comprised:

- Existing wells A-17H, A-10H and A-06D were plugged and abandoned;
- Workovers were performed on A-23H, A-03H and A-25H;
- Drilling of A-30H extended reach well commenced on 10 January 2019 and reached total depth at 13,662 feet measured depth (“MD”) (-5,226 feet true vertical depth (“TVDSS”). A-30H was completed on 4 February 2019 and was put on stream at a rate of 920 bopd on 5 February 2019;
- Drilling of A-26H infill well commenced on 21 January 2019 and reached total depth at 8,998 feet MD (-5,162 feet TVDSS). A-26H was completed on 9 February 2019 and was put on stream at a rate of 570 bopd; and
- Drilling of A-27H infill well commenced on 29 December 2018 and reached total depth at 9,925 feet MD (-5,413 feet TVDSS). A-27H was completed on 14 February 2019 and was put on stream at a rate of 1,000 bopd.

Wassana production was constrained in the second half of 2019 due to the replacement of flowlines and mechanical issues with power generation units, which resulted in limited water injection capacity.

In the early months of 2020, a sharp contraction in oil demand due to the COVID-19 pandemic amid an unprecedented oil supply glut wreaked havoc in oil markets and prices plunged below US\$20.00/bbl in April 2020 to the lowest levels in two decades. Global benchmark Brent crude oil futures averaged US\$64.05/bbl in January 2020 and US\$26.97/bbl in April 2020, a drop of almost 60.0%.

In view of the many uncertainties ahead – the duration of the COVID-19 pandemic, speed of global economic recovery and restoration of petroleum demand, and the magnitude and sustainability of any oil price uptick – production at the Wassana oil field was suspended in early June 2020.

## B8/32, Gulf of Thailand

Production from the non-operated B8/32 oil and gas complex was temporarily shut in for approximately one week in January 2019 due to Tropical Storm Pabuk. Overall average gross production in 2019 was 20,529 bopd and 82.5 mmcf of gas. KrisEnergy's working interest share of production was 1,589 boepd.

As at 1 October 2019, gas sales volumes from B8/32 were permanently reduced: the daily contracted quantity/maximum contracted quantity was lowered from 65/75 mmcf to 45/51.75 mmcf, respectfully. Notification of the reduced volumes was provided to the joint-venture partners and the offtaker 12 months prior to the reduction.

The 2019 infill drilling campaign was completed in September 2019 and 34 wells were put online by the end of October 2019. The start of the 2020 infill program was accelerated to November 2019 with six wells drilled by the end of the year bringing the total number of wells drilled in 2019 to 40.

Eight infill wells have been drilled so far in 2020 and a further 11 wells commenced drilling in the second quarter 2020 to end the program for the year.

## Apsara advances towards 1<sup>st</sup> oil

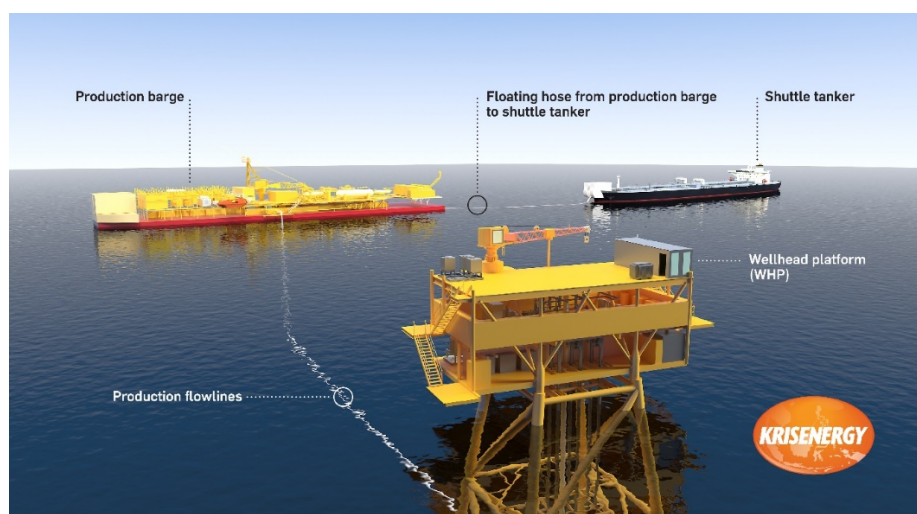
The Apsara oil development is located in the Cambodia Block A concession over the Khmer Basin in Cambodian maritime waters of the Gulf of Thailand. KrisEnergy took over operatorship of Cambodia Block A in August 2014 and declared final investment decision, a commitment to proceed with the project, in October 2014.

Apsara is the first oil field to be developed in the Kingdom of Cambodia. Due to the unproven reservoir performance of the Khmer Basin, the field will be developed in several phases to mitigate risk and provide time for the collection and analysis of critical data to be applied in future phases.

The initial development, Mini Phase 1As, comprise a simple wellhead support structure (the "Mini-Platform"); five development wells; the *Ingenium II* production barge for oil, gas and water processing; and use of shuttle tankers for oil storage and transportation.

Mini Phase 1A is an integral stage to Phase 1A<sup>4</sup>. The initial five wells will provide long-term well performance data to understand the reservoir drive mechanism, especially the strength of water drive. The well performance data will be used to modify and optimise the remaining development phases.

Mini Phase 1A is scheduled to commence oil production in 2020 and to reach a peak production rate of 7,500 barrels of oil per day.



Representation of the Apsara Mini Phase 1A field arrangement in Cambodia Block A, Gulf of Thailand

<sup>4</sup> Phase 1A as described in the Production Permit Application dated 10 January 2017

### **Apsara Mini-Platform**

The Mini-Platform topsides consist of three decks with minimal facilities and dual export lines for produced well fluids. It houses up to six wells. Electric power for the Mini-Platform will be transferred from the production barge.



First steel for the platform topsides and jacket was cut in early December 2019 at the PT Profab<sup>5</sup> facility on Batam Island, Indonesia. Profab's scope of work included construction of the jacket, topsides and other related accessories for the Mini-Platform, full pre-commissioning and loading onto a barge for transportation to the field location.

His Excellency Mr. Meng Saktheara, Secretary of State, Ministry of Mines and Energy (right), and Kelvin Tang (left), KrisEnergy's CEO and President of Cambodia operations, witnessing cutting of first steel for the Apsara Mini-Platform on 6 December 2019

By May 2020, the full structure of the topsides was completed with three decks stacked ahead of installation of the local equipment room, variable speed drives, piping and electrical and instrumentation equipment. The platform pedestal crane was also fully commissioned including load test completion.



Apsara topside stacked decks with a width of 25.4 metres at the widest point and a structural weight of 210 MT



Mud mat installation of the Apsara mini-platform jacket, which has a vertical length of 76 metres and a structural weight of 577 metric tonnes

Installation of the mud mats on the jacket was completed in April 2020 and the jacket structure will be fully completed in June 2020 when the fourth and final section of the jacket frame is lifted into place for welding.

Work continued at a reduced pace during the COVID-19 lockdown due to a reduced workforce in the yard, travel restrictions to and from Indonesia and delays in deliveries of materials and equipment.

<sup>5</sup> PT Profab is a subsidiary of National Oilwell Varco, Inc., an American multinational corporation based in Houston, Texas that is a worldwide provider of facilities, equipment and components used in the upstream oil and gas industry

### ***Ingenium II production barge***

Keppel Shipyard Ltd commenced the upgrade and refurbishment of the *Ingenium II* production barge in November 2018. Work was undertaken in the Benoi yard and Gul dry dock in Singapore.

The oil, gas and water separation facilities on the barge will be capable of processing up to 30,000 barrels of fluid per day. The barge will also house the living quarters for the field.

Installation and integration have been completed for all packages including new living quarters, helideck, emergency diesel generator, three main power generation units, main electrical switch room and emergency switch room, pedestal crane, main mooring winches and ropes, main electrical transformers; produced water package, boiler for heating medium system, crude oil production separators, lifeboat davits and flare system.



Stern of the *Ingenium II* production barge showing flare stack, crude offloading station and power gen sets



Process pipework on the deck of *Ingenium II* production barge

Testing commenced in late March 2020 of electrical systems and energising of the Uninterruptable Power Supply (UPS), which supplies all safety and emergency systems.

Mechanical completion of all systems was scheduled for the first quarter 2020 prior to one-month of commissioning required for safety systems, fire and gas systems, power generation, process control systems, electrical power distribution systems, accommodation and mooring systems. Operations, however, were delayed in April/May 2020 when all work in Singapore shipyards was suspended by the government due to COVID-19 restrictions.

### ***Shuttle Tankers***

Two lower cost leased shuttle tankers are planned for use for oil storage and the transportation of the produced Apsara crude oil to market during Mini Phase 1A. Each will have a capacity of 100,000 to 200,000 barrels.

While in the field, one shuttle tanker will be moored by hawser to the production barge and a floating hose transfers processed oil from the barge.

A leased FSO will be used in future Apsara development phases. A leased FSO, in place of shuttle tankers, may be used during Mini Phase 1A if charter rates continue to fall to make it economic.

### ***3D seismic survey***

The *SW Vespucci* seismic vessel undertook a 1,200 sq. km 3D broadband seismic acquisition program in Cambodia Block A in mid-2019, completing the survey on time and without any health, safety or environmental incidents.

Approximately 200 sq. km of the 3D program was acquired over the Apsara development area to improve imaging of geological faults and sand bodies to aid in the finalisation of the design of well trajectories ahead of development drilling.

The remaining 1,000 sq. km was acquired over a large prospective area in the southwest portion of the Cambodia Block A concession area, which has been sparsely explored by old 2D seismic lines, to improve data quality over the prospective trend in the western section of Cambodia Block A.

Fast-track processing of the 200 sq. km data shot over the Apsara development area was completed in December 2019 ahead of Apsara development drilling and completion of processing of the 1,000 sq. km segment is anticipated in the first half 2020.

### **Marine surveys**

Geophysical and geotechnical surveys are conducted to evaluate seabed and subsurface conditions in order to identify potential geological constraints for a project's location.

The vessel *PTSC Researcher* conducted a geophysical survey in November 2019 at the proposed platform and production barge locations for the Apsara development.

In January 2020, the *Fugro Mariner* vessel completed a geotechnical survey at the Apsara location, including a 300-metre pilot hole, 40-metre Piezo Cone Presentation Tests ("PCPT") and a 150-metre composite sample/PCPT borehole.

The results of the geophysical and geotechnical surveys provided the complete set of geo-mechanical information required to de-risk the design, installation and operation of the project, and to confirm the geographical location of the Mini-Platform.

### **Exploration**

In order to preserve capital resources, exploration activity in 2019 was limited to work committed under government agreements:

- The *Fugro Mariner* vessel conducted a geotechnical survey in the fourth quarter at the Bussaba-2 exploration well location in the KrisEnergy-operated G6/48 development concession in the Gulf of Thailand. The survey included a 300-metre pilot hole for shallow hazard assessment and 40-metre soil borings for future drilling requirements.
- A 2,720 sq. km 3D seismic survey was completed in May 2019 over the non-operated Andaman II PSC<sup>6</sup> in the Malacca Strait, offshore North Sumatra, Indonesia.

### **Concession updates**

Taking into consideration the Company's stressed financial condition and limited access to funds with which to invest in its assets, KrisEnergy's strategy is to focus on cash-flow generating activities such as producing assets and the near-producing Apsara oil development.

The Company continuously reviews its portfolio for opportunities to rationalise its assets through divestment, relinquishment or by way of farm-out agreement to reduce its commitment liabilities and exposure to capital expenditure.

- In March 2019, the Bangladesh authorities approved a two-year extension of the exploration period to March 2021 for the non-operated SS-11 exploration licence, offshore in the Bay of Bengal.
- On 19 November 2019, the Company announced its acceptance of a binding letter of offer for the disposal of its 30.0% non-operated working interest in the Andaman II PSC, an exploration

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<sup>6</sup> In April 2020, KrisEnergy completed the sale of its 30.0% non-operating working interest in the Andaman II PSC

block in the Malacca Strait, Indonesia. Following approvals from the Indonesian government, the transaction was completed on 8 April 2020.

- The KrisEnergy-operated Bala-Balakang PSC in the Makassar Strait, Indonesia, expired on 18 December 2019.
- The Indonesian authorities approved an application to extend the KrisEnergy-operated Sakti PSC into the second phase exploration period for four years. The first exploration phase expired on 25 February 2020 and was extended to 25 February 2024. The gross acreage of the contract area was reduced to 989 sq. km from 3,719 sq. km.
- In February 2020, the wholly-owned subsidiary KrisEnergy (Vietnam 115) Ltd. entered into a farm-out agreements for the transfer of its entire 100.0% working interest in Block 115/09, offshore Vietnam. The transfer of the exploration block working interest and operatorship is subject to conditions including approvals from the relevant government authorities.

### **3 June 2020**

## Reserves and Contingent Resources

THE FOLLOWING RESERVES AND CONTINGENT RESOURCES TABLES HAVE BEEN EXTRACTED FROM THE QUALIFIED PERSON'S REPORT DATED 31 DECEMBER 2019 ("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 Ms. Michelle F. Herrera of NSAI is a Licensed Professional Geoscientist in the State of Texas, Geology (No. 11912) 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 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 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 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 probabilistic methods are used, there should be at least a 90.0% probability that the quantities actually recovered will equal or exceed the estimate.

Probable reserves (together with 1P, "2P") are those additional reserves that 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 50.0% probability that the actual quantities recovered will equal or exceed the 2P estimate.

Possible reserves (together with 1P and 2P, "3P") are those additional reserves which analysis of geoscience and engineering data suggests are less likely to be recoverable than probable reserves. When probabilistic methods are used, there should be at least a 10.0% probability that the actual quantities recovered will equal or exceed the 3P estimate.

Contingent resources are 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.

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 90.0%.

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 50.0%.

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 10.0%.

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.

### Tables Notes

- 1 mmbbl refers to millions of barrels
- 2 bcf refers to billions of cubic feet
- 3 The Rajpruek field in B9A permanently ceased operation on 31 October 2017. Abandonment activities are underway before the B9A licence is relinquished
- 4 The Company was officially informed in May 2020 that the Bala-Balakang PSC expired on 18 December 2019

## Reserves

Date of report : 31 December 2019 | Date of previous report : 31 December 2018

|                          | 1P Reserves           |                  |                                 | 2P Reserves |                  |                                 | 3P Reserves |                  |                                 | Remarks                                                                                                                               |
|--------------------------|-----------------------|------------------|---------------------------------|-------------|------------------|---------------------------------|-------------|------------------|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
|                          | Gross                 | Working Interest | Change from previous update (%) | Gross       | Working Interest | Change from previous update (%) | Gross       | Working Interest | Change from previous update (%) |                                                                                                                                       |
|                          | (mmbbl <sup>1</sup> ) | (mmbbl)          |                                 | (mmbbl)     | (mmbbl)          |                                 | (mmbbl)     | (mmbbl)          |                                 |                                                                                                                                       |
| <b>Oil</b>               |                       |                  |                                 |             |                  |                                 |             |                  |                                 |                                                                                                                                       |
| <b>Bangladesh</b>        |                       |                  |                                 |             |                  |                                 |             |                  |                                 |                                                                                                                                       |
| Block 9                  | 0.39                  | 0.12             | (18.8)                          | 0.68        | 0.20             | 3.5                             | 0.98        | 0.29             | 16.9                            | Condensate volumes higher relative to gas volumes due to increased yield performance                                                  |
| <b>Cambodia</b>          |                       |                  |                                 |             |                  |                                 |             |                  |                                 |                                                                                                                                       |
| Block A                  | –                     | –                | –                               | 6.80        | 6.46             | (20.4)                          | 14.45       | 13.73            | (3.3)                           | Lower due smaller scale initial development with fewer wells                                                                          |
| <b>Thailand</b>          |                       |                  |                                 |             |                  |                                 |             |                  |                                 |                                                                                                                                       |
| B8/32 & B9A <sup>3</sup> | 13.93                 | 0.65             | 27.4                            | 52.05       | 2.41             | (14.2)                          | 64.10       | 2.97             | (17.0)                          | 1P reserves higher due to increased planned drilling; 2P and 3P reserves lower due to reduced remaining life to end of concession     |
| G6/48                    | –                     | –                | –                               | 11.70       | 11.70            | 132.6                           | 15.80       | 15.80            | 132.6                           | Gross volumes unchanged, economic interest in production area increased from 43% to 100%                                              |
| G10/48                   | –                     | –                | (100.0)                         | 4.92        | 4.38             | (22.6)                          | 6.48        | 5.77             | (19.5)                          | Lower due to lower well performance, reduced recovery for future wells and poorer economic conditions                                 |
|                          | (bcf <sup>2</sup> )   | (bcf)            |                                 | (bcf)       | (bcf)            |                                 | (bcf)       | (bcf)            |                                 |                                                                                                                                       |
| <b>Gas</b>               |                       |                  |                                 |             |                  |                                 |             |                  |                                 |                                                                                                                                       |
| <b>Bangladesh</b>        |                       |                  |                                 |             |                  |                                 |             |                  |                                 |                                                                                                                                       |
| Block 9                  | 154.50                | 46.35            | (26.7)                          | 251.52      | 75.46            | (11.9)                          | 349.66      | 104.90           | (4.4)                           | Lower because of 2019 production volumes and increased off-block recovery                                                             |
| <b>Indonesia</b>         |                       |                  |                                 |             |                  |                                 |             |                  |                                 |                                                                                                                                       |
| Bulu PSC                 | –                     | –                | –                               | 318.86      | –                | (11.1)                          | 341.43      | –                | (18.6)                          | Lower due to shorter field life associated with delayed first production and block expiry date                                        |
|                          | –                     | –                | –                               | –           | 110.49           | (27.5)                          | –           | 118.90           | (33.3)                          | As above and further reduction due primarily CO <sub>2</sub> removal and fuel gas consumption                                         |
| <b>Thailand</b>          |                       |                  |                                 |             |                  |                                 |             |                  |                                 |                                                                                                                                       |
| B8/32 & B9A <sup>3</sup> | 69.29                 | 3.21             | 103.8                           | 258.71      | 11.99            | (0.5)                           | 326.15      | 15.12            | (1.2)                           | 1P reserves higher due to increased planned drilling; 2P and 3P reserves lower because of reduced remaining life to end of concession |

## Contingent Resources

|                                | 1C Resources          |                  |                                 | 2C Resources |                  |                                 | 3C Resources |                  |                                 | Remarks                                                                                                    |
|--------------------------------|-----------------------|------------------|---------------------------------|--------------|------------------|---------------------------------|--------------|------------------|---------------------------------|------------------------------------------------------------------------------------------------------------|
|                                | Gross                 | Working Interest | Change from previous update (%) | Gross        | Working Interest | Change from previous update (%) | Gross        | Working Interest | Change from previous update (%) |                                                                                                            |
|                                | (mmbbl <sup>1</sup> ) | (mmbbl)          |                                 | (mmbbl)      | (mmbbl)          |                                 | (mmbbl)      | (mmbbl)          |                                 |                                                                                                            |
| <b>Oil</b>                     |                       |                  |                                 |              |                  |                                 |              |                  |                                 |                                                                                                            |
| <b>Bangladesh</b>              |                       |                  |                                 |              |                  |                                 |              |                  |                                 |                                                                                                            |
| Block 9                        | 0.02                  | 0.01             | –                               | 0.11         | 0.03             | –                               | 0.54         | 0.16             | –                               |                                                                                                            |
| <b>Cambodia</b>                |                       |                  |                                 |              |                  |                                 |              |                  |                                 |                                                                                                            |
| Block A                        | 0.91                  | 0.86             | –                               | 1.74         | 1.65             | –                               | 3.13         | 2.97             | –                               |                                                                                                            |
| <b>Thailand</b>                |                       |                  |                                 |              |                  |                                 |              |                  |                                 |                                                                                                            |
| G10/48                         | 3.74                  | 3.33             | (41.4)                          | 9.41         | 8.37             | (11.5)                          | 14.78        | 13.16            | (9.7)                           | Lower due to poorer economic conditions for extension volumes. Volumes uneconomic under present conditions |
|                                | (bcf <sup>2</sup> )   | (bcf)            |                                 | (bcf)        | (bcf)            |                                 | (bcf)        | (bcf)            |                                 |                                                                                                            |
| <b>Gas</b>                     |                       |                  |                                 |              |                  |                                 |              |                  |                                 |                                                                                                            |
| <b>Bangladesh</b>              |                       |                  |                                 |              |                  |                                 |              |                  |                                 |                                                                                                            |
| Block 9                        | 6.08                  | 1.82             | –                               | 27.68        | 8.31             | –                               | 128.95       | 38.69            | –                               |                                                                                                            |
| <b>Indonesia</b>               |                       |                  |                                 |              |                  |                                 |              |                  |                                 |                                                                                                            |
| Bala-Balakang PSC <sup>4</sup> | –                     | –                | –                               | 110.51       | 93.93            | –                               | 155.81       | 132.44           | –                               |                                                                                                            |
| Sakti PSC                      | 37.24                 | 35.37            | –                               | 221.52       | 210.45           | –                               | 425.36       | 404.10           | –                               |                                                                                                            |
| <b>Thailand</b>                |                       |                  |                                 |              |                  |                                 |              |                  |                                 |                                                                                                            |
| G6/48                          | 11.48                 | 11.48            | 132.6                           | 13.24        | 13.24            | 132.6                           | 15.37        | 15.37            | 132.6                           | Gross volumes unchanged, economic interest in production area increased from 43% to 100%                   |

## Board of Directors

As at 3 June 2020

### Tan Ek Kia (71)

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: 7 years 4 months KRISENERGY BOARD COMMITTEE(S) SERVED ON: Audit & Risk Management Committee (Member); Nominating Committee (Chairman); Executive Committee (Chairman) PRESENT DIRECTORSHIPS (AS AT 31 DECEMBER 2019): LISTED COMPANIES: Keppel Corporation Ltd; KrisEnergy Ltd.; PT Chandra Asri Petrochemical Tbk; Transocean Ltd OTHER PRINCIPAL DIRECTORSHIPS: SMRT Corporation Ltd; 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 2015 TO 31 DECEMBER 2019): City Gas Pte Ltd (Chairman) 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

### Kelvin Tang (45)

Executive Director,  
Chief Executive Officer



**Bachelor of Laws, National University of Singapore; Advocate and Solicitor, Supreme Court of Singapore; Member of the Association of International Petroleum Negotiators**

DATE OF FIRST APPOINTMENT AS DIRECTOR: 9 November 2017 LENGTH OF SERVICE AS A DIRECTOR: 2 years 6 months KRISENERGY BOARD COMMITTEE(S) SERVED ON: Executive Committee (Member) PRESENT DIRECTORSHIPS (AS AT 31 DECEMBER 2019): LISTED COMPANIES: KrisEnergy Ltd. OTHER PRINCIPAL DIRECTORSHIPS: B Block Ltd; KrisEnergy (Aspara) Ltd; KrisEnergy (Asia) Ltd; KrisEnergy (Cambodia) Holding Ltd; KrisEnergy (Cambodia) Ltd; KrisEnergy (East Muriah) Ltd; KrisEnergy (Gulf of Thailand) Ltd; KrisEnergy (Phu Khanh 120) Ltd; KrisEnergy (Vietnam 115) Ltd; KrisEnergy (Satria) Ltd; KrisEnergy (Song Hong 105) Ltd; KrisEnergy Holding Company Ltd; KrisEnergy International (Thailand) Holdings Ltd; KrisEnergy Management Ltd; KrisEnergy (Management Services) Ltd; KrisEnergy Oil & Gas (Thailand) Ltd; KrisEnergy Pte Ltd; SJ Production Barge Ltd; KrisEnergy (Bangladesh) SS-11 Ltd; KrisEnergy G10 (Thailand) Ltd; KrisEnergy Management Ltd; KrisEnergy Asia Coöperatief U.A.; KrisEnergy Asia Holdings B.V.; KrisEnergy Netherlands Pte Ltd; KrisEnergy (Andaman II) Ltd; KrisEnergy (Apsara) Holding Ltd.; KrisEnergy (Apsara) Company Ltd MAJOR APPOINTMENTS (OTHER THAN DIRECTORSHIPS): Nil PAST PRINCIPAL DIRECTORSHIPS HELD OVER THE PRECEDING 5 YEARS (FROM 1 JANUARY 2015 TO 31 DECEMBER 2019): Komodo (B.V.I.) Ltd; KrisEnergy (Ageng) B.V.; KrisEnergy (Andaman Timur) 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.; Nong Yao G11 (Thailand) Ltd OTHERS: Nil

### John Koh (64)

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: 7 years 4 months KRISENERGY BOARD COMMITTEE(S) SERVED ON: Audit & Risk Management Committee (Chairman); Remuneration Committee (Member); Executive Committee (Member) PRESENT DIRECTORSHIPS (AS AT 31 DECEMBER 2019): LISTED COMPANIES: KrisEnergy Ltd.; NSL Ltd OTHER PRINCIPAL DIRECTORSHIPS: BMH Management Pte Ltd; Brandmine Properties Ltd; Aurora Mobile Ltd; Athenex Inc; National Museum of Singapore MAJOR APPOINTMENTS (OTHER THAN DIRECTORSHIPS): Nil PAST PRINCIPAL DIRECTORSHIPS HELD OVER THE PRECEDING 5 YEARS (FROM 1 JANUARY 2015 TO 31 DECEMBER 2019): Arbutus International Ltd; Worldwide Books Corporation; Mapletree Industrial Trust; Mapletree Industrial Trust Management Ltd (as Trustee Manager of Mapletree Industrial Trust); National Library Board 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

## Board of Directors

As at 3 June 2020

### Alan Nisbet (69)

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: 6 years KRISENERGY BOARD COMMITTEE(S) SERVED ON: Remuneration Committee (Chairman); Audit & Risk Management Committee (Member) PRESENT DIRECTORSHIPS (AS AT 31 DECEMBER 2019): LISTED COMPANIES: KrisEnergy Ltd.; Halcyon Agri Corporation Ltd; Keppel REIT Management Limited; Ascendas Property Fund Trustee Pte Ltd OTHER PRINCIPAL DIRECTORSHIPS: Standard Chartered Bank (Singapore) Ltd; RF Brussels Pte. Limited; RF Capital (Advisory) Pte. Limited; RF Capital (Credit) Pte. Limited; RF Capital Pte. Limited; RF Holdings Pte. Limited; Roberts Constructions Pte. Limited; Roberts Investments Holdings Pte. Limited; Robert Investments Pte. Limited; RF Corval Pte. Limited; RF Renewables Pte. Limited; RF Corval Europe Pte. Limited; RF Corval Logistics Pte. Limited MAJOR APPOINTMENTS (OTHER THAN DIRECTORSHIPS): Nil PAST PRINCIPAL DIRECTORSHIPS HELD OVER THE PRECEDING 5 YEARS (FROM 1 JANUARY 2015 TO 31 DECEMBER 2019): Ascendas Pte Ltd; RF Capital (Private Equity) Pte. Limited; RF Capital (Real Estate) Pte. Limited; RF Capital (Services) Pte. Limited; RF ECP Pte. Limited; RF Capital (Empirica) Pte. Limited; RF Corval Capital Partners Pte. Limited; RF Corval Holdings Pte. Limited; RF Corval MEA Pte. Limited; RF Corval REFM Pte. Ltd; RF Infrastructure Pte. Limited OTHERS: Former Partner and Audit Leader in Deloitte & Touche LLP, Singapore

### Bernard Castanet (77)

Non-Executive Independent Director



### Certified Engineer (major in Electronics & Mechanics) from Ecole Nationale d'Ingenieur de Brest

DATE OF FIRST APPOINTMENT AS DIRECTOR: 18 October 2019 LENGTH OF SERVICE AS A DIRECTOR: 7 months KRISENERGY BOARD COMMITTEE(S) SERVED ON: Audit & Risk Management Committee (Member); Nominating Committee (Member) PRESENT DIRECTORSHIPS (AS AT 31 DECEMBER 2019): 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 2015 TO 31 DECEMBER 2019): Perenco Holdings; Perenco Group companies OTHERS: Former board member and director of multiple Perenco Group companies

### Chris Ong Leng Yeow (46)

Non-Executive Director



### Bachelor Degree in Electrical and Electronics Engineering and Master degree in Electrical and Electronics Engineering, National University of Singapore; Chartered Engineer; Fellow of the Institute of Marine Engineering, Science and Technology; Member of the American Bureau of Shipping; Member of the DNV GL South East Asia and Pacific Committee; Member of Bureau Veritas Marine; Committee Member of Offshore Asia-Australia

DATE OF FIRST APPOINTMENT AS DIRECTOR: 5 January 2018 LENGTH OF SERVICE AS A DIRECTOR: 2 year 4 months KRISENERGY BOARD COMMITTEE(S) SERVED ON: Nominating Committee (Member); Remuneration Committee (Member) PRESENT DIRECTORSHIPS (AS AT 31 DECEMBER 2019): LISTED COMPANIES: KrisEnergy Ltd. OTHER PRINCIPAL DIRECTORSHIPS: FELS Offshore Pte Ltd; Keppel Amfels LLC; Keppel FELS Limited; Keppel Nantong Heavy Industry Co Ltd; Keppel Nantong Shipyard Co Ltd; Keppel Shipyard Limited; Northstar Investments Pte. Ltd; Keppel Singmarine Pte Ltd; Caspian Shipyard Company LLC; Antares Singapore Pte Ltd; Asian Lift Pte Ltd; Keppel Offshore & Marine Ltd; Keppel FELS Brasil S.A.; FuelNG Pte Ltd; Ocean Mineral Singapore Pte Ltd; Ocean Mineral Singapore Holding Pte Ltd; Keppel Technology and Innovation Pte Ltd; Keppel Walvis Bay Offshore and Marine (Pty) Ltd; Floatel International Ltd; KS Investments Pte Ltd; KOM USA & Keppel Renewable Energy Pte Ltd MAJOR APPOINTMENTS (OTHER THAN DIRECTORSHIPS): Chief Executive Officer of Keppel Offshore & Marine Ltd; PAST PRINCIPAL DIRECTORSHIPS HELD OVER THE PRECEDING 5 YEARS (FROM 1 JANUARY 2015 TO 31 DECEMBER 2019): Mod Prefab Private Limited; Bintan Offshore Fabricators Pte Ltd; Keppel FEL Engineering Shenzhen Co Ltd; Keppel Offshore and Marine Engineering Services Mumbai Pvt Ltd; PT Bintan Offshore; Keppel FELS Baltech OOD; Keppel FELS Engineering Wu Han Co. Ltd; Green Scan Pte Ltd; Keppel Offshore & Marine Technology Centre Pte Ltd; Keppel Sea Scan Pte Ltd; Offshore Technology Development Pte Ltd; Deepwater Technology Group Pte Ltd; AzerFELS Pte Ltd; Benniway Pte Ltd; Marine Technology Development Pte Ltd; Keppel Letourneau Singapore Pte Ltd; Bennett Offshore LLC; Keppel Floatel LLC (formerly known as Keppel SLP LLC); Keppel LeTourneau USA Inc.; FELS Asset Co Pte Ltd; Regency Steel Japan Limited; Keppel LeTourneau Middle East FZE; Blue Tern Ltd (Seafox 5 Limited); Gas Technology Development Pte Ltd OTHERS: Former Assistant Section Manager, Section Manager, Deputy Engineering Manager, Assistant General Manager (Engineering), General Manager (Engineering), Acting Executive Director (Operations), Executive Director (Commercial) and Managing Director of Keppel FELS Limited

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## Management Team

As at 3 June 2020

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### Joanne Ang (40)

Chief Financial Officer



Ms Ang joined KrisEnergy in 2013 as Corporate Finance Manager and was appointed Group Treasury Manager the following year. She took over the role as Interim Chief Financial Officer and Group Treasurer in April 2019 and was confirmed as permanent CFO in May 2020.

Ms. Ang began her career with the Commonwealth Bank of Australia in Sydney in 1999 in financial market operations and progressed to research analyst before departing in 2007. Ms. Ang moved to Singapore in 2008 and joined CLSA as a research analyst. From 2009 to 2013, she worked as VP, Corporate Finance at Brighton Capital Advisors, a corporate finance firm established in Singapore with a primary focus on the oil and gas sector.

Ms. Ang holds a Bachelor of Business (majoring in Banking and Finance) from the University of Technology, Sydney. She is also a CFA charterholder and a member of the CFA Society Singapore.

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### Sally Ting (43)

General Counsel



Ms. Ting joined KrisEnergy in 2015 and is responsible for the legal and regulatory functions of the company. She has more than 20 years of legal and oil and gas experience in the Asia-Pacific region.

Ms. Ting started her career at Australian legal firm, Mallesons Stephen Jaques (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 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.

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### Michael Whibley (61)

Vice President Technical



Mr. Whibley joined KrisEnergy since inception in 2009 and is a geologist with over 40 years of management, operational and interpretive experience in exploration, development and production projects and new business development. He has been based in Asia for the last 27 years.

Prior to joining KrisEnergy, 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 Hess from 2003 until 2006, 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 Occidental Petroleum-Bond Energy Resources-Hudson Energy between 1983 and 1993 as a Senior Explorationist. Mr. Whibley's experience is predominately throughout Southeast Asia, South Asia and Australasia (Papua New Guinea, Timor Sea, North West Shelf).

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 (Committee member). He is also the Chairman and Committee member of the Asia Pacific Scoutcheck (APSC).

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### Chris Wilson (49)

Vice President Commercial



Mr. Wilson joined KrisEnergy in 2009 and is a strategist responsible for the origination and execution of corporate and asset acquisitions/divestitures for the Group and in particular, the valuation of new business opportunities. He is also responsible for the Group's crude oil portfolio sales and marketing activities.

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. Mr. Wilson 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.

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## Management Team

As at 3 June 2020

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### Edwin Bowles (66)

General Manager, Bangladesh



Mr. Bowles joined KrisEnergy in 2014 and is a geologist with more than 38 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.

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.

Mr. Bowles 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.

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### Brian Helyer (62)

Vice President Operations



Mr. Helyer joined KrisEnergy in 2010 and has worked in the offshore oil and gas industry for over 40 years. Mr. Helyer looks after all aspects of project management for facilities construction, operations, maintenance and commissioning for KrisEnergy 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 15 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.

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### Tim Kelly (60)

Vice President Engineering



Mr. Kelly has more than 38 years of experience in the upstream oil industry with the last 31 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.

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### Malin Ros (54)

General Manager, Cambodia



Ms. Ros was appointed General Manager of KrisEnergy's Cambodian operations in October 2014 following the company's acquisition of Chevron Cambodia. Ms. Ros has more than 28 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 holds a Bachelor of Arts in Economics and a Master of Business Administration from the National University of Management in Phnom Penh, Cambodia.

## Management Team

As at 3 June 2020

### **Basuki Kusmutarto (58)**

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 SUKOFINDO, 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.

### **Phattarin Jirapojaporn (44)**

General Manager, Thailand



Ms. Jirapojaporn joined KrisEnergy in 2010. She holds an Executive Master of Business Administration from the Sasri 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.

### **Giang Nguyen (52)**

General Manager and Exploration Manager, Vietnam



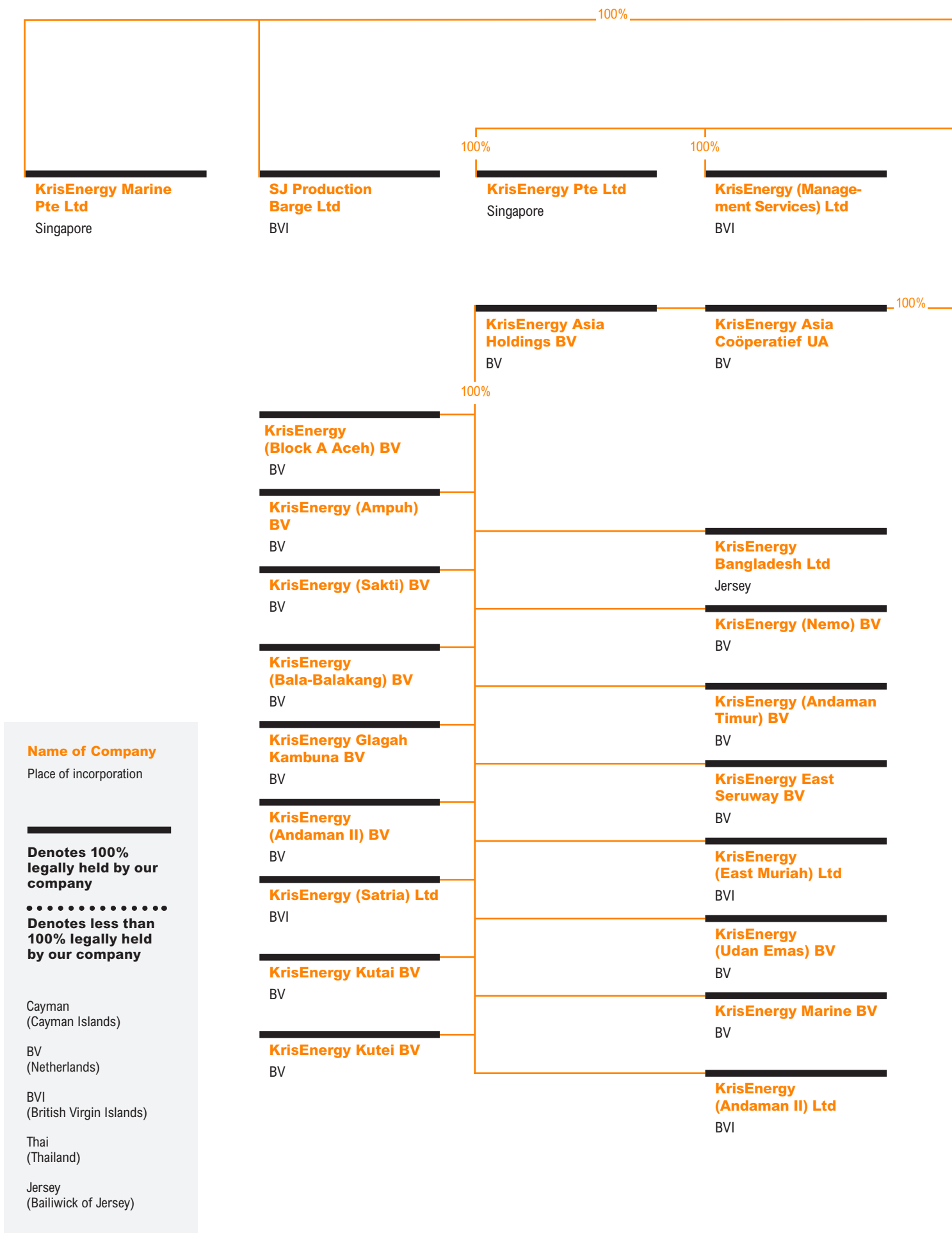
Mr. Giang joined KrisEnergy in 2011. He has more than 22 years of experience in oil and gas exploration in Vietnam. He has been involved in a variety of projects from exploration and development to new business across key oil-and-gas producing basins in Vietnam.

Mr. Giang was Chief Geophysicist for Pearl Energy between 2008 and 2010. Between 2002 and 2008, Mr. Giang was a senior exploration geophysicist under a joint venture with ConocoPhillips Vietnam. He began his career in 1997 as a seismic processor based in Ho Chi Minh City under a joint venture with Petrovietnam and Fairfield Industries Inc. USA.

Mr. Giang has a Bachelor of Science in Geophysics from Hanoi University of Geology and Mining and a Master of Science in Applied Petroleum Geology from HCMC University of Technology. Mr. Giang is a member of the Society of Exploration Geophysicists and the South East Asian Exploration Society.

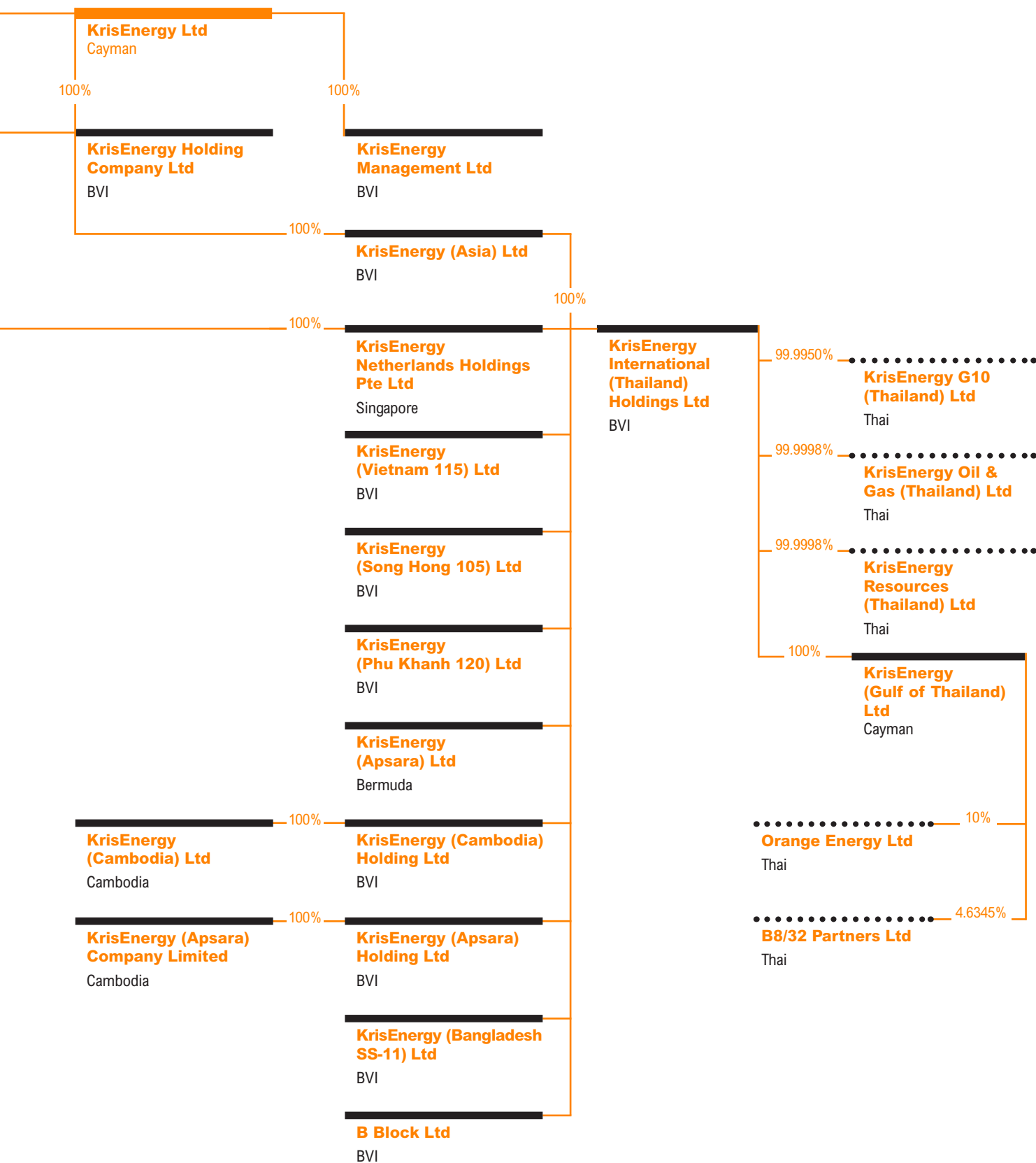
# Group Structure

As at 3 June 2020



# Group Structure

As at 3 June 2020



## Corporate Governance

The Board of Directors (the “Board”) and management of KrisEnergy Ltd. (“KrisEnergy” or the “Company”, together with its subsidiaries, the “Group”) are firmly committed to high standards of corporate governance, business integrity and professionalism, which is essential to the sustainability of the Group’s business and performance. To this end, unless otherwise explained, KrisEnergy confirms that it has complied in all material aspects with the Principles and Provisions of the Code of Corporate Governance 2018 (the “2018 Code”). Any deviations from the 2018 Code are appropriately explained within this Corporate Governance Report. With specific reference to the 2018 Code, our corporate governance practices are set out on the following pages.

## Board’s Conduct of Affairs

### Principle 1

#### *Provision 1.1*

#### 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 the 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, Directors and the succession planning process;
- overseeing a framework for evaluating adequacy of internal controls, risk management systems, financial reporting and compliance to safeguard stakeholders’ 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.

#### Conflicts of interest

To address and manage potential conflicts of interest that may arise, internal guidelines have been established which require Directors to promptly disclose a conflict or potential conflict of interest, whether direct or indirect, in relation to any transaction or proposed transaction. Where a Director has a conflict or potential conflict of interest, such Director is obliged to recuse himself/herself from discussions and decisions involving the issues of conflict or by abstaining from voting on any matter in which he/she is interested or conflicted, unless the Board is of the opinion that his/her presence and participation is necessary to enhance the efficacy of such discussions.

## *Provision 1.2*

### Board induction

All newly appointed Directors are provided induction letters detailing their duties and responsibilities. Management also conducts 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 are 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. Directors with no prior experience as a director of a company listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") are expected to undergo the training program conducted by the Singapore Institute of Directors. The Company will fund directors' participation at seminars or any training program in connection with their duties as directors.

## *Provision 1.3*

### 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, (i) acquisitions and disposals of material assets;

(ii) plans of development for petroleum assets; (iii) the Group work program and budget; and (iv) all material commitments to corporate and project financing from banks and financial institutions. This allows management to focus on its responsibilities for the day-to-day operation and administration of the Company.

