



KrisEnergy Ltd. FY2017 financial and operational update

- Average realised oil price rises 59.0% to US\$49.26/bbl
- Net cash flow from operations US\$23.1 million
- Gross margin improves to the best level since 2014
- Impairments, write-offs and finance costs result in US\$139.2 million net loss after tax

Singapore, 1 March 2018 – KrisEnergy Ltd. (“KrisEnergy” or “the Company”), an independent upstream oil and gas company, today announces unaudited results for the full year ended 31 December 2017 (“FY2017”), and provides an operational update.

For the year ended 31 December			
	2017	2016	%
Production volumes (boepd)	12,745	16,136	(21.0)
<i>Oil and liquids (bopd)</i>	<i>7,066</i>	<i>10,146</i>	<i>(30.4)</i>
<i>Gas (mmcf)</i>	<i>34.1</i>	<i>35.9</i>	<i>(5.0)</i>
Revenue (US\$million)	140.7	142.8	(1.5)
EBITDAX¹ (US\$million)	26.8	51.1	(47.5)
Average sales price			
<i>Oil and liquids (US\$/bbl)</i>	<i>49.26</i>	<i>30.99</i>	<i>59.0</i>
<i>Gas – B8/32 & B9A (US\$/mcf)</i>	<i>3.98</i>	<i>3.60</i>	<i>10.5</i>
<i>Gas – Block 9 (US\$/mcf)</i>	<i>2.32</i>	<i>2.32</i>	<i>-</i>
Average lifting costs (US\$/boe)	17.69	13.85	(27.7)

A 59.0% increase in the annual average realised crude oil price to US\$49.26 per barrel bolstered revenue to US\$140.7 million in FY2017, relatively flat to year-ago levels of US\$142.8 million, and despite a 21.0% decrease in the Group’s oil and gas production to 12,745 barrels of oil equivalent per day (“boepd”). The production gap from 16,136 boepd in the 2016 period, was primarily due to natural decline and mechanical issues associated with earlier deviated wells at the Wassana oil field in G10/48 coupled with the deferment of infill drilling in the Gulf of Thailand field to the fourth quarter of 2017 from an original schedule of the first half of the year. The drilling of six Wassana infill

¹ Earnings before interest, tax, depreciation, amortisation, geological and geophysical expenses and exploration expenses (“EBITDAX”)



wells was completed in February 2018 and optimisation of flow rates is underway with the expectation that production will reach 7,000 barrels of oil per day ("bopd").

Lower production and asset carrying values following impairment charges recognised in FY2016 contributed to the 53.8% decrease in depreciation, depletion and amortisation charges amounting to US\$48.3 million (FY2016: US\$104.5 million), which together with the relatively flat revenue stream and operating expenditures year-on-year, resulted in the Group's highest gross margin since 2014 at a gross loss of US\$3.5 million compared with a gross loss of US\$62.1 million a year ago.

Portfolio management and impairment

A capital markets restructuring was undertaken in late 2016/early 2017 and the Group's business strategy was reset to focus capital resources on producing assets, short-cycle development projects in the core Gulf of Thailand area and any mandatory commitment work under the Company's licences. As a result of the realignment, KrisEnergy farmed out a 21.6666% working interest in the Block A Aceh production sharing contract ("PSC") in April 2017 and reduced its holding to 15.0%. In the fourth quarter 2017, it was further decided to cease participation in the Block A Aceh gas project to preserve cash flow and reduce the Company's risk exposure. The Company is awaiting Government of Indonesia approval for the takeover of its residual working interest.

As a result of the Block A Aceh cessation, the Group incurred a US\$120.7 million charge relating to non-cash impairment and write down during 2017. An additional write down for the relinquishment of the Kutai PSC and higher finance costs associated with the capital markets restructuring, resulted in a Group net loss after tax of US\$139.2 million. Net cash flow from operations improved during 2017, amounting to US\$23.1 million versus net cash flow used in operating activities of US\$4.3 million for the 2016 financial year.

Kelvin Tang, Chief Executive Officer, commented: "Although we welcomed the steady improvement in oil prices throughout 2017, the markets' gyrations in the first two months of 2018 continue to test confidence in the upstream sector and management's ability to plan and commit to capital expenditure. In this uncertain environment, our emphasis will remain on safeguarding our balance sheet through cost control, focusing capital expenditure towards committed expenditures whilst at the same time, continuing to maximise oil and gas production.