Further, the Company 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 (i) maintaining the implementation of any policy decided upon by the Board; and (ii) 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.

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. As part of Management's on-going reporting to the Board, regular teleconference meetings are held to update the Board on the Company's operations and financial performance and to provide Directors a platform to provide 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.

## *Provision 1.4*

### Delegation by the Board

Although the Board retains overall responsibility, to assist the Board with oversight of various specific responsibilities, the Audit and Risk Management, Nominating, Remuneration and Executive Committees are delegated the necessary authority by the Board. Established with clear written terms of reference in compliance with the 2018 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. 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.

## Other Committees

In addition to the Audit and Risk Management, Nominating and Remuneration Committees, the Company has an Executive Committee (constituted in April 2017), which meets when required to assist the Board in executing its duties.

### Executive Committee

The Executive Committee is chaired by Tan Ek Kia and comprises John Koh and Kelvin Tang. The Executive Committee comprises two Independent Non-Executive Directors. The terms of reference for the Executive Committee include:

- providing advisory support, guidance and oversight to the Chief Executive Officer and 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 exceed the financial limit authority of the Chief Executive Officer, provided that such decisions are not specifically reserved for the Board or other supervisory persons / Committees; and
- undertaking generally other functions, duties and powers as may be required by the Board or the Committee from time to time.

*Please refer to the various Principles in this Corporate Governance Report for further information on the activities of each respective Committee.*

### Provision 1.5

#### Meetings and attendance

The Board holds regular meetings to review, consider and approve strategic, operational and financial matters. *Ad-hoc* meetings are also held when circumstances require and when the Board is required to address significant issues that may arise between scheduled meetings.

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 each quarter without the presence of management upon conclusion of the Board and Committee meetings. The Company's Articles of Association ("Articles") permit telephonic attendance and conference for 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 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 provides 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.

All Directors are required to declare their board representations. Where a Director has multiple board representations, the Nominating Committee will consider whether the Director is able to adequately carry out his/her duties, taking into account the Director's number of listed company board representations and other principal commitments.

**Table 1** sets out the number of meetings held by the Board and the Audit and Risk Management, Nominating and Remuneration Committees since 1 January 2019 to the end of the financial year under review, as well as the attendance of each Board member.

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

| Name of Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Board Meetings <sup>1</sup> | Committee Meetings <sup>1</sup> |                   |                   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|---------------------------------|-------------------|-------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                             | Audit and Risk Management       | Nominating        | Remuneration      |
| John Koh                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 4                           | 4                               | 3 <sup>2, 3</sup> | 2 <sup>2, 3</sup> |
| Duane Radtke <sup>4</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 3                           | 3 <sup>2</sup>                  | 3                 | 3                 |
| Tan Ek Kia                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 4                           | 4                               | 4                 | 4 <sup>2</sup>    |
| Alan Nisbet                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 4                           | 4                               | 3 <sup>2</sup>    | 3                 |
| Keith Pringle <sup>5</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 2                           | 2                               | 2 <sup>2</sup>    | 2                 |
| Chris Ong Leng Yeow <sup>6</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 2                           | 1 <sup>2</sup>                  | 2                 | 2 <sup>2</sup>    |
| Kelvin Tang                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 4                           | 4 <sup>2</sup>                  | 3 <sup>2</sup>    | 4 <sup>2</sup>    |
| Kiran Raj (Alternate Director to Kelvin Tang) <sup>7</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 3                           | 4 <sup>2</sup>                  | —                 | 2 <sup>2</sup>    |
| Bernard Castanet <sup>8</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 1                           | 1                               | 1                 | 1 <sup>2</sup>    |
| <b>Total no. of meetings held</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>4</b>                    | <b>4</b>                        | <b>4</b>          | <b>4</b>          |
| <b>Notes</b><br>1. Refers to meetings held/attended while each Director was in office<br>2. By invitation<br>3. Re-designated from Nominating Committee to Remuneration Committee with effect from 18 October 2019<br>4. Resigned from the Board on 30 September 2019<br>5. Resigned from the Board on 30 May 2019<br>6. Requested recusal from Board activities and decisions for the duration of the ongoing restructuring, in view of his position as Chief Executive Officer of Keppel Offshore & Marine Limited, which is a wholly-owned subsidiary of Keppel Corporation Limited (a controlling shareholder of the Company)<br>7. Resigned from the Board on 17 October 2019<br>8. Appointed to the Board on 18 October 2019 |                             |                                 |                   |                   |

In addition to the above official meetings, the Board also held several *ad-hoc* meetings outside the formal meeting basis during the financial year under review.

#### *Provision 1.6*

#### Complete, adequate and timely information

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. Board and Committee materials are distributed in advance and are 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.

All agendas for Board and Committee meetings are prepared in consultation with and incorporate inputs from key management personnel, and where relevant, the respective Committee chairpersons, to ensure that all material topics are attended to.

Any additional material or information requested by the Directors is promptly furnished. Matters of a highly sensitive nature may be tabled at a meeting or discussed without any papers being distributed. Management, which provides 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 and 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. 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.

Due to the ongoing financial restructuring of the Group and the prolonged volatile state of oil and gas prices which impacted the Company's financial health and necessitates a more active role by the Board in the Company's financial matters and state of affairs, Management holds regular teleconference meetings where possible and/or provides periodic email updates to ensure that the Board is provided with the most updated information.

#### *Provision 1.7*

#### 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 facilitate 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 the 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 Directors have separate and independent access to Management and the Company Secretaries at all times through email, telephone and face-to-face meetings. The appointment and removal of Company Secretaries are subject to the approval of the Board as a whole.

#### Independent professional advice

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

### **Board Composition and Guidance**

#### **Principle 2**

#### *Provision 2.1*

#### Independence of Directors

In determining the independence of Directors, the Nominating Committee conducts an annual review, taking into account the 2018 Code definition of an Independent Director and the guidance the 2018 Code and the Listing Manual of the SGX-ST provide 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 relationships with the Company, its substantial shareholders, its officers or its related corporations, and whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company. In addition, each of the Independent Directors provides an independence declaration annually based on the guidance provided in the 2018 Code.

The Board, taking into account the views of the Nominating Committee, considers the following current Directors independent: John Koh, Tan Ek Kia, Alan Nisbet and Bernard Castanet. In particular for Mr. Tan Ek Kia, his role as a member of the board of Keppel Corporation Limited is non-executive in nature and he is not involved in the day-to-day conduct of the business of Keppel Corporation Limited. This role does not require him to take or subject him to any obligation to follow any instructions from Keppel Corporation Limited in relation to the corporate affairs of the Company, and he continues to exercise independent judgement.

While none of the current Independent Directors have served an aggregate period of more than nine years with the Company (whether before or after listing) (the "Maximum Period"), in the future, if any Independent Director has been a director for more than the Maximum Period, his/her continued

appointment as an Independent Director will, in addition to being subject to the rigorous review of the Nominating Committee, must be approved in separate resolutions by (a) all shareholders; and (b) all shareholders, excluding shareholders who also serve as Directors or the Chief Executive Officer of the Company, and associates of such Directors and Chief Executive Officer.

#### *Provisions 2.2 and 2.3*

##### Independent element of the Board

The Board is helmed by an Independent Chairman and has a strong independent element – four of the six Directors, including the Chairman, are Independent Directors, which accordingly make up a majority of the Board. Non-Executive Directors also make up a majority of the Board.

#### *Provision 2.4*

##### Board size, composition and competency

In parallel 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 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. The Board also recognises the merits of potential gender diversity when sourcing for new Directors. The Company is working towards establishing a diversity policy which will formalise the framework and approach for the Board to set its qualitative and measurable quantitative objectives for achieving diversity, and to annually assess the progress in achieving those objectives.

##### Meeting of Directors without Management

Non-Executive Directors and Independent Directors hold meetings after Board meetings as appropriate to discuss matters without the presence of Management. The chairman of such meetings provides feedback to the Board and/or the Chairman as appropriate.

## **Chief Executive Officer & Chairman**

### **Principle 3**

#### *Provision 3.1*

##### Chief Executive Officer

Kelvin Tang, who is concurrently an Executive Director of the Company, was appointed Chief Executive Officer with effect from 1 September 2017.

##### Separation of the role of Chairman and Chief Executive Officer

A separation of roles and powers between the Chairman and the 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 and no one individual has unfettered powers of decision-making.

Tan Ek Kia, an Independent Non-Executive Director, was appointed Independent Non-Executive Chairman with effect from 23 February 2017. The Chairman is not related to the Chief Executive Officer.

### *Provision 3.2*

#### Roles and responsibilities of the Chairman

Spearheading a high standard of corporate governance, the Independent Non-Executive Chairman, who also chairs the Nominating Committee and the Executive Committee guides the Board with the aid of Directors, Company Secretaries and Management to ensure its effectiveness in all aspects of its role. The Independent Non-Executive Chairman sets the agenda and monitors the flow of information from management to the Board to ensure all material information is provided in a timely manner for Directors to review and discuss. The Independent Non-Executive Chairman encourages and promotes communication and constructive relations between the Board and management, and between Executive and Non-Executive Directors, and is available to shareholders and all stakeholders should they have any concerns which have failed to be resolved by contact through the Chief Executive Officer or the Chief Financial Officer. The Chief Executive Officer manages and oversees the Group's business. Other Executive Directors and management provide assistance to the Chief Executive Officer in making strategic proposals to the Board. Pursuant to open and constructive Board discussion, the Chief Executive Officer formulates plans to execute the agreed strategy and implements Board decisions.

### *Provision 3.2*

#### Assessment of necessity of Lead Independent Director

As the roles of the Chairman and the CEO are held by separate individuals who are not related, and given the majority independence of the Board (including the Chairman), appointment of a Lead Independent Director is not necessary. The Board has also considered that the Independent Directors and Non-Executive Directors are available as a channel of communication between shareholders and the Board or Management.

## **Board Membership**

### **Principle 4**

#### *Provisions 4.1 and 4.2*

#### Nominating Committee

The Nominating Committee is chaired by Tan Ek Kia and comprises Bernard Castanet and Chris Ong Leng Yeow. The Nominating Committee comprises entirely Non-Executive Directors, of which two out of three (including the Nominating Committee Chairman) are independent.

The key terms of reference for the Nominating Committee include:

- reviewing and recommending candidates for appointments and re-appointments to the Board and Board Committees (excluding the appointment of existing members of the Board to each of the Audit and Risk Management 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 and criteria 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, appointment and/or replacement of the Chairman, the Chief Executive Officer and key management personnel;
- 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 Listing Manual of the SGX-ST, and by amendments made thereto from time to time.

### *Provision 4.3*

#### Recommendation of Directors

The Board has a formal and transparent process for the appointment and re-appointment 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.

#### 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.

#### Criteria and process for selection, appointment and re-appointment 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 a shortlisting process. Executive search agencies may also be used. Interviews will be held between potential candidates and Nominating Committee members before a recommendation is made to the Board.

### *Provision 4.4*

#### Review and determination of Directors' independence

Provision 2.1 "Independence of Directors" of this Corporate Governance Report sets out the guidelines for the Nominating Committee's determination of a Director's independence on an annual basis.

### *Provision 4.5*

#### 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 their duties adequately and diligently. 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 a confirmation by each of the Directors of their 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 and diligently from 1 January 2019 until the end of the financial year under review, and will continue to do so in the next financial year.

#### Key information on Directors

Please refer to the sections entitled "Board of Directors" and "Additional Information on Directors Seeking Re-appointment" of this Annual Report for key information on Directors, including the listed company directorships and principal commitments of each Director. The *Notice of Annual General Meeting* sets out the Directors proposed for retirement and re-election at the forthcoming AGM.

## Board Performance

### Principle 5

#### *Provisions 5.1 and 5.2*

#### Board and Committee evaluation

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Committees and individual directors. An independent consultant, Boardroom Corporate & Advisory Services Pte. Ltd., 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 includes the size and composition, independence, processes, information and accountability, risk controls and internal management and standards of conduct, all of which are updated in accordance with the guidelines of the 2018 Code and the terms of reference of each of the Committees. The Company has also implemented an additional peer performance evaluation for each individual Director as a more sensitive measure to enhance corporate governance. The results are collated by the independent consultant and presented to the Nominating Committee.

The Nominating Committee has undertaken detailed discussions of the evaluation results and suggested improvements provided for the financial year ended 31 December 2019, and will work with the Board and each of the other Committees to implement action plan(s) to address key concerns and focal areas.

## Remuneration Matters

### Principle 6

#### *Provisions 6.1 and 6.2*

#### Remuneration Committee

The Remuneration Committee is chaired by Alan Nisbet and comprises John Koh and Chris Ong Leng Yeow. The Remuneration Committee comprises entirely Non-Executive Directors, all of which are independent.

The key terms of reference for the Remuneration Committee include:

- review and make recommendations to the Board on the Company's framework for determining the remuneration of the Board and key management personnel;
- continued review of the appropriateness and relevance of the Company's executive remuneration policy and other benefit programs;
- consideration, review and approval and/or varying the entire specific remuneration package and service contract terms for each Director as well as for key management personnel;
- consideration, review and approval and/or adaptation (if necessary) of the entire specific remuneration package and service contract terms for each member of the Board and key management personnel (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;

- consideration and approval of termination payments, retirement payments, gratuities, *ex-gratia* payments, severance payments and other similar payments to members of the Board and key management personnel, including the Chief Executive Officer;
- review of the Company's obligation arising in the event of termination of Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous;
- review and approval of all option plans, stock plans and/or other equity-based plans;
- annual determination whether awards will be made under each of the existing equity-based plans;
- review and approval of each award as well as the total proposed awards under each plan in accordance with the rules governing each plan;
- on-going review and approval of performance hurdles and/or fulfilment of performance hurdles for each of our equity-based plans; and
- review of succession plans for the Board and key management personnel positions.

### *Provision 6.3*

#### Review of remuneration

The Remuneration Committee's recommendations are 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.

The Remuneration Committee also reviews the Company's obligations arising in the event of termination of the contracts of service of Executive Directors and key management personnel to ensure their contracts of service contain fair and reasonable termination clauses which are not overly generous.

Please refer to Principle 9 "Disclosure on Remuneration" of this Corporate Governance Report for further information on the Company's compensation philosophy.

### *Provision 6.4*

#### Review of remuneration

Where necessary, the Remuneration Committee may seek advice from independent expert remuneration consultants on remuneration matters, such as Towers Watson. As there was no specific necessity during the financial year under review, the Remuneration Committee did not engage any remuneration consultant in relation to remuneration matters of the Group.

## **Level & Mix of Remuneration**

### **Principle 7**

#### *Provisions 7.1 and 7.3*

#### Remuneration of Executive Directors and key management personnel

The remuneration packages of Executive Directors and key management personnel 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 key management personnel'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 key management personnel 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 key management personnel to the Company and as a tool for long-term incentivisation and alignment of interests with the Company, key management personnel is eligible for share options and awards under the KrisEnergy Employee Share Option Scheme ("KrisEnergy ESOS") and KrisEnergy Performance Share Plan ("KrisEnergy PSP").

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.

### *Provision 7.2*

#### **Remuneration of Non-Executive Directors**

The remuneration of Non-Executive Directors is appropriate to the level of contribution and takes into account factors such as effort, time spent and responsibilities. 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. 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**.

Since 2016, there has been a 25% reduction in the total remuneration of the Non-Executive Directors as one of several cost-cutting measures to aid the Company through 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\$               |
| <b>Board Fees</b>                               | Chairman Fee       | \$15,000 per annum |
|                                                 | Basic Retainer Fee | \$37,500 per annum |
| <b>Audit and Risk Management Committee Fees</b> | Membership Fee     | \$7,500 per annum  |
|                                                 | Chairman Fee       | \$7,500 per annum  |
| <b>Remuneration Committee Fees</b>              | Membership Fee     | \$7,500 per annum  |
|                                                 | Chairman Fee       | \$7,500 per annum  |
| <b>Nominating Committee Fees</b>                | 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 8

#### *Provisions 8.1 and 8.3*

#### Annual remuneration report

A breakdown showing the level and mix of individual Director's and key management personnel's remuneration payable for the financial year under review is as disclosed in **Table 3** and **Table 4**.

#### Bonuses

There were no bonuses declared for the financial year ended 31 December 2019.

#### Share awards and options

Non-Executive Directors are 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 key management personnel, and (ii) aggregate total remuneration paid to key management personnel 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. The Company is making available, however, the aggregate remuneration and the breakdown of the components of remuneration in percentage terms of the individual Executive Directors and top five key management personnel in **Table 3** and **Table 4**. The Company is of the view that these disclosures provide sufficient information to shareholders on the Company's remuneration policies, the level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

Save for insurance coverage, no termination, retirement or post-employment benefits have been granted to the Directors or key management personnel for the financial year ended 31 December 2019.

### 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.

#### Provision 8.2

Remuneration of employees who are substantial shareholders or immediate family members of a Director, the Chief Executive Officer or a substantial shareholder.

No employee is a substantial shareholder of the Company, or is an immediate family member of a Director, the Chief Executive Officer or a substantial shareholder of the Company. The remuneration packages of the Directors and key management personnel 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 key management personnel are adequately, but not excessively, remunerated.

**Table 3: Directors**

| Remuneration Bands                  | Salary Including CPF, If Any | Bonus / Profit-sharing | Allowances & Others | Directors' Fees | Performance Shares | Total |
|-------------------------------------|------------------------------|------------------------|---------------------|-----------------|--------------------|-------|
|                                     | %                            | %                      | %                   | %               | %                  | %     |
| <b>S\$500,000 to S\$750,000</b>     |                              |                        |                     |                 |                    |       |
| Kelvin Tang <sup>1</sup>            | 88                           | -                      | 6                   | -               | 6                  | 100   |
| Kiran Raj <sup>2</sup>              | 99                           | -                      | 1                   | -               | -                  | 100   |
| <b>Below S\$250,000</b>             |                              |                        |                     |                 |                    |       |
| John Koh                            | -                            | -                      | -                   | 100             | -                  | 100   |
| Duane Radtke <sup>3</sup>           | -                            | -                      | -                   | 100             | -                  | 100   |
| Tan Ek Kia                          | -                            | -                      | -                   | 100             | -                  | 100   |
| Alan Nisbet                         | -                            | -                      | -                   | 100             | -                  | 100   |
| Keith Pringle <sup>4</sup>          | -                            | -                      | -                   | 100             | -                  | 100   |
| Chris Ong Leng Yeow                 | -                            | -                      | -                   | 100             | -                  | 100   |
| <b>Bernard Castanet<sup>5</sup></b> | -                            | -                      | -                   | 100             | -                  | 100   |

## Notes

<sup>1</sup> Includes remuneration received as Chief Executive Officer

<sup>2</sup> Resigned from the Board on 17 October 2019

<sup>3</sup> Resigned from the Board on 30 September 2019

<sup>4</sup> Resigned from the Board on 30 May 2019

<sup>5</sup> Appointed to the Board on 18 October 2019

**Table 4: Key Management Personnel**

| Remuneration Bands              | Designation                | Base / Fixed Salary Including CPF, If Any | Bonus / Profit-Sharing | Allowance & Others | Performance Shares | Total |
|---------------------------------|----------------------------|-------------------------------------------|------------------------|--------------------|--------------------|-------|
|                                 | %                          | %                                         | %                      | %                  | %                  | %     |
| <b>S\$500,000 to S\$750,000</b> |                            |                                           |                        |                    |                    |       |
| James Parkin <sup>1</sup>       | Chief Operations Officer   | 93                                        | -                      | -                  | 7                  | 100   |
| Brian Helyer                    | Vice President Operations  | 88                                        | -                      | 12                 | -                  | 100   |
| Tim Kelly                       | Vice President Engineering | 88                                        | -                      | 6                  | 6                  | 100   |
| Mike Whibley                    | Vice President Technical   | 87                                        | -                      | 6                  | 7                  | 100   |
| Chris Wilson                    | Vice President Commercial  | 82                                        | -                      | 11                 | 7                  | 100   |
| <b>S\$250,000 to S\$500,000</b> |                            |                                           |                        |                    |                    |       |
| Joanne Ang <sup>2</sup>         | Chief Financial Officer    | 100                                       | -                      | -                  | -                  | 100   |

## Notes

<sup>1</sup> Resigned on 3 October 2019

<sup>2</sup> Appointed as interim Chief Financial Officer on 18 April 2019, and permanent Chief Financial Officer on 19 May 2020

Since 2016, key management personnel have undertaken a 10% to 25% reduction in 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 9

#### Provision 9.1

#### Risk management and internal controls

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

The Company has developed and implemented a Board Assurance Framework (the “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, information technology and compliance risks, such as:

#### Strategic Risk

Risk resulting from inaccurate formulation and execution of business strategies/plan or changes in the external business environment which may impact the Group in the long term, for example, joint venture risk and competition risk.

#### Financial Risk

Risk resulting from financial activities and/or use of financial instruments, for example, capital availability risk, interest rate risk and foreign exchange risk.

#### Operational and Information Technology Risk

Risk of potential financial loss and/or business instability arising from failures in internal controls, operational processes or the systems that support them, for example, drilling and exploration risk, vessel availability risk, project management risk, fraud and corruption risk, health and safety risk and information technology security risk.

#### Compliance Risk

Risk resulting from changes in laws, statutes, compliance with regulatory requirements, internal policies and procedures and related third-party legal action/disputes that may affect the Group, for example, regulatory compliance risk.

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 and Risk Management Committee and the Board and are monitored on a quarterly basis.

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

#### *Provision 9.2*

#### Internal controls

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 and Risk Management Committee is of the opinion that the Group’s internal controls (including financial, operational, compliance and information technology controls) and risk management systems, which is relevant and material to the Group’s current business scope and environment, was adequate and effective as at 31 December 2019. 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.

In addition, the Board has received assurance from (a) the Chief Executive Officer and the Chief Financial Officer 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 (b) the Chief Executive Officer and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

### 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 teleconference briefings and investor forums. 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.

## Audit and Risk Management Committee

### Principle 10

*Provisions 10.1, 10.2 and 10.4*

#### Audit and Risk Management Committee

The Audit and Risk Management Committee is chaired by John Koh and comprises Tan Ek Kia, Alan Nisbet and Bernard Castanet. The Audit and Risk Management Committee comprises entirely of Non-Executive Directors, all of which are independent.

The key terms of reference for the Audit and Risk Management Committee include:

- review of all financial information and any public financial reporting with management and external auditors for submission to the Board;
- review of significant financial reporting issues and judgements to ensure the integrity of financial statements and any announcements relating to financial performance;
- review of, together with external auditors, the audit plan, audit report, management letter and the responses which the external auditors have received from Management on difficulties encountered with Management in the course of the audit;
- review of, together with external and internal auditors and reporting to the Board at least annually, the adequacy and effectiveness of the risk management and internal controls systems, including financial, operational, compliance and information technology controls;
- review of, together 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;
- review of the assurance from the Chief Executive Officer and the Chief Financial Officer on the financial records and financial statements;
- review of the adequacy, effectiveness, scope and results of the internal audit function;

- review of the adequacy, effectiveness, scope and results of the external audit, and the independence and objectivity of the external auditors;
- review of, together with external auditors, the impact of any new or proposed changes in accounting principles or regulatory requirements on the financial information;
- review of 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 are in place;
- assessment of the suitability of an accounting firm as external auditors and recommending to the Board on (i) the proposals to shareholders on the appointment or re-appointment and removal of such external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
- review of filings with SGX-ST or other regulatory bodies which contain financial information and ensuring proper disclosure;
- commissioning and reviewing any findings of internal investigations into matters where there is suspected fraud or irregularity or failure of internal controls or infringement of any law, rule and regulation which is likely to be material to the Group;
- obtaining recommendations on risk tolerance and strategy from Management, and where appropriate, reporting and recommending to the Board for its determination the nature and extent of significant risks which the Group may take in achieving strategic objectives and the Group's overall level of risk tolerance and risk policies;
- reviewing and discussing, as and when appropriate, with Management, the Group's risk governance structure and framework, including risk policies, risk mitigation and monitoring processes and procedures;
- review of quarterly reports from Management regarding major risk exposures and steps taken to monitor, control and mitigate such risks;
- review of the Group's capability to identify and manage new risk types;
- review and monitor Management's responsiveness to risks and matters identified;
- provide timely input to the Board on critical risk and regulatory compliance issues, material matters, findings and recommendations;
- review of risk management policies and guidelines and monitoring compliance therewith and assessing the adequacy and effectiveness of such risk management function;
- review of policy and arrangements by which 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;
- review and approval of any hedging policies and hedging instruments;
- reporting to the Board the work performed by the Audit and Risk Management Committee in carrying out its functions;
- monitoring investments in customers, suppliers and competitors made by Directors, controlling shareholders and their respective associates who are involved in the management or have shareholding interests in similar or related business of the Company and making assessments on whether there are any potential conflicts of interest;

- review of 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
- undertake 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 and Risk Management 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 and Risk Management Committee regularly meets with the external auditors and internal auditors, in each case without Management's presence and at least once annually.

The Board is of the view that at least two members of the Audit Committee and Risk Management Committee (including the Audit and Risk Management Committee Chairman) have recent and relevant accounting or related financial management expertise and experience and are familiar with the Company's business and operations and are thus able to discharge their duties as Audit and Risk Management 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 and Risk Management Committee members and the Board.

#### External auditors

The Audit and Risk Management Committee assesses the suitability of the external auditors and 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 Company's external auditors, Deloitte & Touche LLP, will hold office until the conclusion of the forthcoming AGM, and the re-appointment of Deloitte & Touche LLP is subject to shareholder approval at the forthcoming AGM.

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

In the financial year under review, the Audit and Risk Management Committee held discussions with management and Deloitte & Touche LLP regarding the accounting principles applied in the financial statements and any items that may affect the integrity of the financial statements. Subsequently, the Audit and Risk Management Committee recommended to the Board the release of the full-year financial statements.

The total fees paid and/or payable to Deloitte & Touche LLP for the financial year under review are as disclosed in Table 5.

**Table 5: Fees to external auditors**

|                                                                    | <b>S\$'000</b> | <b>% Of Total Fees Paid</b> |
|--------------------------------------------------------------------|----------------|-----------------------------|
| <b>External auditors' fees for the financial year under review</b> |                |                             |
| Total Audit Fees                                                   | 461            | 100                         |
| Total Non-Audit Fees                                               | -              | -                           |
| Total fees paid                                                    | <b>461</b>     | <b>100</b>                  |

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

#### Internal audit

Our internal audit functions are performed and maintained within the Company ("Internal Auditors"). As and when necessary, internal audit functions may be further outsourced to a third-party internal audit firm.

The Internal Auditors are responsible for executing the Internal Audit Plan as approved by the Audit and Risk Management Committee and for reporting the findings and recommendations of such audits to the Audit and Risk Management Committee on a quarterly basis. The Internal Auditors' primary line of reporting is to the Chairman of the Audit and Risk Management Committee, although the function reports administratively to the Board. All internal audit summary reports are submitted to the Audit and Risk Management Committee for consideration, with copies of the reports extended to the Independent Non-Executive Chairman, the Board (specifically, the Chief Executive Officer) and relevant key management personnel. 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 and Risk Management Committee.

The Internal Auditors have unrestricted direct access to the Audit and Risk Management Committee and unfettered access to all documents, records, properties and personnel and has appropriate standing within the Company. The Internal Auditors' function is performed in accordance to the International Professional Practices Framework established by The Institute of Internal Auditors.

The Audit and Risk Management Committee approves the appointment, termination, evaluation and remuneration of the head of the internal audit function. The Audit and Risk Management Committee is also responsible for the review, at least annually, of the adequacy and effectiveness of the internal audit function. The Audit and Risk Management Committee believes that the internal audit function is effective, adequately resourced and independent of the activities it audits.

#### Whistle-blowing policy

The Audit and Risk Management Committee has put in place a whistle-blowing policy, containing clearly defined mechanisms and procedures to encourage and enable employees, customers or third parties to raise concerns internally and at a high level and report malpractices, impropriety and misconduct in the workplace without fear of reprisal. Concerns about possible improprieties in matters of financial malpractice or impropriety or fraud, dangers to environment health safety and/or security, criminal activity, improper conduct or unethical behaviour and other matters in breach of company policies can be raised confidentially to the Chairman of the Board or the General Counsel and arrangements are in place for independent investigations of such matters and for appropriate follow-up action. These procedures aim to promote accountability, transparency and consistency in dealing with concerns made in good faith. There were no whistle-blowing reports made during the financial year under review.

#### *Provisions 10.3*

Partner or directors of the Company's auditing firm

No member of the Audit and Risk Management Committee is a former partner or director of the Company's external auditors.

#### *Provisions 10.5*

#### **Meeting with external and internal auditors without presence of Management**

The Audit and Risk Management Committee meets with both Internal Auditors and external auditors without the presence of Management at least once a year.

## **Shareholder Rights & Conduct of General Meetings**

### **Principle 11**

#### *Provision 11.1*

#### **Shareholders' participation and voting at general meetings**

The Company believes in a robust governance culture to ensure that shareholders receive fair and equitable treatment and have opportunity to communicate their views on matters affecting the Company. 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.

The Company advocates stakeholder participation and will hold general meetings in a central location in Singapore. Shareholders will be able to proactively engage Board and Management on its business activities and financial performance.

Shareholders whose names are registered in the CDP Register and the Register of Members are entitled to participate in, and vote at, general meetings. Shareholders are informed of general meetings through notices and/or circulars sent to all shareholders (including electronically) and/or published in newspapers, on SGXNet or on the Company's website. All shareholders have the opportunity to participate effectively in and vote at general meetings and will be informed of the rules, including voting procedures, which govern such general meetings. If any shareholder is unable to attend, he is permitted to appoint proxies to vote on his behalf at the meeting through proxy forms sent in advance.

Each item of special business included in the notice of the general meeting will be accompanied by a full explanation of the effects of a proposed resolution. Resolutions have been 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.

#### *Provision 11.2*

#### **Separate resolutions at general meetings**

At general meetings, separate resolutions are tabled for substantially separate issues. However, where the issues are interdependent and linked so as to form one significant proposal, the Company may propose "bundled" resolutions and will set out the reasons and material implication in the notices to the meeting or its accompanying appendices.

#### *Provision 11.3*

#### **Attendance of Directors and auditors at general meetings**

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 general meetings, if any, to address shareholders' queries. The Company will also ensure that appropriate management personnel will be present at each AGM and other general meetings, to respond to any shareholder enquiries.

#### *Provision 11.4*

##### Absentia voting

The Company's Articles allows the appointment of proxies for a shareholder who is absent from a general meeting to exercise his/her vote in absence through his/her proxy or proxies. Specified intermediaries may appoint more than two proxies.

While not prohibited under the Company's Articles, the Company will only implement absentia voting methods such as voting via mail, email or fax after satisfaction resolution of security, integrity and other pertinent issues.

#### *Provision 11.5*

##### Minutes of general meetings

A Company Secretary will prepare minutes of the general meetings, which will record any substantial comments or queries from shareholders and the corresponding responses from the Board and Management. These minutes will be published on the Company's website as soon as practicable.

#### *Provision 11.6*

##### Dividend Policy

The Company does not currently have a fixed dividend policy, as 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.

Due to the Group's accumulated losses, no dividend has been declared or recommended for the financial year under review.

## **Engagement with Shareholders**

### **Principle 12**

#### *Provision 12.1*

##### Avenues for communication between the Board and shareholders

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 communicates regularly with its shareholders and provides regular and relevant information regarding the Company's performance, progress and prospects to provide shareholders and investors the most current and detailed information, which they may take into consideration when making investment decisions. Where possible, the Company holds investor forums to provide information about its business and operations and the prevailing industry climate and to facilitate an avenue for investors to raise any queries with Management.

All press statements, financial results, material information, annual reports and notices of general meetings are published on a timely and consistent basis on SGXNet and the Company's website [www.krisenergy.com](http://www.krisenergy.com).

In order to solicit and understand the views of stakeholders, briefing and/or teleconference sessions maybe held for the media, analysts and the investor community as appropriate when quarterly financial results are released.

#### *Provisions 12.2 and 12.3*

##### Investor relations

The Company is dedicated to facilitating communications with shareholders, the investor community, analysts and the media. The Company has in place a “Communications Policy” to promote timely communications to all stakeholders simultaneously. The Company strives to reach out to shareholders and investors via its online “Investors & Media” portal within the Company’s website [www.krisenergy.com](http://www.krisenergy.com), where it updates shareholders and investors on the latest news and business developments of the Group. The Company’s announcements and website provide contact details for investors in the event they wish to contact the Company and a dedicated electronic mailing address has been established for those stakeholders wishing to submit written enquiries, which are addressed promptly.

## Engagement with Stakeholders

### Principle 13

#### *Provisions 13.1 and 13.2*

##### Engagement with major stakeholder groups

The Group’s material stakeholders are its shareholders and other investors, employees, contractors and suppliers, local community, regulators and joint venture partners. The Company has undertaken a process to determine the environmental, social and governance issues which are important to these stakeholders, in keeping with its commitment to adopt an inclusive approach in balancing the needs and interest of material stakeholders. More details on the Group’s engagement with material stakeholders, including key areas of focus, is set out in our Sustainability Report for the financial year ended 31 December 2019.

#### *Provisions 13.3*

##### Corporate website

The Group maintains a corporate website at [www.krisenergy.com](http://www.krisenergy.com) at which stakeholders can access information on the Group. The website is regularly updated and provides, *inter alia*, corporate announcements, press releases and operations of the Group and other information relevant to stakeholders. The Company has an “Investors & Media” portal within the Company’s website as an outreach to shareholders and all other stakeholders.

## Other Information

##### 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 and reviewed by, the Audit and Risk Management Committee.

There were no interested person transactions entered into during the financial year under review, and there is no existing general mandate from shareholders for interested person transactions.

## 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 Chief Executive Officer, any Director, or controlling shareholder subsisting at the end of the financial year under review, save for the contract entered into with Keppel Shipyard Limited (under the then existing general mandate approved by shareholders at an extraordinary general meeting held on 26 April 2018) for the modification and upgrading of the Company's production barge for the Apsara oil development in the Block A concession offshore Cambodia.

## 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

The Directors present herein their report dated 3 June 2020, 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 2019.

### 1 | Directors

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

**Tan Ek Kia**

Independent Non-Executive Chairman

**Kelvin Tang**

Chief Executive Officer, Executive Director

**John Koh**

Non-Executive Independent Director

**Alan Nisbet**

Non-Executive Independent Director

**Bernard Castanet**

Non-Executive Independent Director

**Chris Ong Leng Yeow**

Non-Executive Director

### 2 | Audit and Risk Management Committee

The Audit and Risk Management Committee comprises four independent Directors.

Members of the Audit and Risk Management Committee are:

**John Koh**

Chairman

**Tan Ek Kia**

**Alan Nisbet**

**Bernard Castanet**

**The Audit and Risk Management Committee carried out its function in accordance with the Code of Corporate Governance 2018, including the following:**

- review of all financial information and any public financial reporting with management and external auditors for submission to the Board;
- review of significant financial reporting issues and judgements to ensure the integrity of financial statements and any announcements relating to financial performance;
- review of, together with external auditors, the audit plan, audit report, management letter and the responses which the external auditors have received from Management on difficulties encountered with Management in the course of the audit;

- review of, together with external and internal auditors and reporting to the Board at least annually, the adequacy and effectiveness of the risk management and internal controls systems, including financial, operational, compliance and information technology controls;
- review of, together 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;
- review of the assurance from the Chief Executive Officer and the Chief Financial Officer on the financial records and financial statements;
- review of the adequacy, effectiveness, scope and results of the internal audit function;
- review of the adequacy, effectiveness, scope and results of the external audit, and the independence and objectivity of the external auditors;
- review of, together with external auditors, the impact of any new or proposed changes in accounting principles or regulatory requirements on the financial information;
- review of 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 are in place;
- assessment of the suitability of an accounting firm as external auditors and recommending to the Board on (i) the proposals to shareholders on the appointment or re-appointment and removal of such external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
- review of filings with SGX-ST or other regulatory bodies which contain financial information and ensuring proper disclosure;
- commissioning and reviewing any findings of internal investigations into matters where there is suspected fraud or irregularity or failure of internal controls or infringement of any law, rule and regulation which is likely to be material to the Group;
- obtaining recommendations on risk tolerance and strategy from Management, and where appropriate, reporting and recommending to the Board for its determination the nature and extent of significant risks which the Group may take in achieving strategic objectives and the Group's overall level of risk tolerance and risk policies;
- reviewing and discussing, as and when appropriate, with Management, the Group's risk governance structure and framework, including risk policies, risk mitigation and monitoring processes and procedures;
- review of quarterly reports from Management regarding major risk exposures and steps taken to monitor, control and mitigate such risks;
- review of the Group's capability to identify and manage new risk types;
- review and monitor Management's responsiveness to risks and matters identified;
- provide timely input to the Board on critical risk and regulatory compliance issues, material matters, findings and recommendations;
- review of risk management policies and guidelines and monitoring compliance therewith and assessing the adequacy and effectiveness of such risk management function;
- review of policy and arrangements by which 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;

- review and approval of any hedging policies and hedging instruments;
- reporting to the Board the work performed by the Audit and Risk Management Committee in carrying out its functions;
- monitoring investments in customers, suppliers and competitors made by Directors, controlling shareholders and their respective associates who are involved in the management or have shareholding interests in similar or related business of the Company and making assessments on whether there are any potential conflicts of interest;
- review of 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
- undertake 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 and Risk Management Committee has recommended to the Board of Directors the nomination of Deloitte & Touche 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:

| Name Of Director                                           | Holdings Registered In Name Of Directors Or Nominees |                                                       | Holdings In Which Directors Are Deemed To Have An Interest                                                                                                                                             |                                                                                                                                                                                                        |
|------------------------------------------------------------|------------------------------------------------------|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                            | AS AT 31 DECEMBER 2019                               | AS AT 1 JANUARY 2019 OR DATE OF APPOINTMENT, IF LATER | AS AT 31 DECEMBER 2019                                                                                                                                                                                 | AS AT 1 JANUARY 2019 OR DATE OF APPOINTMENT, IF LATER                                                                                                                                                  |
| John Koh                                                   | 142,000 <sup>1</sup>                                 | 142,000                                               | –                                                                                                                                                                                                      | –                                                                                                                                                                                                      |
| Duane Radtke <sup>2</sup>                                  | See footnote 2                                       | –                                                     | 2,000,000 <sup>3</sup>                                                                                                                                                                                 | 2,000,000                                                                                                                                                                                              |
| Tan Ek Kia                                                 | 142,000                                              | 142,000                                               | –                                                                                                                                                                                                      | –                                                                                                                                                                                                      |
| Alan Nisbet                                                | –                                                    | –                                                     | –                                                                                                                                                                                                      | –                                                                                                                                                                                                      |
| Keith Pringle <sup>4</sup>                                 | See footnote 4                                       | 243,308 <sup>5</sup>                                  | –                                                                                                                                                                                                      | –                                                                                                                                                                                                      |
| Kelvin Tang                                                | 1,392,185                                            | 1,392,185                                             | The aggregate of:<br>(i) up to one-ninth of 2.0% of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied; and<br>(ii) up to 683,777 PSP Awards | The aggregate of:<br>(i) up to one-ninth of 2.5% of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied; and<br>(ii) up to 683,777 PSP Awards |
| Kiran Raj (Alternate Director to Kelvin Tang) <sup>6</sup> | See footnote 6                                       | 892,565                                               | Up to 1,153,416 PSP Awards                                                                                                                                                                             | Up to 1,153,416 PSP Awards                                                                                                                                                                             |
| Chris Ong Leng Yeow                                        | –                                                    | –                                                     | –                                                                                                                                                                                                      | –                                                                                                                                                                                                      |
| Bernard Castanet <sup>7</sup>                              | 10,000                                               | 10,000                                                | –                                                                                                                                                                                                      | –                                                                                                                                                                                                      |

#### Notes:

<sup>1</sup> Held through nominee, DBS Nominees Pte Ltd

<sup>2</sup> Resigned from the Board on 30 September 2019

<sup>3</sup> 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)

<sup>4</sup> Resigned from the Board on 30 May 2019

<sup>5</sup> Held through nominee, TD Direct Investing (Europe) Ltd

<sup>6</sup> Resigned from the Board on 17 October 2019

<sup>7</sup> Appointed to the Board on 18 October 2019

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 2020.

## 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:

### Alan Nisbet

Chairman

### John Koh

### Chris Ong Leng Yeow

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, motivating 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.

## 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 8,425,241 Shares awarded to the then Executive Directors of the Company. There were no PSP Awards granted during the financial year under review.

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 to the end of the financial year under review, PSP Awards comprising (i) 16,642,144 Shares and (ii) eight-ninths of 1.0% of the issued share capital of the Company had vested. In respect of (i) 16,642,144 Shares were allotted and issued to employees, including 3,943,584 Shares to the then Executive Directors, and in respect of (ii) the Company has, in accordance with and as permitted under the terms of the MS-Awards, paid a cash sum equivalent to the aggregate market value of the Shares that would otherwise have been issued, including S\$285,207.36 to an Executive Director. 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 2019                                                                                                               | Balance As At 31 December 2019                                                                                                             |
|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| <b>19 July 2013 (MS-Awards) Directors</b> |                                                                                                                                            |                                                                                                                                      |                                                                                                                                    |                                                                                                                                            |                                                                                                                                            |
| Kelvin Tang                               | up to one-ninth of 3.0% of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied    | one-ninth of 1.0% 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 2.5% 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 2.0% of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied    |
| <b>Others</b>                             | up to seven-ninths of 3.0% of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied | seven-ninths of 1.0% of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied | one-ninths of 1.0% of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied | up to seven-ninths of 2.5% of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied | up to seven-ninths of 2.0% of the issued share capital of the Company at the time when the conditions of the MS-Awards have been satisfied |

|                         |            |           |           |   |   |
|-------------------------|------------|-----------|-----------|---|---|
| <b>13 November 2013</b> |            |           |           |   |   |
| <b>Directors</b>        |            |           |           |   |   |
| Kelvin Tang             | 235,553    | 235,553   | –         | – | – |
| <b>Others</b>           | 4,937,169  | 4,832,778 | 104,391   | – | – |
| <b>25 June 2014</b>     |            |           |           |   |   |
| <b>Directors</b>        |            |           |           |   |   |
| Kelvin Tang             | 235,553    | 235,553   | –         | – | – |
| <b>Others</b>           | 1,220,591  | 1,220,591 | –         | – | – |
| <b>31 December 2014</b> |            |           |           |   |   |
| <b>Directors</b>        |            |           |           |   |   |
| Kelvin Tang             | 448,224    | 448,224   | –         | – | – |
| <b>Others</b>           | 2,129,064  | 2,129,064 | –         | – | – |
| <b>17 March 2015</b>    |            |           |           |   |   |
| <b>Employees</b>        | 647,325    | 647,325   | 10,619    | – | – |
| <b>9 November 2015</b>  |            |           |           |   |   |
| <b>Directors</b>        |            |           |           |   |   |
| Kelvin Tang             | 432,598    | 432,598   | –         | – | – |
| <b>Others</b>           | 10,748,278 | 9,711,651 | 1,036,627 | – | – |

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 of the Company;
- (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, Deloitte & Touche LLP., have expressed their willingness to accept re-appointment.

### On behalf of the Board of Directors

|                                                                                     |                                                                                       |
|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
|  |  |
| <b>Tan Ek Kia</b> Director                                                          | <b>Kelvin Tang</b> Director                                                           |
|                                                                                     | 3 June 2020, Singapore                                                                |

## Statement by Directors

**We, Tan Ek Kia and Kelvin Tang, 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 2019, 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 all material respects, the financial position of the Group and of the Company as at 31 December 2019 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, on the basis of successful negotiation and completion of matters disclosed in Note 1 to the financial statements, there are reasonable grounds to believe that the Group and the Company will be able to pay debts as and when they fall due.

## On behalf of the Board of Directors

|                                                                                    |                                                                                      |
|------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
|  |  |
| <b>Tan Ek Kia</b> Director                                                         | <b>Kelvin Tang</b> Director                                                          |
|                                                                                    | 3 June 2020, Singapore                                                               |

**Independent auditor's report  
For the financial year ended 31 December 2019**

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

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**Opinion**

We have audited the 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 2019, 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 2019 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 financial statements, which indicates that the Group has recorded losses of US\$168.9 million for the year ended 31 December 2019 which resulted in a capital deficiency of US\$145.9 million and net current liability position of US\$531.7 million as at 31 December 2019. As at the date of these financial statements, the Group has not made principal and interest payments due in respect of debts totaling US\$310.7 million, resulting in classification of these balances as current liabilities as at 31 December 2019.

The Group is dependent on, amongst others, the continued support from Keppel Corporation Limited and Brent crude oil prices being sustained at a certain level for the 12 months to June 2021 to have adequate funds to meet its obligations, working capital and capital commitment needs. 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 ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Independent auditor's report  
For the financial year ended 31 December 2019**

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

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**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated 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.

**Key Audit Matter**

**Assessment of impairment in exploration and evaluation assets, oil and gas properties, and intangible assets**

As at 31 December 2019, the Group recorded US\$268.4 million of exploration and evaluation assets, US\$116.6 million of oil and gas properties, US\$8.4 million of intangible assets and US\$29.9 million of other property, plant and equipment relating to the oil & gas assets (collectively the "Oil & Gas Assets"), which amount to approximately 73.8% 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 2019 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. Consolidated cash flow forecast supporting the Group's impairment assessments as at 31 December 2019 is based on a forecasted Brent crude oil price of between US\$60 to US\$70 per barrel.

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 crude oil prices.

The Group has made disclosures on the above judgement in Note 3, Note 12 and Note 28 to the financial statements.

**How the audit matter was addressed in the audit**

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 the financial statements.

**Independent auditor's report  
For the financial year ended 31 December 2019**

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

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**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' are responsible for 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.

**Independent auditor's report  
For the financial year ended 31 December 2019**

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

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**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.

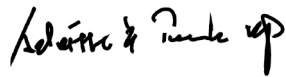
KrisEnergy Ltd.

**Independent auditor's report  
For the financial year ended 31 December 2019**

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

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



Public Accountants and  
Chartered Accountants  
Singapore

3 June 2020

**KrisEnergy Ltd.**

**Consolidated statement of comprehensive income  
For the financial year ended 31 December 2019**

|                                                                                   | <b>Note</b> | <b>2019<br/>US\$</b> | <b>2018<br/>US\$</b> |
|-----------------------------------------------------------------------------------|-------------|----------------------|----------------------|
| <b>Revenue</b>                                                                    | 6           | 126,531,037          | 144,805,416          |
| Cost of sales                                                                     | 6           | (147,906,326)        | (149,562,608)        |
| <b>Gross loss</b>                                                                 |             | (21,375,289)         | (4,757,192)          |
| Other income                                                                      |             | 11,060,696           | 40,517,158           |
| General and administrative expenses                                               |             | (18,736,183)         | (21,309,355)         |
| Other operating expenses                                                          | 6           | (86,617,498)         | (99,006,401)         |
| Finance income                                                                    |             | 900,885              | 654,101              |
| Finance costs                                                                     | 6           | (56,577,725)         | (49,261,437)         |
| <b>Loss before tax</b>                                                            | 6           | (171,345,114)        | (133,163,126)        |
| Tax credit (expense)                                                              | 7           | 2,484,648            | (4,189,299)          |
| <b>Loss for the year</b>                                                          |             | (168,860,466)        | (137,352,425)        |
| <b>Other comprehensive income (loss)</b>                                          |             |                      |                      |
| <i>Items that may be reclassified subsequently to profit or loss</i>              |             |                      |                      |
| Exchange differences on translation of foreign operations                         |             | (22,031)             | (61,743)             |
| <i>Items that will not be reclassified subsequently to profit or loss</i>         |             |                      |                      |
| Re-measurement of defined benefit obligations                                     | 22          | 51,899               | 181,290              |
| <b>Total comprehensive loss for the year</b>                                      |             | (168,830,598)        | (137,232,878)        |
| <b>Loss per share attributable to owners of the Company<br/>(cents per share)</b> |             |                      |                      |
| Basic                                                                             | 6           | (11)                 | (9)                  |
| Diluted                                                                           | 6           | (11)                 | (9)                  |

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

**KrisEnergy Ltd.**

**Statements of financial position  
As at 31 December 2019**

|                                          |      | Group         |               | Company         |               |
|------------------------------------------|------|---------------|---------------|-----------------|---------------|
|                                          | Note | 2019<br>US\$  | 2018<br>US\$  | 2019<br>US\$    | 2018<br>US\$  |
| <b>ASSETS</b>                            |      |               |               |                 |               |
| <b>Non-current assets</b>                |      |               |               |                 |               |
| Exploration and evaluation assets        | 8    | 268,405,159   | 307,892,254   | —               | —             |
| Oil and gas properties                   | 9    | 116,638,999   | 163,769,685   | —               | —             |
| Right-of-use assets                      | 10   | 25,110,535    | —             | —               | —             |
| Other property, plant and equipment      | 11   | 29,853,001    | 13,500,775    | —               | —             |
| Intangible assets                        | 12   | 8,444,892     | 8,444,892     | —               | —             |
| Investment in subsidiaries               | 13   | —             | —             | 10,119,717      | 336,744,426   |
| Other receivables                        | 15   | 4,035,573     | 4,088,466     | 115,915,795     | 209,518,945   |
|                                          |      | 452,488,159   | 497,696,072   | 126,035,512     | 546,263,371   |
| <b>Current assets</b>                    |      |               |               |                 |               |
| Inventories                              | 14   | 16,249,611    | 21,930,224    | —               | —             |
| Trade and other receivables              | 15   | 45,856,955    | 37,950,868    | 2,673           | —             |
| Prepayments                              |      | 7,900,157     | 5,686,060     | 41,742          | 143,777       |
| Cash and bank balances                   | 16   | 51,361,068    | 77,606,440    | 21,221          | 274,059       |
|                                          |      | 121,367,791   | 143,173,592   | 65,636          | 417,836       |
| <b>Total assets</b>                      |      | 573,855,950   | 640,869,664   | 126,101,148     | 546,681,207   |
| <b>EQUITY AND LIABILITIES</b>            |      |               |               |                 |               |
| <b>Equity</b>                            |      |               |               |                 |               |
| Share capital                            | 17   | 1,878,562     | 1,878,562     | 1,878,562       | 1,878,562     |
| Share premium                            | 17   | 730,302,151   | 730,302,151   | 730,302,151     | 730,302,151   |
| Other reserves                           | 17   | 30,880,836    | 30,707,795    | 41,507,519      | 41,312,447    |
| Accumulated losses                       |      | (908,958,598) | (740,150,031) | (1,010,788,910) | (559,149,382) |
| <b>Total (capital deficiency) equity</b> |      | (145,897,049) | 22,738,477    | (237,100,678)   | 214,343,778   |
| <b>Non-current liabilities</b>           |      |               |               |                 |               |
| Other payables                           | 18   | —             | —             | 28,149,516      | 25,628,394    |
| Accrued operating expenses               | 18   | 11,239,808    | —             | —               | —             |
| Lease liabilities                        | 19   | 550,833       | —             | —               | —             |
| Loans and borrowings                     | 20   | —             | 439,072,439   | —               | 290,802,439   |
| Provisions                               | 21   | 24,753,673    | 22,206,613    | —               | —             |
| Employee benefit liability               | 22   | 490,572       | 611,635       | —               | —             |
| Derivative liabilities                   | 24   | 2,324,481     | 2,966,741     | 2,324,481       | 2,966,741     |
| Deferred tax liabilities                 | 7    | 27,358,571    | 35,344,560    | —               | —             |
|                                          |      | 66,717,938    | 500,201,988   | 30,473,997      | 319,397,574   |

**KrisEnergy Ltd.**

**Statements of financial position (cont'd)**  
**As at 31 December 2019**

|                                     | <b>Note</b> | <b>Group</b> |             | <b>Company</b> |             |
|-------------------------------------|-------------|--------------|-------------|----------------|-------------|
|                                     |             | <b>2019</b>  | <b>2018</b> | <b>2019</b>    | <b>2018</b> |
|                                     |             | <b>US\$</b>  | <b>US\$</b> | <b>US\$</b>    | <b>US\$</b> |
| <b>Current liabilities</b>          |             |              |             |                |             |
| Trade and other payables            | 18          | 86,775,347   | 73,545,266  | 17,286,536     | 11,062,831  |
| Accrued operating expenses          | 18          | 35,281,281   | 21,935,797  | 4,764,241      | 1,877,024   |
| Lease liabilities                   | 19          | 25,573,038   | —           | —              | —           |
| Loans and borrowings                | 20          | 503,053,505  | 20,000,000  | 310,677,052    | —           |
| Withholding tax payable             |             | 401,002      | 197,753     | —              | —           |
| Tax payable                         |             | 1,950,888    | 2,250,383   | —              | —           |
|                                     |             | 653,035,061  | 117,929,199 | 332,727,829    | 12,939,855  |
| <b>Total liabilities</b>            |             | 719,752,999  | 618,131,187 | 363,201,826    | 332,337,429 |
| <b>Total equity and liabilities</b> |             | 573,855,950  | 640,869,664 | 126,101,148    | 546,681,207 |

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

**KrisEnergy Ltd.**

**Statements of changes in equity  
For the financial year ended 31 December 2019**

| Group                                                      | Share capital<br>US\$ | Share premium<br>US\$ | Accumulated losses<br>US\$ | Foreign currency translation reserve<br>US\$ | Employee share option reserve<br>US\$ | General reserve<br>US\$ | Total equity (capital deficiency)<br>US\$ |
|------------------------------------------------------------|-----------------------|-----------------------|----------------------------|----------------------------------------------|---------------------------------------|-------------------------|-------------------------------------------|
| <b>Balance at 1 January 2019</b>                           | 1,878,562             | 730,302,151           | (740,150,031)              | (1,923,556)                                  | 1,012,111                             | 31,619,240              | 22,738,477                                |
| Loss for the year                                          | –                     | –                     | (168,860,466)              | –                                            | –                                     | –                       | (168,860,466)                             |
| <u>Other comprehensive loss</u>                            |                       |                       |                            |                                              |                                       |                         |                                           |
| Exchange differences on translation of foreign operations  | –                     | –                     | –                          | (22,031)                                     | –                                     | –                       | (22,031)                                  |
| Re-measurement of defined benefit obligations              | –                     | –                     | 51,899                     | –                                            | –                                     | –                       | 51,899                                    |
| Total comprehensive loss for the year                      | –                     | –                     | (168,808,567)              | (22,031)                                     | –                                     | –                       | (168,830,598)                             |
| Equity-settled share transactions with employees (Note 23) | –                     | –                     | –                          | –                                            | 195,072                               | –                       | 195,072                                   |
| <b>Balance at 31 December 2019</b>                         | 1,878,562             | 730,302,151           | (908,958,598)              | (1,945,587)                                  | 1,207,183                             | 31,619,240              | (145,897,049)                             |

**KrisEnergy Ltd.**

**Statements of changes in equity (cont'd)**  
**For the financial year ended 31 December 2019**

| Group (cont'd)                                             | Share capital<br>US\$ | Share premium<br>US\$ | Accumulated losses<br>US\$ | Foreign currency translation reserve<br>US\$ | Employee share option reserve<br>US\$ | General reserve<br>US\$ | Total equity<br>US\$ |
|------------------------------------------------------------|-----------------------|-----------------------|----------------------------|----------------------------------------------|---------------------------------------|-------------------------|----------------------|
| <b>Balance at 1 January 2018</b>                           | 1,878,562             | 730,302,151           | (602,978,896)              | (1,861,813)                                  | 767,095                               | 31,619,240              | 159,726,339          |
| Loss for the year                                          | –                     | –                     | (137,352,425)              | –                                            | –                                     | –                       | (137,352,425)        |
| <u>Other comprehensive loss</u>                            |                       |                       |                            |                                              |                                       |                         |                      |
| Exchange differences on translation of foreign operations  | –                     | –                     | –                          | (61,743)                                     | –                                     | –                       | (61,743)             |
| Re-measurement of defined benefit obligations              | –                     | –                     | 181,290                    | –                                            | –                                     | –                       | 181,290              |
| Total comprehensive loss for the year                      | –                     | –                     | (137,171,135)              | (61,743)                                     | –                                     | –                       | (137,232,878)        |
| Equity-settled share transactions with employees (Note 23) | –                     | –                     | –                          | –                                            | 245,016                               | –                       | 245,016              |
| <b>Balance at 31 December 2018</b>                         | 1,878,562             | 730,302,151           | (740,150,031)              | (1,923,556)                                  | 1,012,111                             | 31,619,240              | 22,738,477           |

**KrisEnergy Ltd.**

**Statements of changes in equity (cont'd)**  
**For the financial year ended 31 December 2019**

| <b>Company</b>                                             | <b>Share capital<br/>US\$</b> | <b>Share premium<br/>US\$</b> | <b>Accumulated losses<br/>US\$</b> | <b>Employee share option reserve<br/>US\$</b> | <b>General reserve<br/>US\$</b> | <b>Total equity (capital deficiency)<br/>US\$</b> |
|------------------------------------------------------------|-------------------------------|-------------------------------|------------------------------------|-----------------------------------------------|---------------------------------|---------------------------------------------------|
| <b>Balance at 1 January 2019</b>                           | 1,878,562                     | 730,302,151                   | (559,149,382)                      | 1,012,111                                     | 40,300,336                      | 214,343,778                                       |
| Loss for the year                                          | –                             | –                             | (451,639,528)                      | –                                             | –                               | (451,639,528)                                     |
| Other comprehensive loss                                   | –                             | –                             | –                                  | –                                             | –                               | –                                                 |
| Total comprehensive loss for the year                      | –                             | –                             | (451,639,528)                      | –                                             | –                               | (451,639,528)                                     |
| Equity-settled share transactions with employees (Note 23) | –                             | –                             | –                                  | 195,072                                       | –                               | 195,072                                           |
| <b>Balance at 31 December 2019</b>                         | <b>1,878,562</b>              | <b>730,302,151</b>            | <b>(1,010,788,910)</b>             | <b>1,207,183</b>                              | <b>40,300,336</b>               | <b>(237,100,678)</b>                              |

**KrisEnergy Ltd.**

**Statements of changes in equity (cont'd)**  
**For the financial year ended 31 December 2019**

| Company (cont'd)                                           | Share capital<br>US\$ | Share premium<br>US\$ | Accumulated losses<br>US\$ | Employee share option reserve<br>US\$ | General reserve<br>US\$ | Total equity<br>US\$ |
|------------------------------------------------------------|-----------------------|-----------------------|----------------------------|---------------------------------------|-------------------------|----------------------|
| <b>Balance at 1 January 2018</b>                           | 1,878,562             | 730,302,151           | (24,307,842)               | 767,095                               | 40,300,336              | 748,940,302          |
| Loss for the year                                          | –                     | –                     | (534,841,540)              | –                                     | –                       | (534,841,540)        |
| Other comprehensive loss                                   | –                     | –                     | –                          | –                                     | –                       | –                    |
| Total comprehensive loss for the year                      | –                     | –                     | (534,841,540)              | –                                     | –                       | (534,841,540)        |
| Equity-settled share transactions with employees (Note 23) | –                     | –                     | –                          | 245,016                               | –                       | 245,016              |
| <b>Balance at 31 December 2018</b>                         | <b>1,878,562</b>      | <b>730,302,151</b>    | <b>(559,149,382)</b>       | <b>1,012,111</b>                      | <b>40,300,336</b>       | <b>214,343,778</b>   |

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

**KrisEnergy Ltd.**
**Consolidated statement of cash flows**  
**For the financial year ended 31 December 2019**

|                                                                  | <b>Note</b> | <b>2019<br/>US\$</b> | <b>2018<br/>US\$</b> |
|------------------------------------------------------------------|-------------|----------------------|----------------------|
| <b>Operating activities</b>                                      |             |                      |                      |
| Loss before tax                                                  |             | (171,345,114)        | (133,163,126)        |
| Adjustments to reconcile loss before tax to net cash flows       |             |                      |                      |
| Depreciation, depletion and amortisation                         |             | 46,395,269           | 49,867,417           |
| Depreciation of right-of-use assets                              | 10          | 40,859,448           | –                    |
| Dry hole expenses                                                | 6           | –                    | 11,450,524           |
| Employee defined benefit                                         |             | (69,164)             | (555,709)            |
| Equity-settled share transactions with employees                 | 23          | 195,072              | 245,016              |
| Gain on disposal of a subsidiary                                 | 4           | –                    | (2,526,714)          |
| Impairment loss on exploration and evaluation assets             | 8           | 65,218,780           | 61,358,426           |
| Impairment loss on oil and gas properties                        | 9           | 22,092,108           | 18,946,687           |
| Inventories written down                                         | 6           | 1,877,537            | 8,940,159            |
| Net fair value gain on financial instruments                     |             | (633,707)            | (4,079,847)          |
| Finance costs                                                    |             | 32,537,508           | 27,690,643           |
| Utilisation of decommissioning provisions                        | 21          | –                    | (3,971,874)          |
| Write-back of unused decommissioning provisions                  | 21          | –                    | (29,006,833)         |
| Unwinding of discount on decommissioning provisions              | 21          | 2,220,656            | 1,521,272            |
| Unwinding of discount on Notes                                   | 6           | 17,975,212           | 20,049,522           |
| Unwinding of discount on lease liabilities                       |             | 3,844,349            | –                    |
| Unrealised foreign exchange loss (gain) on financial instruments |             | 1,890,848            | (5,864,560)          |
| Interest income                                                  |             | (900,885)            | (654,101)            |
| Operating cash flows before changes in working capital           |             | 62,157,917           | 20,246,902           |
| Inventories                                                      |             | 3,803,076            | (12,736,309)         |
| Trade and other receivables                                      |             | (14,257,529)         | 18,653,268           |
| Trade and other payables                                         |             | (9,057,689)          | 30,438,381           |
| <b>Cash flows generated from operations</b>                      |             | 42,645,775           | 56,602,242           |
| Interest received                                                |             | 900,885              | 654,101              |
| Interest paid                                                    |             | (12,952,073)         | (15,696,709)         |
| Taxes paid                                                       |             | (5,800,837)          | (6,259,578)          |
| <b>Net cash from operating activities</b>                        |             | 24,793,750           | 35,300,056           |
| <b>Investing activities</b>                                      |             |                      |                      |
| Additions to exploration and evaluation assets                   | 8           | (28,039,185)         | (22,284,978)         |
| Additions to oil and gas properties                              |             | (17,701,028)         | (30,721,162)         |
| Expenditure on assets refurbishment                              |             | (1,751,811)          | (1,258,676)          |
| Proceeds from sale of subsidiary                                 | 4           | 4,190,237            | 9,079,743            |
| Purchase of other property, plant and equipment                  |             | (121,229)            | (28,119)             |
| <b>Net cash used in investing activities</b>                     |             | (43,423,016)         | (45,213,192)         |
| <b>Financing activities</b>                                      |             |                      |                      |
| Decrease in cash collateralised                                  |             | 2,000,000            | –                    |
| Proceeds from bank borrowings                                    |             | 44,106,453           | 55,000,000           |
| Financial restructuring expense                                  | 6           | (3,030,212)          | –                    |
| Repayment of bank borrowings                                     |             | (20,000,000)         | (35,000,000)         |
| Repayment of lease liabilities                                   |             | (23,636,030)         | –                    |
| Payment of Notes interest                                        |             | (5,035,043)          | (6,243,801)          |
| <b>Net cash (used in) from financing activities</b>              |             | (5,594,832)          | 13,756,199           |

**KrisEnergy Ltd.****Consolidated statement of cash flows (cont'd)**  
**For the financial year ended 31 December 2019**

|                                                                                               | <b>Note</b> | <b>2019<br/>US\$</b> | <b>2018<br/>US\$</b> |
|-----------------------------------------------------------------------------------------------|-------------|----------------------|----------------------|
| <b>Net (decrease) increase in cash and cash equivalents</b>                                   |             | (24,224,098)         | 3,843,063            |
| Effects of foreign exchange rate changes on the<br>balance of cash held in foreign currencies |             | (21,274)             | (61,471)             |
| Cash and cash equivalents at beginning of year                                                |             | 69,336,440           | 65,554,848           |
| <b>Cash and cash equivalents at end of year</b>                                               | <b>16</b>   | <b>45,091,068</b>    | <b>69,336,440</b>    |

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

**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 13 to the consolidated financial statements.

*Material Uncertainty Related to Going Concern*

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

The consequences of a further depressed and volatile oil markets coupled with the Group’s high exposure to interest-bearing debts and associated non-cash finance charges, has continued to materially and adversely impact the Group’s results of operations and financial condition.

The Group has recorded losses of US\$168.9 million for the year ended 31 December 2019 which resulted in a capital deficiency of US\$145.9 million and net current liability position of US\$531.7 million as at 31 December 2019. As at 31 December 2019, the Group has the following debts:

- (i) US\$192.4 million under the Revolving Credit Facility (“RCF”) with DBS Bank Ltd (“DBS”) due 30 June 2020;
- (ii) Unsecured term loans of US\$34.4 million with five principal repayments of 10.0% of the total term loan semi-annually starting 21 August 2019, and bullet principal repayment on maturity due 21 February 2022;
- (iii) S\$130.0 million 4.0% senior unsecured principal notes due 2022 (“2022 Notes”);
- (iv) S\$200.0 million 4.0% senior unsecured principal notes due 2023 (“2023 Notes”); and
- (v) S\$139.5 million in aggregate principal amount of senior secured Zero Coupon notes due 2024 (“ZCNs”, together with the 2022 Notes and the 2023 Notes, the “Notes”).

The Group has not made principal and/or interest payments due in respect of the above debts, other than partial principal repayment and/or interest payment for the RCF, resulting in classification of these balances as current liabilities as at 31 December 2019. On 14 August 2019, the Company applied to the High Court of the Republic of Singapore (“Court”) under Section 211B of the Companies Act (Cap. 50) to seek a moratorium against enforcement actions and legal proceedings by creditors against the Company. On 27 May 2020, the Company applied for its third moratorium extension and is currently awaiting a hearing date by the Court.

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 till 30 June 2021 (the “Cash Flow Forecast”). In its preparation, other than the judgement and assumptions around the extension of moratorium set out above, the following have been taken into consideration by the Group:

1. Corporate information (cont'd)

**Material Uncertainty Related to Going Concern** (cont'd)

- 1) On 30 April 2020, the Group signed a credit facility agreement with Kepinvest Singapore Pte. Ltd. ("Lender"), a subsidiary of Keppel Corporation Limited ("Keppel"), pursuant to which the Lender has agreed to grant a project financing loan in the aggregate principal amount of up to US\$87.0 million (the "Project Financing Facility") which will be used solely for the funding of the development of Cambodia Block A. As at date of this financial statements, the Group has drawn-down US\$14.6 million from the Project Financing Facility. As disclosed in Note 32, the Group will need to satisfy certain conditions specified under the Project Financing Facility (including the obtaining of shareholders' approval), failing which the Lender will be entitled to call for immediate repayment of the funds already advanced and have no obligation to make available any further funding. As at date of this financial statements, the directors and management are confident that the continued support from Keppel will be forthcoming and there is nothing to suggest otherwise provided the Group continues to adhere and fulfils all conditions set out in the Project Financing Facility;
- 2) the Group has US\$16.6 million payable to Indonesian authorities relating to:
  - (i) Notice of Property for Land and Building Tax of approximately US\$6.7 million (including interest) relating to Bala-Balakang PSC; and
  - (ii) Unfulfilled capital commitments of US\$9.6 million on the relinquished interest in the East Seruway PSC.

Management is currently in discussion with the respective Indonesian authorities to make payments for the above on an instalment basis and has reflected as such in preparing the Cash Flow Forecast; and

- 3) crude oil prices continue to be volatile and significantly affected by macroeconomic and microeconomic factors. As at date of these consolidated financial statements, the trajectory for oil prices remains uncertain and the upstream sector enters a new decade with shaken confidence. In preparing the Cash Flow Forecast, management has used forecasted Brent crude oil price of US\$22 per barrel and US\$45 per barrel from June 2020 and from January 2021 respectively, after taking into consideration the oil prices subsequent to year end. In view of current oil market volatility and the imminent expiry of certain equipment charters, as announced on 3 June 2020, the Group has taken the decision to suspend operation at the Wassana field in the G10/48 concession in the Gulf of Thailand after undertaking a review of the commerciality of the asset at current oil price levels and future projected levels. Management has taken such effect into consideration in preparing the Cash Flow Forecast.

Whilst the full extent of the emergence of COVID-19 is yet to be understood but is widely expected to negatively impact all sectors of the economy worldwide, in preparing the Cash Flow Forecast, management has estimated to the best of their knowledge and taken the potential impact into consideration. Immediate consequences in the first two quarters of 2020 have been manufacturing disruptions, broken supply chains and sharply reduced travel and tourism, all of which curtail energy demand.

The Group has appointed financial and legal advisors to assist in the restructuring and/or extension of its debt obligations (the "Debt Restructuring"). The financial advisors are evaluating and advising the Board on all available options to improve and strengthen the financial position of the Group, including looking at recapitalisation options and extension of the RCF with DBS. The directors and management are confident that major stakeholders will continue to support the Group in its Debt Restructuring, and working closely with the other secured and unsecured stakeholders, there is reasonable likelihood that such restructuring can be successfully achieved. Until then, the Group expects to continue to have its moratorium extended.

**1. Corporate information (cont'd)**

***Material Uncertainty Related to Going Concern (cont'd)***

The above matters represent a material uncertainty that may cast a significant doubt on the Group'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 considerations of the underlying assumptions forming the Cash Flow Forecast 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 to continue operations for at least the next 12 months from the date of the financial statements, and that the basis of preparation of the financial statements remains appropriate.

The financial statements do not include any adjustments relating to positive outcomes that may eventuate in connection with the Debt Restructuring and nor do they include adjustments relating to the realisation and classification of assets and liabilities 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.

**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 ("IAS") Board.

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value-in-use ("VIU") in IAS 36 *Impairment of Assets*.

**2. Summary of significant accounting policies (cont'd)**

**2.1 Basis of preparation (cont'd)**

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- (i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- (ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- (iii) Level 3 inputs are unobservable inputs for the asset or liability.

**2.2 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries as at 31 December 2019. 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.

Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has the rights, to variable return from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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 Company obtains control, and continue to be consolidated until the date when such control ceases.

## 2 Summary of significant accounting policies (cont'd)

### 2.2 Basis of consolidation (cont'd)

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 Adoption of new and revised IFRSs

In the current financial year, the Group has adopted all the new and revised IFRSs and IFRIC Interpretations ("IFRICs") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2019. The adoption of these new/revised IFRSs and IFRICs resulted in changes to the Group's accounting policies but has no material effect on the amounts reported for the current or prior years. Effects for IFRS 16 *Leases* is disclosed below:

#### IFRS 16 *Leases*

In the current year, the Group has applied IFRS 16 *Leases* (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 2.16. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

The date of initial application of IFRS 16 for the Group is 1 January 2019.

The Group has applied IFRS 16 using the cumulative catch-up approach which:

- Requires the Group to recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.
- Does not permit restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

**2. Summary of significant accounting policies (cont'd)**

**2.3 Adoption of new and revised IFRSs (cont'd)**

**IFRS 16 Leases (cont'd)**

Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group.

Impact on Lessee Accounting

Former operating leases

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Group:

- (i) Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii)
- (ii) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
- (iii) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Lease incentives (e.g. rent free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'general and administrative expenses' in profit or loss.

**2. Summary of significant accounting policies (cont'd)****2.3 Adoption of new and revised IFRSs (cont'd)****IFRS 16 Leases (cont'd)**

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under IAS 37 in the statement of financial position immediately before the date of initial application as an alternative to performing an impairment review.
- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

**Financial impact of initial application of IFRS 16**

The weighted average lessees incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 January 2019 is 8.0%.

The following table shows the operating lease commitments disclosed applying IAS 17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

***Impact on retained earnings as at 1 January 2019***

|                                                 | US\$              |
|-------------------------------------------------|-------------------|
| Operating lease commitments at 31 December 2018 | 70,640,027        |
| Effect of discounting the above amounts         | (4,652,644)       |
| Lease liabilities recognised at 1 January 2019  | <u>65,987,383</u> |

The Group has recognised US\$66.0 million of right-of-use assets and US\$66.0 million of lease liabilities upon transition to IFRS 16.

**2.4 New and revised IFRSs in issue but not yet effective**

At the date of these consolidated financial statements, the Group and the Company have not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

|                                  |                                                                                                            |
|----------------------------------|------------------------------------------------------------------------------------------------------------|
| IFRS 17                          | <i>Insurance Contracts<sup>(1)</sup></i>                                                                   |
| Amendments to IFRS 3             | <i>Definition of Business<sup>(2)</sup></i>                                                                |
| Amendments to IFRS 10 and IAS 28 | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>(3)</sup></i> |
| Amendments to IFRS 1 and IAS 8   | <i>Definition of Material<sup>(4)</sup></i>                                                                |
| Conceptual Framework             | <i>Amendments to References to the Conceptual Framework in IFRS Standards<sup>(4)</sup></i>                |

**2. Summary of significant accounting policies (cont'd)**

**2.4 New and revised IFRSs in issue but not yet effective (cont'd)**

- (1) Effective for annual periods beginning on or after 1 January 2021.
- (2) Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
- (3) Effective for annual periods beginning on or after a date to be determined.
- (4) Effective for annual periods beginning on or after 1 January 2020.

Management anticipates that the adoption of the above IFRSs, IFRICs, and amendments to IFRS and IAS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

**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.

**2. Summary of significant accounting policies (cont'd)**

**2.5 Business combination and goodwill (cont'd)**

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***

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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.

**2. Summary of significant accounting policies (cont'd)**

**2.7 Joint arrangements (cont'd)**

***Joint operations (cont'd)***

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

When the Group enters into a 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 resulting from such transaction only to the extent of the interests transferred and assigned to the Group, and when the transaction provides 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.

***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.

***Consolidated financial statements***

For the purpose of presenting consolidated financial statements, 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.

**2. Summary of significant accounting policies (cont'd)**

**2.8 Foreign currency (cont'd)**

***Consolidated financial statements (cont'd)***

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.

**2. Summary of significant accounting policies (cont'd)**

**2.9 Oil and natural gas exploration, evaluation and development expenditure (cont'd)**

***Exploration and evaluation costs (cont'd)***

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. The Group will test the retained interests for impairment if the terms of the arrangement indicate that the retained interest may be impaired.

***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, as management believes there are future economic benefits to be obtained for other wells.

**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, other 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 capitalisation 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.

**2. Summary of significant accounting policies (cont'd)**

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

***Depreciation, depletion and amortisation***

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 in progress included in other 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.

**2. Summary of significant accounting policies (cont'd)**

**2.10 Oil and gas properties and other property, plant and equipment (cont'd)**

***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. 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.

## 2. Summary of significant accounting policies (cont'd)

### 2.12 Impairment of non-financial assets (cont'd)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its 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

Financial assets are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

#### ***Classification of financial assets***

Debt instruments mainly comprise cash and bank balances and trade and other receivables that meet the following conditions and are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**2. Summary of significant accounting policies (cont'd)**

**2.13 Financial instruments (cont'd)**

**2.13.1 Financial assets (cont'd)**

***Classification of financial assets (cont'd)***

***Amortised cost and effective interest method***

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

***Foreign exchange gains and losses***

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other operating expenses" line item.

***Impairment of financial assets***

The Group recognises a loss allowance for expected credit losses ("ECL") on trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

**2. Summary of significant accounting policies (cont'd)**

**2.13 Financial instruments (cont'd)**

**2.13.1 Financial assets (cont'd)**

***Impairment of financial assets (cont'd)***

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

**Significant increase in credit risk**

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

**2. Summary of significant accounting policies (cont'd)**

**2.13 Financial instruments (cont'd)**

**2.13.1 Financial assets (cont'd)**

***Impairment of financial assets (cont'd)***

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

**Definition of default**

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- When there is a breach of financial covenants by the counterparty; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging criterion is more appropriate.

**Credit-impaired financial assets**

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (i) significant financial difficulty of the issuer or the borrower;
- (ii) a breach of contract, such as a default or past due event; or
- (iii) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

**Write-off policy**

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

**2. Summary of significant accounting policies (cont'd)**

**2.13 Financial instruments (cont'd)**

**2.13.1 Financial assets (cont'd)**

***Impairment of financial assets (cont'd)***

***Measurement and recognition of expected credit losses***

The measurement of an ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

***De-recognition of financial assets***

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

**2.13.2 Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

***Warrants***

Detachable warrants issued are classified as equity. Warrants are measured at fair value at the date of grant and the proceeds are apportioned to warrants using the relative fair value approach.

**2. Summary of significant accounting policies (cont'd)**

**2.13 Financial instruments (cont'd)**

**2.13.3 Financial liabilities**

***Initial recognition and measurement***

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

***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.

**2.13.4 Embedded derivatives**

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value as at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss ("FVTPL"). Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or FVTPL as appropriate. See Note 2.13.2 for the Group's policy on classification of financial assets.

**2. Summary of significant accounting policies (cont'd)**

**2.13 Financial instruments (cont'd)**

**2.13.5 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group and the Company has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

**2.14 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, short-term deposits and amounts held under joint operations, 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 (from 1 January 2019)**

The Group has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IFRS 16 and IAS 17 are presented in Note 2.16 and 2.17 respectively.

***The Group as a lessee***

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

**2. Summary of significant accounting policies (cont'd)**

**2.16 Leases (from 1 January 2019) (cont'd)**

***The Group as a lessee (cont'd)***

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

**2. Summary of significant accounting policies (cont'd)**

**2.16 Leases (cont'd)**

***The Group as a lessee (cont'd)***

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.12.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'general and administrative expenses' in profit or loss.

**2.17 Leases (before 1 January 2019)**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

***The Group as a lessee***

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**2. Summary of significant accounting policies (cont'd)**

**2.18 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 exceed 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.

**2. Summary of significant accounting policies (cont'd)**

**2.19 Revenue recognition**

The Group recognises revenue from the sale of crude oil and gas. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product to a customer. This generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism. Such revenue is recognised as a performance obligation satisfied at a point in time.

Revenue from the production of oil and gas, in which the Group and other partners jointly hold interests in, is recognised based on the Group's effective working interest and the terms of the relevant production sharing contracts.

**2.20 Employee benefits**

***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.

***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.

***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 23.

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.

**2. Summary of significant accounting policies (cont'd)**

**2.20 Employee benefits (cont'd)**

***Share-based payments (cont'd)***

***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 23. 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 23.

***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).

**2. Summary of significant accounting policies (cont'd)**

**2.20 Employee benefits (cont'd)**

***Defined benefit plan (cont'd)***

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.

**2. Summary of significant accounting policies (cont'd)**

**2.21 Taxes (cont'd)**

***Deferred tax (cont'd)***

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 and 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. Significant accounting judgements, estimates and assumptions (cont'd)**

**3.1 Judgements made in applying accounting policies**

In the process of applying the Group's accounting policies, other than those disclosed in Note 1, management has also made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

***Hydrocarbon reserve and resource estimates***

The Group has engaged an independent qualified person to estimate the proved, probable and possible reserves for certain of the Group's exploration and evaluation assets and oil and gas properties, and such reserves are 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 the independent qualified person and internal 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.

Recoverable reserves are determined by taking into consideration, amongst other factors, future development costs, discount rates, operating costs, decommissioning costs, exploration potential, and future hydrocarbon 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.

**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 disclosed below. The Group based its assumptions and estimates on parameters available when the consolidated 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.

***Recoverability of oil and gas assets***

The Group assesses each asset or CGU at 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 VIU.

As disclosed in Note 3.1, the Group has engaged an independent qualified person to estimate the proved, probable and possible reserves, including the future net cash flows arising from such. Management uses the valuation amounts to form the basis for their impairment review, and may adjust such valuation with other estimates which may include discount rates and development plans that are not covered by the independent qualified person. These estimates and assumptions are subject to risk and uncertainty. Changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGU.

**3. Significant accounting judgements, estimates and assumptions (cont'd)**

**3.2 Key sources of estimation uncertainty (cont'd)**

***Recoverability of oil and gas assets (cont'd)***

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 oil prices and adjusted for quality, transportation fees and regional price differences. At 31 December 2019, the Group's average forecast for Brent crude oil prices range from US\$60 to US\$70 (2018: US\$60 to US\$80) per barrel, and these future prices were used for the purpose of impairment review performed at the end of the year.

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, including amongst others, on items such as (i) impairment assessment of the Group's exploration and evaluation assets, oil and gas properties, and intangible assets; (ii) depreciation, depletion and amortisation charges; (iii) inventory cost; (iv) provisions for decommissioning; and (v) deferred tax assets.

The ability for management to realise the value-in-use of the oil and gas assets is dependent on the availabilities of funds. The development funding from Keppel as disclosed in Note 1 is critical for the development of Cambodia Block. As at date of these consolidated financial statements, management is in discussion with various parties to secure development funding for the Group's interest in G6/48 Concession and Bulu PSC.

The carrying amount of the Group's exploration and evaluation assets, oil and gas properties and intangible assets are disclosed in Notes 8, 9 and 12 to the consolidated financial statements respectively. The sensitivity analysis is disclosed in Note 12 to the consolidated financial statements.

***Exploration and evaluation expenditures***

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.

**3. Significant accounting judgements, estimates and assumptions (cont'd)**

**3.2 Key sources of estimation uncertainty (cont'd)**

***Decommissioning costs***

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 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. Consequently, the timing and amounts of future cash flows are subject to significant uncertainty. Changes in the expected future costs are reflected in both the provision and the asset and could have a material impact on the Group's consolidated financial statements.

The carrying amount of the Group's provision for decommissioning is disclosed in Note 21 to the consolidated financial statements.

***Fair value measurements***

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. 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.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 20, 24 and 27 to the consolidated financial statements.

***Taxes***

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. The Group has exposure to income taxes in various jurisdictions due to the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements. Significant judgement is involved in determining the group-wide provision for income taxes and recoverability of certain tax from the tax authorities. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Further details on taxes are disclosed in Note 7 to the consolidated financial statements.

***Impairment of investment in subsidiaries and amounts due from subsidiaries***

The Company has reviewed the recoverability of investment in subsidiaries and amounts due from subsidiaries. During the year, the Company has recognised a loss allowance of US\$326.7 million (2018: nil) in investment in subsidiaries and US\$87.3 million (2018: US\$508.9 million) for amounts due from subsidiaries as these subsidiaries continued to make losses during the year. The carrying amount of investment in subsidiaries and amounts due from subsidiaries are disclosed in Notes 13 and 15 to the consolidated financial statements.

4. Disposal of a subsidiary

Nong Yao G11 (Thailand) Ltd ["NYG11"]

On 22 June 2018, the Group completed its disposal of a 100.0% equity interest in Nong Yao G11 (Thailand) Ltd, which held a 22.5% working interest in the G11/48 Concession to Mubadala Petroleum ("MP"), for a consideration of US\$13.3 million.

The carrying amount of the identifiable assets and liabilities of NYG11 as at date of disposal was:

|                                                                      | <b>Carrying<br/>amount on<br/>disposal<br/>US\$</b> |
|----------------------------------------------------------------------|-----------------------------------------------------|
| <b>Assets</b>                                                        |                                                     |
| Oil and gas properties                                               | 17,070,849                                          |
| Other receivables                                                    | 1,521,103                                           |
| Inventories                                                          | 4,434,965                                           |
| Prepayment                                                           | 1,314,615                                           |
|                                                                      | <u>24,341,532</u>                                   |
| <b>Liabilities</b>                                                   |                                                     |
| Trade and other payables                                             | 2,950,663                                           |
| Accrued operating expenses                                           | 2,834,033                                           |
| Provisions                                                           | 7,813,570                                           |
|                                                                      | <u>13,598,266</u>                                   |
| Total identifiable net assets at carrying amount                     | <u>10,743,266</u>                                   |
| Consideration received in cash                                       | 9,079,743                                           |
| Remaining consideration included in other receivables <sup>(1)</sup> | 4,190,237                                           |
| Total consideration                                                  | <u>13,269,980</u>                                   |
| Gain on disposal of subsidiary                                       | <u>2,526,714</u>                                    |

<sup>(1)</sup> In May 2019, KrisEnergy (Gulf of Thailand) Ltd. received the remaining consideration of US\$4.2 million in cash.

**5. Interests in oil and 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.

| <b>Contract area<br/>(Date of expiry)</b>     | <b>Held by</b>                                                                                          | <b>Description</b>                                                                                                                              | <b>Place of<br/>operation</b> | <b>% of effective<br/>working interest</b> |             |
|-----------------------------------------------|---------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|--------------------------------------------|-------------|
|                                               |                                                                                                         |                                                                                                                                                 |                               | <b>2019</b>                                | <b>2018</b> |
| G10/48 Concession<br>(7 December 2035)        | KrisEnergy<br>(Gulf of<br>Thailand) Ltd.<br>(25.0%) and<br>KrisEnergy G10<br>(Thailand) Ltd.<br>(64.0%) | Exploration and<br>production of<br>petroleum under<br>Concession<br>Agreement with<br>Department of<br>Mineral Fuels                           | Gulf of<br>Thailand           | 89.00                                      | 89.00       |
| Cambodia<br>Block A PA<br>(22 August 2042)    | KrisEnergy<br>(Cambodia) Ltd.<br>(23.75%) and<br>KrisEnergy<br>(Apsara) Ltd.<br>(71.25%)                | Drilling of<br>exploration wells<br>under the<br>Petroleum<br>Agreement ("PA")<br>with Cambodian<br>Ministry of Mines<br>and Energy             | Offshore<br>Cambodia          | 95.00                                      | 95.00       |
| Kutai PSC<br>(15 January 2037) <sup>(1)</sup> | KrisEnergy Kutai<br>B.V. (24.6%) and<br>KrisEnergy Kutei<br>B.V. (30.0%)                                | Exploration and<br>production of<br>petroleum under<br>Production<br>Sharing Contract<br>("PSC") with<br>Indonesia<br>Governmental<br>Authority | Indonesia                     | 54.60                                      | 54.60       |
| B8/32 Concession<br>(31 July 2030)            | KrisEnergy (Gulf<br>of Thailand) Ltd. /<br>Orange Energy<br>Ltd. /<br>B8/32 Partners<br>Ltd.            | Exploration and<br>production of<br>petroleum under<br>Concession<br>Agreement with<br>Department of<br>Mineral Fuels                           | Gulf of<br>Thailand           | 4.63                                       | 4.63        |

## 5. Interests in oil and gas blocks (cont'd)

| Contract area<br>(Date of expiry)                     | Held by                                                          | Description                                                                                                                          | Place of<br>operation | % of effective<br>working interest |        |
|-------------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------------------------|--------|
|                                                       |                                                                  |                                                                                                                                      |                       | 2019                               | 2018   |
| B9A<br>Concession<br>(16 July 2041) <sup>(2)</sup>    | KrisEnergy (Gulf<br>of Thailand) Ltd. /<br>Orange Energy<br>Ltd. | Exploration and<br>production of<br>petroleum under<br>Concession<br>Agreement with<br>Department of<br>Mineral Fuels                | Gulf of<br>Thailand   | 4.63                               | 4.63   |
| Block 120 PSC<br>(22 January 2039) <sup>(1)</sup>     | KrisEnergy (Phu<br>Khanh 120) Ltd.                               | Exploration and<br>development of<br>petroleum under<br>Production<br>Sharing Contract<br>with Vietnam<br>Government<br>Authority    | Offshore<br>Vietnam   | 33.33                              | 33.33  |
| East Seruway PSC<br>(12 November 2038) <sup>(1)</sup> | KrisEnergy East<br>Seruway B.V.                                  | Exploration and<br>production of<br>petroleum under<br>Production<br>Sharing Contract<br>with Indonesia<br>Governmental<br>Authority | Indonesia             | 100.00                             | 100.00 |
| Bulu PSC<br>(13 October 2033)                         | KrisEnergy<br>(Satria) Ltd.                                      | Exploration and<br>production of<br>petroleum under<br>Production<br>Sharing Contract<br>with Indonesia<br>Governmental<br>Authority | Indonesia             | 42.50                              | 42.50  |
| East Muriah PSC<br>(12 November 2038) <sup>(1)</sup>  | KrisEnergy (East<br>Muriah)<br>B.V.                              | Exploration and<br>production of<br>petroleum under<br>Production<br>Sharing Contract<br>with Indonesia<br>Governmental<br>Authority | Indonesia             | 50.00                              | 50.00  |

## 5. Interests in oil and gas blocks (cont'd)

| Contract area<br>(Date of expiry)                      | Held by                               | Description                                                                                                                           | Place of<br>operation | % of effective<br>working interest |        |
|--------------------------------------------------------|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------------------------|--------|
|                                                        |                                       |                                                                                                                                       |                       | 2019                               | 2018   |
| Bala-Balakang PSC<br>(18 December 2041)                | KrisEnergy<br>(Bala-Balakang)<br>B.V. | Exploration and<br>production of<br>petroleum under<br>Production<br>Sharing Contract<br>with Indonesia<br>Governmental<br>Authority  | Indonesia             | 85.00                              | 85.00  |
| Udan Emas PSC<br>(19 July 2042)                        | KrisEnergy<br>(Udan Emas)<br>B.V.     | Exploration and<br>production of<br>petroleum under<br>Production<br>Sharing Contract<br>with Indonesia<br>Governmental<br>Authority  | Indonesia             | 100.00                             | 100.00 |
| Block 9 PSC<br>(26 August 2033)                        | KrisEnergy<br>Bangladesh<br>Limited   | Exploration and<br>production of<br>petroleum under<br>Production<br>Sharing Contract<br>with Bangladesh<br>Governmental<br>Authority | Bangladesh            | 30.00                              | 30.00  |
| G6/48<br>Concession<br>(7 January 2036) <sup>(3)</sup> | KrisEnergy (Gulf<br>of Thailand) Ltd. | Exploration and<br>production of<br>petroleum under<br>Concession<br>Agreement with<br>Department of<br>Mineral Fuels                 | Gulf of<br>Thailand   | 100.00                             | 43.00  |
| Sakti PSC<br>(25 February 2044)                        | KrisEnergy<br>(Sakti) B.V.            | Exploration and<br>production of<br>petroleum under<br>Production<br>Sharing Contract<br>with Indonesia<br>Governmental<br>Authority  | Indonesia             | 95.00                              | 95.00  |

## 5. Interests in oil and gas blocks (cont'd)

| Contract area<br>(Date of expiry)                  | Held by                             | Description                                                                                                                            | Place of<br>operation | % of effective<br>working interest |        |
|----------------------------------------------------|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------------------------|--------|
|                                                    |                                     |                                                                                                                                        |                       | 2019                               | 2018   |
| Block 115/09 PSC<br>(30 March 2044) <sup>(4)</sup> | KrisEnergy<br>(Vietnam<br>115) Ltd. | Exploration and<br>development of<br>petroleum under<br>Production Sharing<br>Contract with<br>Vietnam<br>Government<br>Authority      | Offshore<br>Vietnam   | 100.00                             | 100.00 |
| Block SS-11 PSC<br>(11 March 2021)                 | KrisEnergy<br>(Asia) Ltd.           | Exploration and<br>development of<br>petroleum under<br>Production Sharing<br>Contract with<br>Bangladesh<br>Governmental<br>Authority | Bangladesh            | 45.00                              | 45.00  |
| Andaman II PSC<br>(4 April 2048) <sup>(5)</sup>    | KrisEnergy<br>(Andaman II)<br>Ltd   | Exploration and<br>production of<br>petroleum under<br>Production Sharing<br>Contract with<br>Indonesia<br>Governmental<br>Authority   | Indonesia             | 30.00                              | 30.00  |

(1) The contract area is pending relinquishment.