"We continue to high grade our core development assets and we are encouraged by the progress being made to implement fully integrated funding solutions, specifically for the Apsara development in Cambodia Block A. The Apsara development was significantly de-risked in 2017 with the signing of the formal petroleum agreement and production permit, and the subsequent final investment decision, all of which provided for the reclassification of 2C resources to 2P reserves at the end of the year. We remain on track and committed deliver first oil in the Kingdom of Cambodia in 2019.

"In addition, we continue to discuss opportunities to farm-down our working interest in parallel with financing solutions to attract maximum valuations. Farm-out discussions have been hampered in the last 24 months largely due to turbulent oil markets, which have impacted valuations as well as access to financing. Stress tests on our developments under multiple oil price scenarios indicate that current market valuations support full commercial development."



Net financing costs

Cash and non-cash finance costs increased to US\$53.8 million (FY2016: US\$33.3 million) following the capital markets restructuring. Material non-cash finance costs will continue to be reported until the maturity or redemption of the Notes due 2022 (the “2022 Notes”) and the Notes due 2023 (the “2023 Notes”). Total borrowings as at 31 December 2017 were US\$424.6 million, comprising the Group’s revolving credit facility of US\$148.3 million, the S\$130.0 million 2022 Notes, the S\$200.0 million 2023 Notes, the US\$34.5 million unsecured term loan maturing 2022 and the S\$139.5 million Notes due 2024. As at 31 December 2017, the Group’s gearing was 73.5%.

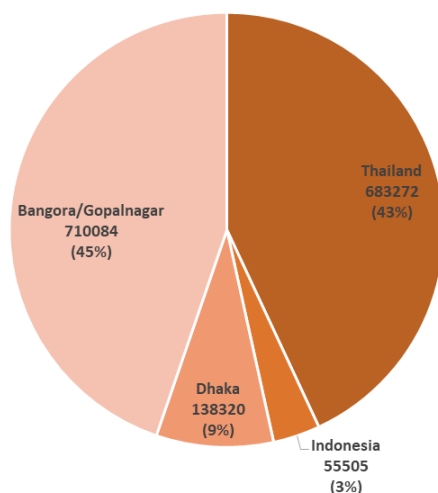
Capital expenditure

Total working interest capital expenditure in 2017, excluding non-cash items, amounted to US\$68.7 million, compared with a mid-year forecast of US\$110.3 million. The variance was largely attributable to the deferment of the Wassana infill drilling program until the fourth quarter 2017 and first quarter 2018 and KrisEnergy’s reduced working interest and subsequent cessation of participation in Block A Aceh.

For 2018, capital expenditure is estimated to be approximately US\$114.8 million, of which 36% is earmarked for development projects, 48% will be invested in producing assets and the balance is intended to be allocated to mandatory work commitments.

Full-year operational summary and subsequent events until 28 February 2018

EHSS

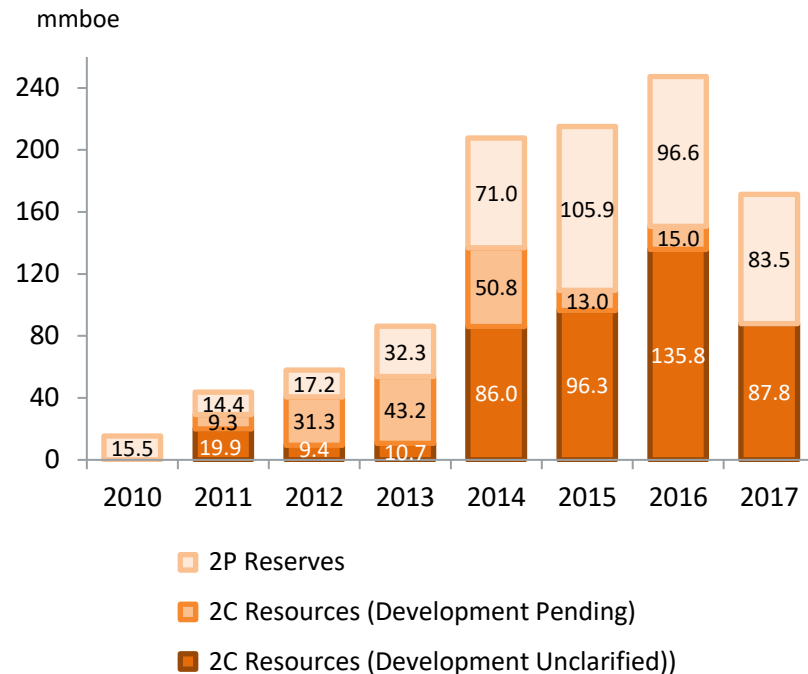


Environment, health, safety and security remained, and continues to remain, a priority and KrisEnergy recorded 1,587,181 man-hours on its operated assets with zero lost time injuries in 2017.

KrisEnergy has maintained its OSHAS 18001 and ISO 14001 accreditation for its offices in Dhaka, Bangladesh; Jakarta in Indonesia and Singapore, as well as the Bangora gas field operations onshore Bangladesh. Work is underway to extend these accreditations to KrisEnergy-operated fields in the Gulf of Thailand.



Reserves & Resources



Working interest proved plus probable (“2P”) reserves were estimated by Netherland, Sewell & Associates, Inc. (“NSAI”) at 83.5 million barrels of oil equivalent (“mmboe”) as at 31 December 2017 versus 96.6 mmboe as at 31 December 2016. The majority of the decline - 18.5 mmboe - resulted from the reduction of KrisEnergy’s working interest to 15.0% from 41.6666% in the Block A Aceh PSC. The reduction was partially offset by a reclassification to 2P reserves of 8.1 million barrels of oil (“mmbo”) from contingent resources associated with the Apsara oil development in Cambodia Block A.

Minor reductions amounting to an aggregate 4.3 mmboe were recorded at the B8/32 oil and gas fields in the Gulf of Thailand and the Bangora gas field in Block 9, onshore Bangladesh, while there were gains totalling 1.4 mmboe related to well performance and future drilling plans for the Wassana and Nong Yao oil fields in G10/48 and G11/48, respectively, in the Gulf of Thailand.

NSAI recognised best estimate contingent (“2C”) resources of 87.8 mmboe as at 31 December 2017 (FY2016: 150.8 mmboe). The entire 2C resource portfolio is categorised as development unclarified following reductions in the 2C development pending resources associated with the movement of Cambodia Block A 2C resources to 2P reserves, the reduced working interest in the Block A Aceh PSC (48.0 mmboe) and the relinquishment of the Kutai PSC in Indonesia (6.9 mmboe).

Excluding the Company's residual working interest in the Block A Aceh PSC, 2P reserves and 2C resources in 2018 will reduce by 9.5 mmboe and 27.9 mmboe, respectively.



Production

- Average gross production at the KrisEnergy-operated Wassana oil field in G10/48 was 4,377 barrels of oil per day (“bopd”) in FY2017 and working interest share of production was 3,896 bopd.
 - Planned 28-hour shutdown in October 2017 to replace the produced water return line, a floating hose approximately 100 metres in length between the CALM buoy and the floating storage and offloading vessel;
 - Production was shut in for 2.5 days in early November 2017 for the arrival and positioning of the *PV Drilling I* jack-up rig for a six-well infill drilling program;
 - Two producing wells, A-05 and A-08, were shut-in and isolated for sidetrack drilling, which commenced in November 2017. Two infill horizontal wells, A-20H and A-22H (formerly A-05 and A-08 respectively), were put on stream in December 2017 and gross production at the end of the month increased to 5,875 bopd from 12 producing wells. The A-12 producing well was permanently plugged and abandoned;
 - Four additional infill wells, A-18H, A-19H, A-23H and A-25H, were completed and brought online in February 2018 and production is expected to increase to approximately 7,000 bopd from 16 producing wells once optimisation operations are completed; and
 - The Thai authorities approved in December 2017 a relinquishment of 152 sq. km of the G10/48 contract area, which subsequently covers approximately 1,525 sq. km versus 1,677 sq. km prior to the relinquishment.
- Lower Wassana production in 2017 resulted in six cargo offloadings in the year compared with 10 cargoes in 2016. A single offloading of 273,000 barrels was completed on 31 January 2018.
- Average gross production at the non-operated Nong Yao oil field in G11/48 was 8,613 bopd in FY2017 and KrisEnergy’s working interest share of production was 1,938 bopd.
 - Six infill wells were drilled in 2017. Three wells put on stream at the end of the first half of the 2017 and a fourth well went into production in October 2017. In total, 22 wells were producing at the end of 2017. The two additional infill wells drilled are scheduled to go on line by the end of the first quarter 2018;
 - The Thai authorities approved the relinquishment of 65 sq. km of the G11/48 concession, reducing the contract area to approximately 992 sq. km. The relinquished portion contained the Mantana gas discovery for which 3.34 billion cubic feet of gas were removed from the Company’s portfolio of 2C resources; and
 - Four infill wells are planned to be drilled in the Nong Yao field in 2018.
- Gross production at the non-operated B8/32 & B9A oil and gas complex in the Gulf of Thailand averaged 24,767 bopd and 110.7 million cubic feet per day (“mmcf”) of gas, or together, the equivalent of an annual average of 43,212 boepd. KrisEnergy’s average working interest share of production was 2,003 boepd.
 - A 10-year extension of the B8/32 production licence to 2030 was approved and signed on 16 January 2017;
 - The Tantawan field and production facilities in B8/32 and B9A permanently ceased production on 31 October 2017 taking 1,100 boepd out of the gross production stream, or 51 boepd net to KrisEnergy;