(2) On 31 October 2017, B9A Concession ceased operations. Abandonment activities are underway before the contract area is relinquished.

(3) The effective working interest represents the economic interest in the production area.

(4) On 16 January 2020, KrisEnergy (Vietnam 115) Ltd. entered into a farm-out agreement with a major international oil and gas company to transfer 100.0% working interest in Block 115/09. The transfer is subject to a number of conditions including approvals from the relevant government authorities.

(5) On 14 November 2019, KrisEnergy (Andaman II) Ltd entered into a sale and purchase agreement with BP Exploration Operating Company Limited to assign and transfer 30.0% working interest in Andaman II PSC. The transfer is subject to a number of conditions including approvals from the Government of Indonesia. On 8 April 2020, the transfer was completed.

**Notes to the consolidated financial statements**  
**For the financial year ended 31 December 2019**

**6. Loss before tax**

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

|                                                                                      | <b>Group</b>         |                      |
|--------------------------------------------------------------------------------------|----------------------|----------------------|
|                                                                                      | <b>2019</b>          | <b>2018</b>          |
|                                                                                      | <b>US\$</b>          | <b>US\$</b>          |
| <b>Revenue</b>                                                                       |                      |                      |
| Sale of crude oil                                                                    | 110,644,684          | 130,374,847          |
| Sale of gas                                                                          | 15,886,353           | 14,430,569           |
|                                                                                      | <u>126,531,037</u>   | <u>144,805,416</u>   |
| <b>Cost of sales</b>                                                                 |                      |                      |
| Depreciation, depletion and amortisation of oil and gas properties                   | (46,330,346)         | (49,808,916)         |
| Depreciation of right-of-use assets                                                  | (40,321,071)         | –                    |
| Operating costs                                                                      | (49,352,648)         | (79,911,958)         |
| Thai Petroleum royalties paid                                                        | (10,024,724)         | (10,901,575)         |
| Inventories written down (Note 14)                                                   | (1,877,537)          | (8,940,159)          |
|                                                                                      | <u>(147,906,326)</u> | <u>(149,562,608)</u> |
| <b>Other income are mainly made up of the following items</b>                        |                      |                      |
| Gain on disposal of a subsidiary (Note 4)                                            | –                    | 2,526,714            |
| Write-back of unused decommissioning provisions (Note 21)                            | –                    | 29,006,833           |
| Joint operator overhead charges                                                      | 1,448,214            | 1,471,313            |
| Income from shared facilities in joint operations                                    | 269,917              | 434,225              |
| Income from technical services provided to joint operations                          | 1,913,354            | 2,381,903            |
| Joint operations lease recharges                                                     | 4,845,601            | –                    |
|                                                                                      | <u>4,437,086</u>     | <u>33,740,985</u>    |
| <b>General and administrative expenses are mainly made up of the following items</b> |                      |                      |
| Consultants' fees                                                                    | (156,166)            | (380,448)            |
| Depreciation of other property, plant and equipment (Note 11)                        | (64,923)             | (58,501)             |
| Depreciation of other right-of-use assets                                            | (537,629)            | –                    |
| <b>Employee benefits expense</b>                                                     |                      |                      |
| - Salaries and bonuses                                                               | (6,925,659)          | (7,083,230)          |
| - Share-based payments (Note 23)                                                     | 336,824              | (912,504)            |
| - Central Provident Fund contributions                                               | (209,479)            | (242,364)            |
| - Employee defined benefit                                                           | 233,008              | 629,096              |
| - Other short-term benefits                                                          | (481,843)            | (387,701)            |
| Operating lease expense                                                              | –                    | (610,388)            |
| Professional fees                                                                    | (3,196,744)          | (2,244,931)          |
|                                                                                      | <u>(10,243,879)</u>  | <u>(10,648,718)</u>  |

**Notes to the consolidated financial statements**  
**For the financial year ended 31 December 2019**

**6. Loss before tax (cont'd)**

|                                                                                  | <b>2019</b>  | <b>Group</b> |
|----------------------------------------------------------------------------------|--------------|--------------|
|                                                                                  | <b>US\$</b>  | <b>2018</b>  |
|                                                                                  |              | <b>US\$</b>  |
| <b><i>Other operating expenses are mainly made up of the following items</i></b> |              |              |
| Dry hole expenses (Notes 8 and 9)                                                | –            | (11,450,524) |
| Impairment losses on exploration and evaluation assets (Note 8)                  | (65,218,780) | (61,358,426) |
| Impairment losses on oil and gas properties (Note 9)                             | (22,092,108) | (18,946,687) |
| Joint study expenses                                                             | –            | (600,000)    |
| Net fair value gain on embedded derivatives (Note 24)                            | 633,707      | 4,079,847    |
|                                                                                  | <hr/>        | <hr/>        |
| <b><i>Finance costs</i></b>                                                      |              |              |
| Financing fees                                                                   | (1,693,335)  | (3,002,007)  |
| Financial restructuring expense                                                  | (3,030,212)  | –            |
| Interest on bank borrowings                                                      | (16,584,297) | (13,394,509) |
| Interest on Notes                                                                | (11,229,664) | (11,294,127) |
| Unwinding of discount on decommissioning provisions (Note 21)                    | (2,220,656)  | (1,521,272)  |
| Unwinding of discount on Notes (Note 20)                                         | (17,975,212) | (20,049,522) |
| Unwinding of discount on lease liabilities (Note 10)                             | (3,844,349)  | –            |
|                                                                                  | <hr/>        | <hr/>        |
|                                                                                  | (56,577,725) | (49,261,437) |

***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 5.0% to 15.0% 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 35.0% 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 75.0% 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 23).

**Notes to the consolidated financial statements**  
**For the financial year ended 31 December 2019**

**6. Loss before tax (cont'd)**

**Loss per share (cont'd)**

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:

|                                                                                                                     | <b>Group</b>  |               |
|---------------------------------------------------------------------------------------------------------------------|---------------|---------------|
|                                                                                                                     | <b>2019</b>   | <b>2018</b>   |
|                                                                                                                     | <b>US\$</b>   | <b>US\$</b>   |
| Loss for the year attributable to owners of the Company used in the computation of basic and diluted loss per share | (168,860,466) | (137,352,425) |

|                                                                                   | <b>2019</b>          | <b>2018</b>          |
|-----------------------------------------------------------------------------------|----------------------|----------------------|
|                                                                                   | <b>No. of shares</b> | <b>No. of shares</b> |
| Weighted average number of ordinary shares for basic loss per share computation   | 1,502,849,065        | 1,502,849,065        |
| <u>Effects of dilution</u>                                                        |                      |                      |
| - Vesting of performance shares                                                   | 5,186,848            | 5,186,848            |
| Weighted average number of ordinary shares for diluted loss per share computation | 1,508,035,913        | 1,508,035,913        |

In January 2017, the Company issued 1,255,183,632 detachable warrants pursuant to the ZCNs (Note 20). The warrants were not included in calculating diluted loss per share because they are anti-dilutive.

**7. Taxation**

The major components of tax (credit) expense for the years ended 31 December 2019 and 2018 are:

|                                                   | <b>Group</b> |             |
|---------------------------------------------------|--------------|-------------|
|                                                   | <b>2019</b>  | <b>2018</b> |
|                                                   | <b>US\$</b>  | <b>US\$</b> |
| Current tax                                       |              |             |
| - Current tax charge                              | 5,501,341    | 5,065,116   |
| - Under provision in respect of previous years    | –            | 616,217     |
|                                                   | 5,501,341    | 5,681,333   |
| Deferred tax                                      |              |             |
| - Reversal of temporary differences               | (7,985,989)  | (1,492,034) |
| Tax (credit) expense recognised in profit or loss | (2,484,648)  | 4,189,299   |

## 7. Taxation (cont'd)

**Relationship between tax (credit) expense and accounting loss**

A reconciliation between tax (credit) expense and the accounting loss multiplied by the applicable tax rate for the years ended 31 December 2019 and 2018 is as follows:

|                                                                            | <b>Group</b>  |               |
|----------------------------------------------------------------------------|---------------|---------------|
|                                                                            | <b>2019</b>   | <b>2018</b>   |
|                                                                            | <b>US\$</b>   | <b>US\$</b>   |
| Loss before tax                                                            | (171,345,114) | (133,163,126) |
| Tax at domestic rates applicable in the countries where the Group operates | (47,833,608)  | (29,483,912)  |
| <u>Adjustments</u>                                                         |               |               |
| Non-deductible expenses                                                    | 33,248,688    | 38,928,932    |
| Income not subject to tax                                                  | (9,948,808)   | (15,335,192)  |
| Effect of previously unrecognised and unused tax losses                    | (693,256)     | (3,784,854)   |
| Deferred tax assets not recognised                                         | 22,742,336    | 13,248,108    |
| Under provision in respect of previous years                               | –             | 616,217       |
| Tax (credit) expense recognised in profit or loss                          | (2,484,648)   | 4,189,299     |

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 17.0% to 50.0%, on the assessable profits generated in these countries.

For operations in Bangladesh, the tax liability is met from the sharing of oil under the terms of the PSC and no provision of current tax or deferred tax is required.

**Deferred tax**

Deferred tax liabilities at 31 December relate to the following:

|                                                   | <b>Group</b> |
|---------------------------------------------------|--------------|
|                                                   | <b>US\$</b>  |
| <u>Fair value adjustment on acquired reserves</u> |              |
| At 1 January 2018                                 | 36,836,594   |
| Credit to profit or loss for the year             | (1,492,034)  |
| At 31 December 2018                               | 35,344,560   |
| Credit to profit or loss for the year             | (7,985,989)  |
| At 31 December 2019                               | 27,358,571   |

**7. Taxation (cont'd)**

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 operate. The tax losses have an expiry period of 10 years.

Temporary differences arising in connection with interests in subsidiaries are insignificant.

The following deferred tax assets have not been recognised for the years ended 31 December:

|                                                                          | <b>Group</b>       |                    |
|--------------------------------------------------------------------------|--------------------|--------------------|
|                                                                          | <b>2019</b>        | <b>2018</b>        |
|                                                                          | <b>US\$</b>        | <b>US\$</b>        |
| Differences in depreciation, depletion and amortisation for tax purposes | 93,236,878         | 80,132,272         |
| Unutilised tax losses                                                    | 256,612,021        | 221,275,149        |
|                                                                          | <u>349,848,899</u> | <u>301,407,421</u> |

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.

**KrisEnergy Ltd.****Notes to the consolidated financial statements  
For the financial year ended 31 December 2019**

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**8. Exploration and evaluation assets**

|                                             | <b>Group<br/>US\$</b> |
|---------------------------------------------|-----------------------|
| <b>Cost</b>                                 |                       |
| At 1 January 2018                           | 580,108,629           |
| Additions                                   | 22,284,978            |
| Dry hole expenses (Note 6)                  | (6,798,944)           |
| Transfer to oil and gas properties (Note 9) | (27,183,197)          |
|                                             | <hr/>                 |
| At 31 December 2018                         | 568,411,466           |
| Additions                                   | 28,039,185            |
| Transfer to oil and gas properties (Note 9) | (2,307,500)           |
|                                             | <hr/>                 |
| At 31 December 2019                         | 594,143,151           |
|                                             | <hr/>                 |
| <b>Accumulated impairment</b>               |                       |
| At 1 January 2018                           | 199,160,786           |
| Impairment losses (Note 12)                 | 61,358,426            |
|                                             | <hr/>                 |
| At 31 December 2018                         | 260,519,212           |
| Impairment losses (Note 12)                 | 65,218,780            |
|                                             | <hr/>                 |
| At 31 December 2019                         | 325,737,992           |
|                                             | <hr/>                 |
| <b>Net book value</b>                       |                       |
| At 31 December 2019                         | 268,405,159           |
|                                             | <hr/>                 |
| At 31 December 2018                         | 307,892,254           |
|                                             | <hr/>                 |

## 9. Oil and gas properties

|                                                             | Group<br>US\$ |
|-------------------------------------------------------------|---------------|
| <b>Cost</b>                                                 |               |
| At 1 January 2018                                           | 662,830,672   |
| Additions                                                   | 49,523,634    |
| Dry hole expenses (Note 6)                                  | (4,651,580)   |
| Disposal of a subsidiary (Note 4)                           | (96,592,773)  |
| Transfer from exploration and evaluation assets (Note 8)    | 27,183,197    |
|                                                             | <hr/>         |
| At 31 December 2018                                         | 638,293,150   |
| Additions                                                   | 18,984,268    |
| Transfer from exploration and evaluation assets (Note 8)    | 2,307,500     |
|                                                             | <hr/>         |
| At 31 December 2019                                         | 659,584,918   |
|                                                             | <hr/>         |
| <b>Accumulated depreciation, depletion and amortisation</b> |               |
| At 1 January 2018                                           | 354,765,728   |
| Charge for the year                                         | 49,808,916    |
| Disposal of a subsidiary (Note 4)                           | (79,521,924)  |
|                                                             | <hr/>         |
| At 31 December 2018                                         | 325,052,720   |
| Charge for the year                                         | 46,330,346    |
|                                                             | <hr/>         |
| At 31 December 2019                                         | 371,383,066   |
|                                                             | <hr/>         |
| <b>Accumulated impairment</b>                               |               |
| At 1 January 2018                                           | 130,524,058   |
| Impairment losses (Note 12)                                 | 18,946,687    |
|                                                             | <hr/>         |
| At 31 December 2018                                         | 149,470,745   |
| Impairment losses (Note 12)                                 | 22,092,108    |
|                                                             | <hr/>         |
| At 31 December 2019                                         | 171,562,853   |
|                                                             | <hr/>         |
| <b>Net book value</b>                                       |               |
| At 31 December 2019                                         | 116,638,999   |
|                                                             | <hr/>         |
| At 31 December 2018                                         | 163,769,685   |
|                                                             | <hr/>         |

As at 31 December 2019, addition to oil and gas properties in relation to decommissioning provisions arising during the year was US\$0.3 million (2018: US\$18.8 million) (Note 21).

For the purpose of the consolidated statement of cash flows, addition to oil and gas properties during the year was US\$17.7 million (2018: US\$30.7 million).

**Notes to the consolidated financial statements**  
**For the financial year ended 31 December 2019**

**10. Right-of-use assets**

| <b>Group</b>                    | <b>Office<br/>US\$</b> | <b>Marine Assets<br/>US\$</b> | <b>Total<br/>US\$</b> |
|---------------------------------|------------------------|-------------------------------|-----------------------|
| <b>Cost</b>                     |                        |                               |                       |
| At 1 January 2019               | 1,678,169              | 64,309,214                    | 65,987,383            |
| Exchange differences            | (18,148)               | –                             | (18,148)              |
| At 31 December 2019             | 1,660,021              | 64,309,214                    | 65,969,235            |
| <b>Accumulated depreciation</b> |                        |                               |                       |
| At 1 January 2019               | –                      | –                             | –                     |
| Charge for the year             | 538,377                | 40,321,071                    | 40,859,448            |
| Exchange differences            | (748)                  | –                             | (748)                 |
| At 31 December 2019             | 537,629                | 40,321,071                    | 40,858,700            |
| <b>Net carrying amount</b>      |                        |                               |                       |
| At 31 December 2019             | 1,122,392              | 23,988,143                    | 25,110,535            |

The Group leases several assets including office and marine assets. The average lease term is 4 years (2018: 4 years).

**Amount recognised in profit and loss**

|                                            | <b>Group<br/>2019<br/>US\$</b> |
|--------------------------------------------|--------------------------------|
| Depreciation of right-of-use assets        | 40,859,448                     |
| Unwinding of discount on lease liabilities | 3,844,349                      |
|                                            | <u>44,703,797</u>              |

For the purpose of the consolidated statement of cash flows, principal repayment of lease liabilities and interest repayment was US\$23.6 million and US\$3.8 million respectively.

**Notes to the consolidated financial statements**  
**For the financial year ended 31 December 2019**

**11. Other property, plant and equipment**

| Group                           | Renovation<br>US\$ | Furniture<br>and<br>fittings<br>US\$ | Office<br>equipment<br>US\$ | Computers<br>US\$ | Refurbishment<br>assets<br>US\$ | Total<br>US\$ |
|---------------------------------|--------------------|--------------------------------------|-----------------------------|-------------------|---------------------------------|---------------|
| <b>Cost</b>                     |                    |                                      |                             |                   |                                 |               |
| At 1 January 2018               | 1,276,102          | 183,459                              | 306,911                     | 1,521,403         | 11,121,273                      | 14,409,148    |
| Additions                       | —                  | 737                                  | 179                         | 27,203            | 2,349,625                       | 2,377,744     |
| Disposals                       | —                  | —                                    | —                           | (32,442)          | —                               | (32,442)      |
| Exchange differences            | (18,523)           | (800)                                | (351)                       | (23,134)          | —                               | (42,808)      |
| At 31 December 2018             | 1,257,579          | 183,396                              | 306,739                     | 1,493,030         | 13,470,898                      | 16,711,642    |
| Additions                       | —                  | —                                    | —                           | 121,229           | 16,296,758                      | 16,417,987    |
| Disposals                       | —                  | (63)                                 | —                           | —                 | —                               | (63)          |
| Exchange differences            | 6,287              | 271                                  | 120                         | 6,878             | —                               | 13,556        |
| At 31 December 2019             | 1,263,866          | 183,604                              | 306,859                     | 1,621,137         | 29,767,656                      | 33,143,122    |
| <b>Accumulated depreciation</b> |                    |                                      |                             |                   |                                 |               |
| At 1 January 2018               | 1,268,598          | 177,135                              | 284,528                     | 1,497,083         | —                               | 3,227,344     |
| Charge for the year             | 7,502              | 4,531                                | 22,404                      | 24,064            | —                               | 58,501        |
| Disposals                       | —                  | —                                    | —                           | (32,442)          | —                               | (32,442)      |
| Exchange differences            | (18,521)           | (761)                                | (352)                       | (22,902)          | —                               | (42,536)      |
| At 31 December 2018             | 1,257,579          | 180,905                              | 306,580                     | 1,465,803         | —                               | 3,210,867     |
| Charge for the year             | —                  | 1,564                                | 60                          | 63,299            | —                               | 64,923        |
| Disposals                       | —                  | (63)                                 | —                           | —                 | —                               | (63)          |
| Exchange differences            | 6,287              | 258                                  | 119                         | 7,730             | —                               | 14,394        |
| At 31 December 2019             | 1,263,866          | 182,664                              | 306,759                     | 1,536,832         | —                               | 3,290,121     |
| <b>Net carrying amount</b>      |                    |                                      |                             |                   |                                 |               |
| At 31 December 2019             | —                  | 940                                  | 100                         | 84,305            | 29,767,656                      | 29,853,001    |
| At 31 December 2018             | —                  | 2,491                                | 159                         | 27,227            | 13,470,898                      | 13,500,775    |

For the purpose of the consolidated statement of cash flows, expenditure on assets refurbishment during the year was US\$1.8 million (2018: US\$1.3 million).

## 12. Intangible assets

|                                                          | Goodwill<br>US\$ | Group<br>Others<br>US\$ | Total<br>US\$ |
|----------------------------------------------------------|------------------|-------------------------|---------------|
| <b>Cost</b>                                              |                  |                         |               |
| At 1 January 2018, 31 December 2018 and 31 December 2019 | 106,039,993      | 1,669,721               | 107,709,714   |
| <b>Accumulated amortisation</b>                          |                  |                         |               |
| At 1 January 2018, 31 December 2018 and 31 December 2019 | –                | 316,724                 | 316,724       |
| <b>Accumulated impairment loss</b>                       |                  |                         |               |
| At 1 January 2018, 31 December 2018 and 31 December 2019 | 97,595,101       | 1,352,997               | 98,948,098    |
| <b>Net carrying amount</b>                               |                  |                         |               |
| At 31 December 2018 and 31 December 2019                 | 8,444,892        | –                       | 8,444,892     |

**Goodwill**

Goodwill arises principally because of the following factors:

- (i) The going concern value implicit in our ability to sustain and/or grow our business by increasing reserves and resources through new discoveries.
- (ii) The ability to capture unique synergies that can be realised from managing a portfolio of both acquired and existing assets.

Allocation of goodwill

For the purpose of impairment assessment, goodwill acquired through business combinations have been allocated as follows:

|                     | 2019<br>US\$ | 2018<br>US\$ |
|---------------------|--------------|--------------|
| Bulu PSC            | 7,144,606    | 7,144,606    |
| Cambodia Block A PA | 1,300,286    | 1,300,286    |
|                     | 8,444,892    | 8,444,892    |

Impairment testing

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

|                                            | 2019<br>US\$ | 2018<br>US\$ |
|--------------------------------------------|--------------|--------------|
| Exploration and evaluation assets (Note 8) | 65,218,780   | 61,358,426   |
| Oil and gas properties (Note 9)            | 22,092,108   | 18,946,687   |
|                                            | 87,310,888   | 80,305,113   |

During the year ended 31 December 2019, impairment losses on exploration and evaluation assets of US\$65.2 million (2018: US\$61.4 million) was recognised in relation to certain 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.

**12. Intangible assets (cont'd)**

Impairment losses on oil and gas properties of US\$22.1 million (2018: US\$18.9 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.

As at 31 December 2019 and 2018, no impairment charge was required for goodwill arising from business combinations.

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 8.0% to 10.0% (2018: 8.0% to 10.0%) 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 used for the impairment assessment are based on average forecast for Brent crude oil prices and adjusted for quality, transportation fees and regional price differences. The Group's calculation incorporates a range of Brent crude oil prices from US\$60 to US\$70 (2018: US\$60 to US\$80) per barrel. The average forecast for Brent crude oil prices for the next twelve months from the date of these financial statements range from US\$22 to US\$45 per barrel. If the impairment assessment are based on the current average forecast for Brent crude oil prices and assuming all other key assumptions in the discounted cash flow models are met, the Group would have to recognise additional impairment of US\$47.3 million to write down the carrying amount of exploration and evaluation assets.

**13. Investment in subsidiaries**

|                                               | <b>Company</b>    |                    |
|-----------------------------------------------|-------------------|--------------------|
|                                               | <b>2019</b>       | <b>2018</b>        |
|                                               | <b>US\$</b>       | <b>US\$</b>        |
| Unquoted shares, at cost                      | 326,809,883       | 326,809,883        |
| Capital contribution for share-based payments | 10,009,834        | 9,934,543          |
| Loss allowance                                | (326,700,000)     | —                  |
|                                               | <u>10,119,717</u> | <u>336,744,426</u> |

During the year ended 31 December 2019, loss allowance in investment in subsidiaries of US\$326.7 million was recognised in relation to the subsidiaries which exhibited indicators of impairment based on the value of their underlying net assets.

**KrisEnergy Ltd.****Notes to the consolidated financial statements  
For the financial year ended 31 December 2019****13. Investment in subsidiaries (cont'd)**

Details of the Group's significant subsidiaries at 31 December are as follows:

| <b>Name of entities</b>                              | <b>Principal activities</b>               | <b>Country of incorporation</b> | <b>% of equity interest<br/>2019</b> | <b>2018</b> |
|------------------------------------------------------|-------------------------------------------|---------------------------------|--------------------------------------|-------------|
| KrisEnergy (Asia) Ltd.                               | Investment holding                        | British Virgin Islands          | 100.0                                | 100.0       |
| KrisEnergy Pte. Ltd.                                 | Provision of management support service   | Singapore                       | 100.0                                | 100.0       |
| KrisEnergy (Gulf of Thailand) Ltd. <sup>(1)(2)</sup> | Investment holding                        | Cayman Islands                  | 100.0                                | 100.0       |
| KrisEnergy (Cambodia) Ltd.                           | Exploration and production of oil and gas | Cambodia                        | 100.0                                | 100.0       |
| KrisEnergy (Phu Khanh 120) Ltd. <sup>(1)(2)</sup>    | Exploration and production of oil and gas | British Virgin Islands          | 100.0                                | 100.0       |
| KrisEnergy (Vietnam 115) Ltd. <sup>(1)(2)</sup>      | Exploration and production of oil and gas | British Virgin Islands          | 100.0                                | 100.0       |
| KrisEnergy East Seruway B.V. <sup>(1)(2)</sup>       | Exploration and production of oil and gas | The Netherlands                 | 100.0                                | 100.0       |
| KrisEnergy (Satria) Ltd. <sup>(1)(2)</sup>           | Exploration and production of oil and gas | British Virgin Islands          | 100.0                                | 100.0       |
| KrisEnergy (Sakti) B.V. <sup>(1)(2)</sup>            | Exploration and production of oil and gas | The Netherlands                 | 100.0                                | 100.0       |
| KrisEnergy (Bala-Balakang) B.V. <sup>(1)(2)</sup>    | Exploration and production of oil and gas | The Netherlands                 | 100.0                                | 100.0       |
| KrisEnergy (Udan Emas) B.V. <sup>(1)(2)</sup>        | Exploration and production of oil and gas | The Netherlands                 | 100.0                                | 100.0       |
| KrisEnergy Bangladesh Limited <sup>(1)(2)</sup>      | Exploration and production of oil and gas | Jersey                          | 100.0                                | 100.0       |
| KrisEnergy (Apsara) Ltd. <sup>(1)(2)</sup>           | Exploration and production of oil and gas | Bermuda                         | 100.0                                | 100.0       |

**KrisEnergy Ltd.****Notes to the consolidated financial statements  
For the financial year ended 31 December 2019****13. Investment in subsidiaries (cont'd)**

| <b>Name of entities</b>                           | <b>Principal activities</b>                                | <b>Country of incorporation</b> | <b>% of equity interest</b> |             |
|---------------------------------------------------|------------------------------------------------------------|---------------------------------|-----------------------------|-------------|
|                                                   |                                                            |                                 | <b>2019</b>                 | <b>2018</b> |
| KrisEnergy G10 (Thailand) Ltd.                    | Exploration and production of oil and gas                  | Thailand                        | 100.0                       | 100.0       |
| KrisEnergy (Block A Aceh) B.V. <sup>(1)(2)</sup>  | Exploration and production of oil and gas                  | The Netherlands                 | 100.0                       | 100.0       |
| KrisEnergy Marine B.V.                            | Charter and sub-charter of Mobile Offshore Production Unit | The Netherlands                 | 100.0                       | 100.0       |
| SJ Production Barge Ltd. <sup>(3)</sup>           | Investment holding                                         | British Virgin Islands          | 100.0                       | 100.0       |
| KrisEnergy (East Muriah) Ltd.                     | Exploration and production of oil and gas                  | British Virgin Islands          | 100.0                       | 100.0       |
| KrisEnergy Kutai B.V.                             | Exploration and production of oil and gas                  | The Netherlands                 | 100.0                       | 100.0       |
| KrisEnergy Kutei B.V.                             | Exploration and production of oil and gas                  | The Netherlands                 | 100.0                       | 100.0       |
| KrisEnergy (Song Hong 105) Ltd. <sup>(1)(2)</sup> | Exploration and production of oil and gas                  | British Virgin Islands          | 100.0                       | 100.0       |
| KrisEnergy (Andaman II) Ltd..                     | Exploration and production of oil and gas                  | British Virgin Islands          | 100.0                       | 100.0       |

<sup>(1)</sup> Capital stock in this entity pledged as collateral for RCF (Note 20).

<sup>(2)</sup> Capital stock in this entity pledged as junior ranking security under the ZCNs (Note 20).

<sup>(3)</sup> Capital stock in this entity pledged as first ranking security under the ZCNs (Note 20).

**13. Investment in subsidiaries (cont'd)*****Details of composition of the Group***

Information about the composition of the Group at the end of the financial year is as follows:

| Country of incorporation | Principal activities                                       | Number of wholly-owned subsidiaries |           |
|--------------------------|------------------------------------------------------------|-------------------------------------|-----------|
|                          |                                                            | 2019                                | 2018      |
| Bermuda                  | Exploration and production of oil and gas                  | 1                                   | 1         |
| British Virgin Island    | Exploration and production of oil and gas                  | 6                                   | 6         |
| British Virgin Island    | Investment holding                                         | 9                                   | 9         |
| British Virgin Island    | Provision of offshore management support service           | 1                                   | 1         |
| Cambodia                 | Exploration and production of oil and gas                  | 2                                   | 2         |
| Cayman Islands           | Exploration and production of oil and gas                  | 1                                   | 1         |
| Cayman Islands           | Investment holding                                         | 0                                   | 0         |
| Jersey                   | Exploration and production of oil and gas                  | 1                                   | 1         |
| Singapore                | Investment holding                                         | 2                                   | 2         |
| Singapore                | Provision of management support service                    | 1                                   | 1         |
| Thailand                 | Exploration and production of oil and gas                  | 3                                   | 3         |
| The Netherlands          | Charter and sub-charter of Mobile Offshore Production Unit | 1                                   | 1         |
| The Netherlands          | Exploration and production of oil and gas                  | 12                                  | 12        |
| The Netherlands          | Investment holding                                         | 2                                   | 2         |
|                          |                                                            | <b>42</b>                           | <b>42</b> |

**14. Inventories**

|                                                       | Group             |                   |
|-------------------------------------------------------|-------------------|-------------------|
|                                                       | 2019<br>US\$      | 2018<br>US\$      |
| Drilling supplies and materials                       | 6,050,996         | 8,217,033         |
| Crude oil                                             | 10,198,615        | 13,713,191        |
|                                                       | <b>16,249,611</b> | <b>21,930,224</b> |
| Inventories recognised as an expense in cost of sales | 99,036,147        | 103,051,424       |
| <i>Inclusive of the following charge</i>              |                   |                   |
| Inventories written down (Note 6)                     | <b>1,877,537</b>  | <b>8,940,159</b>  |

**Notes to the consolidated financial statements**  
**For the financial year ended 31 December 2019**

**15. Trade and other receivables**

|                                                                    | <b>Group</b>      |                    | <b>Company</b>     |                    |
|--------------------------------------------------------------------|-------------------|--------------------|--------------------|--------------------|
|                                                                    | <b>2019</b>       | <b>2018</b>        | <b>2019</b>        | <b>2018</b>        |
|                                                                    | <b>US\$</b>       | <b>US\$</b>        | <b>US\$</b>        | <b>US\$</b>        |
| <b>Trade and other receivables (current)</b>                       |                   |                    |                    |                    |
| Trade receivables                                                  | 6,672,235         | 5,471,558          | –                  | –                  |
| Refundable deposits                                                | 767,698           | 773,767            | –                  | –                  |
| Other receivables                                                  | 34,650,937        | 26,512,115         | 2,673              | –                  |
| Joint operation receivables                                        | 3,766,085         | 5,193,428          | –                  | –                  |
|                                                                    | <b>45,856,955</b> | <b>37,950,868</b>  | <b>2,673</b>       | <b>–</b>           |
| <b>Other receivables (non-current)</b>                             |                   |                    |                    |                    |
| Other receivables                                                  | 4,035,573         | 4,088,466          | –                  | –                  |
| Amounts due from subsidiaries                                      | –                 | –                  | 712,164,738        | 718,457,001        |
| Loss allowance                                                     | –                 | –                  | (596,248,943)      | (508,938,056)      |
|                                                                    | <b>4,035,573</b>  | <b>4,088,466</b>   | <b>115,915,795</b> | <b>209,518,945</b> |
| <b>Total trade and other receivables (current and non-current)</b> | <b>49,892,528</b> | <b>42,039,334</b>  | <b>115,918,468</b> | <b>209,518,945</b> |
| Cash and bank balances (Note 16)                                   | 51,361,068        | 77,606,440         | 21,221             | 274,059            |
| Value added tax receivables                                        | (22,845,235)      | (16,727,532)       | –                  | –                  |
| <b>Total financial assets carried at amortised cost</b>            | <b>78,408,361</b> | <b>102,918,242</b> | <b>115,939,689</b> | <b>209,793,004</b> |
| <b>Other receivables (current)</b>                                 |                   |                    |                    |                    |
|                                                                    | <b>2019</b>       | <b>2018</b>        | <b>2019</b>        | <b>2018</b>        |
|                                                                    | <b>US\$</b>       | <b>US\$</b>        | <b>US\$</b>        | <b>US\$</b>        |
| Payment on behalf of joint operation's partners                    | 13,981,556        | 5,851,368          | –                  | –                  |
| Proportionate share of joint operation's other receivables         | 1,635,457         | 7,964,013          | –                  | –                  |
| Value added tax receivables                                        | 18,809,662        | 12,639,066         | –                  | –                  |
| Others                                                             | 224,262           | 57,668             | 2,673              | –                  |
|                                                                    | <b>34,650,937</b> | <b>26,512,115</b>  | <b>2,673</b>       | <b>–</b>           |

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.

For the purpose of impairment assessment, the trade and other receivables are considered to have low credit risk as there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL.

**15. Trade and other receivables (cont'd)**

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. The Group has performed a risk profile of trade receivables based on the Group's credit risk grading framework, and has determined that the trade receivables are subject to immaterial credit loss.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for trade and other receivables.

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. The Group has determined that the other receivables are subject to immaterial credit loss.

Amounts due from subsidiaries are non-trade related, unsecured, non-interest bearing, and repayable upon demand. Amounts due from subsidiaries have been classified as non-current assets as the Company does not expect for repayment within 12 months after the reporting date. As at 31 December 2019, the Company has recognised a loss allowance of US\$596.2 million (2018: US\$508.9 million) for amounts due from subsidiaries as these subsidiaries continued to make losses during the year.

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

|           | <b>Group</b>        |                     |
|-----------|---------------------|---------------------|
|           | <b>2019</b><br>US\$ | <b>2018</b><br>US\$ |
| Thai Baht | 167,203             | 132,911             |

At reporting date, the Group has value added tax receivables with a nominal amount of US\$22.8 million (2018: US\$16.7 million).

**16. Cash and bank balances**

|                                    | <b>Group</b>        |                     | <b>Company</b>      |                     |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                    | <b>2019</b><br>US\$ | <b>2018</b><br>US\$ | <b>2019</b><br>US\$ | <b>2018</b><br>US\$ |
| Cash at bank and on hand           | 45,091,068          | 69,336,440          | 21,221              | 274,059             |
| Short-term deposits for guarantees | 6,270,000           | 8,270,000           | —                   | —                   |
| <b>Cash and bank balances</b>      | <b>51,361,068</b>   | <b>77,606,440</b>   | <b>21,221</b>       | <b>274,059</b>      |

Short-term deposits earn interests at the respective short-term deposit rates. The weighted average effective interest rate as at 31 December 2019 for the Group was 1.5% (2018: 1.1%).

**Notes to the consolidated financial statements**  
**For the financial year ended 31 December 2019**

**16. Cash and bank balances (cont'd)**

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

|                                                                                    | <b>Group</b>      |                   |
|------------------------------------------------------------------------------------|-------------------|-------------------|
|                                                                                    | <b>2019</b>       | <b>2018</b>       |
|                                                                                    | <b>US\$</b>       | <b>US\$</b>       |
| Cash and bank balances                                                             | 51,361,068        | 77,606,440        |
| Less: Short-term deposits for guarantees                                           | (6,270,000)       | (8,270,000)       |
| Cash and cash equivalents as presented in the consolidated statement of cash flows | <u>45,091,068</u> | <u>69,336,440</u> |

As at 31 December 2019, the amounts held under joint operations amounted to US\$39.6 million (2018: US\$36.7 million) and are distributed by declaring dividends.

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

|                      | <b>Group</b>   |                |
|----------------------|----------------|----------------|
|                      | <b>2019</b>    | <b>2018</b>    |
|                      | <b>US\$</b>    | <b>US\$</b>    |
| Thai Baht            | 118,803        | 347,695        |
| Singapore Dollar     | 8,343          | 214,014        |
| United States Dollar | <u>217,853</u> | <u>330,928</u> |

**17. Share capital and reserve**

***Share capital***

|                                              | <b>Group and Company</b> |                  |                      |                  |
|----------------------------------------------|--------------------------|------------------|----------------------|------------------|
|                                              | <b>2019</b>              |                  | <b>2018</b>          |                  |
|                                              | <b>No. of</b>            |                  | <b>No. of</b>        |                  |
|                                              | <b>shares</b>            | <b>US\$</b>      | <b>shares</b>        | <b>US\$</b>      |
| <i>Issued and fully paid ordinary shares</i> |                          |                  |                      |                  |
| At 1 January and 31 December                 | <u>1,502,849,065</u>     | <u>1,878,562</u> | <u>1,502,849,065</u> | <u>1,878,562</u> |

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 (2018: US\$0.00125) each.

***Share premium***

|                              | <b>Group and Company</b> |                    |
|------------------------------|--------------------------|--------------------|
|                              | <b>2019</b>              | <b>2018</b>        |
|                              | <b>US\$</b>              | <b>US\$</b>        |
| At 1 January and 31 December | <u>730,302,151</u>       | <u>730,302,151</u> |

## 17. Share capital and reserve (cont'd)

**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 fair value of the 1,255,183,632 detachable warrants issued pursuant to the ZCNs (Note 20). As at 31 December 2019 and 31 December 2018, the outstanding warrants were 1,255,172,256.

## 18. Trade and other payables

|                                                                 | <b>Group</b>       |                    | <b>Company</b>     |                    |
|-----------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                 | <b>2019</b>        | <b>2018</b>        | <b>2019</b>        | <b>2018</b>        |
|                                                                 | <b>US\$</b>        | <b>US\$</b>        | <b>US\$</b>        | <b>US\$</b>        |
| <b>Trade and other payables (current)</b>                       |                    |                    |                    |                    |
| Trade payables                                                  | 48,919,238         | 16,156,474         | 142,566            | 128,037            |
| Joint operation payables                                        | 1,400,245          | 1,169,178          | —                  | —                  |
| Staff payroll and bonus payables                                | 366,576            | 329,760            | —                  | —                  |
| Other payables                                                  | 36,089,288         | 55,889,854         | 17,143,970         | 10,934,794         |
|                                                                 | <b>86,775,347</b>  | <b>73,545,266</b>  | <b>17,286,536</b>  | <b>11,062,831</b>  |
| <b>Other payables (non-current)</b>                             |                    |                    |                    |                    |
| Amounts due to subsidiaries                                     | —                  | —                  | 28,149,516         | 25,628,394         |
| <b>Total trade and other payables (current and non-current)</b> | <b>86,775,347</b>  | <b>73,545,266</b>  | <b>45,436,052</b>  | <b>36,691,225</b>  |
| Accrued operating expenses                                      | 46,521,089         | 21,935,797         | 4,764,241          | 1,877,024          |
| Loans and borrowings (Note 20)                                  | 503,053,505        | 459,072,439        | 310,677,052        | 290,802,439        |
| Amount from offtakers for crude sales                           | —                  | (23,300,089)       | —                  | —                  |
| <b>Total financial liabilities carried at amortised cost</b>    | <b>636,349,941</b> | <b>531,253,413</b> | <b>360,877,345</b> | <b>329,370,688</b> |

## 18. Trade and other payables (cont'd)

*Other payables (current)*

|                                                         | Group             |                   | Company           |                   |
|---------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                         | 2019<br>US\$      | 2018<br>US\$      | 2019<br>US\$      | 2018<br>US\$      |
| Payment on behalf by joint operation's partners         | –                 | 4,190,198         | –                 | –                 |
| Proportionate share of joint operation's other payables | 9,254,203         | 7,774,520         | –                 | –                 |
| Accrued interest payable for Notes                      | 17,117,877        | 10,908,701        | 17,117,877        | 10,908,701        |
| Amount from offtakers for crude sales                   | –                 | 23,300,089        | –                 | –                 |
| Others                                                  | 9,717,208         | 9,716,346         | 26,093            | 26,093            |
|                                                         | <u>36,089,288</u> | <u>55,889,854</u> | <u>17,143,970</u> | <u>10,934,794</u> |

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

Joint operation payables and other 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.

Included in accrued operating expenses is the Group's proportionate share of joint operation's accrued expenses amounting to US\$6.4 million (2018: US\$8.3 million).

Amounts due to subsidiaries are unsecured, non-interest bearing and repayable on demand. Amounts due to subsidiaries have been classified as non-current liabilities as the Company does not expect to repay within 12 months after the reporting date.

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

|           | Group          |                |
|-----------|----------------|----------------|
|           | 2019<br>US\$   | 2018<br>US\$   |
| Thai Baht | <u>214,441</u> | <u>190,054</u> |

## 19. Lease liabilities

|              | Group<br>2019<br>US\$ |
|--------------|-----------------------|
| Analysed as: |                       |
| Non-current  | 550,833               |
| Current      | <u>25,573,038</u>     |
|              | <u>26,123,871</u>     |

**Notes to the consolidated financial statements**  
**For the financial year ended 31 December 2019**

**19. Lease liabilities (cont'd)**

|                          | <b>Group<br/>2019<br/>US\$</b> |
|--------------------------|--------------------------------|
| <b>Maturity analysis</b> |                                |
| Year 1                   | 25,573,038                     |
| Year 2                   | 550,833                        |
|                          | 26,123,871                     |

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's capital management function.

**20. Loans and borrowings**

|                                  | <b>Maturity</b>     | <b>Group</b>         |                      | <b>Company</b>       |                      |
|----------------------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
|                                  |                     | <b>2019<br/>US\$</b> | <b>2018<br/>US\$</b> | <b>2019<br/>US\$</b> | <b>2018<br/>US\$</b> |
| <b>Current</b>                   |                     |                      |                      |                      |                      |
| Revolving Credit Facility        | 2019/2020           | 192,376,453          | 20,000,000           | —                    | —                    |
| Multi-currency medium term notes | 2020 <sup>(1)</sup> | 203,279,405          | —                    | 203,279,405          | —                    |
| Unsecured term loans             | 2020 <sup>(1)</sup> | 34,417,937           | —                    | 34,417,937           | —                    |
| Zero Coupon Notes                | 2020 <sup>(1)</sup> | 72,979,710           | —                    | 72,979,710           | —                    |
|                                  |                     | 503,053,505          | 20,000,000           | 310,677,052          | —                    |
| <b>Non-current</b>               |                     |                      |                      |                      |                      |
| Revolving Credit Facility        | 2020                | —                    | 148,270,000          | —                    | —                    |
| Multi-currency medium term notes | 2022/2023           | —                    | 189,674,942          | —                    | 189,674,942          |
| Unsecured term loans             | 2022                | —                    | 34,417,937           | —                    | 34,417,937           |
| Zero Coupon Notes                | 2024                | —                    | 66,709,560           | —                    | 66,709,560           |
|                                  |                     | —                    | 439,072,439          | —                    | 290,802,439          |
|                                  |                     | 503,053,505          | 459,072,439          | 310,677,052          | 290,802,439          |

<sup>(1)</sup> Pursuant to the Moratorium Application on 14 August 2019, the 2022 Notes, 2023 Notes, 2024 ZCNs and unsecured term loans are repayable on demand. Accordingly, the Group has accrued additional default interest of 2.0% for the financial year ended 31 December 2019.

**20. Loans and borrowings (cont'd)**

***Multi-currency medium term notes***

The S\$130.0 million senior unsecured notes due 2022 ("2022 Notes") and S\$200.0 million senior unsecured notes due 2023 ("2023 Notes") have a fixed rate coupon of 4.0% payable annually, 2.0% payable annually in cash and 2.0% payable annually in cash or accrued at the discretion of the Company. The fixed rate coupon of 4.0% will be payable 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, giving rise to embedded derivatives (Note 24).

As at 31 December 2019, the fair value of the 2022 Notes and 2023 Notes was US\$92.8 million (2018: US\$102.9 million).

***Revolving Credit Facility***

The Revolving Credit Facility ("RCF") with DBS Bank Ltd. ("DBS"), which was due to mature on 30 June 2018, has a total commitment of US\$148.3 million and pursuant to the RCF, DBS has waived all financial covenants since November 2016.

On 29 March 2018, KrisEnergy (Asia) Ltd (the "Borrower") and DBS signed an extension agreement where the RCF was extended by two-years to 30 June 2020, with no change to terms of the RCF.

On 9 April 2018, DBS provided an additional commitment of US\$20.0 million (the "Bridge Upsize") for a period of up to three months. On 5 July 2018, the Bridge Upsize maturity date was extended for three months to 8 October 2018, and on 5 October 2018, the Bridge Upsize maturity date was extended for three months to 8 January 2019. On 8 January 2019, the Bridge Upsize maturity date was extended for one month to 8 February 2019, and on 1 February 2019, the Bridge Upsize maturity date was extended for one month to 8 March 2019. On 5 March 2019, the Bridge Upsize maturity date was extended for one month to 8 April 2019. On 4 April 2019, DBS increased the RCF by an amount which would not result in the total commitments exceeding US\$200 million, whereby DBS provided an additional commitment of US\$31.7 million (the "RCF Upsize") under the RCF and the Bridge Upsize was subsumed under the RCF.

In a Keppel announcement on 14 August 2019, Keppel has expressed support in respect of the amount outstanding as at 13 August 2019 owed by KrisEnergy to DBS, in which Keppel holds an indirect interest through a bilateral contract with DBS. This bilateral contract was required in order for DBS to provide and continue to provide the RCF to the Borrower and means that, amongst other things, Keppel may be required to make DBS whole for any loss DBS suffers under the RCF but also means that Keppel benefits from interest payments made to DBS in respect of the RCF.

The Guarantors of the RCF are the Company, KrisEnergy Holding Company Ltd., KrisEnergy Management Ltd., KrisEnergy International (Thailand) Holdings Ltd., KrisEnergy (Gulf of 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., KrisEnergy Bangladesh Limited, KrisEnergy (Apsara) Ltd. and KrisEnergy (Cambodia) Holding Ltd.

Please refer to Note 13 for subsidiaries that provide the above collaterals.

**20. Loans and borrowings (cont'd)**

***Unsecured term loans***

The interest rate of the unsecured term loans is at LIBOR plus margin of 4.0% per annum, with principal repayment based on a percentage of the aggregate amount of the loan outstanding from August 2019 to February 2022.

***Zero Coupon Notes***

In 2017, the Company issued and received gross proceeds of S\$139.5 million (US\$96.4 million) in principal amount of senior secured Zero Coupon Notes due 2024 (the "Zero Coupon Notes") and 1,255,183,632 detachable warrants to its shareholders. Each warrant converts to one share in the ordinary share capital of the Company at the exercise price of S\$0.110 per share.

As at 31 December 2019, the carrying value of the Zero Coupon Notes and warrants (Note 17) were US\$73.0 million (2018: US\$66.7 million) and US\$40.3 million. On 4 April 2019, DBS increased the RCF by an amount which would not result in the total commitments exceeding US\$200 million, whereby DBS provided an additional commitment of US\$31.7 million (the "RCF Upsize") under the RCF and the Bridge Upsize was subsumed under the RCF. (2018: US\$40.3 million) respectively. As at 31 December 2019, the fair value of the Zero Coupon Notes were US\$0.3 million (2018: US\$58.4 million).

## 20. Loans and borrowings (cont'd)

*Reconciliation of liabilities arising from financing activities*

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

|                                          | At 1 January 2019 | Financing cash flows | Non-cash changes    |                        |                       |                           | At 31 December 2019 |
|------------------------------------------|-------------------|----------------------|---------------------|------------------------|-----------------------|---------------------------|---------------------|
|                                          | US\$              | US\$                 | Deferred Settlement | Fair value adjustments | Accretion of discount | Foreign exchange movement |                     |
|                                          | US\$              | US\$                 | US\$                | US\$                   | US\$                  | US\$                      |                     |
| Revolving Credit Facility <sup>(i)</sup> | 168,270,000       | 24,106,453           | —                   | —                      | —                     | —                         | 192,376,453         |
| Unsecured term loan                      | 34,417,937        | —                    | —                   | —                      | —                     | —                         | 34,417,937          |
| Multi-currency medium term notes         | 189,674,942       | —                    | —                   | —                      | 12,198,967            | 1,405,496                 | 203,279,405         |
| Zero Coupon Notes                        | 66,709,560        | —                    | —                   | —                      | 5,776,245             | 493,905                   | 72,979,710          |
| Derivative liabilities                   | 2,966,741         | —                    | —                   | (633,707)              | —                     | (8,553)                   | 2,324,481           |
| Lease liabilities <sup>(ii)</sup>        | 65,987,383        | (23,636,030)         | (16,210,000)        | —                      | —                     | (17,482)                  | 26,123,871          |
|                                          | 528,026,563       | 470,423              | (16,210,000)        | (633,707)              | 17,975,212            | 1,873,366                 | 531,501,857         |

## 20. Loans and borrowings (cont'd)

*Reconciliation of liabilities arising from financing activities* (cont'd)

|                                          | At 1 January 2018 | Financing cash flows | Fair value adjustments | Non-cash changes      |                           | At 31 December 2018 |
|------------------------------------------|-------------------|----------------------|------------------------|-----------------------|---------------------------|---------------------|
|                                          | US\$              | US\$                 | US\$                   | Accretion of discount | Foreign exchange movement |                     |
|                                          | US\$              | US\$                 | US\$                   | US\$                  | US\$                      |                     |
| Revolving Credit Facility <sup>(i)</sup> | 148,270,000       | 20,000,000           | —                      | —                     | —                         | 168,270,000         |
| Unsecured term loan                      | 34,417,937        | —                    | —                      | —                     | —                         | 34,417,937          |
| Multi-currency medium term notes         | 179,155,878       | —                    | —                      | 14,658,731            | (4,139,667)               | 189,674,942         |
| Zero Coupon Notes                        | 62,768,782        | —                    | —                      | 5,390,791             | (1,450,013)               | 66,709,560          |
| Derivative liabilities                   | 7,321,468         | —                    | (4,079,847)            | —                     | (274,880)                 | 2,966,741           |
|                                          | 431,934,065       | 20,000,000           | (4,079,847)            | 20,049,522            | (5,864,560)               | 462,039,180         |

<sup>(i)</sup> As at 31 December 2019, financing cash flows relates to proceeds from borrowings of \$44.1 million (2018: US\$55.0 million) and repayments of borrowings of \$20.0 million (2018: US\$35.0 million) in the consolidated statement of cash flows.

<sup>(ii)</sup> Relates to the recognition of US\$66.0 million of lease liabilities upon transition to IFRS 16 *Leases*.

**21. Provisions**

|                                          | <b>Group<br/>US\$</b> |
|------------------------------------------|-----------------------|
| <i><b>Decommissioning provisions</b></i> |                       |
| At 1 January 2018                        | 42,675,146            |
| Arising during the year                  | 18,802,472            |
| Disposal of a subsidiary (Note 4)        | (7,813,570)           |
| Write-back of unused provisions          | (29,006,833)          |
| Utilisation                              | (3,971,874)           |
| Unwinding of discount                    | 1,521,272             |
|                                          | <hr/>                 |
| At 31 December 2018                      | 22,206,613            |
| Arising during the year                  | 326,404               |
| Unwinding of discount                    | 2,220,656             |
|                                          | <hr/>                 |
| At 31 December 2019                      | <u>24,753,673</u>     |

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 average discount rate used in the calculation of the provisions as at 31 December 2019 is 10.0% (2018: 10.0%).

**22. 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:

|                                                        | <b>2019<br/>US\$</b> | <b>Group<br/>2018<br/>US\$</b> |
|--------------------------------------------------------|----------------------|--------------------------------|
| Present value of defined benefit obligations           | 542,471              | 792,925                        |
| Re-measurement of defined benefit obligations          | (51,899)             | (181,290)                      |
|                                                        | <hr/>                | <hr/>                          |
| Net liability arising from defined benefit obligations | 490,572              | 611,635                        |

**Notes to the consolidated financial statements**  
**For the financial year ended 31 December 2019**

**22. Employee benefit liability (cont'd)**

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

|                                                                         | <b>Group<br/>US\$</b> |
|-------------------------------------------------------------------------|-----------------------|
| At 1 January 2018                                                       | 1,630,812             |
| Interest cost                                                           | 91,742                |
| Current service cost                                                    | 274,022               |
| Curtailments                                                            | (919,017)             |
| Re-measurement (gains) losses:                                          |                       |
| Re-measurement of other long term employee benefits                     | (2,456)               |
| Actuarial gains and losses arising from changes in financial assumption | (81,518)              |
| Actuarial gains and losses arising from experience adjustments          | (99,772)              |
| Benefits paid                                                           | (282,178)             |
| At 31 December 2018                                                     | 611,635               |
| Interest cost                                                           | 44,429                |
| Current service cost                                                    | 219,548               |
| Re-measurement (gains) losses:                                          |                       |
| Re-measurement of other long term employee benefits                     | (286)                 |
| Actuarial gains and losses arising from changes in financial assumption | 2,263                 |
| Actuarial gains and losses arising from experience adjustments          | (54,162)              |
| Benefits paid                                                           | (332,855)             |
| At 31 December 2019                                                     | 490,572               |

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:

|                           | <b>2019</b>                                                                        | <b>2018</b>                                                                        |
|---------------------------|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Retirement age            | 55 to 65 years                                                                     | 55 to 65 years                                                                     |
| Discount rate             | 1.5% to 8.5% per annum                                                             | 2.5% to 8.5% per annum                                                             |
| Long-term salary increase | 5% per annum                                                                       | 5% per annum                                                                       |
| Voluntary resignation     | 6% for employee before the age of 30 and linear decrease until 0% at the age of 58 | 6% for employee before the age of 30 and linear decrease until 0% at the age of 58 |

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:

|                   | <b>2019<br/>US\$</b> | <b>2018<br/>US\$</b> |
|-------------------|----------------------|----------------------|
| Discount rate     |                      |                      |
| + 50 basis points | (25,420)             | (17,131)             |
| - 50 basis points | 27,745               | 18,852               |

**23. Share-based payments**

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

|                                                                      | <b>Group</b>     |                |
|----------------------------------------------------------------------|------------------|----------------|
|                                                                      | <b>2019</b>      | <b>2018</b>    |
|                                                                      | US\$             | US\$           |
| Expense arising from cash-settled share-based payment transactions   | (531,896)        | 667,488        |
| Expense arising from equity-settled share-based payment transactions | 195,072          | 245,016        |
|                                                                      | <u>(336,824)</u> | <u>912,504</u> |

**Performance Share Plan ("PSP")**

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.

As at 31 December 2019, the employee share option reserve for the PSP amounts to US\$1.2 million (2018: US\$1.0 million).

There has been no cancellation or modification to the employee share-based payments during the year ended 31 December 2019 and 2018.

The fair value of the PSP are estimated at grant date, 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 model for the PSP. 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.

|                               | <b>2019</b>  | <b>2018</b>  |
|-------------------------------|--------------|--------------|
| <b>PSP</b>                    |              |              |
| Risk free rate (%)            | 0.9% to 1.4% | 0.9% to 1.4% |
| Expected volatility (%)       | 35% to 48%   | 35% to 48%   |
| Annual employee exit rate (%) | 1% to 3%     | 1% to 3%     |

**23. Share-based payments (cont'd)**

***Management Shareholders Awards ("MS-Awards")***

As disclosed and further described in the Prospectus dated 12 July 2013, under the MS-Awards granted pursuant to the KrisEnergy PSP during the IPO, up to 3.0% (issued under equal First Tranche and Second Tranche) of the issued ordinary shares in the capital of the Company ("Shares") may be vested upon the satisfaction of the conditions of the MS-Awards.

Following the exit of First Reserve Fund, XII LP on 6 April 2018, the First Tranche Condition (as defined in the Prospectus had) been satisfied. However, in accordance with and as permitted under the terms of the MS-Awards, as the Company does not have sufficient distributable reserves or amounts credited to its premium account at such juncture to make the required issue of Shares (being the first one-third of the First Tranche), the Company has paid a cash sum equal to the aggregate fair market value of the Shares that would otherwise have been issued.

As at 31 December 2019, the carrying amount to the liability relating to the MS-Awards was US\$0.1 million (2018: US\$0.7 million).

**24. Derivative liabilities**

***Embedded derivatives***

The 2022 Notes and 2023 Notes have embedded derivatives arising from the additional cash coupon per interest period which will be paid subject to the Brent crude oil benchmark. If the Brent crude oil benchmark is greater than US\$70 per barrel, the additional cash coupon will be 1.0% per annum, for each increase in Brent crude oil benchmark by US\$10 per barrel above US\$70 per barrel, up to a maximum of 3.0% per annum.

As at 31 December 2019, the carrying value of the embedded derivatives was US\$2.3 million (2018: US\$3.0 million). The net fair value gain on embedded derivatives of US\$0.6 million (2018: US\$4.1 million) was recognised in other operating expenses (Note 6).

**25. Commitments**

***Operating lease commitments***

The Group has entered into non-cancellable commercial property leases for its office premises and bareboat charters for its 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:

|                                             | <b>2018</b><br><b>US\$</b> |
|---------------------------------------------|----------------------------|
| Within one year                             | 43,685,990                 |
| After one year but not more than five years | 26,954,037                 |
|                                             | <hr/> <hr/> 70,640,027     |

**25. Commitments (cont'd)****Capital commitments**

Certain of the Group's joint operations have firm capital commitments where the Group is required to participate in minimum exploration activities. The Group's share of the estimated firm minimum exploration commitments is approximately US\$36.6 million (2018: US\$40.1 million).

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

|                                | <b>Group</b>      |                   |
|--------------------------------|-------------------|-------------------|
|                                | <b>2019</b>       | <b>2018</b>       |
|                                | <b>US\$</b>       | <b>US\$</b>       |
| Within one year <sup>(1)</sup> | 22,000,000        | 1,260,000         |
| Within two to five years       | 14,620,000        | 38,840,000        |
|                                | <b>36,620,000</b> | <b>40,100,000</b> |

As at 31 December 2019, there are also optional capital commitments<sup>(2)</sup> of US\$22.8 million (2018: US\$63.8 million) for exploration activities and approximately US\$12.0 million (2018: US\$33.1 million) contractual commitments for development activities.

<sup>(1)</sup> Relates to KrisEnergy (Vietnam 115) Ltd.'s firm capital commitment. On 16 January 2020, KrisEnergy (Vietnam 115) Ltd. entered into a farm-out agreement for the transfer of 100.0% working interest in Block 115/09. This transfer is subject to a number of conditions including approvals from the relevant government authorities.

<sup>(2)</sup> Includes US\$6.0 million of optional capital commitment from Andaman II PSC. On 14 November 2019, KrisEnergy (Andaman II) Ltd entered into a sale and purchase agreement with BP Exploration Operating Company Limited to assign and transfer 30.0% working interest in Andaman II PSC. The transfer is subject to a number of conditions including approvals from the Government of Indonesia. On 8 April 2020, the transfer was completed.

**26. Related party disclosures****Compensation of directors and key management personnel**

|                                      | <b>Group</b>     |                  |
|--------------------------------------|------------------|------------------|
|                                      | <b>2019</b>      | <b>2018</b>      |
|                                      | <b>US\$</b>      | <b>US\$</b>      |
| Salaries and bonus                   | 4,324,808        | 4,392,064        |
| Central Provident Fund contributions | 71,325           | 77,056           |
| Share-based payments                 | 160,170          | 259,290          |
|                                      | <b>4,556,303</b> | <b>4,728,410</b> |
| Comprising amounts paid to:          |                  |                  |
| Directors of the Company             | 966,959          | 1,137,158        |
| Other key management personnel       | 3,589,344        | 3,591,252        |
|                                      | <b>4,556,303</b> | <b>4,728,410</b> |

**27. Fair value of financial instruments*****Assets and liabilities measured at fair value***

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements, other than loans and borrowings whose fair values are disclosed separately in Note 20, approximate their fair values due to the relatively short-term maturity of these financial instruments.

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

|                                                                          | Level 1<br>US\$ | Group and Company<br>Level 2<br>US\$ | Level 3<br>US\$ | Total<br>US\$ |
|--------------------------------------------------------------------------|-----------------|--------------------------------------|-----------------|---------------|
| <b>2019</b>                                                              |                 |                                      |                 |               |
| <b><i>Financial liabilities at fair value through profit or loss</i></b> |                 |                                      |                 |               |
| <u><i>Derivative liabilities (Note 24)</i></u>                           |                 |                                      |                 |               |
| - Embedded derivatives                                                   | –               | 2,324,481                            | –               | 2,324,481     |
| <b>2018</b>                                                              |                 |                                      |                 |               |
| <b><i>Financial liabilities at fair value through profit or loss</i></b> |                 |                                      |                 |               |
| <u><i>Derivative liabilities (Note 24)</i></u>                           |                 |                                      |                 |               |
| - Embedded derivatives                                                   | –               | 2,966,741                            | –               | 2,966,741     |

***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:

**Embedded derivatives**

Embedded derivatives are valued using the discounted cash flow method, under which, future contractual cash flows (i.e., Brent-linked additional cash interest) are discounted to the valuation date. As the Brent-linked additional cash interest depends on future Brent prices, Monte-Carlo simulation method was adopted to project prospective Brent prices, which can be applied to compute the appropriate level of additional interest.

**28. 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, commodity price risk and foreign currency 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.

**28. Financial risk management objectives and policies (cont'd)*****Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. 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.

The Group develops and maintains the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and the trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

| Category   | Description                                                                                                                         | Basis for recognising expected credit losses (ECL) |
|------------|-------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| Performing | The counterparty has a low risk of default and does not have any past-due amounts.                                                  | 12-month ECL                                       |
| Doubtful   | Amount is >90 days past due or there has been a significant increase in credit risk since initial recognition.                      | Lifetime ECL - not credit-impaired                 |
| In default | There is evidence indicating the asset is credit-impaired.                                                                          | Lifetime ECL - credit-impaired                     |
| Write-off  | There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery. | Amount is written off                              |

The table below details the credit quality of the Group's financial assets, as well as maximum exposure to credit risk by credit risk rating grades:

| 2019                        | Note | Internal credit rating | 12-month or lifetime ECL | Gross carrying amount US\$ | Loss allowance US\$ | Net carrying amount US\$ |
|-----------------------------|------|------------------------|--------------------------|----------------------------|---------------------|--------------------------|
| <b>Group</b>                |      |                        |                          |                            |                     |                          |
| Trade and other receivables | 15   | Performing             | 12-month ECL             | 27,047,293                 | —                   | 27,047,293               |
| <b>Company</b>              |      |                        |                          |                            |                     |                          |
| Other receivables           | 15   | Performing             | 12-month ECL             | 115,918,468                | —                   | 115,918,468              |
| Other receivables           | 15   | In default             | Lifetime ECL             | 596,248,943                | (596,248,943)       | —                        |

## 28. Financial risk management objectives and policies (cont'd)

**Credit risk** (cont'd)Exposure to credit risk (cont'd)

| 2018                        | Note | Internal credit rating | 12-month or lifetime ECL | Gross carrying amount US\$ | Loss allowance US\$ | Net carrying amount US\$ |
|-----------------------------|------|------------------------|--------------------------|----------------------------|---------------------|--------------------------|
| <b>Group</b>                |      |                        |                          |                            |                     |                          |
| Trade and other receivables | 15   | Performing             | 12-month ECL             | 25,311,802                 | —                   | 25,311,802               |
| <b>Company</b>              |      |                        |                          |                            |                     |                          |
| Other receivables           | 15   | Performing             | 12-month ECL             | 209,518,945                | —                   | 209,518,945              |
| Other receivables           | 15   | In default             | Lifetime ECL             | 508,938,056                | (508,938,056)       | —                        |

Credit risk concentration profile

At the reporting date, approximately 80.8% (2018: 71.6%) of the Group's receivables arises from the Group's working interest in G10/48 Concession, G6/48 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 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 15 (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.

Sensitivity analysis for interest rate risk

As at 31 December 2019, if LIBOR interest rates had been 50 basis points lower/higher with all other variables held constant, the Group's loss before tax would have been US\$1.1 million (2018: US\$0.9 million) lower/higher, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings (Note 20).

**28. Financial risk management objectives and policies (cont'd)*****Liquidity risk***

The Group and the Company maintain sufficient cash and cash equivalents to finance their activities. The Group minimises liquidity risk by keeping committed credit lines available. Management's going concern assessment is disclosed in Note 1 to the consolidated financial statements.

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 financial liabilities.

The following tables detail the remaining contractual maturity for financial assets and financial liabilities. The tables have been drawn up on the undiscounted cash flows of financial assets and financial liabilities based on the earliest date on which the Group can be required to pay and the interest that will be earned on those assets. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial assets and financial liabilities on the statement of financial position.

| Group                            | Within one<br>year<br>US\$ | After one but<br>within five<br>years<br>US\$ | After five<br>years<br>US\$ | Adjustments<br>US\$ | Total<br>US\$ |
|----------------------------------|----------------------------|-----------------------------------------------|-----------------------------|---------------------|---------------|
| <b>2019</b>                      |                            |                                               |                             |                     |               |
| <i>Financial assets</i>          |                            |                                               |                             |                     |               |
| Trade and other<br>receivables   | 27,047,293                 | —                                             | —                           | —                   | 27,047,293    |
| Cash and bank<br>balances        | 51,361,068                 | —                                             | —                           | —                   | 51,361,068    |
|                                  | 78,408,361                 | —                                             | —                           | —                   | 78,408,361    |
| <i>Financial<br/>liabilities</i> |                            |                                               |                             |                     |               |
| Trade and other<br>payables      | (86,775,347)               | —                                             | —                           | —                   | (86,775,347)  |
| Accrued<br>operating<br>expenses | (35,281,281)               | (11,239,808)                                  | —                           | —                   | (46,521,089)  |
| Derivative<br>liabilities        | —                          | (2,324,481)                                   | —                           | —                   | (2,324,481)   |
| Loans and<br>borrowings          | (503,053,505)              | —                                             | —                           | —                   | (503,053,505) |
|                                  | (625,110,133)              | (13,564,289)                                  | —                           | —                   | (638,674,422) |
| Total net                        | (546,701,772)              | (13,564,289)                                  | —                           | —                   | (560,266,061) |

## 28. Financial risk management objectives and policies (cont'd)

*Liquidity risk (cont'd)*

| Group                            | Within one<br>year<br>US\$ | After one but<br>within five<br>years<br>US\$ | After five<br>years<br>US\$ | Adjustments<br>US\$ | Total<br>US\$ |
|----------------------------------|----------------------------|-----------------------------------------------|-----------------------------|---------------------|---------------|
| <b>2018</b>                      |                            |                                               |                             |                     |               |
| <i>Financial assets</i>          |                            |                                               |                             |                     |               |
| Trade and other<br>receivables   | 25,311,802                 | –                                             | –                           | –                   | 25,311,802    |
| Cash and bank<br>balances        | 77,606,440                 | –                                             | –                           | –                   | 77,606,440    |
|                                  | 102,918,242                | –                                             | –                           | –                   | 102,918,242   |
| <i>Financial<br/>liabilities</i> |                            |                                               |                             |                     |               |
| Trade and other<br>payables      | (50,245,177)               | –                                             | –                           | –                   | (50,245,177)  |
| Accrued<br>operating<br>expenses | (21,935,797)               | –                                             | –                           | –                   | (21,935,797)  |
| Derivative<br>liabilities        | –                          | (2,966,741)                                   | –                           | –                   | (2,966,741)   |
| Loans and<br>borrowings          | (36,023,711)               | (450,709,602)                                 | (101,432,669)               | 129,093,543         | (459,072,439) |
|                                  | (108,204,685)              | (453,676,343)                                 | (101,432,669)               | 129,093,543         | (534,220,154) |
| Total net                        | (5,286,443)                | (453,676,343)                                 | (101,432,669)               | 129,093,543         | (431,301,912) |

*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 the forecasted crude oil price in preparing the Cash Flow Forecast for the Group's going concern, recoverability of Oil & Gas Properties, Exploration and Evaluation Assets and intangible assets, and their crude oil inventory as at the end of the reporting date.

*Sensitivity analysis for commodity price risk on inventories*

As at 31 December 2019, if the benchmark price of the crude oil had been 10.0% (2018: 10.0%) higher/lower with all other variables held constant, the Group's loss before tax would have been US\$1.0 million (2018: US\$1.4 million) lower/higher, arising as a result of higher/lower net realisable value of crude oil inventory.

**28. Financial risk management objectives and policies (cont'd)*****Foreign currency risk***

The Group's foreign currency exposure arises primarily from loans and borrowings denominated in Singapore Dollar ("SGD").

***Sensitivity analysis for foreign currency risk***

As at 31 December 2019, if SGD/USD had strengthened/weakened by 3.0% with all other variables held constant, the Group's loss before tax would have been US\$8.0 million lower/US\$8.5 million higher (2018: US\$7.4 million lower/US\$7.9 million higher), arising as a result of lower/higher carrying value of the loans and borrowings.

**29. Capital management**

Capital includes loans and borrowings, amount from offtakers for crude sales and equity attributable to owners of the Company as disclosed in the table below.

The Group's objectives when managing its capital structure is to protect the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the Group may issue new shares, buy back issued shares, obtain new borrowings or reduce its borrowings.

No changes were made in the objectives, policies or processes during the years ended 31 December 2019 and 31 December 2018.

The primary objective of the Group's capital management is to ensure that it maintains, among other things, healthy capital ratios in order to support its business and maximise shareholder value. The Group monitors capital using a gearing ratio, which is debt divided by total capital plus debt. Although the Group's policy is to maintain a gearing ratio within 30.0% to 50.0%, the Group's gearing ratio has increased year-on-year resulting in a ratio of 140.8% as at 31 December 2019. Such increase in the gearing ratio has been a result of an increase in interest-bearing debt obligations, net losses after tax and decrease in equity attributable to owners of the Company.

|                                                  | <b>Group</b>  |             |
|--------------------------------------------------|---------------|-------------|
|                                                  | <b>2019</b>   | <b>2018</b> |
|                                                  | <b>US\$</b>   | <b>US\$</b> |
| Loans and borrowings (Note 20)                   | 503,053,505   | 459,072,439 |
| Amount from offtakers for crude sales (Note 18)  | –             | 23,300,089  |
| Equity attributable to the owners of the Company | (145,897,049) | 22,738,477  |
|                                                  | <hr/>         |             |
| Capital and debt                                 | 357,156,456   | 505,111,005 |
|                                                  | <hr/>         |             |
| Gearing ratio                                    | 140.8%        | 95.5%       |
|                                                  | <hr/>         |             |

**Notes to the consolidated financial statements**  
**For the financial year ended 31 December 2019**

**30. 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:

|            | Revenue     |             | Non-current assets |             |
|------------|-------------|-------------|--------------------|-------------|
|            | 2019        | 2018        | 2019               | 2018        |
|            | US\$        | US\$        | US\$               | US\$        |
| Bangladesh | 10,776,978  | 9,531,012   | 36,061,620         | 37,854,357  |
| Cambodia   | —           | —           | 234,554,032        | 196,722,169 |
| Indonesia  | —           | —           | 31,445,483         | 88,411,351  |
| Thailand   | 115,754,059 | 135,274,404 | 121,195,571        | 165,635,635 |
| Vietnam    | —           | —           | —                  | 4,954,217   |
|            | 126,531,037 | 144,805,416 | 423,256,706        | 493,577,729 |

Non-current assets information presented above consists of exploration and evaluation assets, oil and gas properties, intangible assets and refurbishment assets in progress as presented in the notes to the consolidated financial statements.

**Information about major customers**

The Group identifies a major customer as one who contributes to 10.0% or more of the total revenue. As at 31 December 2019, revenue from one (2018: one) major customer contributed to 87.2% (2018: 76.0%) of the Group's total revenue.

**31. Contingent liabilities**

***Jefferies International Limited***

In 2018, Jefferies International Limited ("Jefferies") has commenced arbitration proceedings against the Company, seeking disputed success fees of US\$1.75 million under an engagement letter for financial advisory services to the Company. The Company takes the view, in consultation with legal advisors that the claim made by Jefferies is without merit. The Company is taking legal advice and intends to vigorously resist and refute Jefferies' claim. In addition, the Company fully reserves its rights to seek remedies, including any counterclaim and costs, against Jefferies to the fullest extent under the engagement letter and at law. The arbitration has been delayed pending the KEL arbitration.

This claim is not expected to have any material impact on the Company's operations for the financial year ended 31 December 2019.

**31. Contingent liabilities (cont'd)**

***Rubicon Vantage International Pte Ltd***

As at 31 December 2019, Rubicon Vantage International Pte Ltd ("Rubicon") has won its claim in the High Court of Justice Business and Property Courts of England against the Company. The judgement debt was for a total of US\$2.8 million, including US\$1.0 million of interest. As at 31 December 2019, the accrued interest of US\$1.0 million was recognised under accrued operating expenses.

The KEL moratorium prevents Rubicon from enforcing this judgement debt against KEL. While the moratorium of KEL is in process, Rubicon has now filed a statutory demand dated 10 February 2020 for approximately US\$2.8 million, including US\$1.0 million of interest, in the Cayman Islands against the Company's wholly owned subsidiary, KrisEnergy (Gulf of Thailand) Ltd ("KEGOT") as charterer under the Bareboat Charter. The statutory demand states that if payment of this debt is not made within 21 days of the date upon which the statutory demand is served on KEGOT's registered office or a settlement fails to be reached, Rubicon may present a winding up petition against KEGOT. KEGOT has filed for an injunction to prevent Rubicon from filing a winding up order. The hearing was held on 16 April 2020. As at date of these consolidated financial statements, the Company is waiting for the final judgement. Pending the judge's decision, the parties have agreed that the injunction will stand. On 3 June 2020, the Group has announced that agreements with respect to the floating storage and offloading ("FSO") vessel have been terminated.

This claim is not expected to have any material impact on the Company's operations for the financial year ended 31 December 2019.

**32. Subsequent events**

- a) On 30 April 2020, and as disclosed in Note 1 to the consolidated financial statements, the Group obtained a Project Financing Facility of US\$87.0 million from the Lender to fund the development of Cambodia Block A, with maturity occurring 48 months from the date of the agreement. Any draw-down of the Project Financing Facility beyond the initial US\$30.0 million is subject to, inter alia, the obtaining of shareholders' approval for the Project Financing Facility as an Interested Person Transaction ("IPT"). The extraordinary general meeting to seek shareholders' approval for the IPT is to be convened on 29 June 2020.

Under the terms of the Project Financing Facility, the Lender will be entitled to call for immediate repayment of the funds already advanced and have no obligation to make available any further funding if the Group is unable to fulfil certain conditions, including any of the following:

- (i) Obtain shareholders' approval for the Project Financing Facility as an IPT;
- (ii) Completion of the Debt Restructuring by 15 July 2020 (or such other date as agreed with the Lender); and
- (iii) Achieve first oil sale proceeds for Cambodia Block A by 31 December 2020 (or such other date as agreed with the Lender).

**32. Subsequent events (cont'd)**

- b) On 6 May 2020, the Group announced that it is undertaking a review of the commerciality of its producing fields at current oil price levels and future projected levels. On 3 June 2020, the Company announced that production at the Wassana field in the G10/48 concession in the Gulf of Thailand was suspended in early June 2020. The suspension is expected to have a material negative effect on the Group's financials going forward as the Wassana field accounts for 75.0% to 80.0% of the Group's current hydrocarbon production. The suspension of the Wassana field may further impair the carrying amount of the related oil & gas properties and exploration and evaluation assets which stood at US\$20.2 million as at 31 December 2019. As management has yet to decide on a production resumption date due to the volatility of crude oil prices, the full financial impact cannot be estimated reliably as at date of these financial statements.

**33. Authorisation of consolidated financial statements for issue**

The consolidated financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 3 June 2020.

## SHAREHOLDING AND WARRANTHOLDING STATISTICS

### Shareholding and Warrantholding Statistics as at 20 May 2020

|                               |                                            |
|-------------------------------|--------------------------------------------|
| Total number of issued shares | - 1,502,849,065                            |
| Class of shares               | - Ordinary shares of US\$0.00125 par value |
| Voting rights                 | - 1 vote per ordinary Share                |

### ANALYSIS OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | %             | No. of Shares        | %             |
|-----------------------|---------------------|---------------|----------------------|---------------|
| 1 - 99                | 71                  | 2.34          | 766                  | 0.00          |
| 100 - 1,000           | 152                 | 5.02          | 108,540              | 0.01          |
| 1,001 - 10,000        | 737                 | 24.35         | 4,834,383            | 0.32          |
| 10,001 - 1,000,000    | 1,988               | 65.68         | 245,240,643          | 16.32         |
| 1,000,001 and above   | 79                  | 2.61          | 1,252,664,733        | 83.35         |
|                       | <u>3,027</u>        | <u>100.00</u> | <u>1,502,849,065</u> | <u>100.00</u> |

### TOP 20 SHAREHOLDERS

| No. | Name of Shareholder                    | No. of Shares        | %            |
|-----|----------------------------------------|----------------------|--------------|
| 1   | BNP Paribas Nominees Singapore Pte Ltd | 598,263,893          | 39.81        |
| 2   | DBS Nominees Pte Ltd                   | 206,774,544          | 13.76        |
| 3   | Citibank Nominees Singapore Pte Ltd    | 151,369,818          | 10.07        |
| 4   | Raffles Nominees(Pte) Limited          | 56,362,142           | 3.75         |
| 5   | Morgan Stanley Asia (S) Sec Pte Ltd    | 25,513,894           | 1.70         |
| 6   | OCBC Securities Private Ltd            | 13,217,207           | 0.88         |
| 7   | Phillip Securities Pte Ltd             | 12,718,842           | 0.85         |
| 8   | Maybank Kim Eng Securities Pte.Ltd.    | 11,137,100           | 0.74         |
| 9   | Waterworth Pte Ltd                     | 8,000,000            | 0.53         |
| 10  | UOB Kay Hian Pte Ltd                   | 7,563,640            | 0.50         |
| 11  | Khoo Yee Hock                          | 7,000,000            | 0.47         |
| 12  | Coffee Express 2000 Pte Ltd            | 6,200,000            | 0.41         |
| 13  | Tan Kay Toh or Yu Hea Ryeong           | 6,194,900            | 0.41         |
| 14  | Cheung Lap Yuen                        | 5,228,000            | 0.35         |
| 15  | Wang Ying Po                           | 5,200,000            | 0.35         |
| 16  | Lim Chor Teck Aaron                    | 4,514,800            | 0.30         |
| 17  | Ang Ah Lek @ An Ah Lek                 | 4,200,000            | 0.28         |
| 18  | Tan Seng Hock                          | 3,985,000            | 0.27         |
| 19  | Lim Leong Koo                          | 3,800,000            | 0.25         |
| 20  | Tan Eng Chua Edwin                     | 3,699,600            | 0.25         |
|     |                                        | <u>1,140,943,380</u> | <u>75.93</u> |

### SUBSTANTIAL SHAREHOLDERS

|                                    | Holding Registered in Name of Substantial Shareholders or Nominees |                  | Holding in which Substantial Shareholders are Deemed to have an Interest in |                  | Total Shareholding |                  |
|------------------------------------|--------------------------------------------------------------------|------------------|-----------------------------------------------------------------------------|------------------|--------------------|------------------|
|                                    | Number of Shares                                                   | % <sup>(1)</sup> | Number of Shares                                                            | % <sup>(1)</sup> | Number of Shares   | % <sup>(1)</sup> |
| Keppel Oil & Gas Pte Ltd           | 598,263,893                                                        | 39.81            | -                                                                           | -                | 598,263,893        | 39.81            |
| Kepventure Pte Ltd                 | -                                                                  | -                | 598,263,893 <sup>(2)</sup>                                                  | 39.81            | 598,263,893        | 39.81            |
| Keppel Corporation Limited         | -                                                                  | -                | 598,263,893 <sup>(2)</sup>                                                  | 39.81            | 598,263,893        | 39.81            |
| Temasek Holdings (Private) Limited | -                                                                  | -                | 598,263,893 <sup>(3)</sup>                                                  | 39.81            | 598,263,893        | 39.81            |
| Serle Investments Limited          | 175,421,133                                                        | 11.67            | -                                                                           | -                | 175,421,133        | 11.67            |
| Yeoh Sock Siong                    | -                                                                  | -                | 175,421,133 <sup>(4)</sup>                                                  | 11.67            | 175,421,133        | 11.67            |
| Tan Siew Bee                       | -                                                                  | -                | 175,421,133 <sup>(4)</sup>                                                  | 11.67            | 175,421,133        | 11.67            |
| Ng Kay Yip                         | 142,224,097                                                        | 9.46             | -                                                                           | -                | 142,224,097        | 9.46             |

**Notes:**

- (1) Based on 1,502,849,065 issued Shares as at the Latest Practicable Date.
- (2) Kepventure Pte Ltd ("KPL") and Keppel Corporation Limited ("Keppel") are each deemed under Section 4 of the Singapore Securities and Futures Act to have an interest in the Shares held by Keppel Oil & Gas Pte Ltd ("KOG") as:
- (a) KOG is a wholly owned subsidiary of KPL; and
- (b) KPL is a wholly owned subsidiary of Keppel.
- (3) Temasek Holdings (Private) Limited ("Temasek") is deemed under Section 4 of the Singapore Securities and Futures Act to have an interest in the Shares held by KOG as:
- (a) KOG is a wholly owned subsidiary of KPL; and
- (b) KPL is a wholly owned subsidiary of Keppel; and
- (c) Temasek has more than 20% interest in Keppel, an independently managed Temasek portfolio company.
- (4) Yeoh Sock Siong and Tan Siew Bee (being spouses) are each deemed under Section 4 of the Singapore Securities and Futures Act to have an interest in the Shares held by Serle Investments Limited as they hold the entire issued share capital of Serle Investments Limited.

**Shareholdings Held in Hands of Public**

Based on information available to the Company as at 20 May 2020, approximately 38.95% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

The Company does not hold any Treasury Shares, nor any Subsidiary Holdings.

**ANALYSIS OF WARRANT HOLDINGS**

| Size of Warrant holdings | No. of Warrant holders | %             | No. of Warrants      | %             |
|--------------------------|------------------------|---------------|----------------------|---------------|
| 1 - 99                   | 24                     | 4.19          | 1,174                | 0.00          |
| 100 - 1,000              | 9                      | 1.57          | 5,974                | 0.00          |
| 1,001 - 10,000           | 74                     | 12.91         | 552,331              | 0.04          |
| 10,001 - 1,000,000       | 415                    | 72.43         | 75,502,149           | 6.02          |
| 1,000,001 and above      | 51                     | 8.90          | 1,179,110,628        | 93.94         |
|                          | <u>573</u>             | <u>100.00</u> | <u>1,255,172,256</u> | <u>100.00</u> |

**TOP 20 WARRANT HOLDERS**

| No. | Name of Warrant holder                  | No. of Warrants      | %            |
|-----|-----------------------------------------|----------------------|--------------|
| 1   | BNP Paribas Nominees Singapore Pte Ltd  | 964,853,865          | 76.87        |
| 2   | Waterworth Pte Ltd                      | 25,000,000           | 1.99         |
| 3   | Citibank Nominees Singapore Pte Ltd     | 15,689,163           | 1.25         |
| 4   | DBS Nominees Pte Ltd                    | 13,451,015           | 1.07         |
| 5   | Teo Chiang Song                         | 12,000,000           | 0.96         |
| 6   | Lee Yuen Shih                           | 9,000,000            | 0.72         |
| 7   | UOB Kay Hian Pte Ltd                    | 8,979,296            | 0.72         |
| 8   | CGS-CIMB Securities (Singapore) Pte Ltd | 7,379,486            | 0.59         |
| 9   | Teo Chiang Wee                          | 7,000,000            | 0.56         |
| 10  | Maybank Kim Eng Securities Pte.Ltd.     | 6,330,986            | 0.50         |
| 11  | OCBC Securities Private Ltd             | 5,938,013            | 0.47         |
| 12  | Neo Kim Kuek                            | 5,700,000            | 0.45         |
| 13  | Tan Siew Lin                            | 5,570,000            | 0.44         |
| 14  | DBS Vickers Securities (S) Pte Ltd      | 5,047,945            | 0.40         |
| 15  | Ng Pock Hoe                             | 5,000,000            | 0.40         |
| 16  | Yip Wai Mun                             | 4,880,000            | 0.39         |
| 17  | Phillip Securities Pte Ltd              | 4,807,733            | 0.38         |
| 18  | Kuan Kok Siang                          | 4,490,000            | 0.36         |
| 19  | Ng Chee Fatt                            | 4,270,000            | 0.34         |
| 20  | Zhuo Jingming                           | 4,200,000            | 0.34         |
|     |                                         | <u>1,119,587,502</u> | <u>89.20</u> |

January 20, 2020

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, 2019, 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, and Wassana Field, offshore Thailand; Lengo Field, offshore Indonesia; Block A, offshore Cambodia; and Bangora Field, onshore Bangladesh. Also as requested, we have estimated the development unclarified contingent resources, as of December 31, 2019, to the KrisEnergy working interest in certain other discoveries located offshore Thailand, offshore Indonesia, offshore Cambodia, and onshore Bangladesh. We completed our evaluation on or about the date of this letter. This report has been prepared using price and cost parameters specified by KrisEnergy, as discussed in subsequent paragraphs of this letter. 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 2018 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers (SPE). As presented in the 2018 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 include summaries of our estimates of reserves and contingent resources, by category, to the KrisEnergy interest for each asset area and reconciliation tables for reserves and contingent resources.

## 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, 2019, to be:

| Category                       | Gross (100%)<br>Reserves |                  | Working Interest<br>Reserves |                 | Future Net Revenue <sup>(1)</sup> (M\$) |                          |
|--------------------------------|--------------------------|------------------|------------------------------|-----------------|-----------------------------------------|--------------------------|
|                                | Oil<br>(MBBL)            | Gas<br>(MMCF)    | Oil<br>(MBBL)                | Gas<br>(MMCF)   | Total                                   | Present Worth<br>at 10%  |
| Proved Developed Producing     | 9,580.2                  | 174,882.3        | 535.1                        | 44,343.2        | (6,970.6) <sup>(2)</sup>                | (3,335.2) <sup>(2)</sup> |
| Proved Developed Non-Producing | 28.9                     | 11,633.1         | 8.7                          | 3,489.9         | 2,913.3                                 | 2,094.5                  |
| Proved Undeveloped             | 4,711.9                  | 37,269.8         | 218.4                        | 1,727.3         | 17,014.9                                | 12,476.1                 |
| <b>Proved (1P)</b>             | <b>14,321.0</b>          | <b>223,785.3</b> | <b>762.1</b>                 | <b>49,560.4</b> | <b>12,957.6</b>                         | <b>11,235.4</b>          |

| Category                          | Gross (100%)<br>Reserves |               | Working Interest<br>Reserves |               | Future Net Revenue <sup>(1)</sup> (M\$) |                         |
|-----------------------------------|--------------------------|---------------|------------------------------|---------------|-----------------------------------------|-------------------------|
|                                   | Oil<br>(MBBL)            | Gas<br>(MMCF) | Oil<br>(MBBL)                | Gas<br>(MMCF) | Total                                   | Present Worth<br>at 10% |
| Probable                          | 61,817.2                 | 605,303.2     | 24,385.2                     | 148,379.5     | 371,021.8                               | 198,780.9               |
| Proved + Probable (2P)            | 76,138.2                 | 829,088.4     | 25,147.3                     | 197,939.9     | 383,979.5                               | 210,016.3               |
| Possible                          | 25,673.6                 | 188,151.4     | 13,413.1                     | 40,971.7      | 367,728.5                               | 267,035.7               |
| Proved + Probable + Possible (3P) | 101,811.8                | 1,017,239.8   | 38,560.4                     | 238,911.6     | 751,708.0                               | 477,051.9               |

Totals may not add because of rounding.

<sup>(1)</sup> 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, and income taxes.

<sup>(2)</sup> Future net revenue is negative after deducting estimated abandonment costs and all proved operating 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.

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, 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 specific investigation of any firm transportation contracts that may be in place for these properties; our estimates of future revenue include the effects of such contracts only to the extent that the associated fees are accounted for in the historical field-level accounting statements.

## CONTINGENT RESOURCES

Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by the application of development project(s) not currently considered to be commercial owing to one or more contingencies. The discoveries assessed in this report have been subclassified as development unclarified. The 2018 PRMS defines a development unclarified discovery as a discovered accumulation where project activities are under evaluation and where justification as a commercial development is unknown based on available information. 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) determination of the economic viability of the project, (3) finalization of a plan to develop the resources, (4) commitment of the license partners to develop the resources, (5) submission and

approval of a Plan of Development or Production Area Application, and (6) completion of a gas sales agreement. 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 these properties. 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 to the KrisEnergy interest in these discoveries, as of December 31, 2019, to be:

| Subclassification/<br>Category | Gross (100%)<br>Contingent Resources |               | Working Interest<br>Contingent Resources |               |
|--------------------------------|--------------------------------------|---------------|------------------------------------------|---------------|
|                                | Oil<br>(MBBL)                        | Gas<br>(MMCF) | Oil<br>(MBBL)                            | Gas<br>(MMCF) |
| Development Unclassified       |                                      |               |                                          |               |
| Low Estimate (1C)              | 4,670.2                              | 54,792.6      | 4,197.4                                  | 48,675.0      |
| Best Estimate (2C)             | 11,261.1                             | 372,950.8     | 10,059.5                                 | 325,922.6     |
| High Estimate (3C)             | 18,451.5                             | 725,496.4     | 16,290.1                                 | 590,590.1     |

Note: Contingent resources are the arithmetic sum of multiple asset-level probability distributions.

The oil volumes shown include crude oil and condensate.

The contingent resources shown in this report have been estimated using a combination of deterministic and 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 2018 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.