- Eleven infill wells were drilled in the B8/32 contract area in 2017 bringing the total number of producing wells as at 31 January 2018 to 190 with 30 platforms in operation; and
 - For 2018, 19 infill wells are scheduled to be drilled in B8/32.
- Average gross production in 2017 at the KrisEnergy-operated Bangora gas field in Block 9, onshore Bangladesh, was 96.5 mmcf/d and 282 barrels of condensate per day. Average working interest share of production was 4,908 boepd.
 - The Bangora-6 development well was completed and put into production in January 2017; and
 - Scheduled maintenance shutdown was completed 1-3 September 2017.

Development

- The amended and restated petroleum agreement and production permit for Cambodia Block A was signed on 23 August 2017 between KrisEnergy, as the operator, the Ministry of Mines of Energy and the Ministry of Economics and Finance. In line with the final agreement, the contract area of Cambodian Block A was reduced to 3,083 sq. km from 4,907 sq. km. KrisEnergy announced final investment decision for the Apsara oil development in October 2017.

Documentation was submitted at the end of October 2017 to the Cambodian Ministry of Environment for a proposed 1,200 sq. km 3D seismic acquisition program in 2018. The proposed seismic program would fulfil the Years 1-2 commitment of 1,000 sq. km under the amended and restated Cambodian Block A petroleum agreement.

Exploration

- The PV Drilling I jack-up rig drilled the East Mayura-1 exploration well in the G10/48 licence. The well reached a total depth of 7,125 feet measured depth ("MD") / -7,013 feet total vertical depth subsea on 26 October 2017. Oil shows were encountered between 6,580 feet and 6,620 feet MD and 6,700 feet to 6,760 feet MD. The well was plugged.
- In January 2018, the Indonesian authorities awarded the Andaman II joint study area to operator Premier Oil (40%), KrisEnergy (30%) and Mubadala Petroleum (30%). The signing of the formal production sharing contract is expected in the first half of 2018. The Andaman II PSC is an exploration block over the North Sumatra Basin, offshore North Sumatra, covering an area of 7,345 sq. km in water depths ranging from 200 metres to 1,950 metres.

Portfolio Management

- The Indonesian government approved in April 2017 a farm-out agreement with PT Medco E&P Melaka to reduce KrisEnergy's working interest in the Block A Aceh PSC to 15.0% from 41.6666%. Subsequently, KrisEnergy decided to cease its participation in the Block A Aceh gas development to reduce capital expenditure and the Group's risk exposure. The Company is currently awaiting approval from the Indonesian authorities for the takeover of the working interest.
- In October 2017, the Indonesian authorities approved the relinquishment of the KrisEnergy-operated East Muriah PSC, offshore East Java.



- The Kutai PSC in the Makassar Strait, Indonesia, expired on 15 January 2017. An application for relinquishment was submitted to the Indonesian authorities and is pending approval.
- The Vietnamese authorities approved in January 2018 the new licence for Block 105-110/04 and the concession has been transferred to the new operator, PetroVietnam. KrisEnergy no longer holds any working interest in the exploration block.

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About KrisEnergy:

KrisEnergy Ltd. is an independent upstream company focused on the exploration for and the development and production of oil and gas in Southeast Asia. The Company holds working interests in five producing oil and/or gas fields, four in the Gulf of Thailand and one onshore Bangladesh. It also participates in 11 blocks in various stages of development, appraisal and exploration in Bangladesh, Cambodia, Indonesia, Thailand and Vietnam. KrisEnergy operates 10 of the contract areas.

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