## ECONOMIC PARAMETERS

As requested, this report has been prepared using oil and gas price parameters specified by KrisEnergy. Oil prices for the reserves are based on the average forecast for Brent Crude prices from an aggregation of several independent public forecasts and are adjusted by area for quality, transportation fees, and market differentials. The oil prices, before adjustments, are shown in the following table:

| Period<br>Ending | Oil Price<br>(\$/Barrel) |
|------------------|--------------------------|
| 12-31-2020       | 63.00                    |
| 12-31-2021       | 64.00                    |
| 12-31-2022       | 65.00                    |
| Thereafter       | 68.00                    |

Gas prices for Block B8/32 and Block B9A reserves for January through March 2020 are based on the Tantawan Gas Sales Agreement price of \$4.565 per MMBTU and are adjusted by field area for energy content. Gas prices starting in April 2020 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:

| <u>Period<br/>Ending</u> | <u>Gas Price<br/>(\$/MMBTU)</u> |
|--------------------------|---------------------------------|
| 3-31-2020                | 4.565                           |
| 12-31-2020               | 4.429                           |
| 12-31-2021               | 5.035                           |
| 12-31-2022               | 6.755                           |
| Thereafter               | 6.789                           |

The gas price for Bangora Field reserves is the contract price of \$2.319 per MCF. The gas price for Lengo Field reserves is based on recent gas contracts in similar areas and is \$6.100 per MMBTU; this price is adjusted for energy content. Gas prices for Bangora and Lengo Fields are held constant 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, abandonment costs for the assets located offshore Indonesia are included as operating costs. Also 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. For all assets not located offshore Indonesia, abandonment costs are shown herein as capital costs; abandonment costs for offshore Indonesia will be paid in installments and are included as operating costs. 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 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.

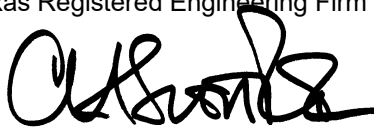
The reserves and contingent resources shown in this report are estimates only and should not be construed as exact quantities. Estimates may increase or decrease as a result of market conditions, future operations, changes in regulations, or actual reservoir performance. In addition to the primary economic assumptions discussed herein, 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 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 2018 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.

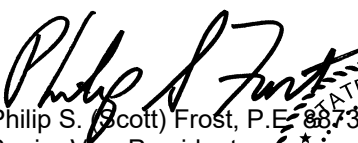
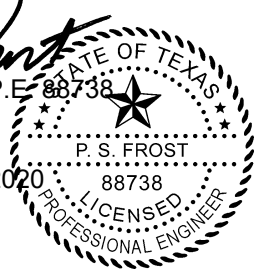
The data used in our estimates were obtained from KrisEnergy, other interest owners, various operators of the properties, public data sources, and the nonconfidential files of Netherland, Sewell & Associates, Inc. and were accepted as accurate. Supporting work data are on file in our office. We have 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.

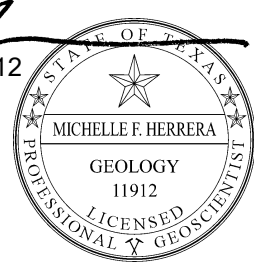
Sincerely,

**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: January 20, 2020  
PSF:EAP  


By:   
Michelle F. Herrera, P.G. 11912  
Vice President  
Date Signed: January 20, 2020  


## 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, June 2018

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 SPE, World Petroleum Council, American Association of Petroleum Geologists, Society of Petroleum Evaluation Engineers, Society of Exploration Geophysicists, Society of Petrophysicists and Well Log Analysts, and European Association of Geoscientists & Engineers.

### Preamble

Petroleum resources are the quantities of hydrocarbons naturally occurring on or within the Earth's crust. Resources assessments estimate 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 projects, and presenting results within a comprehensive classification framework.

This updated PRMS provides fundamental principles for the evaluation and classification of petroleum reserves and resources. If there is any conflict with prior SPE and PRMS guidance, approved training, or the Application Guidelines, the current PRMS shall prevail. It is understood that these definitions and guidelines allow flexibility for entities, governments, and regulatory agencies to tailor application for their particular needs; however, any modifications to the guidance contained herein must be clearly identified. The terms "shall" or "must" indicate that a provision herein is mandatory for PRMS compliance, while "should" indicates a recommended practice and "may" indicates that a course of action is permissible. 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

1.0.0.1 A classification system of petroleum resources is a fundamental element that provides a common language for communicating both the confidence of a project's resources maturation status and the range of potential outcomes to the various entities. The PRMS provides transparency by requiring the assessment of various criteria that allow for the classification and categorization of a project's resources. The evaluation elements consider the risk of geologic discovery and the technical uncertainties together with a determination of the chance of achieving the commercial maturation status of a petroleum project.

1.0.0.2 The technical estimation of petroleum resources quantities involves the assessment of quantities and values that have an inherent degree of uncertainty. These quantities are associated with exploration, appraisal, and development projects at various stages of design and implementation. The commercial aspects considered will relate the project's maturity status (e.g., technical, economical, regulatory, and legal) to the chance of project implementation.

1.0.0.3 The use of a consistent classification system enhances comparisons between projects, groups of projects, and total company portfolios. The application of PRMS must consider both technical and commercial factors that impact the project's feasibility, its productive life, and its related cash flows.

### 1.1 Petroleum Resources Classification Framework

1.1.0.1 Petroleum is defined as a naturally occurring mixture consisting of hydrocarbons in the gaseous, liquid, or solid state. Petroleum may also contain non-hydrocarbons, common examples of which are carbon dioxide, nitrogen, hydrogen sulfide, and sulfur. In rare cases, non-hydrocarbon content can be greater than 50%.

1.1.0.2 The term resources as used herein is intended to encompass all quantities of petroleum naturally occurring within the Earth's crust, both discovered and undiscovered (whether recoverable or unrecoverable), plus those quantities already produced. Further, it includes all types of petroleum whether currently considered as conventional or unconventional resources.

1.1.0.3 Figure 1.1 graphically represents the PRMS resources classification system. The system classifies resources into discovered and undiscovered and defines the recoverable resources classes: Production, Reserves, Contingent Resources, and Prospective Resources, as well as Unrecoverable Petroleum.

1.1.0.4 The horizontal axis reflects the range of uncertainty of estimated quantities potentially recoverable from an accumulation by a project, while the vertical axis represents the chance of commerciality,  $P_c$ , which is the chance that a project will be committed for development and reach commercial producing status.

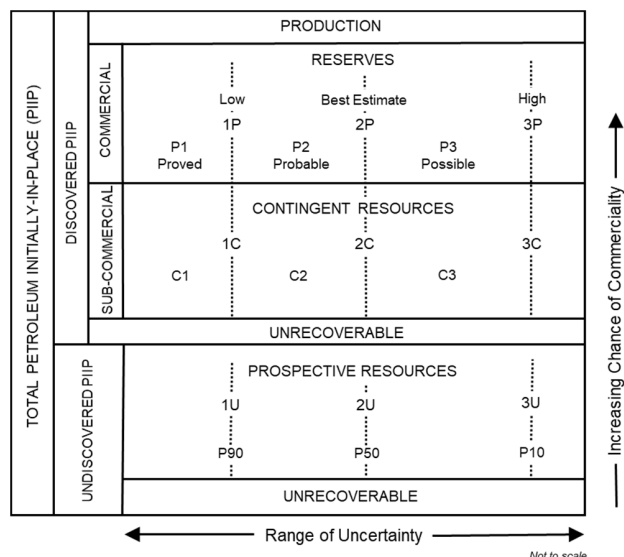


Figure 1.1—Resources classification framework

## PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

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1.1.0.5 The following definitions apply to the major subdivisions within the resources classification:

- A. **Total Petroleum Initially-In-Place (PIIP)** is all quantities of petroleum that are estimated to exist originally in naturally occurring accumulations, discovered and undiscovered, before production.
- B. **Discovered PIIP** is the quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations before production.
- C. **Production** is the cumulative quantities of petroleum that have 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 Section 3.2, Production Measurement).

1.1.0.6 Multiple development projects may be applied to each known or unknown accumulation, and each project will be forecast to recover an estimated portion of the initially-in-place quantities. The projects shall be subdivided into commercial, sub-commercial, and undiscovered, with the estimated recoverable quantities being classified as Reserves, Contingent Resources, or Prospective Resources respectively, as defined below.

- A. 1. **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: discovered, recoverable, commercial, and remaining (as of the evaluation's effective date) based on the development project(s) applied.
  - 2. Reserves are recommended as sales quantities as metered at the reference point. Where the entity also recognizes quantities consumed in operations (CiO) (see Section 3.2.2), as Reserves these quantities must be recorded separately. Non-hydrocarbon quantities are recognized as Reserves only when sold together with hydrocarbons or CiO associated with petroleum production. If the non-hydrocarbon is separated before sales, it is excluded from Reserves.
  - 3. Reserves are further categorized in accordance with the range of uncertainty and should be sub-classified based on project maturity and/or characterized by development and production status.
- B. **Contingent Resources** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, by the application of development project(s) not currently considered to be commercial owing to one or more contingencies. Contingent Resources have an associated chance of development. 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 range of uncertainty associated with the estimates and should be sub-classified based on project maturity and/or economic status.
- C. **Undiscovered PIIP** is that quantity of petroleum estimated, as of a given date, to be contained within accumulations yet to be discovered.
- D. **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 geologic discovery and a chance of development. Prospective Resources are further categorized in accordance with the range of uncertainty associated with recoverable estimates, assuming discovery and development, and may be sub-classified based on project maturity.
- E. **Unrecoverable Resources** are that portion of either discovered or undiscovered PIIP evaluated, as of a given date, to be unrecoverable by the currently defined project(s). A portion of these quantities may become recoverable in the future as commercial circumstances change, technology is developed, or additional data are acquired. The remaining portion may never be recovered because of physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

1.1.0.7 The sum of Reserves, Contingent Resources, and Prospective Resources may be referred to as "remaining recoverable resources." Importantly, these quantities should not be aggregated without due consideration of the technical and commercial risk involved with their classification. When such terms are used, each classification component of the summation must be provided.

1.1.0.8 Other terms used in resource assessments include the following:

- A. **Estimated Ultimate Recovery (EUR)** is not a resources category or class, but a term that can be applied to an accumulation or group of accumulations (discovered or undiscovered) to define those quantities of petroleum estimated, as of a given date, to be potentially recoverable plus those quantities already produced from the accumulation or group of accumulations. For clarity, EUR must reference the associated technical and commercial conditions for the resources; for example, proved EUR is Proved Reserves plus prior production.
- B. **Technically Recoverable Resources (TRR)** are those quantities of petroleum producible using currently available technology and industry practices, regardless of commercial considerations. TRR may be used for specific Projects or for groups of Projects, or, can be an undifferentiated estimate within an area (often basin-wide) of recovery potential.

## PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

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### 1.2 Project-Based Resources Evaluations

1.2.0.1 The resources evaluation process consists of identifying a recovery project or projects associated with one or more petroleum accumulations, estimating the quantities of PIIP, estimating that portion of those in-place quantities that can be recovered by each project, and classifying the project(s) based on maturity status or chance of commerciality.

1.2.0.2 The concept of a project-based classification system is further clarified by examining the elements contributing to an evaluation of net recoverable resources (see Figure 1.2).

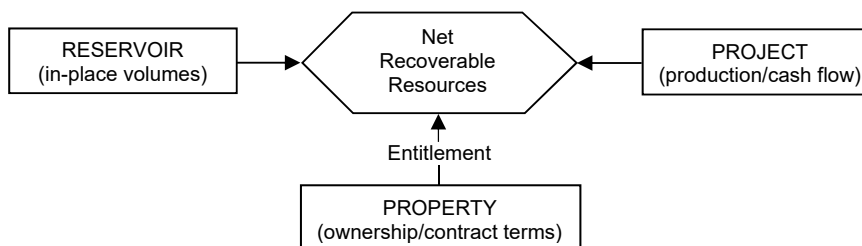


Figure 1.2—Resources evaluation

1.2.0.3 **The reservoir** (contains the petroleum accumulation): Key attributes include the types and quantities of PIIP and the fluid and rock properties that affect petroleum recovery.

1.2.0.4 **The project**: A project may constitute the development of a well, a single reservoir, or a small field; an incremental development in a producing field; or the integrated development of a field or several fields together with the associated processing facilities (e.g., compression). Within a project, a specific reservoir's development generates a unique production and cash-flow schedule at each level of certainty. The integration of these schedules taken to the project's earliest truncation caused by technical, economic, or the contractual limit defines the estimated recoverable resources and associated future net cash flow projections for each project. The ratio of EUR to total PIIP quantities defines the project's recovery efficiency. Each project should have an associated recoverable resources range (low, best, and high estimate).

1.2.0.5 **The property** (lease or license area): Each property may have unique associated contractual rights and obligations, including the fiscal terms. This information allows definition of each participating entity'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 that may be spatially unrelated to a potential single field designation.

1.2.0.6 An entity's net recoverable resources are the entitlement share of future production legally accruing under the terms of the development and production contract or license.

1.2.0.7 In the context of this relationship, the project is the primary element considered in the resources classification, and the net recoverable resources are the quantities derived from each project. A project represents a defined activity or set of activities to develop the petroleum accumulation(s) and the decisions taken to mature the resources to reserves. In general, it is recommended that an individual project has assigned to it a specific maturity level sub-class (See Section 2.1.3.5, Project Maturity Sub-Classes) 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 the project (See Section 2.2.1, Range of Uncertainty). For completeness, a developed field is also considered to be a project.

1.2.0.8 An accumulation or potential accumulation of petroleum is often 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 resources classes simultaneously.

1.2.0.10 Not all technically feasible development projects will be commercial. The commercial viability of a development project within a field's development plan is dependent on a forecast of the conditions that will exist during the time period encompassed by the project (see Section 3.1, Assessment of Commerciality). Conditions include technical, economic (e.g., hurdle rates, commodity prices), operating and capital costs, marketing, sales route(s), and legal, environmental, social, and governmental factors forecast to exist and impact the project during the time period being evaluated. While economic factors can be summarized as forecast costs and product prices, the underlying influences include, but are not limited to, market conditions (e.g., inflation, market factors, and contingencies), exchange rates, transportation and processing infrastructure, fiscal terms, and taxes.

1.2.0.11 The resources being estimated are those quantities producible from a project as measured according to delivery specifications at the point of sale or custody transfer (see Section 3.2.1, Reference Point) and may permit forecasts of CiO quantities (see Section 3.2.2., Consumed in Operations). The cumulative production forecast from the effective date forward to cessation of production is the remaining recoverable resources quantity (see Section 3.1.1, Net Cash-Flow Evaluation).

## PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

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1.2.0.12 The supporting data, analytical processes, and assumptions describing the technical and commercial basis used in an evaluation must be documented in sufficient detail to allow, as needed, a qualified reserves evaluator or qualified reserves auditor to clearly understand each project's basis for the estimation, categorization, and classification of recoverable resources quantities and, if appropriate, associated commercial assessment.

## 2.0 Classification and Categorization Guidelines

### 2.1 Resources Classification

2.1.0.1 The PRMS classification establishes criteria for the classification of the total PIIP. A determination of a discovery differentiates between discovered and undiscovered PIIP. The application of a project further differentiates the recoverable from unrecoverable resources. The project is then evaluated to determine its maturity status to allow the classification distinction between commercial and sub-commercial projects. PRMS requires the project's recoverable resources quantities to be classified as either Reserves, Contingent Resources, or Prospective Resources.

#### 2.1.1 Determination of Discovery Status

2.1.1.1 A discovered petroleum accumulation is determined to exist when one or more exploratory wells have established through testing, sampling, and/or logging the existence of a significant quantity of potentially recoverable hydrocarbons and thus have established a known accumulation. In the absence of a flow test or sampling, the discovery determination requires confidence in the presence of hydrocarbons and evidence of producibility, which may be supported by suitable producing analogs (see Section 4.1.1, Analogs). In this context, "significant" implies that there is evidence of a sufficient quantity of petroleum to justify estimating the in-place quantity demonstrated by the well(s) and for evaluating the potential for commercial recovery.

2.1.1.2 Where a discovery has identified potentially recoverable hydrocarbons, but it is not considered viable to apply a project with established technology or with technology under development, such quantities may be classified as Discovered Unrecoverable with no Contingent Resources. In future evaluations, as appropriate for petroleum resources management purposes, a portion of these unrecoverable quantities may become recoverable resources as either commercial circumstances change or technological developments occur.

#### 2.1.2 Determination of Commerciality

2.1.2.1 Discovered recoverable quantities (Contingent Resources) may be considered commercially mature, and thus attain Reserves classification, if the entity claiming commerciality has demonstrated a firm intention to proceed with development. This means the entity has satisfied the internal decision criteria (typically rate of return at or above the weighted average cost-of-capital or the hurdle rate). Commerciality is achieved with the entity's commitment to the project and all of the following criteria:

- A. Evidence of a technically mature, feasible development plan.
- B. Evidence of financial appropriations either being in place or having a high likelihood of being secured to implement the project.
- C. Evidence to support a reasonable time-frame for development.
- D. A reasonable assessment that the development projects will have positive economics and meet defined investment and operating criteria. This assessment is performed on the estimated entitlement forecast quantities and associated cash flow on which the investment decision is made (see Section 3.1.1, Net Cash-Flow Evaluation).
- E. A reasonable expectation that there will be a market for forecast sales quantities of the production required to justify development. There should also be similar confidence that all produced streams (e.g., oil, gas, water, CO<sub>2</sub>) can be sold, stored, re-injected, or otherwise appropriately disposed.
- F. Evidence that the necessary production and transportation facilities are available or can be made available.
- G. Evidence that legal, contractual, environmental, regulatory, and government approvals are in place or will be forthcoming, together with resolving any social and economic concerns.

2.1.2.2 The commerciality test for Reserves determination is applied to the best estimate (P50) forecast quantities, which upon qualifying all commercial and technical maturity criteria and constraints become the 2P Reserves. Stricter cases [e.g., low estimate (P90)] may be used for decision purposes or to investigate the range of commerciality (see Section 3.1.2, Economic Criteria). Typically, the low- and high-case project scenarios may be evaluated for sensitivities when considering project risk and upside opportunity.

2.1.2.3 To be included in the Reserves class, a project must be sufficiently defined to establish both its technical and commercial viability as noted in Section 2.1.2.1. There must be a reasonable expectation that all required internal and external approvals will be forthcoming and 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 five years is recommended as a benchmark, a longer time-frame could be applied where justifiable; for example, development of economic projects that take longer than five years to be developed or are deferred to meet contractual or strategic objectives. In all cases, the justification for classification as Reserves should be clearly documented.

## PETROLEUM RESERVES AND RESOURCES CLASSIFICATION AND DEFINITIONS

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2.1.2.4 While PRMS guidelines require financial appropriations evidence, they do not require that project financing be confirmed before classifying projects as Reserves. However, this may be another external reporting requirement. In many cases, financing is conditional upon the same criteria as above. In general, if there is not a reasonable expectation that financing or other forms of commitment (e.g., farm-outs) can be arranged so that the development will be initiated within a reasonable time-frame, then the project should be classified as Contingent Resources. If financing is reasonably expected to be in place at the time of the final investment decision (FID), the project's resources may be classified as Reserves.

### 2.2 Resources Categorization

2.2.0.1 The horizontal axis in the resources classification in Figure 1.1 defines the range of uncertainty in estimates of the quantities of recoverable, or potentially recoverable, petroleum associated with a project or group of projects. These estimates include the uncertainty components as follows:

- A. The total petroleum remaining within the accumulation (in-place resources).
- B. The technical uncertainty in the portion of the total petroleum that can be recovered by applying a defined development project or projects (i.e., the technology applied).
- C. Known variations in the commercial terms that may impact the quantities recovered and sold (e.g., market availability; contractual changes, such as production rate tiers or product quality specifications) are part of project's scope and are included in the horizontal axis, while the chance of satisfying the commercial terms is reflected in the classification (vertical axis).

2.2.0.2 The uncertainty in a project's recoverable quantities is reflected by the 1P, 2P, 3P, Proved (P1), Probable (P2), Possible (P3), 1C, 2C, 3C, C1, C2, and C3; or 1U, 2U, and 3U resources categories. The commercial chance of success is associated with resources classes or sub-classes and not with the resources categories reflecting the range of recoverable quantities.

#### 2.2.1 Range of Uncertainty

2.2.1.1 Uncertainty is inherent in a project's resources estimation and is communicated in PRMS by reporting a range of category outcomes. The range of uncertainty of the recoverable and/or potentially recoverable quantities may be represented by either deterministic scenarios or by a probability distribution (see Section 4.2, Resources Assessment Methods).

2.2.1.2 When the range of uncertainty is represented by a probability distribution, a low, best, and high estimate shall be provided such that:

- A. There should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.
- B. There should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.
- C. There should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

2.2.1.3 In some projects, the range of uncertainty may be limited, and the three scenarios may result in resources estimates that are not significantly different. In these situations, a single value estimate may be appropriate to describe the expected result.

2.2.1.4 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 method, quantities for each confidence segment are estimated discretely (see Section 2.2.2, Category Definitions and Guidelines).

2.2.1.5 Project resources are initially estimated using the above uncertainty range forecasts that incorporate the subsurface elements together with technical constraints related to wells and facilities. The technical forecasts then have additional commercial criteria applied (e.g., economics and license cutoffs are the most common) to estimate the entitlement quantities attributed and the resources classification status: Reserves, Contingent Resources, and Prospective Resources.

#### 2.2.2 Category Definitions and Guidelines

2.2.2.1 Evaluators may assess recoverable quantities and categorize results by uncertainty using the deterministic incremental method, the deterministic scenario (cumulative) method, geostatistical methods, or probabilistic methods (see Section 4.2, Resources Assessment Methods). Also, combinations of these methods may be used.

2.2.2.2 Use of consistent terminology (Figures 1.1 and 2.1) promotes clarity in communication of evaluation results. For Reserves, the general cumulative terms low/best/high forecasts are used to estimate the resulting 1P/2P/3P quantities, respectively. The associated incremental quantities are termed Proved (P1), Probable (P2) and Possible (P3). Reserves are a subset of, and must be viewed within the context of, the complete resources classification system. While the categorization criteria are proposed specifically for Reserves, in most cases, the criteria can be equally applied to Contingent and Prospective Resources. Upon satisfying the commercial maturity criteria for discovery and/or development, the project quantities will then move to the appropriate resources sub-class. Table 3 provides criteria for the Reserves categories determination.

2.2.2.3 For Contingent Resources, the general cumulative terms low/best/high estimates are used to estimate the resulting 1C/2C/3C quantities, respectively. The terms C1, C2, and C3 are defined for incremental quantities of Contingent Resources.

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2.2.2.4 For Prospective Resources, the general cumulative terms low/best/high estimates also apply and are used to estimate the resulting 1U/2U/3U quantities. No specific terms are defined for incremental quantities within Prospective Resources.

2.2.2.5 Quantities in different classes and sub-classes cannot be aggregated without considering the varying degrees of technical uncertainty and commercial likelihood involved with the classification(s) and without considering the degree of dependency between them (see Section 4.2.1, Aggregating Resources Classes).

2.2.2.6 Without new technical information, there should be no change in the distribution of technically recoverable resources and the categorization boundaries when conditions are satisfied to reclassify a project from Contingent Resources to Reserves.

2.2.2.7 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 Section 3.1, Assessment of Commerciality).

**Table 1—Recoverable Resources Classes and Sub-Classes**

| Class/Sub-Class                 | Definition                                                                                                                                                                                              | Guidelines                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Reserves</b>                 | 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. | <p>Reserves must satisfy four criteria: discovered, recoverable, commercial, and remaining 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 the development and production status.</p> <p>To be included in the Reserves class, a project must be sufficiently defined to establish its commercial viability (see Section 2.1.2, Determination of Commerciality). This includes the requirement that there is evidence of firm intention to proceed with development within a reasonable time-frame.</p> <p>A reasonable time-frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. While five years is recommended as a benchmark, a longer time-frame could be applied where, for example, development of an economic project is 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.</p> <p>To be included in the Reserves class, there must be a high confidence in the commercial maturity and economic 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.</p> |
| <b>On Production</b>            | The development project is currently producing or capable of producing and selling petroleum to market.                                                                                                 | <p>The key criterion is that the project is receiving income from sales, rather than that the approved development project is necessarily complete. Includes Developed Producing Reserves.</p> <p>The project decision gate is the decision to initiate or continue economic production from the project.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Approved for Development</b> | All necessary approvals have been obtained, capital funds have been committed, and implementation of the development project is ready to begin or is under way.                                         | <p>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.</p> <p>The project decision gate is the decision to start investing capital in the construction of production facilities and/or drilling development wells.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

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| Class/Sub-Class                  | Definition                                                                                                                                                                                                                                                            | Guidelines                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Justified for Development</b> | 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.                             | <p>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 (see Section 2.1.2, Determination of Commerciality) and the specific circumstances of the project. All participating entities have agreed and there is evidence of a committed project (firm intention to proceed with development within a reasonable time-frame). There must be no known contingencies that could preclude the development from proceeding (see Reserves class).</p> <p>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.</p>                                                                          |
| <b>Contingent Resources</b>      | 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 owing to one or more contingencies. | <p>Contingent Resources may include, for example, projects for which there are currently no viable markets, where commercial recovery is dependent on technology under development, where evaluation of the accumulation is insufficient to clearly assess commerciality, where the development plan is not yet approved, or where regulatory or social acceptance issues may exist.</p> <p>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 the economic status.</p>                                                                                                                                                                                                                                                                        |
| <b>Development Pending</b>       | A discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future.                                                                                                                                           | <p>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 reclassification of the project to On Hold or Not Viable status.</p> <p>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.</p> |
| <b>Development on Hold</b>       | A discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay.                                                                                                            | <p>The project is seen to have potential for commercial development. Development may be subject to a significant time delay. Note that a change in circumstances, such that there is no longer a probable chance that a critical contingency can be removed in the foreseeable future, could lead to a reclassification of the project to Not Viable status.</p> <p>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.</p>                                                                                                                                                                                                                                                     |
| <b>Development Unclassified</b>  | A discovered accumulation where project activities are under evaluation and where justification as a commercial development is unknown based on available information.                                                                                                | <p>The project is seen to have potential for eventual commercial development, but further appraisal/evaluation activities are ongoing to clarify the potential for eventual commercial development.</p> <p>This sub-class requires active appraisal or evaluation and should not be maintained without a plan for future evaluation. The sub-class should reflect the actions required to move a project toward commercial maturity and economic production.</p>                                                                                                                                                                                                                                                                                                                                                                                                                             |

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| Class/Sub-Class               | Definition                                                                                                                                                               | Guidelines                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Development Not Viable</b> | A discovered accumulation for which there are no current plans to develop or to acquire additional data at the time because of 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.<br><br>The project decision gate is the decision not to undertake further data acquisition or studies on the project for the foreseeable future. |
| <b>Prospective Resources</b>  | Those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.                                     | Potential accumulations are evaluated according to the chance of geologic 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.                                                                 |
| <b>Prospect</b>               | 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 geologic discovery and, assuming discovery, the range of potential recoverable quantities under a commercial development program.                                                                                                                                                                                                                                                    |
| <b>Lead</b>                   | A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation 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 geologic discovery and, assuming discovery, the range of potential recovery under feasible development scenarios.                                                                                       |
| <b>Play</b>                   | A project associated with a prospective trend of potential prospects, but that requires more data acquisition and/or evaluation 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 geologic discovery and, assuming discovery, the range of potential recovery under hypothetical development scenarios.                                                                                                                           |

**Table 2—Reserves Status Definitions and Guidelines**

| Status                                  | Definition                                                                                                                       | Guidelines                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Developed Reserves</b>               | 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.                                                                                                                                                                                                                                                                                                   |
| <b>Developed Producing Reserves</b>     | Expected quantities to be recovered from completion intervals that are open and producing at the effective date of the estimate. | Improved recovery Reserves are considered producing only after the improved recovery project is in operation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Developed Non-Producing Reserves</b> | Shut-in and behind-pipe Reserves.                                                                                                | Shut-in Reserves are expected to be recovered from (1) completion intervals that 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 that will require additional completion work or future re-completion before start of production with minor cost to access these reserves.<br><br>In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well. |

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| Status                      | Definition                                                                  | Guidelines                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-----------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Undeveloped Reserves</b> | Quantities expected to be recovered through future significant investments. | Undeveloped Reserves are to be produced (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) recompleat 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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Proved Reserves</b>   | Those quantities of petroleum that, 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. | <p>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 (P90) that the quantities actually recovered will equal or exceed the estimate.</p> <p>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.</p> <p>In the absence of data on fluid contacts, Proved quantities in a reservoir are limited by the 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.</p> <p>Reserves in undeveloped locations may be classified as Proved provided that:</p> <ul style="list-style-type: none"> <li>A. The locations are in undrilled areas of the reservoir that can be judged with reasonable certainty to be commercially mature and economically productive.</li> <li>B. Interpretations of available geoscience and engineering data indicate with reasonable certainty that the objective formation is laterally continuous with drilled Proved locations.</li> </ul> <p>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.</p> |
| <b>Probable Reserves</b> | Those additional Reserves that analysis of geoscience and engineering data indicates are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.                                                                                                  | <p>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.</p> <p>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.</p> <p>Probable estimates also include incremental recoveries associated with project recovery efficiencies beyond that assumed for Proved.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

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| Category                              | Definition                                                                                                                                     | Guidelines                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Possible Reserves</b>              | Those additional reserves that analysis of geoscience and engineering data indicates are less likely to be recoverable than Probable Reserves. | <p>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 (P10) that the actual quantities recovered will equal or exceed the 3P estimate.</p> <p>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 economic production from the reservoir by a defined, commercially mature project.</p> <p>Possible estimates also include incremental quantities associated with project recovery efficiencies beyond that assumed for Probable.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Probable and Possible Reserves</b> | See above for separate criteria for Probable Reserves and Possible Reserves.                                                                   | <p>The 2P and 3P estimates may be based on reasonable alternative technical interpretations within the reservoir and/or subject project that are clearly documented, including comparisons to results in successful similar projects.</p> <p>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.</p> <p>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 mature and economically 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.</p> <p>In conventional accumulations, where drilling has defined a highest known oil elevation and there exists the potential for an associated gas cap, Proved Reserves of oil 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.</p> |

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| Country/Asset/Project/Category     | Gross (100%) Reserves |            | Working Interest Reserves <sup>(1)</sup> |            | Net Reserves <sup>(2)</sup> |            | Future Net Revenue <sup>(3)</sup> (M\$) |                           |
|------------------------------------|-----------------------|------------|------------------------------------------|------------|-----------------------------|------------|-----------------------------------------|---------------------------|
|                                    | Oil (MBBL)            | Gas (MMCF) | Oil (MBBL)                               | Gas (MMCF) | Oil (MBBL)                  | Gas (MMCF) | Total                                   | Present Worth at 10%      |
| <b>Offshore Thailand</b>           |                       |            |                                          |            |                             |            |                                         |                           |
| <b>Blocks B8/32 and B9A</b>        |                       |            |                                          |            |                             |            |                                         |                           |
| Proved Developed Producing         | 9,221.2               | 32,017.8   | 427.4                                    | 1,483.9    | 396.4                       | 1,369.3    | (35,205.0) <sup>(4)</sup>               | (24,485.0) <sup>(4)</sup> |
| Proved Undeveloped                 | 4,711.9               | 37,269.8   | 218.4                                    | 1,727.3    | 200.2                       | 1,623.9    | 17,014.9                                | 12,476.1                  |
| Proved (1P)                        | 13,933.0              | 69,287.7   | 645.7                                    | 3,211.1    | 596.7                       | 2,993.3    | (18,190.1) <sup>(5)</sup>               | (12,008.9) <sup>(5)</sup> |
| Probable                           | 38,116.7              | 189,424.1  | 1,766.5                                  | 8,778.9    | 1,598.3                     | 8,040.7    | 53,911.0                                | 36,983.3                  |
| Proved + Probable (2P)             | 52,049.8              | 258,711.8  | 2,412.2                                  | 11,990.0   | 2,194.9                     | 11,034.0   | 35,720.9                                | 24,974.4                  |
| Possible                           | 12,053.6              | 67,436.8   | 558.6                                    | 3,125.4    | 489.4                       | 2,799.5    | 27,003.1                                | 16,246.9                  |
| Proved + Probable + Possible (3P)  | 64,103.4              | 326,148.6  | 2,970.9                                  | 15,115.4   | 2,684.4                     | 13,833.4   | 62,724.0                                | 41,221.4                  |
| <b>Block G6/48, Rossukon Field</b> |                       |            |                                          |            |                             |            |                                         |                           |
| Probable                           | 11,700.0              | 0.0        | 11,700.0                                 | 0.0        | 10,904.8                    | 0.0        | 71,567.0                                | 41,491.2                  |
| Proved + Probable (2P)             | 11,700.0              | 0.0        | 11,700.0                                 | 0.0        | 10,904.8                    | 0.0        | 71,567.0                                | 41,491.2                  |
| Possible                           | 4,100.0               | 0.0        | 4,100.0                                  | 0.0        | 3,720.6                     | 0.0        | 81,374.7                                | 61,258.7                  |
| Proved + Probable + Possible (3P)  | 15,800.0              | 0.0        | 15,800.0                                 | 0.0        | 14,625.4                    | 0.0        | 152,941.7                               | 102,749.8                 |
| <b>Block G10/48, Wassana Field</b> |                       |            |                                          |            |                             |            |                                         |                           |
| Probable                           | 4,917.8               | 0.0        | 4,376.8                                  | 0.0        | 4,123.5                     | 0.0        | 11,511.6                                | 8,880.3                   |
| Proved + Probable (2P)             | 4,917.8               | 0.0        | 4,376.8                                  | 0.0        | 4,123.5                     | 0.0        | 11,511.6                                | 8,880.3                   |
| Possible                           | 1,560.1               | 0.0        | 1,388.4                                  | 0.0        | 1,288.1                     | 0.0        | 48,560.5                                | 42,104.8                  |
| Proved + Probable + Possible (3P)  | 6,477.8               | 0.0        | 5,765.3                                  | 0.0        | 5,411.6                     | 0.0        | 60,072.1                                | 50,985.1                  |
| <b>Offshore Indonesia</b>          |                       |            |                                          |            |                             |            |                                         |                           |
| <b>Bulu PSC, Lengo Field</b>       |                       |            |                                          |            |                             |            |                                         |                           |
| Probable                           | 0.0                   | 318,859.5  | 0.0                                      | 110,494.8  | 0.0                         | 83,377.9   | 145,114.8                               | 46,565.0                  |
| Proved + Probable (2P)             | 0.0                   | 318,859.5  | 0.0                                      | 110,494.8  | 0.0                         | 83,377.9   | 145,114.8                               | 46,565.0                  |
| Possible                           | 0.0                   | 22,572.8   | 0.0                                      | 8,403.9    | 0.0                         | 4,727.2    | 13,273.1                                | 3,944.7                   |
| Proved + Probable + Possible (3P)  | 0.0                   | 341,432.3  | 0.0                                      | 118,898.6  | 0.0                         | 88,105.1   | 158,387.9                               | 50,509.7                  |

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.

<sup>(1)</sup> KrisEnergy's current working interest is 4.6345 percent in Blocks B8/32 and B9A, 100.0000 percent in Block G6/48, 89.0000 percent in Block G10/48, 42.5000 percent in the Bulu PSC, 95.0000 percent in Block A, and 30.0000 percent in Bangora Field.

<sup>(2)</sup> Net reserves are the portion of gross reserves representing KrisEnergy's revenue entitlement.

<sup>(3)</sup> 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, and income taxes.

<sup>(4)</sup> Future net revenue is negative after deducting estimated abandonment costs and all proved operating costs.

<sup>(5)</sup> Future net revenue is negative after deducting estimated abandonment costs, all proved operating costs, and all infill capital expenses.

*All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.*

SUMMARY OF RESERVES AND FUTURE NET REVENUE  
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| Country/Asset/Project/Category           | Gross (100%) Reserves |             | Working Interest Reserves <sup>(1)</sup> |            | Net Reserves <sup>(2)</sup> |            | Future Net Revenue <sup>(3)</sup> (M\$) |                          |
|------------------------------------------|-----------------------|-------------|------------------------------------------|------------|-----------------------------|------------|-----------------------------------------|--------------------------|
|                                          | Oil (MBBL)            | Gas (MMCF)  | Oil (MBBL)                               | Gas (MMCF) | Oil (MBBL)                  | Gas (MMCF) | Total                                   | Present Worth at 10%     |
| <b>Offshore Cambodia</b>                 |                       |             |                                          |            |                             |            |                                         |                          |
| <b>Block A, Apsara Field, Platform A</b> |                       |             |                                          |            |                             |            |                                         |                          |
| Probable                                 | 6,795.5               | 0.0         | 6,455.7                                  | 0.0        | 5,187.0                     | 0.0        | 67,545.7                                | 52,826.7                 |
| Proved + Probable (2P)                   | 6,795.5               | 0.0         | 6,455.7                                  | 0.0        | 5,187.0                     | 0.0        | 67,545.7                                | 52,826.7                 |
| Possible                                 | 7,658.5               | 0.0         | 7,275.6                                  | 0.0        | 5,190.7                     | 0.0        | 176,501.5                               | 135,065.2                |
| Proved + Probable + Possible (3P)        | 14,454.0              | 0.0         | 13,731.3                                 | 0.0        | 10,377.7                    | 0.0        | 244,047.2                               | 187,891.9                |
| <b>Onshore Bangladesh</b>                |                       |             |                                          |            |                             |            |                                         |                          |
| <b>Block 9, Bangora Field</b>            |                       |             |                                          |            |                             |            |                                         |                          |
| Proved Developed Producing               | 359.0                 | 142,864.5   | 107.7                                    | 42,859.3   | 32.3                        | 20,503.8   | 28,234.4                                | 21,149.8                 |
| Proved Developed Non-Producing           | 28.9                  | 11,633.1    | 8.7                                      | 3,489.9    | 2.6                         | 1,184.5    | 2,913.3                                 | 2,094.5                  |
| Proved (1P)                              | 387.9                 | 154,497.6   | 116.4                                    | 46,349.3   | 34.9                        | 21,688.3   | 31,147.8                                | 23,244.3                 |
| Probable                                 | 287.2                 | 97,019.5    | 86.2                                     | 29,105.8   | 25.8                        | 12,420.4   | 21,371.7                                | 12,034.4                 |
| Proved + Probable (2P)                   | 675.1                 | 251,517.1   | 202.5                                    | 75,455.1   | 60.7                        | 34,108.7   | 52,519.4                                | 35,278.7                 |
| Possible                                 | 301.5                 | 98,141.8    | 90.4                                     | 29,442.5   | 27.1                        | 13,103.8   | 21,015.6                                | 8,415.3                  |
| Proved + Probable + Possible (3P)        | 976.6                 | 349,658.9   | 293.0                                    | 104,897.7  | 87.9                        | 47,212.5   | 73,535.0                                | 43,694.0                 |
| <b>Total</b>                             |                       |             |                                          |            |                             |            |                                         |                          |
| Proved Developed Producing               | 9,580.2               | 174,882.3   | 535.1                                    | 44,343.2   | 428.7                       | 21,873.1   | (6,970.6) <sup>(4)</sup>                | (3,335.2) <sup>(4)</sup> |
| Proved Developed Non-Producing           | 28.9                  | 11,633.1    | 8.7                                      | 3,489.9    | 2.6                         | 1,184.5    | 2,913.3                                 | 2,094.5                  |
| Proved Undeveloped                       | 4,711.9               | 37,269.8    | 218.4                                    | 1,727.3    | 200.2                       | 1,623.9    | 17,014.9                                | 12,476.1                 |
| Proved (1P)                              | 14,321.0              | 223,785.3   | 762.1                                    | 49,560.4   | 631.6                       | 24,681.6   | 12,957.6                                | 11,235.4                 |
| Probable                                 | 61,817.2              | 605,303.2   | 24,385.2                                 | 148,379.5  | 21,839.5                    | 103,839.0  | 371,021.8                               | 198,780.9                |
| Proved + Probable (2P)                   | 76,138.2              | 829,088.4   | 25,147.3                                 | 197,939.9  | 22,471.1                    | 128,520.6  | 383,979.5                               | 210,016.3                |
| Possible                                 | 25,673.6              | 188,151.4   | 13,413.1                                 | 40,971.7   | 10,716.0                    | 20,630.5   | 367,728.5                               | 267,035.7                |
| Proved + Probable + Possible (3P)        | 101,811.8             | 1,017,239.8 | 38,560.4                                 | 238,911.6  | 33,187.0                    | 149,151.1  | 751,708.0                               | 477,051.9                |

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.

<sup>(1)</sup> KrisEnergy's current working interest is 4.6345 percent in Blocks B8/32 and B9A, 100.0000 percent in Block G6/48, 89.0000 percent in Block G10/48, 42.5000 percent in the Bulu PSC, 95.0000 percent in Block A, and 30.0000 percent in Bangora Field.

<sup>(2)</sup> Net reserves are the portion of gross reserves representing KrisEnergy's revenue entitlement.

<sup>(3)</sup> 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, and income taxes.

<sup>(4)</sup> Future net revenue is negative after deducting estimated abandonment costs and all proved operating costs.

<sup>(5)</sup> Future net revenue is negative after deducting estimated abandonment costs, all proved operating costs, and all infill capital expenses.

*All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.*

SUMMARY OF DEVELOPMENT UNCLARIFIED  
CONTINGENT RESOURCES  
KRISENERGY (ASIA) LTD INTEREST  
AS OF DECEMBER 31, 2019

| Country/Asset/Project/Category                               | Gross (100%)<br>Contingent Resources |               | Working Interest<br>Contingent Resources <sup>(1)</sup> |               |
|--------------------------------------------------------------|--------------------------------------|---------------|---------------------------------------------------------|---------------|
|                                                              | Oil<br>(MBBL)                        | Gas<br>(MMCF) | Oil<br>(MBBL)                                           | Gas<br>(MMCF) |
| <b>Offshore Thailand</b>                                     |                                      |               |                                                         |               |
| <b>Block G6/48, Rossukon Field</b>                           |                                      |               |                                                         |               |
| Low Estimate (1C)                                            | 0.0                                  | 11,476.9      | 0.0                                                     | 11,476.9      |
| Best Estimate (2C)                                           | 0.0                                  | 13,238.4      | 0.0                                                     | 13,238.4      |
| High Estimate (3C)                                           | 0.0                                  | 15,369.3      | 0.0                                                     | 15,369.3      |
| <b>Block G10/48, Wassana Field</b>                           |                                      |               |                                                         |               |
| Low Estimate (1C)                                            | 3,285.8                              | 0.0           | 2,924.4                                                 | 0.0           |
| Best Estimate (2C)                                           | 8,268.1                              | 0.0           | 7,358.6                                                 | 0.0           |
| High Estimate (3C)                                           | 11,656.7                             | 0.0           | 10,374.4                                                | 0.0           |
| <b>Block G10/48, Mayura Field</b>                            |                                      |               |                                                         |               |
| 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           |
| <b>Offshore Indonesia</b>                                    |                                      |               |                                                         |               |
| <b>Bala-Balakang PSC, Halimun and Papandayan Discoveries</b> |                                      |               |                                                         |               |
| 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     |
| <b>Sakti PSC, Mustika Field</b>                              |                                      |               |                                                         |               |
| 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     |

<sup>(1)</sup> KrisEnergy's current working interest is 100.0000 percent in Block G6/48, 89.0000 percent in Block G10/48, 85.0000 percent in the Bala-Balakang PSC, 95.0000 percent in the Sakti PSC, 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.

<sup>(2)</sup> 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.*

SUMMARY OF DEVELOPMENT UNCLARIFIED  
CONTINGENT RESOURCES  
KRISENERGY (ASIA) LTD INTEREST  
AS OF DECEMBER 31, 2019

| Country/Asset/Project/Category           | Gross (100%)<br>Contingent Resources |               | Working Interest<br>Contingent Resources <sup>(1)</sup> |               |
|------------------------------------------|--------------------------------------|---------------|---------------------------------------------------------|---------------|
|                                          | Oil<br>(MBBL)                        | Gas<br>(MMCF) | Oil<br>(MBBL)                                           | Gas<br>(MMCF) |
| <b>Offshore Cambodia</b>                 |                                      |               |                                                         |               |
| <b>Block A, Apsara Field, Platform B</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           |
| <b>Block A, Apsara Field, Platform C</b> |                                      |               |                                                         |               |
| 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           |
| <b>Onshore Bangladesh</b>                |                                      |               |                                                         |               |
| <b>Block 9, Lalmai Field</b>             |                                      |               |                                                         |               |
| 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      |
| <b>Total<sup>(2)</sup></b>               |                                      |               |                                                         |               |
| Low Estimate (1C)                        | 4,670.2                              | 54,792.6      | 4,197.4                                                 | 48,675.0      |
| Best Estimate (2C)                       | 11,261.1                             | 372,950.8     | 10,059.5                                                | 325,922.6     |
| High Estimate (3C)                       | 18,451.5                             | 725,496.4     | 16,290.1                                                | 590,590.1     |

<sup>(1)</sup> KrisEnergy's current working interest is 100.0000 percent in Block G6/48, 89.0000 percent in Block G10/48, 85.0000 percent in the Bala-Balakang PSC, 95.0000 percent in the Sakti PSC, 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.

<sup>(2)</sup> 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.*

RESERVES RECONCILIATION  
DECEMBER 31, 2018, TO DECEMBER 31, 2019  
KRISENERGY (ASIA) LTD INTEREST

| Country/Asset/Project/Category                   | Gross (100%) Reserves   |             |                                   |           | Working Interest Reserves |           |                                   |           |
|--------------------------------------------------|-------------------------|-------------|-----------------------------------|-----------|---------------------------|-----------|-----------------------------------|-----------|
|                                                  | as of December 31, 2019 |             | Percent Difference <sup>(1)</sup> |           | as of December 31, 2019   |           | Percent Difference <sup>(1)</sup> |           |
|                                                  | Oil                     | Gas         | Oil                               | Gas       | Oil                       | Gas       | Oil                               | Gas       |
|                                                  | (MMBL)                  | (MMCF)      | (Percent)                         | (Percent) | (MMBL)                    | (MMCF)    | (Percent)                         | (Percent) |
| <b>Offshore Thailand</b>                         |                         |             |                                   |           |                           |           |                                   |           |
| <b>Blocks B8/32 and B9A<sup>(2)(3)</sup></b>     |                         |             |                                   |           |                           |           |                                   |           |
| Proved (1P)                                      | 13,933.0                | 69,287.7    | 27.4                              | 103.8     | 645.7                     | 3,211.1   | 27.4                              | 103.8     |
| Proved + Probable (2P)                           | 52,049.8                | 258,711.8   | ( 14.2)                           | ( 0.5)    | 2,412.2                   | 11,990.0  | ( 14.2)                           | ( 0.5)    |
| Proved + Probable + Possible (3P)                | 64,103.4                | 326,148.6   | ( 17.0)                           | ( 1.2)    | 2,970.9                   | 15,115.4  | ( 17.0)                           | ( 1.2)    |
| <b>Block G6/48, Rossukon Field<sup>(4)</sup></b> |                         |             |                                   |           |                           |           |                                   |           |
| Proved (1P)                                      | 0.0                     | 0.0         | 0.0                               | 0.0       | 0.0                       | 0.0       | 0.0                               | 0.0       |
| Proved + Probable (2P)                           | 11,700.0                | 0.0         | 0.0                               | 0.0       | 11,700.0                  | 0.0       | 132.6                             | 0.0       |
| Proved + Probable + Possible (3P)                | 15,800.0                | 0.0         | 0.0                               | 0.0       | 15,800.0                  | 0.0       | 132.6                             | 0.0       |
| <b>Block G10/48, Wassana Field<sup>(5)</sup></b> |                         |             |                                   |           |                           |           |                                   |           |
| Proved (1P)                                      | 0.0                     | 0.0         | (100.0)                           | 0.0       | 0.0                       | 0.0       | (100.0)                           | 0.0       |
| Proved + Probable (2P)                           | 4,917.8                 | 0.0         | ( 22.6)                           | 0.0       | 4,376.8                   | 0.0       | ( 22.6)                           | 0.0       |
| Proved + Probable + Possible (3P)                | 6,477.8                 | 0.0         | ( 19.5)                           | 0.0       | 5,765.3                   | 0.0       | ( 19.5)                           | 0.0       |
| <b>Offshore Indonesia</b>                        |                         |             |                                   |           |                           |           |                                   |           |
| <b>Bulu PSC, Lengo Field<sup>(6)</sup></b>       |                         |             |                                   |           |                           |           |                                   |           |
| Proved (1P)                                      | 0.0                     | 0.0         | 0.0                               | 0.0       | 0.0                       | 0.0       | 0.0                               | 0.0       |
| Proved + Probable (2P)                           | 0.0                     | 318,859.5   | 0.0                               | (11.1)    | 0.0                       | 110,494.8 | 0.0                               | (27.5)    |
| Proved + Probable + Possible (3P)                | 0.0                     | 341,432.3   | 0.0                               | (18.6)    | 0.0                       | 118,898.6 | 0.0                               | (33.3)    |
| <b>Offshore Cambodia</b>                         |                         |             |                                   |           |                           |           |                                   |           |
| <b>Block A, Apsara Field, Platform A</b>         |                         |             |                                   |           |                           |           |                                   |           |
| Proved (1P)                                      | 0.0                     | 0.0         | 0.0                               | 0.0       | 0.0                       | 0.0       | 0.0                               | 0.0       |
| Proved + Probable (2P)                           | 6,795.5                 | 0.0         | ( 20.4)                           | 0.0       | 6,455.7                   | 0.0       | ( 20.4)                           | 0.0       |
| Proved + Probable + Possible (3P)                | 14,454.0                | 0.0         | ( 3.3)                            | 0.0       | 13,731.3                  | 0.0       | ( 3.3)                            | 0.0       |
| <b>Onshore Bangladesh</b>                        |                         |             |                                   |           |                           |           |                                   |           |
| <b>Block 9, Bangora Field<sup>(7)</sup></b>      |                         |             |                                   |           |                           |           |                                   |           |
| Proved (1P)                                      | 387.9                   | 154,497.6   | ( 18.8)                           | (26.7)    | 116.4                     | 46,349.3  | ( 18.8)                           | (26.7)    |
| Proved + Probable (2P)                           | 675.1                   | 251,517.1   | 3.5                               | (11.9)    | 202.5                     | 75,455.1  | 3.5                               | (11.9)    |
| Proved + Probable + Possible (3P)                | 976.6                   | 349,658.9   | 16.9                              | ( 4.4)    | 293.0                     | 104,897.7 | 16.9                              | ( 4.4)    |
| <b>Total</b>                                     |                         |             |                                   |           |                           |           |                                   |           |
| Proved (1P)                                      | 14,321.0                | 223,785.3   | ( 12.3)                           | ( 8.6)    | 762.1                     | 49,560.4  | ( 84.8)                           | (23.5)    |
| Proved + Probable (2P)                           | 76,138.2                | 829,088.4   | ( 13.4)                           | ( 8.3)    | 25,147.3                  | 197,939.9 | 15.3                              | (20.8)    |
| Proved + Probable + Possible (3P)                | 101,811.8               | 1,017,239.8 | ( 12.9)                           | ( 8.8)    | 38,560.4                  | 238,911.6 | 20.5                              | (21.3)    |

<sup>(1)</sup> A positive percent difference indicates higher reserves for year-end 2019 compared to year-end 2018. A negative percent difference indicates lower reserves for year-end 2019 compared to year-end 2018.

<sup>(2)</sup> Year-end 2019 1P reserves for Blocks B8/32 and B9A are higher because of increased planned drilling. Year-end 2019 2P and 3P reserves for Blocks B8/32 and B9A are lower because of reduced remaining life to the end of concession.

<sup>(3)</sup> Tantawan Field in Block B8/32 and Rajpruek Field in Block B9A ceased operation on October 31, 2017. Abandonment activities are underway before the B9A concession is relinquished.

<sup>(4)</sup> Year-end 2019 working interest reserves are higher because the economic interest in the Rossukon production area of Block G6/48 increased from 43 to 100 percent as a result of the Exclusive Operation over the Field Development Plan.

<sup>(5)</sup> Year-end 2019 reserves for Block G10/48 are lower because of lower well performance, reduced recovery for future wells, and poorer economic conditions.

<sup>(6)</sup> Year-end 2019 reserves for Bulu PSC are lower because of wellstream reductions for fuel usage and removal of carbon dioxide.

<sup>(7)</sup> Year-end 2019 gas reserves for Block 9 are lower because of 2019 production volumes and increased off-block recovery. Condensate volumes are higher relative to gas volumes because of increased yield performance.

*All estimates and exhibits herein are part of this NSAI report and are subject to its parameters and conditions.*

CONTINGENT RESOURCES RECONCILIATION  
DECEMBER 31, 2018, TO DECEMBER 31, 2019  
KRISENERGY (ASIA) LTD INTEREST

| Country/Asset/Project/Category                               | Gross (100%) Contingent Resources <sup>(1)</sup> |               |                                   |                  | Working Interest Contingent Resources <sup>(1)</sup> |               |                                   |                  |
|--------------------------------------------------------------|--------------------------------------------------|---------------|-----------------------------------|------------------|------------------------------------------------------|---------------|-----------------------------------|------------------|
|                                                              | as of December 31, 2019                          |               | Percent Difference <sup>(2)</sup> |                  | as of December 31, 2019                              |               | Percent Difference <sup>(2)</sup> |                  |
|                                                              | Oil<br>(MBBL)                                    | Gas<br>(MMCF) | Oil<br>(Percent)                  | Gas<br>(Percent) | Oil<br>(MBBL)                                        | Gas<br>(MMCF) | Oil<br>(Percent)                  | Gas<br>(Percent) |
| <b>Offshore Thailand</b>                                     |                                                  |               |                                   |                  |                                                      |               |                                   |                  |
| <b>Block G6/48, Rossukon Field<sup>(3)</sup></b>             |                                                  |               |                                   |                  |                                                      |               |                                   |                  |
| Low Estimate (1C)                                            | 0.0                                              | 11,476.9      | 0.0                               | 0.0              | 0.0                                                  | 11,476.9      | 0.0                               | 132.6            |
| Best Estimate (2C)                                           | 0.0                                              | 13,238.4      | 0.0                               | 0.0              | 0.0                                                  | 13,238.4      | 0.0                               | 132.6            |
| High Estimate (3C)                                           | 0.0                                              | 15,369.3      | 0.0                               | 0.0              | 0.0                                                  | 15,369.3      | 0.0                               | 132.6            |
| <b>Block G10/48, Wassana Field<sup>(4)</sup></b>             |                                                  |               |                                   |                  |                                                      |               |                                   |                  |
| Low Estimate (1C)                                            | 3,285.8                                          | 0.0           | ( 41.4)                           | 0.0              | 2,924.4                                              | 0.0           | ( 41.4)                           | 0.0              |
| Best Estimate (2C)                                           | 8,268.1                                          | 0.0           | ( 11.5)                           | 0.0              | 7,358.6                                              | 0.0           | ( 11.5)                           | 0.0              |
| High Estimate (3C)                                           | 11,656.7                                         | 0.0           | ( 9.7)                            | 0.0              | 10,374.4                                             | 0.0           | ( 9.7)                            | 0.0              |
| <b>Block G10/48, Mayura Field</b>                            |                                                  |               |                                   |                  |                                                      |               |                                   |                  |
| Low Estimate (1C)                                            | 453.7                                            | 0.0           | 0.0                               | 0.0              | 403.8                                                | 0.0           | 0.0                               | 0.0              |
| Best Estimate (2C)                                           | 1,140.3                                          | 0.0           | 0.0                               | 0.0              | 1,014.9                                              | 0.0           | 0.0                               | 0.0              |
| High Estimate (3C)                                           | 3,124.7                                          | 0.0           | 0.0                               | 0.0              | 2,781.0                                              | 0.0           | 0.0                               | 0.0              |
| <b>Offshore Indonesia</b>                                    |                                                  |               |                                   |                  |                                                      |               |                                   |                  |
| <b>Bala-Balakang PSC, Halimun and Papandayan Discoveries</b> |                                                  |               |                                   |                  |                                                      |               |                                   |                  |
| Low Estimate (1C)                                            | 0.0                                              | 0.0           | 0.0                               | 0.0              | 0.0                                                  | 0.0           | 0.0                               | 0.0              |
| Best Estimate (2C)                                           | 0.0                                              | 110,510.4     | 0.0                               | 0.0              | 0.0                                                  | 93,933.9      | 0.0                               | 0.0              |
| High Estimate (3C)                                           | 0.0                                              | 155,810.7     | 0.0                               | 0.0              | 0.0                                                  | 132,439.1     | 0.0                               | 0.0              |
| <b>Sakti PSC, Mustika Field</b>                              |                                                  |               |                                   |                  |                                                      |               |                                   |                  |
| Low Estimate (1C)                                            | 0.0                                              | 37,236.1      | 0.0                               | 0.0              | 0.0                                                  | 35,374.3      | 0.0                               | 0.0              |
| Best Estimate (2C)                                           | 0.0                                              | 221,522.6     | 0.0                               | 0.0              | 0.0                                                  | 210,446.5     | 0.0                               | 0.0              |
| High Estimate (3C)                                           | 0.0                                              | 425,364.3     | 0.0                               | 0.0              | 0.0                                                  | 404,096.1     | 0.0                               | 0.0              |
| <b>Offshore Cambodia</b>                                     |                                                  |               |                                   |                  |                                                      |               |                                   |                  |
| <b>Block A, Apsara Field, Platform B</b>                     |                                                  |               |                                   |                  |                                                      |               |                                   |                  |
| Low Estimate (1C)                                            | 762.1                                            | 0.0           | 0.0                               | 0.0              | 724.0                                                | 0.0           | 0.0                               | 0.0              |
| Best Estimate (2C)                                           | 1,423.8                                          | 0.0           | 0.0                               | 0.0              | 1,352.6                                              | 0.0           | 0.0                               | 0.0              |
| High Estimate (3C)                                           | 2,476.6                                          | 0.0           | 0.0                               | 0.0              | 2,352.8                                              | 0.0           | 0.0                               | 0.0              |
| <b>Block A, Apsara Field, Platform C</b>                     |                                                  |               |                                   |                  |                                                      |               |                                   |                  |
| Low Estimate (1C)                                            | 145.6                                            | 0.0           | 0.0                               | 0.0              | 138.3                                                | 0.0           | 0.0                               | 0.0              |
| Best Estimate (2C)                                           | 314.9                                            | 0.0           | 0.0                               | 0.0              | 299.2                                                | 0.0           | 0.0                               | 0.0              |
| High Estimate (3C)                                           | 652.0                                            | 0.0           | 0.0                               | 0.0              | 619.4                                                | 0.0           | 0.0                               | 0.0              |
| <b>Onshore Bangladesh</b>                                    |                                                  |               |                                   |                  |                                                      |               |                                   |                  |
| <b>Block 9, Lalmai Field</b>                                 |                                                  |               |                                   |                  |                                                      |               |                                   |                  |
| Low Estimate (1C)                                            | 23.0                                             | 6,079.6       | 0.0                               | 0.0              | 6.9                                                  | 1,823.9       | 0.0                               | 0.0              |
| Best Estimate (2C)                                           | 113.9                                            | 27,679.3      | 0.0                               | 0.0              | 34.2                                                 | 8,303.8       | 0.0                               | 0.0              |
| High Estimate (3C)                                           | 541.5                                            | 128,952.1     | 0.0                               | 0.0              | 162.4                                                | 38,685.6      | 0.0                               | 0.0              |
| <b>Total<sup>(6)</sup></b>                                   |                                                  |               |                                   |                  |                                                      |               |                                   |                  |
| Low Estimate (1C)                                            | 4,670.2                                          | 54,792.6      | ( 33.2)                           | 0.0              | 4,197.4                                              | 48,675.0      | ( 33.0)                           | 15.5             |
| Best Estimate (2C)                                           | 11,261.1                                         | 372,950.8     | ( 8.7)                            | 0.0              | 10,059.5                                             | 325,922.6     | ( 8.6)                            | 2.4              |
| High Estimate (3C)                                           | 18,451.5                                         | 725,496.4     | ( 6.3)                            | 0.0              | 16,290.1                                             | 590,590.1     | ( 6.4)                            | 1.5              |

<sup>(1)</sup> For discussion of risk factors associated with contingent resources, refer to the 2018 PRMS definitions.

<sup>(2)</sup> A positive percent difference indicates higher contingent resources for year-end 2019 compared to year-end 2018. A negative percent difference indicates lower contingent resources for year-end 2019 compared to year-end 2018.

<sup>(3)</sup> Year-end 2019 working interest reserves are higher because the economic interest in the Rossukon production area of Block G6/48 increased from 43 to 100 percent as a result of the Exclusive Operation over the Field Development Plan.

<sup>(4)</sup> Year-end 2019 contingent resources are lower for Block G10/48 because of poorer economic conditions for the Extension volumes. These volumes are associated with reservoirs for which reserves have been estimated and are beyond the economic limit of those reserves.

<sup>(6)</sup> 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.*

## **About this Sustainability Report**

This is Krisenergy Ltd.'s ("KrisEnergy") third annual Sustainability Report and is issued as an embedded section in the 2019 Annual Report. The document covers the full financial year up to 31 December 2019 ("FY2019"), and is dedicated to providing information on economic, environmental and social performance that is material to KrisEnergy's business and key stakeholders. Further information on corporate governance, which is part of our sustainability, can be found under the section *Corporate Governance* on pages 35-57 of the 2019 Annual Report.

This report is set out on a "comply or explain" basis in accordance with Rule 711B and Practice Note 7.6 of the Mainboard Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). KrisEnergy has chosen the Global Reporting Initiative ("GRI") framework as the most established international sustainability reporting standard and in respect of the extent to which such framework is applied, this report has been prepared in accordance with GRI Standards: Core Option.

We welcome feedback from all stakeholders. Please send all feedback to [hinna.ijaz@krisenergy.com](mailto:hinna.ijaz@krisenergy.com).

## **Chairman Statement on Sustainability**

Dear Stakeholders,

Notwithstanding KrisEnergy's continued financial pressures and constraints in 2019, we remained mindful of our commitment to ensure the health, safety and security of our employees, to preserve the environment where we have a footprint, and to maintain our engagement with local governments, authorities and communities.

These are some of the principles, together with diversity in the workplace and zero-tolerance policy towards bribery and corruption, that our business is built upon and it is crucial that we have the internal systems in place to safeguard the essence of the company.

I am glad to report that for the 2,048,602 man-hours clocked up in 2019 on KrisEnergy-operated assets, we had zero Lost Time Injuries ("LTIs"). The 2019 total was the second highest man-hours recorded in the company's 10 years of operations and included for the first time, development activities for the Apsara oil field in Cambodian waters in the Gulf of Thailand. Development of the Apsara included geotechnical, geophysical and 3D seismic surveys offshore at the field location; refurbishment and upgrading of the *Ingenium II* production barge at the Benoi yard and Gul dry dock in Singapore; and fabrication of the jacket and topside of the Apsara mini-platform in Batam Island, Indonesia.

I can furthermore report that we documented zero non-compliance with environmental laws/regulations in year 2019.

## **COVID-19**

The emergence of the COVID-19 virus into pandemic status in March 2020 became a global health and economic crisis. Mindful of the 2003 SARS outbreak, management designated COVID-19 as a Tier 3 under the Group's Incident Management System. Tier 3 is the highest level of alert and requires the intervention of the Crisis Management Team ("CMT") in Singapore.

In February 2020, two individuals on board the *Ingenium I* mobile offshore production unit (“MOPU”) in the Wassana oil field in the Gulf of Thailand, were found to have elevated temperatures, a symptom of COVID-19. The CMT was immediately informed and the individuals were instantly isolated, provided with protective clothing and masks, and monitored. Within six hours they had been transferred by boat to medical facilities onshore for testing and the MOPU underwent deep cleansing. Fortunately, the test results were negative for COVID-19 and the incident demonstrated that the systems in place responded efficiently and effectively.

Further in response to the pandemic, KrisEnergy activated its business continuity plan and implemented health and safety measures in all offices and field locations as mandated by host government authorities. Office staff worked remotely, all non-essential personnel were removed from field operations and shift rotations were extended to four weeks from two at the KrisEnergy-operated Bangora gas field, onshore Bangladesh, and the Wassana oil field.

### **2019 certification**

For the 2019 Sustainability Report, KrisEnergy’s third report, we have kept to the GRI standards reported in 2018 and we have narrowed our 2020 targets for each reporting GRI standard.

Our Singapore and Dhaka offices and Block 9 field operations onshore Bangladesh were updated and certified to the ISO 45001 occupational health and safety certification in 2019, and we continued the drive to eliminate single-use plastic from KrisEnergy operations including issuance of reusable bags to employees in regional offices – Bangladesh, Cambodia, Indonesia and Thailand – ensuring compliance with local regulations in some of the countries.

In 2020, we will endeavour to improve our 2019 performance. We will continue to seek ways to reduce waste and power consumption, to effectively interface with our communities and endeavour to ensure best practice for health and safety.

### **Tan Ek Kia**

Independent Non-Executive Chairman on behalf of the Board  
3 June 2020

## **Our Approach to Sustainability**

### **Reporting Principles**

KrisEnergy has an internal Code of Conduct stipulating the Group’s business principles and practices in our day-to-day activities. Our Code of Conduct provides a communicable and understandable framework for employees to observe the Group’s principles of accountability, honesty and integrity in all aspects of our business and in our dealings with suppliers, contractors and other stakeholders working for or on behalf of KrisEnergy. We recognise the involvement of our employees is key to the future success of the business and all employees are informed of, and can readily access, the Code of Conduct on our global intranet and company website, [www.krisenergy.com](http://www.krisenergy.com). Our senior managers in each country are also responsible for ensuring that the principles set out in the Code of Conduct are communicated to and understood by all employees, and for ensuring compliance in their area of responsibility.

Our core values are:

- Openness;
- Respect;
- Integrity; and
- Professionalism.

Our Code of Conduct provides guidance on and emphasises our commitment to:

- Diversity and equality for all employees and stakeholders;
- Responsibilities whilst working for, with or on behalf of KrisEnergy;
- Fair and transparent employment practices;
- Environmental goals and initiatives;
- High standards in workplace health and safety standards and procedures;
- Community involvement throughout our operations;
- Whistle-blowing avenues in event of breach; and
- Safeguarding and proper use of the Company's information and assets.

In line with the Company's stance to pursue our business objectives with integrity and in compliance with applicable laws and regulations in all countries in which we operate, we also have the following corporate policies and guidelines in place, which are similarly available on our global intranet and are disseminated to our employees:

- Health & Safety Policy;
- Environmental Policy;
- Fire Safety Policy;
- Communications Policy;
- Corporate Social Responsibility Policy;
- Public Grievance Policy;
- Travel Policy;
- Drug & Alcohol Policy;
- Risk Management Policy;
- Supplier Code of Conduct;
- Whistle-blowing Policy;
- Policy to Prevent Improper Payments;
- Management Authority Approval Policy; and
- Enterprise Risk Management Framework.

Throughout our day-to-day activities, we are conscious of the needs of our employees, stakeholders, communities and the environment. Professionalism, high ethical standards, accountability to stakeholders, respect for law, people-driven, encouraging community involvement and striving for excellence are the key principles on which our daily business practice is based.

### Our Corporate Governance

The KrisEnergy Group is firmly committed to maintaining a high standard of corporate governance, and to complying with the principles of the Code of Corporate Governance issued by the Monetary Authority of Singapore.

The composition of our board is an important aspect of our approach to corporate governance. Our board comprises six members, including four independent directors, who exercise objective judgement in our corporate affairs. In this regard, the board has reviewed and

identified key material environmental, social and governance factors relating to KrisEnergy. Further, both our Independent Non-Executive Chairman and our Chief Executive Officer are responsible for overseeing all aspects of our business, including our commitments to sustainability, and are supported by a strategic team of general managers. For more information, please refer to the *Corporate Governance* section on pages 35-57 of the 2019 Annual Report.

### Anti-corruption

The KrisEnergy Group, with our operations across different geographies and our engagement with numerous contractors, consultants, suppliers, joint-venture participants and agents, has multiple vulnerable points which may expose us to risks of corruption. Preventing and managing risks associated with corrupt practices across KrisEnergy's operations is a key concern to our stakeholders.

We manage these risks through maintaining our commitment to high standards of ethical behaviour and actively ensuring that the Group's zero-tolerance policy towards corruption, bribery and unethical actions is strictly observed. Our core approach is to enable all personnel to make informed business choices that avoid all forms of breach and thereby protect the value of our business.

To ensure and achieve our objectives, we constantly reinforce our Policy to Prevent Improper Payments, which requires all KrisEnergy personnel, regardless of their citizenship, residence, or the jurisdiction in which they work to comply with applicable anti-corruption laws, such as the *U.S. Foreign Corrupt Practices Act of 1977* and the *U.K. Bribery Act of 2010*.

For instance, in relation to third-party contracting procedures, our policy requirements mandate that standard written representations and warranties on non-corruption are included in third-party contracts, and that we use commercially reasonable efforts to ensure that our policy principles are incorporated in joint-venture/operating agreements. In conjunction, we have in place questionnaires to ensure due diligence in respect of our third-party contracts. We also maintain an internal register documenting all gifts given or received, entertainment, sponsorships and charitable contributions. The register is reported to the Audit and Risk Management Committee on a quarterly basis. In relation to KrisEnergy employees, all employees across the Group are required to complete and sign annually a compulsory certificate of compliance to acknowledge that they are aware of, have read, and are in compliance with the Policy to Prevent Improper Payments. Similar certificates of compliance are also sought periodically from all third-party intermediaries.

The Whistle-blowing Policy also underpins our anti-corruption commitment in enabling employees to, in confidence, raise concerns internally and disclose any impropriety at a high level and through well-defined and accessible channels. We have in place arrangements for independent investigation and appropriate follow-up actions where necessary.

In addition to the certification of compliance required annually, our policies are communicated to employees in all regions and uploaded onto our global intranet for ready access. Every KrisEnergy employee is thus informed of our policies and practices. To supplement this, we organise and conduct periodic anti-bribery and corruption training sessions at our offices and work locations to refresh and update employees, where there are opportunities for question and answer sessions and one-on-one discussions. Our most recent training session was conducted in our Vietnam office and was attended by present employees including governance body members. We plan to convene more training sessions in due course once the travel restrictions arising from the COVID-19 pandemic are lifted.

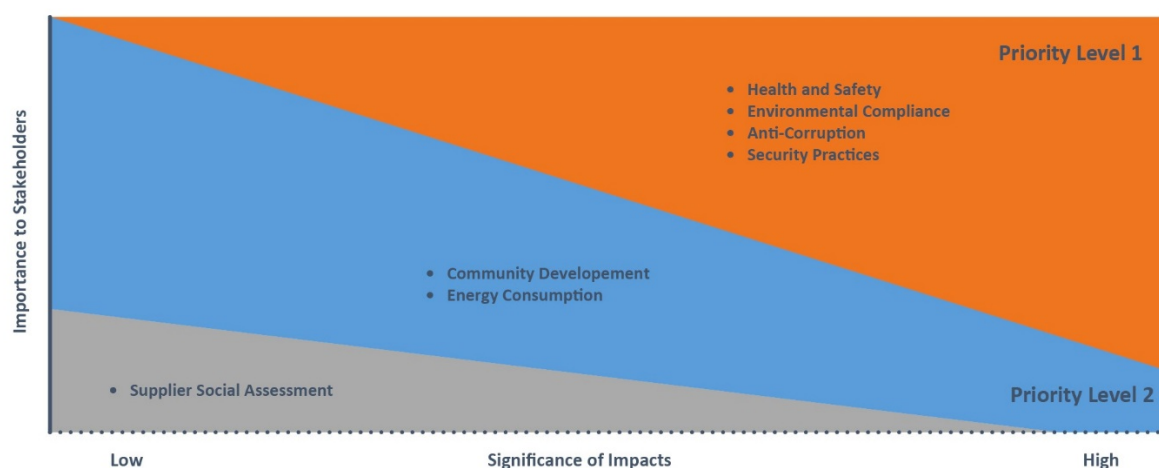
Senior managers in each country in which we operate also ensure that adequate controls are in place to prevent improper payments and manage the standards we have set out. Our General Counsel has also completed at least eight hours of formal anticorruption education annually and acts as a compliance officer in supervising and ensuring that our personnel understand and are in full compliance with our Policy to Prevent Improper Payments and applicable law. Our internal auditors inspect and ensure that all financial transactions are properly and fairly recorded in our books of accounts and our external auditors have the authority and instruction to test expenditures in the course of normal audit activities to evaluate whether payments in the samples tested are potentially improper payments.

No incidents of bribery or corruption were identified in 2019. It is KrisEnergy's continued goal to maintain zero incidents of bribery and corruption.

## **Reporting Process**

### **Report Content and Topic Boundaries**

We applied the Principle of Materiality to identify and prioritise sustainability topics for inclusion in this report. In addition, our economic, environmental and social impacts and the substantive expectations and interests of our stakeholders were taken into account. For 2019, we continued with the same material topics as for 2018 but focussed on the reporting targets for each material topic. In addition, the chart below reflects our material topics and rankings.



Key topics for this report were determined by Senior Management and representatives from key departments and subsequently approved by the Board of Directors.

The table below highlights the topic boundaries to our entities.

| Potential Issue Clustering & Rating |                 |        |                        |                 |                    |                            |                     |
|-------------------------------------|-----------------|--------|------------------------|-----------------|--------------------|----------------------------|---------------------|
|                                     | Anti-Corruption | Energy | Workers Representation | Health & Safety | Security Practices | Local Community Engagement | Supplier Management |
| Singapore Office                    | ✓               | ✓      | ✓                      | ✓               |                    |                            |                     |
| Indonesia Office                    | ✓               | ✓      | ✓                      | ✓               |                    |                            | ✓                   |
| Vietnam Office                      | ✓               | ✓      |                        | ✓               |                    |                            |                     |
| Cambodia Office                     | ✓               | ✓      |                        | ✓               |                    | ✓                          |                     |
| Thailand Office                     | ✓               | ✓      |                        | ✓               |                    | ✓                          | ✓                   |
| Bangladesh Office                   | ✓               | ✓      | ✓                      | ✓               | ✓                  | ✓                          |                     |
| Wassana Ops                         | ✓               | ✓      | ✓                      | ✓               |                    | ✓                          | ✓                   |
| Bangora/Gopalnagar Ops              | ✓               | ✓      | ✓                      | ✓               | ✓                  | ✓                          | ✓                   |
| Regional Ops                        |                 |        |                        |                 |                    |                            | ✓                   |

Note: Injury classification is reported for all KrisEnergy entities, but the focus of this work-related injury classification (disclosure 403-9) is KrisEnergy-operated activities, namely: the Wassana oil field in the Gulf of Thailand; the Bangora/Gopalnagar gas field onshore Bangladesh; and the Apsara oil field development in Cambodia Block A.

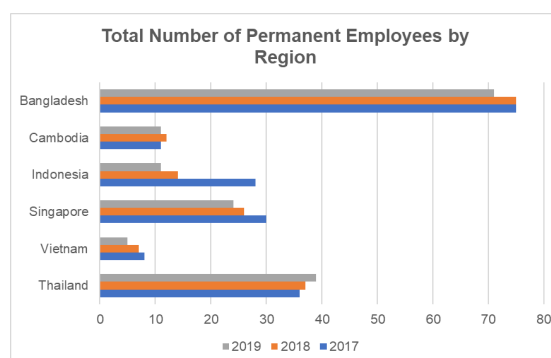
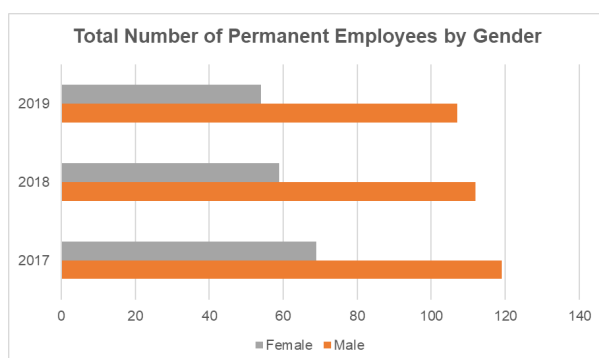
## Our People

KrisEnergy has established offices in Bangladesh, Cambodia, Indonesia, Singapore, Thailand and Vietnam. It also has field operations onshore Bangladesh and offshore in the Gulf of Thailand, where the Wassana oil field is located in Thai waters and the Apsara oil development is across the maritime border in Cambodia.

Our internal philosophy is that all personnel, either directly or indirectly employed, play a vital role in our success and we adopt a zero-tolerance policy for any discrimination within the workplace. We engage with our people in each of the countries where we operate, and we ensure their wellbeing is our top priority. Our goal is to create a diversified workforce in which everyone is given an equal opportunity in a transparent environment that promotes empowerment and fulfilment.

Our employees are not covered by collective bargaining agreements but have the right to exercise freedom of association.

KrisEnergy employed 451 people in 2019. Permanent employees represented 37% of the total headcount. We contract largely third-party personnel for our operational sites, which require a multitude of different skillsets on a 24/7 rotational basis. The numbers reflected in the charts below for the past three years were collated from each country's administrative records and represent personnel employed permanently by KrisEnergy. In addition, there were four male and two female part-timers employed in 2019. Our approach is to offer remuneration based on experience and merit without reference to gender. The ratio of female to male employees is relatively equal throughout the Company with the exception of the Dhaka office and the field operations' site in Bangladesh where patriarchy remains relatively strong within the nation and a high percentage of the workforce are male.



## Occupational Health & Safety

Health & Safety are embedded in KrisEnergy's culture and across the entire organisation. We have established a robust internal Environmental, Health & Safety Management System ("EHSMS") that is implemented according to the *International Organisation for Standardisation ("ISO") 45001 and 14001* overseen by SGS International Certifications Services ("SGS"). The EHSMS is established in Bangladesh, Singapore and Thailand. Current staffing levels in Cambodia, Indonesia and Vietnam fall below thresholds to reasonably have the capacity to establish an EHSMS. However, with existing systems and procedures in place, certifying these offices can be undertaken efficiently.

One consideration of the EHSMS covers medical and travel security services and we contract International SOS ("ISOS") to provide staff and directly employed contractors access to expert medical and travel security advice. Additionally, offshore employees and contractors have access to 24/7 mobilisation of medical assistance and evacuation.

Our Singapore and Dhaka offices and onshore Bangladesh field operations have renewed ISO 45001 certifications accredited by the UK Accreditation Service ("UKAS")/Swiss Accreditation Service ("SAS"). We intend to incorporate the current EHSMS into our Cambodia entity once their activities and operations evolve to an optimal level.

A critical section of the EHSMS includes hazard identification, risk management and incident investigation. Our internal online reporting and measurement portal enables monitoring of performance regarding risks and incidents and provides valuable information for areas of improvement. Risk Management Policy, EHSS Manual, Health & Safety Policy and the EHSMS hazard and effects procedures are drivers for risk management and assessment within the organisation. Our staff are fully trained in conducting risk assessments for routine and non-routine work. We have a Permit-to-Work ("PTW") system to handle operating risks both offshore and onshore. Job Safety Analysis is also conducted for moderate to high risk tasks.

Our risk management assessment is a four-stage process: identifying hazards; assessing risks; implementing controls; and monitoring the overall risk management procedure.

Identification of hazards allows us to establish the scope and context of the assessment and its boundaries. Identification or spotting risks in the workplace is highly advocated amongst staff. Staff are encouraged to report hazards via hazard report cards or anonymously via the online portal. We do not penalise staff for the reporting of risks. In the Hazard and Effects Management procedure, staff have the right to stop work immediately where there is concern of a risk of injury or ill-health.

Risk assessment via an internal risk matrix based on the *ISO Petroleum and Natural Gas Industries – Offshore Production Installations – major accident hazard management during the design of new installations* (“ISO 17776-2016”) provides a structured review technique alongside professional judgement and experience. Staff directly involved in a risk activity are usually involved in the risk assessment process. For safety risks, KrisEnergy adopts the “as low as reasonably practicable” principle whereby residual risk shall be reduced as far as reasonably practicable.

Identified risks are evaluated and mitigation steps implemented according to six levels of control measures: elimination, substitution, isolation, engineering controls, administration controls and the use of personal protective equipment. We endeavour to eliminate risk as far as reasonably practicable. The results of the risk assessment are evaluated and discussed with more widely, for example, daily tool-box talks are conducted on site before an operational risk activity is started.

Lastly, risks and risk assessments are reviewed and monitored regularly to ensure that risk identification and assessment remain appropriate. Checks are in place for the continued effectiveness of risk controls and are measured against defined performance standards. We intend to increase the frequency of our incident and risk reporting on the online reporting system for Thailand and commence reporting for Cambodia once Block A's operations are up and running.

Training is a serious and necessary part of our business activities to ensure competency and avoid the risk of injury. We periodically provide a range of operational training schedules, such as safety and technical courses, among others. We regularly carry out various in-house training and emergency response drills to ensure all employees remain vigilant and uphold best practice in the industry. All workers on field locations are trained prior to arrival onsite. Their training needs are assessed according to work-related activities. A training matrix is drawn up to identify the necessary skills required for each job to be performed and any training gaps. In addition, for the Bangladesh onshore operations, there are competency profiles established for all staff. Each person's competency and capabilities are evaluated through the system and gaps are identified before the necessary training is prescribed. We intend to establish a training matrix within Cambodia operations to evaluate effectiveness.

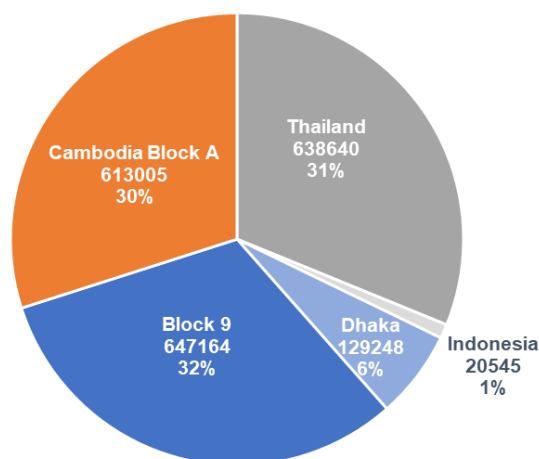
We have established Safety Committee groups in all ISO 45001 certified offices and operations. The groups comprise management and employees and are tasked to review policies, procedures and practices relating to occupational health and safety. They are also drivers of quarterly or monthly Environmental, Health, Safety & Security (“EHSS”) initiatives within the company to address employees' concerns or increase awareness over EHSS matters. Our near-term target is to increase workers' representation in Block A offshore operations in Cambodia by establishing a Safety Committee group.

We ensure compliance with our EHSS policies throughout our offices and operations by internal audits by management teams, individually by Safety Committee groups, externally by SGS or through routine and frequent PTW audits. For example, before any individual is permitted to work on KrisEnergy operations, they must undertake a compulsory certified onshore/offshore medical examination by a KrisEnergy-approved clinic/hospital and received a “fit-for-work” declaration. Once a positive declaration is received, the individual will attend a Basic Offshore Safety Induction and Emergency Training (“BOSIET”) for work entailing offshore travel.



G10/48 offshore personnel undergoing BOSIET training

Between January and December 2019, the KrisEnergy Group recorded 2,048,602 man-hours at operated assets with zero LTIs.



It is standard internal procedure that in the case of an occurrence of an LTI incident in a KrisEnergy-operated location, a thorough investigation will be conducted and addressed through root cause analysis, with corrective and preventive actions implemented thereafter. Our philosophy is continual improvement. Our ongoing target for all operations is to monitor incidents, conduct in-depth investigations and maintain a 0.5 LTIFR.

KrisEnergy recorded zero fatalities during 2019. The injury classifications below include our activities for operational assets in Thailand, Bangladesh and Cambodia. Our Total Recordable Injury Frequency Rate ("TRIFR") includes LTIs, Restricted Work Day Cases ("RWDC"), Medical Treatment Cases ("MTC") as well as First Aid Cases ("FAC").

| Year | Lost Time Injury Frequency Rate ("LTIFR") | Total Recordable Injury Frequency Rate |
|------|-------------------------------------------|----------------------------------------|
| 2019 | 0                                         | 0.39                                   |
| 2018 | 0.62                                      | 0.74                                   |
| 2017 | 0                                         | 0.38                                   |

## External initiatives

KrisEnergy supports and is committed to a few national and international economic, environmental and social principles, codes and frameworks. Some of these include the GRI Standards, the ISO 45001 and ISO 14001 certification standards. We continue to review suitable initiatives to enhance the sustainable development of our business.

## **Environment**

### Our Approach

Although oil and gas are extracted from the Earth's subsurface, there is an operational footprint at surface level. We are cognisant of the impact of our operations on the environment and the communities in the areas surrounding field locations and operational sites. We endeavour to reduce our impact and protect the environment and we apply across our organisation the *precautionary approach* under the *United Nations Rio Declaration 1992, Principle 15*. We ensure that before proceeding with any operation, an Environmental Impact Assessment ("EIA") is conducted to identify risks associated with the operation and assess mitigation measures to be implemented.

For 2019, KrisEnergy recorded zero non-compliance with environmental laws and/or regulations across the Group. In alignment with both ISO 14001 and the regulatory requirements in each country of operation, KrisEnergy has an integrated Group-wide system for the reporting of spillages such as oil, dirty water and other pollutants.

We have established a Group-wide Environmental Management System, which complies with ISO 14001 international standards. Our Singapore and Dhaka offices and the Bangora field operation are all ISO 14001 certified by SGS and accredited by UKAS/SAS.

All KrisEnergy offices and operations practice the three R's: reduce, reuse and recycle. As an ISO 14001 compliant company, waste management is one of the vital sections of environmental management. For KrisEnergy operations, waste is recycled, segregated and disposed of in compliance with international guidelines and national laws, all of which are stipulated in our waste management plans.

Even though the environmental impact of our office activities is relatively immaterial, we have recycling systems in place with designated recycling bins placed strategically within the office premises. KrisEnergy works with building management to comply with their recycling requirements.

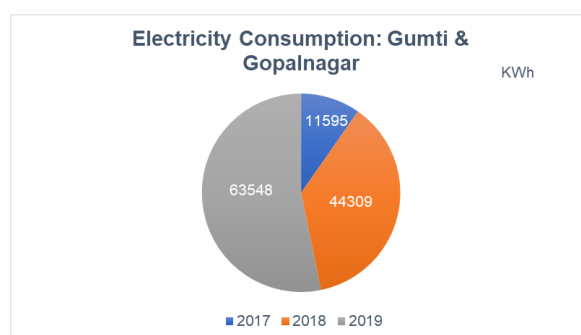
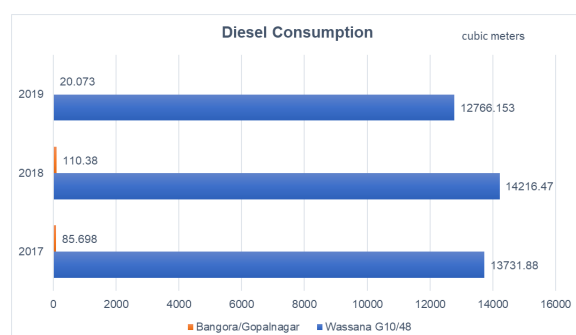
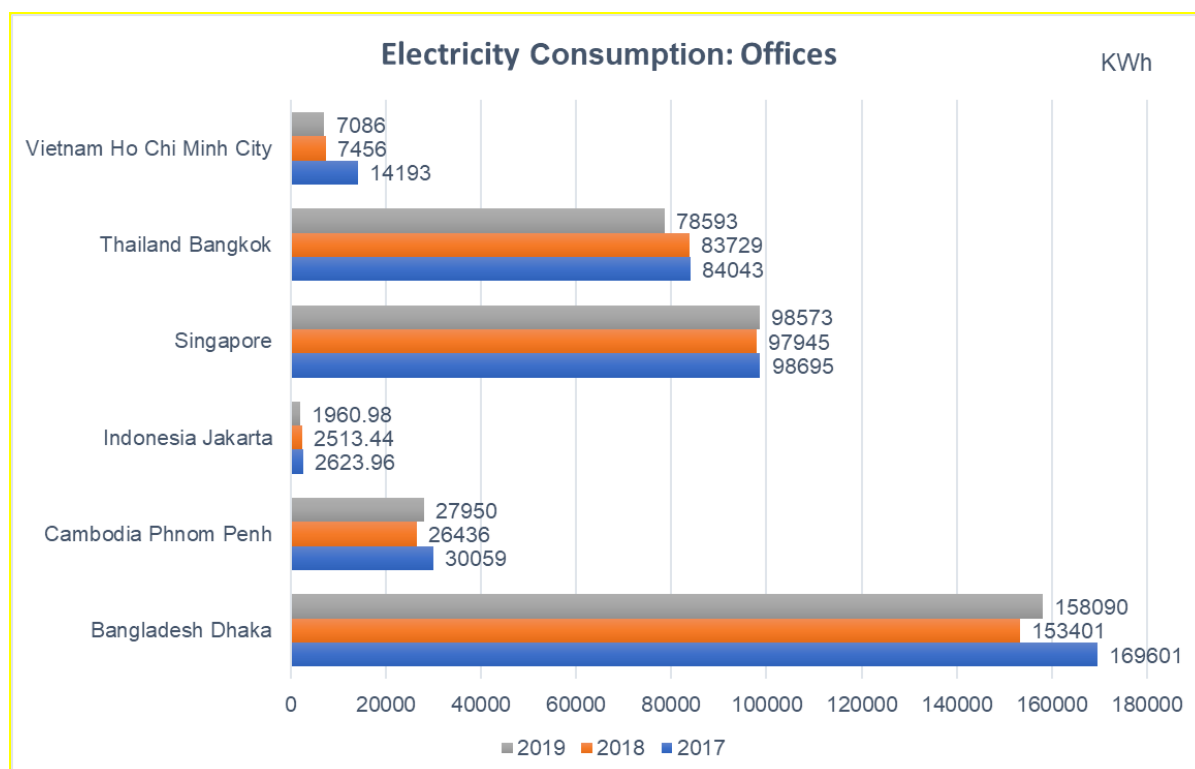
The plastic-free waste from water bottles initiative continues to excel in 2019 as well. All KrisEnergy offices and field locations ceased using single-use plastic water bottles. Drinking water is now sourced from filtration systems and/or water dispenser tanks. In addition, the plastic free drive now continues with reusable bags to replace plastic bags used for grocery shopping. Most staff and offices have made the switch to reusable bags in compliance with their local home country laws.

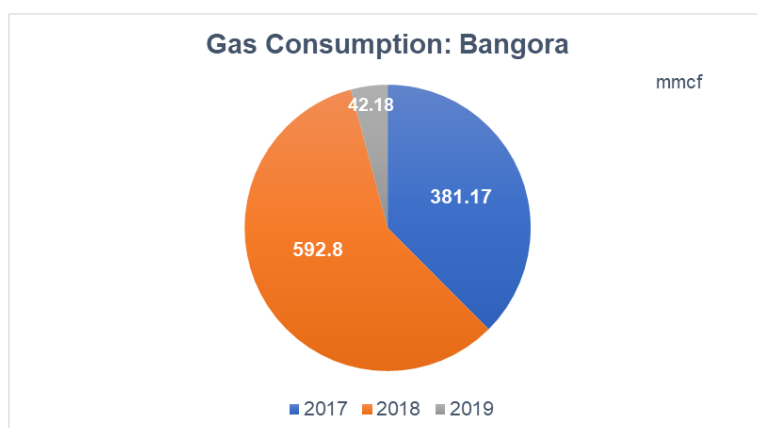
## Energy

In line with the ISO 14001 international standard for energy consumption, we continuously monitor our energy usage in all operations and offices. We aim to be energy efficient, encourage staff to be aware of energy use and to participate in steps to reduce consumption by utilising energy saving tips in our daily work. Educational quizzes and videos have been circulated to garner interaction; LED lights have been installed within offices; and equipment

not in use is switched off over weekends. Year-on-year, KrisEnergy aims to achieve a reduction of at least 2.0% in its overall energy consumption compared with the previous reporting period for all entities included in the original baseline by the end of the fourth quarter 2020.

Electricity is the main source of energy consumption in KrisEnergy's offices, but operational sites rely on diesel generators for power. However, in mid-2018, the Rural Electrification Board was introduced at our operational site in Bangladesh. As such diesel consumption in 2019 was much lower as compared with the previous three years and the electricity consumption in Gumti and Gopalnagar increased. The charts below provide a breakdown of energy (electricity/diesel/gas) consumption in KrisEnergy's offices, the Gumti and Gopalnagar Bangora field locations onshore Bangladesh, and in the Wassana oil field in the Gulf of Thailand.





The 2019 numbers are based on gas consumption used in gas generators only.

Gas consumption for gas compressors was discontinued from 2019 onwards

## **Our Stakeholders**

As part of the materiality assessment process, KrisEnergy identified six key stakeholder groups to engage, based on their level of influence and impact on our activities.

| Stakeholders               | How we Engage                                                                                                                                                                    | Key Topics Raised                                                                                                                                             |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Investors/<br>Stakeholders | Annual General Meeting<br>Periodic informal investor meetings<br>One-on-one meetings                                                                                             | Corporate governance<br>Financial performance<br>Business outlook                                                                                             |
| Employees                  | Quarterly or half yearly EHSS initiatives<br>Town hall meetings<br>Daily/weekly safety meetings                                                                                  | Company's outlook<br>Employees' welfare<br>Operational personnel                                                                                              |
| Contractors/<br>Suppliers  | Contractor/supplier management & assessments                                                                                                                                     | EHSS standards, Supplier Code of Conduct<br>Terms & agreements for contracted work                                                                            |
| Local<br>Community         | Community programs in areas where we have offices or field locations<br>Public participation                                                                                     | Education, women empowerment, social development, healthcare and financial support to the local community<br>Seismic/drilling/production operations awareness |
| Regulators                 | Regular scheduled meetings with government authorities ( <i>i.e.</i> , Department of Mineral Fuels, SKKMigas, PetroBangla, PetroVietnam, Cambodian Ministry of Mines and Energy) | Compliances/<br>environmental/EHSS reporting<br>personnel/sourcing and training<br>local talent                                                               |
| Joint-Venture<br>Partners  | Operational Committee Meetings & Technical Committee Meetings                                                                                                                    | Operational, financial, technical, joint operations & EHSS matters                                                                                            |

As part of KrisEnergy's engagement with the wider upstream industry as well as legal, financial and safety institutions, we subscribe to the following associations and organisations:

|                                                     |                                                |
|-----------------------------------------------------|------------------------------------------------|
| American Association of Petroleum Geologists        | Association of Chartered Certified Accountants |
| Association of International Petroleum Negotiators  | Chartered Financial Analyst Institute          |
| Extractive Industry Governance Forum                | Indonesian Petroleum Association               |
| Institute of Singapore Chartered Accountants        | International Business Chamber Cambodia        |
| ISOS                                                | Oil Spill Response Limited                     |
| Oil Industry Environmental Safety Group Association | Petroleum Exploration Society of Great Britain |
| Society of Petroleum Engineers                      | South East Asia Petroleum Exploration Society  |

### Security Practices

We take the safety and security of our people and assets seriously and in countries where additional security is required, we strive to make it readily available. KrisEnergy does not employ security personnel within the organisation. We contract third-party organisations to provide trained security forces for the Dhaka office and the onshore Bangora field operation, both in Bangladesh, where internal domestic security risks are higher than for other operations. In addition to compulsory training and drills such as, but not limited to, security, self-defence, vehicle and search procedures, fire-fighting and first-aid; we have ensured since 2018, our contractors provide basic human rights training to their employees working at KrisEnergy-operated site locations. To date 100.0% of contracted security personnel are trained under the Voluntary Principles on Security and Human Rights.

The basic human rights training includes an overview of the basic rights and freedoms to be provided so that everyone is treated fairly and with dignity, equality and respect. The role of security personnel deployed in KrisEnergy operations is highlighted along with the Code of Conduct. Conflict resolution is also discussed. Training on a monthly basis is conducted onsite field operations by the contractor's managers, which is reinforced by additional sessions every two months by instructors from Dhaka.

We intend to ensure that contracted security personnel uphold a high standard of appropriate conduct to third parties, particularly regarding the use of force to prevent human-rights' abuses or mishandling of employees, contractors and the local community. Our target is to ensure full training and compliance of the *Voluntary Principles on Security and Human Rights* met by our contractors and their employees.

### Local Communities

The upstream oil and gas industry has a multitude of inherent risks and the potential to impact local communities close to our operational sites. As such, we ensure full engagement with communities regarding our events and operations. The well-being and livelihoods of local communities are part of our daily concerns and assessments to ensure our impact is positive and sustainable. In 2018, KrisEnergy implemented a public grievance policy within the

organisation to provide a mechanism to raise our engagement with communities. Various pathways for the public to provide feedback have been established and communicated to the relevant stakeholders. This has continued in 2019 through our monitoring visits to the educational and women economic development projects we have in Sihanoukville in Cambodia. Feedback or requests are usually provided by individuals and the local authorities when monthly meetings are conducted with our local partner and also during krisEnergy's direct meetings on a quarterly basis. Plans for 2020 includes a dissemination of the grievance mechanism procedure to these groups during the project orientation meetings at the start of the project term.

Additionally, we embark on public participation, consultation and engagement before we conduct any operational activity be it onshore or offshore. We believe such forums and educational sessions are essential to communicate and provide technical substance and EHSS measures to stakeholders including local communities, local authorities, governments, shareholders, debt holders, partners and service providers.

### Corporate Social Responsibility ("CSR")

Our CSR projects target sustainability where our intended impact is to provide communities platforms to continue programs without aid in the longer term. We focus our CSR endeavours on education, healthcare and social development - specifically women's economic empowerment. We contribute to various educational programs and charities focusing on the needs and progression of children and women. We believe that education is an empowerment tool allowing everyone to contribute to the growth of the entire community and for future generations to come.

We distribute scholarships across our project areas to underprivileged meritorious students and we work with various non-governmental organisations ("NGOs") that support students through the enhancement of the quality of education, materials and learning environment.

In 2019, we continued our support with four high schools in the districts of Steunghav and Prey Nub in the coastal province of Sihanoukville, southwest Cambodia, which is the location of our future land-based operations. We once again worked together with the schools and identified areas for improvement in the educational programs. With KrisEnergy's support, we have continued with an upgraded English curriculum, and additional classes have been added to timetables. We also supported the Steunghav High School with a computer course and teacher to improve IT training. In addition, KrisEnergy funded awards to outstanding students based on merit in Hun Sen Prey Nub High School, and provided salary for one librarian in each of three high schools.



Students at the High School library in Cambodia

Under our social development goals, we continue support of the Strengthening Women Entrepreneurs (“SWE”) program, which assists women who work in local self-help groups, or Women Empowerment Groups (“WEGs”) in Sihanoukville, Cambodia. We reinforce training for WEGs in accounting and business planning, we help connect them with several local and larger business markets, and through a monitoring procedure, we ensure that the WEGs meet regularly and participate in district saving schemes. Together with several female community leaders, we advise ongoing WEG businesses to help them maintain a successful path. In 2019, we assist 17 WEGs with 382 members including 336 women participating, who together, have accumulated total savings of US\$228,785.



Quarterly mobile meetings in session with WEGs and local authorities present



Savings group in session conducting accounts and bookkeeping

The lack of adequate and sanitary healthcare is an ongoing crisis in many parts of the world including Asia. We work with several NGOs in Bangladesh to continue with existing or new healthcare camps in our local communities.

In 2019, we conducted, in partnership with Bangladesh Jatiya Andha Kalayan Somiti, a free eye-care camp for the local community in Bangora. Rural Bangladesh has little by way of cataract surgery due to the lack of facilities, poverty and education. The prevalence of blindness is omnipresent in locals aged 50 years and above. Cataracts is a condition responsible for 80.0% of blindness and the current cataract surgery coverage meets only one-third of the total needs of the country. As such the main objectives of the eye-care camp were to provide eye-care facilities to locals living near the Block 9 operational site. Activities included a free facility for diagnosis and treatment of cataracts and surgery for urgent cases requiring immediate attention. Patients requiring prescription eyewear and/or medications were provided without cost.



Eye-care camp in session

KrisEnergy engages annually with local communities on Bangladesh for tree plantation programs in which our staff also participate. Trees, fruit trees and saplings are distributed to the local community and landowners. In 2019, 350 saplings were planted and to date, the company has planted over 100,000 trees in Bangladesh.



Tree plantation program in Bangora

We believe the engagement of local communities and addressing issues via education and health camps will lead to improvements in quality of life.

Our CSR monitoring programs gather feedback to determine areas for improvement. We monitor trends, measure changes and capture knowledge to improve performance and increase transparency. Our monitoring attempts to ensure the sustainability of the programs in the long term and the impacts on those in the communities. We intend to continue our current projects in 2020.

### **Our Supply Chain**

Our supply chain includes administrative and operational businesses where we collaborate with local and foreign suppliers. We are bound by government regulations in the countries in which we operate, to undertake tender processes for certain works and services where multiple bids are received and assessed before a final award is made based on commercial, technical and social criteria. This process increases competitiveness and transparency for both the company and government.

Our offices in Bangladesh, Singapore and Thailand have established procurement teams who deal with contractors, suppliers and service providers for our operations. This may range from

refurbishment of vessels and contracting of drilling rigs and services to hiring of seismic acquisition providers and third-party independent environmental surveyors. From our administrative offices, we engage with companies that provide, amongst others, oil spill capabilities and EHSS assessments. It is our intention to contract local resources as long as all necessary EHSS conditions and appropriate training requirements are fulfilled.

Our approach is to source products/materials and services responsibly from suppliers, vendors and contractors where the provider is committed to the Company's ethics and Code of Conduct. As a general practice, we ensure that there is a minimum of three bidders for any project and all bidders must go through our vendor approval process.

We work with our suppliers and contractors throughout the lifecycle of a project. During a pre-qualification process, suppliers are required to complete an assessment for their EHSS and social criteria. We analyse their track record, EHSS and labour criteria and any certifications in key sustainable areas. This may range from ISO 45001 and ISO 14001 certifications or any other accreditations of equivalent value. Additionally, our Supplier Code of Conduct, EHSS standards and policies as well as relevant anti-bribery and corruption policies are provided at this stage.

EHSS is regarded as the top priority within KrisEnergy and therefore we engage with contractors and providers with a similar ethos. During the contracted period of activity, bridging documents are established to merge KrisEnergy's and the contractor's EHSS requirements. Contractors are expected to follow KrisEnergy's EHSS policies, procedures and standards. We regularly monitor suppliers' performance to ensure compliance to KrisEnergy's standards. We will continue to effect due diligence and incorporate our existing Supplier Code of Conduct in all new agreements with suppliers.

## Glossary

|                |                                                                                                                                                         |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| BOSIET         | Basic Offshore Safety Induction and Emergency Training.                                                                                                 |
| CSR            | Corporate Social Responsibility.                                                                                                                        |
| EHSMS          | Environmental, Health and Safety Management Systems.                                                                                                    |
| EHSS           | Environmental, Health, Safety and Security.                                                                                                             |
| EIA            | Environmental Impact Assessment.                                                                                                                        |
| FAC            | First Aid Cases.                                                                                                                                        |
| FY2019         | Full financial year up to 31 December 2019.                                                                                                             |
| GRI            | Global Reporting Initiative.                                                                                                                            |
| ISO 14001      | An international environmental management system standard certified by SGS International Certifications Services and accredited by the SAS or UKAS.     |
| ISO 17776-2016 | ISO Petroleum and Natural Gas Industries – Offshore Production Installations – major accident hazard management during the design of new installations. |

|           |                                                                                                                                                                     |
|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ISO 45001 | An international occupational health and safety management system standard overseen by SGS International Certifications Services and accredited by the SAS or UKAS. |
| ISOS      | International SOS.                                                                                                                                                  |
| LTIFR     | Lost Time Injury Frequency Rate. The number of lost time injuries per 1,000,000 hours worked.                                                                       |
| LTI(s)    | Loss time injury (injuries).                                                                                                                                        |
| MTC       | Medical Treatment Cases.                                                                                                                                            |
| NGO       | Non-governmental organisation.                                                                                                                                      |
| PTW       | Permit-to-Work.                                                                                                                                                     |
| RWDC      | Restricted Work Day Cases.                                                                                                                                          |
| SAS       | Swiss Accreditation Service.                                                                                                                                        |
| SGS       | SGS International Certifications Services.                                                                                                                          |
| SGX-ST    | Singapore Exchange Securities Trading Limited.                                                                                                                      |
| SWE       | Strengthening Women Entrepreneurs.                                                                                                                                  |
| TRIFR     | Total Recordable Injury Frequency Rate. The number of recordable injuries per 200,000 hours worked.                                                                 |
| UKAS      | UK Accreditation Service.                                                                                                                                           |
| WEG       | Women's Empowerment Group.                                                                                                                                          |

## GRI Content Index

| GRI Standard                                        | Disclosure                                                                                     | Page number(s) and/or URL(s)        |
|-----------------------------------------------------|------------------------------------------------------------------------------------------------|-------------------------------------|
| <b>GRI 101: Foundation 2016</b>                     |                                                                                                |                                     |
| <b>General Disclosures</b>                          |                                                                                                |                                     |
| <b>GRI 102: General Disclosures 2016</b>            | <b>Organizational profile</b>                                                                  |                                     |
|                                                     | 102-1 Name of the organization                                                                 | AR: Front Cover                     |
|                                                     | 102-2 Activities, brands, products, and services                                               | AR: Page 3-6                        |
|                                                     | 102-3 Location of headquarters                                                                 | AR: Page 3, 212                     |
|                                                     | 102-4 Location of operations                                                                   | AR: Page 3-4, 13-17, 212            |
|                                                     | 102-5 Ownership and legal form                                                                 | AR: Page 33-34, 156-157             |
|                                                     | 102-6 Markets served                                                                           | AR: Page 3-4, 13-17                 |
|                                                     | 102-7 Scale of the organization                                                                | AR: Page 3-4, 13-17, 26-34          |
|                                                     | 102-8 Information on employees and other workers                                               | AR: Page 3, 31-32; SR: Page 182-183 |
|                                                     | 102-9 Supply chain                                                                             | SR: Page 192-193                    |
|                                                     | 102-10 Significant changes to the organization and its supply chain                            | None                                |
|                                                     | 102-11 Precautionary Principle or approach                                                     | SR: Page 186                        |
|                                                     | 102-12 External initiatives                                                                    | SR: Page 186                        |
|                                                     | 102-13 Membership of associations                                                              | SR: Page 189                        |
|                                                     | <b>Strategy</b>                                                                                |                                     |
|                                                     | 102-14 Statement from senior decision-maker                                                    | SR: Page 177-178                    |
|                                                     | <b>Ethics and integrity</b>                                                                    |                                     |
|                                                     | 102-16 Values, principles, standards, and norms of behavior                                    | SR: Page 178-179                    |
|                                                     | <b>Governance</b>                                                                              |                                     |
|                                                     | 102-18 Governance structure                                                                    | AR: Page 28-57; SR: Page 179-180    |
|                                                     | <b>Stakeholder engagement</b>                                                                  |                                     |
|                                                     | 102-40 List of stakeholder groups                                                              | SR: Page 188                        |
|                                                     | 102-41 Collective bargaining agreements                                                        | SR: Page 182                        |
|                                                     | 102-42 Identifying and selecting stakeholders                                                  | SR: Page 188                        |
|                                                     | 102-43 Approach to stakeholder engagement                                                      | SR: Page 188                        |
|                                                     | 102-44 Key topics and concerns raised                                                          | SR: Page 188                        |
|                                                     | <b>Reporting practice</b>                                                                      |                                     |
|                                                     | 102-45 Entities included in the consolidated financial statements                              | AR: Page 127-129                    |
|                                                     | 102-46 Defining report content and topic Boundaries                                            | SR: Page 181                        |
|                                                     | 102-47 List of material topics                                                                 | SR: Page 181                        |
|                                                     | 102-48 Restatements of information                                                             | None                                |
|                                                     | 102-49 Changes in reporting                                                                    | None                                |
|                                                     | 102-50 Reporting period                                                                        | AR: Front Cover                     |
|                                                     | 102-51 Date of most recent report                                                              | 1 April 2019                        |
|                                                     | 102-52 Reporting cycle                                                                         | SR: Page 177                        |
|                                                     | 102-53 Contact point for questions regarding the report                                        | SR: Page 177                        |
|                                                     | 102-54 Claims of reporting in accordance with the GRI Standards                                | SR: Page 177                        |
|                                                     | 102-55 GRI content index                                                                       | SR: Page 195                        |
|                                                     | 102-56 External assurance                                                                      | None                                |
| GRI Standard                                        | Disclosure                                                                                     | Page number(s) and/or URL(s)        |
| <b>Material Topics</b>                              |                                                                                                |                                     |
| <b>GRI 200 Economic Standard Series</b>             |                                                                                                |                                     |
| <b>Anti-corruption</b>                              |                                                                                                |                                     |
| <b>GRI 103: Management Approach 2016</b>            | 103-1 Explanation of the material topic and its Boundary                                       | SR: Page 180                        |
|                                                     | 103-2 The management approach and its components                                               | SR: Page 180-181                    |
|                                                     | 103-3 Evaluation of the management approach                                                    | SR: Page 181                        |
| <b>GRI 205: Anti-corruption 2016</b>                | 205-2 Communication and training about anti-corruption policies and procedures                 | SR: Page 180                        |
|                                                     | 205-3 Confirmed incidents of corruption and actions taken                                      | SR: Page 181                        |
| <b>GRI 300 Environmental Standards Series</b>       |                                                                                                |                                     |
| <b>Energy</b>                                       |                                                                                                |                                     |
| <b>GRI 103: Management Approach 2016</b>            | 103-1 Explanation of the material topic and its Boundary                                       |                                     |
|                                                     | 103-2 The management approach and its components                                               | SR: Page 186-187                    |
|                                                     | 103-3 Evaluation of the management approach                                                    |                                     |
| <b>GRI 302: Energy 2016</b>                         | 302-1 Energy consumption within the organization                                               | SR: Page 187-188                    |
| <b>Environmental Compliance</b>                     |                                                                                                |                                     |
| <b>GRI 103: Management Approach 2016</b>            | 103-1 Explanation of the material topic and its Boundary                                       |                                     |
|                                                     | 103-2 The management approach and its components                                               |                                     |
|                                                     | 103-3 Evaluation of the management approach                                                    | SR: Page 186                        |
| <b>GRI 307: Environmental Compliance 2016</b>       | 307-1 Non-compliance with environmental laws and regulations                                   |                                     |
| <b>GRI 400 Social Standards Series</b>              |                                                                                                |                                     |
| <b>Occupational Health and Safety</b>               |                                                                                                |                                     |
| <b>GRI 103: Management Approach 2016</b>            | 103-1 Explanation of the material topic and its Boundary                                       |                                     |
|                                                     | 103-2 The management approach and its components                                               | SR: Page 183-185                    |
|                                                     | 103-3 Evaluation of the management approach                                                    |                                     |
| <b>GRI 403: Occupational Health and Safety 2018</b> | 403-1 Occupational health and safety management system                                         | SR: Page 183                        |
|                                                     | 403-2 Hazard identification, risk assessment, and incident investigation                       | SR: Page 183-184                    |
|                                                     | 403-4 Worker participation, consultation and communication on occupational health and safety   | SR: Page 184                        |
|                                                     | 403-5 Worker training on occupational health and safety                                        | SR: Page 184                        |
|                                                     | 403-9 Work-related injuries                                                                    | SR: Page 185                        |
| <b>Security Practices</b>                           |                                                                                                |                                     |
| <b>GRI 103: Management Approach 2016</b>            | 103-1 Explanation of the material topic and its Boundary                                       |                                     |
|                                                     | 103-2 The management approach and its components                                               |                                     |
|                                                     | 103-3 Evaluation of the management approach                                                    | SR: Page 189                        |
| <b>GRI 410: Security Practices 2016</b>             | 410-1 Security personnel trained in human rights policies or procedures                        |                                     |
| <b>Local Communities</b>                            |                                                                                                |                                     |
| <b>GRI 103: Management Approach 2016</b>            | 103-1 Explanation of the material topic and its Boundary                                       |                                     |
|                                                     | 103-2 The management approach and its components                                               |                                     |
|                                                     | 103-3 Evaluation of the management approach                                                    | SR: Page 189-192                    |
| <b>GRI 413: Local Communities 2016</b>              | 413-1 Operations with local community engagement, impact assessments, and development programs |                                     |
| <b>Supplier Social Assessment</b>                   |                                                                                                |                                     |
| <b>GRI 103: Management Approach 2016</b>            | 103-1 Explanation of the material topic and its Boundary                                       |                                     |
|                                                     | 103-2 The management approach and its components                                               |                                     |
|                                                     | 103-3 Evaluation of the management approach                                                    | SR: Page 192-193                    |
| <b>GRI 414: Supplier Social Assessment 2016</b>     | 414-1 New suppliers that were screened using social criteria                                   |                                     |

**KRISENERGY LTD.**  
(Company Registration Number: 231666)  
(Incorporated in the Cayman Islands on 5 October 2009)

**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Seventh Annual General Meeting of KrisEnergy Ltd. (the “Company”) will be held by way of electronic means (see Notes 1 to 4) on 29 June 2020 at 9.00 a.m. (Singapore time) to transact the following business (the “Annual General Meeting”).

| <b>A</b> | <b>Ordinary Business</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>Ordinary Resolution</b> |
|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| <b>1</b> | To receive and adopt the Directors’ Report and Audited Financial Statements for the financial year ended 31 December 2019 and the Auditor’s Report thereon.                                                                                                                                                                                                                                                                                                                      | <b>Resolution 1</b>        |
| <b>2</b> | To re-elect Mr. Bernard Castanet, a Director retiring pursuant to Article 118 of the Company’s Articles of Association, and who, being eligible, offers himself for re-election as a Director of the Company.<br><br>[See Explanatory note 1]                                                                                                                                                                                                                                    | <b>Resolution 2</b>        |
| <b>3</b> | To re-elect Mr. John Koh, 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.<br><br>[See Explanatory note 1]                                                                                                                                                                                                                                            | <b>Resolution 3</b>        |
| <b>4</b> | To approve the sum of US\$444,375 (S\$606,505) to be paid to all Non-Executive Directors as Directors’ fees for the financial year ended 31 December 2019 (2018: US\$592,500 (S\$814,658)).<br><br>[See Explanatory note 2]                                                                                                                                                                                                                                                      | <b>Resolution 4</b>        |
| <b>5</b> | To re-appoint Deloitte & Touche LLP as Auditors of the Company and to authorize the Directors to fix their remuneration.                                                                                                                                                                                                                                                                                                                                                         | <b>Resolution 5</b>        |
| <b>B</b> | <b>Special Business</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Ordinary Resolution</b> |
|          | To consider and, if thought fit, pass with or without modifications, the following resolutions as Ordinary Resolutions:                                                                                                                                                                                                                                                                                                                                                          |                            |
| <b>6</b> | <b>Authority to issue shares</b><br>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:<br><br>(1) (i) issue shares in the capital of the Company (the “Shares”) (whether by way of rights, bonus or otherwise); and/or<br>(ii) make or grant offers, agreements or options that might or would require Shares to be issued, including but not | <b>Resolution 6</b>        |

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]

- 7 To transact any other business as may be properly transacted at an annual general meeting.

By Order of the Board  
**KrisEnergy Ltd.**

Sally Ting / Jennifer Lee  
Joint Company Secretaries  
Singapore, 5 June 2020

## Notes:

1. **Alternative Arrangements.** This Annual General Meeting is being convened and will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. All documents (including the 2019 Annual Report, instrument for the appointment of proxy ("proxy form") and this Notice of Annual General Meeting) or information relating to the business of this Annual General Meeting have been, or will be, published on SGXNet and the Company's website at [www.krisenergy.com](http://www.krisenergy.com). Printed copies of the documents will not be despatched to members. Members and investors are advised to check SGXNet and/or the Company's website regularly for any updates.

Alternative arrangements relating to, among others, attendance, submission of question in advance and/or voting by proxy at the Annual General Meeting are set out in the Company's announcement dated 5 June 2020 entitled "Instructions to Shareholders for the Seventh Annual General Meeting of KrisEnergy Ltd." which has been uploaded together with this Notice of Annual General Meeting on SGXNet on the same day.

In particular, a member will be able to watch the proceedings of the Annual General Meeting through a "live" webcast via his/her/its mobile phones, tablets or computers or listen to these proceedings through a "live" audio-only stream via telephone. In order to do so, a member who wishes to watch the "live" webcast or listen to the "live" audio-only stream must pre-register via the following link: <https://bit.ly/KRISENERGY-GENERAL-MEETINGS> by no later than **9.00 a.m. on 26 June 2020**. Following authentication of his/her/its status as members, authenticated members will receive email instructions on how to access the webcast and audio-only stream of the proceedings of the Annual General Meeting by 28 June 2020.

Members will not be able to ask questions "live" during the broadcast of this Annual General Meeting. All members may submit questions related to the resolutions to be tabled for approval at the Annual General Meeting by email to [krisenergy@krisenergy.com](mailto:krisenergy@krisenergy.com), or in hard copy by post to the office of the Company's share transfer agent, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902, **by no later than 9.00 a.m. on 26 June 2020**.

2. **Members.** Due to the current COVID-19 restriction orders in Singapore, a member will not be allowed to attend the Annual General Meeting in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the Annual General Meeting. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the Annual General Meeting. The proxy form may be accessed at the Company's website at [www.krisenergy.com](http://www.krisenergy.com). The Chairman of the Meeting, as proxy, need not be a member of the Company. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.

In the case of a member whose Shares are entered against his/her name in the Depository Register (as defined in Part IIIA of the Securities and Futures Act, Chapter 289 of Singapore), the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if such member, being the appointer, is not shown to have Shares against his/her name in the Depository Register as at 72 hours before the time appointed for holding this Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

3. **Deposit of Instrument of Proxy.** The proxy form appointing the Chairman of the Meeting as proxy (together with the power of attorney, if any, under which it is signed or a certified copy thereof) must be submitted to the Company in the following manner:
  - (a) if sent personally or by post, be deposited at the office of the Company's share transfer agent, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902; or
  - (b) if submitted by email, be received by M & C Services Private Limited at [gpb@mncsingapore.com](mailto:gpb@mncsingapore.com),

in either case, by no later than **9.00 a.m. on 26 June 2020, being 72 hours before the time appointed for holding this Annual General Meeting**, and in default the proxy form shall not be treated as valid.

4. **Personal Data Privacy.** By submitting a proxy form appointing the Chairman of the Meeting as proxy to vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company, or as the case may be, a Depositor consents to the collection, use and disclosure of the member'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 the appointment of the Chairman of the Meeting as proxy 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, take-over rules, regulations and/or guidelines.

#### Explanatory Notes:

1. **Resolutions 2 and 3.** Detailed information on these Directors can be found in the sections entitled “Board of Directors” and “Additional Information on Directors Seeking Re-appointment” of the Company’s 2019 Annual Report.
  - (a) Mr. John Koh, upon re-election as a Director of the Company, will remain as Chairman of the Audit & Risk Management Committee, and a member of each of the Remuneration Committee and the Executive Committee. Mr. John Koh is considered to be independent by the Board for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.
  - (b) Mr. Bernard Castanet, upon re-election as a Director of the Company, will remain as a member of each of the Audit & Risk Management Committee and the Nominating Committee.
2. **Resolution 4.** SGD to USD exchange rates of 1.36:1 and 1.37:1 were used for the financial years ended 31 December 2019 and 31 December 2018, respectively.
3. **Resolution 6.** Resolution 6 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 6). The aggregate number of Shares which may be issued pursuant to Resolution 6 (including new Shares to be issued in pursuance of Instruments made or granted pursuant to Resolution 6) 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 6, 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 6 is passed; and (ii) any subsequent bonus issue, consolidation or subdivision of Shares.

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

The following additional information on Mr. John Koh and Mr. Bernard Castanet, both of whom are seeking re-appointment as Directors at the forthcoming Seventh Annual General Meeting, is to be read in conjunction with their respective biographies in the section entitled “Board of Directors” of this Annual Report.

| <b>Name of Director</b>                                                                                                   | <b>Mr. John Koh</b>                                                                                                                                                                                                                                                                                    | <b>Mr. Bernard Castanet</b>                                                                                                                                                                                                                                                                                      |
|---------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date of last re-appointment (if applicable)                                                                               | 24 April 2017                                                                                                                                                                                                                                                                                          | N/A                                                                                                                                                                                                                                                                                                              |
| Country of principal residence                                                                                            | Singapore                                                                                                                                                                                                                                                                                              | Singapore                                                                                                                                                                                                                                                                                                        |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The re-election of Mr. Koh as an Independent Non-Executive Director was recommended by the Nominating Committee and the Board has accepted the recommendation, taking into consideration Mr. Koh's qualifications, expertise, past experiences and overall contribution since his initial appointment. | The re-election of Mr. Castanet as an Independent Non-Executive Director was recommended by the Nominating Committee and the Board has accepted the recommendation, taking into consideration Mr. Castanet's qualifications, expertise, past experiences and overall contribution since his initial appointment. |
| Whether appointment is executive, and if so, the area of responsibility                                                   | No                                                                                                                                                                                                                                                                                                     | No                                                                                                                                                                                                                                                                                                               |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)                                                                     | Independent Non-Executive Director<br>Audit and Risk Management Committee (Chairman)<br>Remuneration Committee (Member)<br>Executive Committee (Member)                                                                                                                                                | Independent Non-executive Director<br>Audit & Risk Management Committee (Member)<br>Nominating Committee (Member)                                                                                                                                                                                                |
| Working experience and occupation(s) during the past 10 years                                                             | <b>2010 – 2015:</b><br>KrisEnergy Ltd (Director)<br>NSL Limited (Director)<br>Mapletree Industrial Fund Ltd (Director)<br>Mapletree Industrial Trust Management Ltd (Director)                                                                                                                         | <b>2010 – 2015:</b><br>Perenco Holdings Singapore (Chief Representative)<br>Perenco Vietnam (Cuu Long Joint Operating Company) (Perenco Coordinator QHSE)<br>Multiple Perenco Group companies (Director)                                                                                                         |

| Name of Director                                                                                                                                                                                                           | Mr. John Koh                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Mr. Bernard Castanet                                                                                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                            | <p>Bernard Quaritch Limited (Director)<br/> National Library Board, Singapore (Director)<br/> Worldwide Books Corporation (Director)<br/> Artfx Fine Art Services Ltd (Director)<br/> Artpac Management Ltd (Director)<br/> BMH Management Pte Ltd (Director)<br/> Brandmine Properties Ltd (Director)<br/> China Lumena New Materials Corp (Director)<br/> Mission Impossible Pte Ltd (Director)<br/> School of the Arts, Singapore (Director)<br/> Genphar, Inc (Director)<br/> Mapp Editions Ltd (Director)<br/> Arbutus International Ltd<br/> Afa Management LLC<br/> Easy Capital Ltd<br/> Straits Capital Investments Ltd<br/> Mandra Forestry Finance Limited (Director)<br/> Mandra Forestry Holdings Limited (Director)</p> <p><b>2015 – 2019:</b> Please refer to Mr. Koh's biography in the section entitled "Board of Directors"</p> | <p><b>2015 – 2019:</b> Please refer to Mr. Castanet's biography in the section entitled "Board of Directors"</p> |
| Shareholding interest in the listed issuer and its subsidiaries                                                                                                                                                            | <p>Direct interest: 142,000<br/> Deemed interest: Nil</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <p>Direct interest: 10,000<br/> Deemed interest: Nil</p>                                                         |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | No                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | No                                                                                                               |
| Conflict of interest (including any competing business)                                                                                                                                                                    | No                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | No                                                                                                               |

| Name of Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Mr. John Koh | Mr. Bernard Castanet                                                                                                                                                                                                                                                                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Undertaking (in the format set out in <a href="#">Appendix 7.7</a> ) under <a href="#">Rule 720</a> (1) has been submitted to the listed issuer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Yes          | Yes                                                                                                                                                                                                                                                                                       |
| <b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</b>                                                                                                                                                                                                                                                                                                                                                          |              |                                                                                                                                                                                                                                                                                           |
| (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?                                                                                                                                                                                                                                                                                                                             | No           | There is no change to the responses previously disclosed by Mr. Castanet under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual which were all “No”. The Appendix 7.4.1 information in respect of Mr. Castanet’s appointment as director was announced on 18 October 2019. |
| (b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No           |                                                                                                                                                                                                                                                                                           |
| (c) Whether there is any unsatisfied judgment against him?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | No           |                                                                                                                                                                                                                                                                                           |

| Name of Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Mr. John Koh | Mr. Bernard Castanet |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------------|
| (d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?                                                                                                                                                                                                                                                         | No           |                      |
| (e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?                                                                                                                                                                                         | No           |                      |
| (f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No           |                      |

| Name of Director                                                                                                                                                                                                                                     | Mr. John Koh | Mr. Bernard Castanet |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------------|
| (g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?                                                                                      | No           |                      |
| (h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No           |                      |
| (i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?                          | No           |                      |
| (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—                                                                                                            | No           |                      |
| (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or                                                                                               | No           |                      |
| (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such                                                                                                               | No           |                      |

| Name of Director                                                                                                                                                                                                                                                                                                    | Mr. John Koh | Mr. Bernard Castanet |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------------|
| entities in Singapore or elsewhere;<br>or                                                                                                                                                                                                                                                                           |              |                      |
| (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or                                                                                                                                                      | No           |                      |
| (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,                                                                                                                       | No           |                      |
| in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?                                                                                                                                                                                   | No           |                      |
| (k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No           |                      |

## Board of Directors

### Tan Ek Kia

Independent Non-Executive Chairman

### Chris Ong Leng Yeow

Non-Executive Director

### Alan Nisbet

Non-Executive Independent Director

### Kelvin Tang

Chief Executive Officer, Executive Director and President, Cambodia

### John Koh

Non-Executive Independent Director

### Bernard Castanet

Non-Executive Independent Director

## Audit and Risk Management Committee

John Koh | Chairman

Tan Ek Kia

Alan Nisbet

Bernard Castanet

## Nominating Committee

Tan Ek Kia | Chairman

Chris Ong Leng Yeow

Bernard Castanet

## Remuneration Committee

Alan Nisbet | Chairman

John Koh

Chris Ong Leng Yeow

## Executive Committee

Tan Ek Kia | Chairman

John Koh

Kelvin Tang

## Joint Company Secretaries

Sally Ting

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

## Auditors

### Deloitte & Touche LLP

Public Accountants and Chartered Accountants  
6 Shenton Way, OUE Downtown 2, #33-00 Singapore 068809

## Singapore Office

83 Clemenceau Avenue, #10-05 UE Square, Singapore 239920

T: +65 6838 5430 | F: +65 6538 3622

## Audit Partner

### Yang Chi Chih

Year Appointed: 2017

Public Accountants and Chartered Accountants

6 Shenton Way, OUE Downtown 2, #33-00 Singapore 068809

## Share Transfer Agent

### M&C Services Private Limited

112 Robinson Road, #05-01, Singapore 068902

## 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.

|                             |                                                                                                                                                                                                                                                                                                     |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1C</b>                   | Low estimate scenario of contingent resources.                                                                                                                                                                                                                                                      |
| <b>1P</b>                   | Equivalent to proved reserves; denotes low estimate scenario of reserves.                                                                                                                                                                                                                           |
| <b>2022 Notes</b>           | S\$130 million fixed-rate notes due June 2022.                                                                                                                                                                                                                                                      |
| <b>2023 Notes</b>           | S\$200 million fixed-rate notes due August 2023.                                                                                                                                                                                                                                                    |
| <b>2024 ZCNs</b>            | Senior secured zero coupon notes due 2024.                                                                                                                                                                                                                                                          |
| <b>2C</b>                   | Best estimate scenario of contingent resources.                                                                                                                                                                                                                                                     |
| <b>2P</b>                   | Equivalent to proved plus probable reserves; denotes best estimate scenario of reserves.                                                                                                                                                                                                            |
| <b>3C</b>                   | High estimate scenario of contingent resources.                                                                                                                                                                                                                                                     |
| <b>3D seismic data</b>      | 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.                                                                                                   |
| <b>3P</b>                   | Equivalent to proved plus probable plus possible reserves; denotes high estimate scenario of reserves.                                                                                                                                                                                              |
| <b>basin</b>                | Areas where sedimentary rocks have accumulated over time, which are regarded as good prospects for oil and gas exploration.                                                                                                                                                                         |
| <b>bbl</b>                  | Barrel.                                                                                                                                                                                                                                                                                             |
| <b>boe</b>                  | Barrel of oil equivalent.                                                                                                                                                                                                                                                                           |
| <b>boepd</b>                | Barrel(s) of oil equivalent per day.                                                                                                                                                                                                                                                                |
| <b>hopd</b>                 | Barrel(s) of oil per day.                                                                                                                                                                                                                                                                           |
| <b>Bridge Upsize</b>        | US\$20 million additional commitment provided by DBS under the RCF.                                                                                                                                                                                                                                 |
| <b>CFO</b>                  | Chief Financial Officer.                                                                                                                                                                                                                                                                            |
| <b>CMT</b>                  | Crisis Management Team.                                                                                                                                                                                                                                                                             |
| <b>contingent resources</b> | 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.                                       |
| <b>DBS</b>                  | DBS Bank Ltd.                                                                                                                                                                                                                                                                                       |
| <b>DD&amp;A</b>             | Depreciation, depletion and amortisation.                                                                                                                                                                                                                                                           |
| <b>DMO</b>                  | Domestic Market Obligation.                                                                                                                                                                                                                                                                         |
| <b>EBITDAX</b>              | 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. Excluding geological and geophysical expenses and provides the true EBITDA of the firm. |
| <b>EGM</b>                  | <b>Extraordinary general meeting</b>                                                                                                                                                                                                                                                                |
| <b>EHSS</b>                 | Environmental, Health, Safety and Security.                                                                                                                                                                                                                                                         |
| <b>EPT</b>                  | Excess profit tax.                                                                                                                                                                                                                                                                                  |
| <b>Executive Director</b>   | A Director of our Group who performs an executive function.                                                                                                                                                                                                                                         |
| <b>FOB</b>                  | Free-on-board.                                                                                                                                                                                                                                                                                      |
| <b>FSO</b>                  | Floating, storage and offloading vessel.                                                                                                                                                                                                                                                            |
| <b>FTP</b>                  | First Tranche Petroleum.                                                                                                                                                                                                                                                                            |
| <b>GDSPNTR</b>              | General Department of State Property and Non Tax Revenue.                                                                                                                                                                                                                                           |
| <b>gross reserves</b>       | The total volume of oil and/or gas anticipated to be commercially produced in the future.                                                                                                                                                                                                           |
| <b>IAS 17</b>               | IAS 17 <i>Leases</i> .                                                                                                                                                                                                                                                                              |
| <b>IFRS</b>                 | International Financial Reporting Standards.                                                                                                                                                                                                                                                        |

# Glossary

|                             |                                                                                                                                                                                                                                                                                                       |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>IFRS 16</b>              | IFRS 16 <i>Leases</i> .                                                                                                                                                                                                                                                                               |
| <b>ISO 14001</b>            | An international environmental management system standard certified by SGS International Certifications Services and accredited by the Swiss Accreditation service or UK Accreditation Service.                                                                                                       |
| <b>ISO 45001</b>            | An international occupational health and safety management system standard overseen by SGS International Certifications Services and accredited by the Swiss Accreditation Service or UK Accreditation Service.                                                                                       |
| <b>Keppel</b>               | Keppel Corporation Limited.                                                                                                                                                                                                                                                                           |
| <b>km</b>                   | Kilometre.                                                                                                                                                                                                                                                                                            |
| <b>lifting costs</b>        | Costs to operate and maintain oil and gas wells and related equipment, and facilities to bring oil and gas to the surface.                                                                                                                                                                            |
| <b>LTI</b>                  | Loss time injury.                                                                                                                                                                                                                                                                                     |
| <b>mcf</b>                  | Thousand cubic feet.                                                                                                                                                                                                                                                                                  |
| <b>MD</b>                   | Measured depth, describes the length of the borehole of a well.                                                                                                                                                                                                                                       |
| <b>mm</b>                   | Million.                                                                                                                                                                                                                                                                                              |
| <b>mmboe</b>                | Million barrels of oil equivalent.                                                                                                                                                                                                                                                                    |
| <b>mmcfd</b>                | Million cubic feet per day.                                                                                                                                                                                                                                                                           |
| <b>MOPU</b>                 | Mobile offshore production unit.                                                                                                                                                                                                                                                                      |
| <b>NEBOSH</b>               | National Examination Board in Occupational Safety and Health.                                                                                                                                                                                                                                         |
| <b>Notes</b>                | 2022 Notes, 2023 Notes and the 2024 ZCNs.                                                                                                                                                                                                                                                             |
| <b>Notes Exchange Gain</b>  | Pursuant to the financial restructuring in 2017, the Group recognised a one-off, non-cash fair value gain on exchange of the 2022 Notes and 2023 Notes as the Notes were recognised at a discount to par value upon exchange.                                                                         |
| <b>NSAI</b>                 | Netherland, Sewell & Associates, Inc.                                                                                                                                                                                                                                                                 |
| <b>PCPI</b>                 | Piezo Cone Presentation Tests.                                                                                                                                                                                                                                                                        |
| <b>possible reserves</b>    | Those additional reserves which analysis of geoscience and engineering data suggests are less likely to be recoverable than probable reserves.                                                                                                                                                        |
| <b>probable reserves</b>    | Those additional reserves which are less likely to be recoverable than proved reserves but more certain to be recovered than possible reserves.                                                                                                                                                       |
| <b>proved reserves</b>      | 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. |
| <b>PSC</b>                  | 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.                                                                                           |
| <b>QPR</b>                  | Qualified person's report.                                                                                                                                                                                                                                                                            |
| <b>RCF</b>                  | Revolving Credit Facility.                                                                                                                                                                                                                                                                            |
| <b>reserves</b>             | 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.                                                                                                            |
| <b>resources</b>            | All quantities of petroleum (recoverable and unrecoverable) naturally occurring on or within the Earth's crust, discovered and undiscovered, plus those quantities already produced.                                                                                                                  |
| <b>SGX-ST</b>               | Singapore Exchange Securities Trading Limited.                                                                                                                                                                                                                                                        |
| <b>Singapore High Court</b> | High Court of the Republic of Singapore.                                                                                                                                                                                                                                                              |
| <b>sq. km</b>               | Square kilometre.                                                                                                                                                                                                                                                                                     |
| <b>TVDSS</b>                | Total vertical depth subsea.                                                                                                                                                                                                                                                                          |
| <b>TVT</b>                  | True vertical thickness.                                                                                                                                                                                                                                                                              |
| <b>Warrants</b>             | Detachable warrants issued pursuant to the preferential offering of the 2024 ZCNs, each warrant carrying the right to subscribe for one new share.                                                                                                                                                    |
| <b>work program</b>         | An annual budget program that defines the seismic, well drilling and facilities construction plans.                                                                                                                                                                                                   |
| <b>working interest</b>     | 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.                     |

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## KrisEnergy Regional Offices

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### Bangladesh

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Nb Tower, Level 12 , 40/7  
North Avenue, Gulshan 2  
Dhaka 1212

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### Cambodia

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No. 28, Street 310  
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Phnom Penh, P.O. Box 1619

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### Indonesia

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Talavera Office Park  
3rd Floor, Jalan Letjend TB.  
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Jakarta 12430

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### Singapore

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83 Clemenceau Avenue  
#10–05, UE Square  
Singapore 239920

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### Thailand

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7F, Athenee Tower, No. 63  
Wireless Road, Lumpini, Pathumwan  
Bangkok 10330

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### Vietnam

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18F, Bitexco Financial Tower, No. 2  
Hai Trieu Street, Dist. 1  
Ho Chi Minh City