



## **Cambodia, KrisEnergy seal terms for Cambodia Block A oil development**

- **Fiscal & technical agreements signed for Apsara oil development;**
- **KrisEnergy to formally launch Apsara project within 60 days;**
- **Potential three-phase development plan with first oil due from initial platform 24 months after formal launch**

**Phnom Penh**, 23 August 2017 – The Royal Government of Cambodia and KrisEnergy Ltd. (“KrisEnergy” or the “Company”) are pleased to announce the signing of fiscal and technical agreements for the nation’s first oil field development in Cambodia Block A in the Gulf of Thailand.

KrisEnergy, the operator of the Cambodia Block A since 2014, plans to develop the Apsara area in the north eastern section of the concession, which is one of seven geological trends in the licence where there is potential for oil and/or gas to be trapped. Under the terms of the agreements, KrisEnergy has 60 days to declare a final investment decision<sup>1</sup> thereby signalling the formal launch of the Apsara project, which is expected to take up to 24 months to produce first oil.

Under the formalised terms, a 5.0% participating interest in Cambodia Block A transfers to the Royal Government of Cambodia and will be held by the General Department of State Property and Non Tax Revenue of the Ministry of Economy and Finance. KrisEnergy holds the remaining 95.0% participating interest.

The agreements also trigger the second relinquishment phase of the concession, whereby 1,626 sq. km, or approximately 25.0% of the Cambodia Block A area, is returned to the authorities leaving 3,083 sq. km under the operatorship of KrisEnergy.

“The signing of the fiscal and technical agreements between the Government and KrisEnergy for oil production in Block A is the culmination of years of work and endeavour by all parties involved and we are very proud of the outcome. Producing Cambodia’s first oil in its offshore waters will be a major step along our steady road to economic development and national prosperity and is aligned to the Government’s key development goals,” said H.E. Meng Saktheara, Secretary of State for the Ministry of Mines and Energy and Chairman of the Inter-Ministerial Committee for Block A.

H.E. Chou Vichet, Secretary of State for the Ministry of Economy and Finance and Vice-Chairman for the Inter-Ministerial Committee for Block A, commented: “Cambodia’s growth has been stable and has grown rapidly over the past two decades through the increase in construction, garment exports, tourism and the agricultural sectors. These are all important foundations in the development and prosperity for Cambodia. Now we are starting to develop a new oil and gas sector that will help increasing state revenues and job creation that will contribute to boosting our Cambodian economy further. We congratulate KrisEnergy for its efforts and dedication to make the oil and gas development project in Cambodia Block A a reality.”

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<sup>1</sup> Final investment decision is an internal sanction by the operator for the final decision to commit to the capital investment for an oil and gas project

Kelvin Tang, KrisEnergy's Chief Operating Officer and President of the Company's Cambodian activities, said: "There has been great interest in this project from many stakeholders and related parties and we are delighted to have reached this stage. I would like to thank the Ministry of Mines and Energy, the Ministry of Economy and Finance and the Inter-Ministerial Committee for Block A for their close cooperation and advice, which has resulted in the successful formalisation of the terms and conditions.

"We are proud and honoured to be the operator of this landmark project, which will be an historic milestone for the economy and people of Cambodia as well as for KrisEnergy. Our technical and project teams have a successful track record of bringing greenfield oil developments in the Gulf of Thailand into production on time and to budget. Apsara marks only the first phase of the development of Cambodia Block A, there remains further potential in other geological trends within the contract area for future investigation."

The Cambodia Block A contract area covers 3,083 sq. km over the Khmer Basin in the Gulf of Thailand where water depths range between 50 metres and 80 metres. Phase 1A of the Apsara development consists of a single unmanned minimum facility 24-slot wellhead platform producing to a moored production barge capable of processing up to 30,000 barrels of fluid per day with gas, oil and water separation facilities on the vessel. The oil will be sent via a 1.5 km pipeline for storage to a permanently moored floating, storage and offloading vessel.

The individual oil accumulations in Cambodia Block A are small in size and spread over a large geographic area, requiring significant funds and time to fully develop. Additionally, reservoir production performance in the Khmer Basin has yet to be proven. For these reasons, among others, there is some uncertainty regarding long-term production rates, reserves and commercial viability and therefore a phased development approach has been prudently adopted. Once the initial Phase 1A platform is on stream, there will be a period to monitor reservoir performance before commencing Phase 1B, which envisages up to three additional platforms producing to the Phase 1A facilities. A Phase 1C will potentially add up to six additional platforms for the full 10-platform Apsara development. (For further details, see separate section *Resources & Development Plan* contained in the Information Pack.)

Protection of personnel, facilities and the environment is of prime concern during the development of Cambodian Block A. To ensure this is achieved, safety plans have been developed to cover all aspects of Health and Safety during the design, construction and operation of the facilities. An Environmental Impact Assessment ("EIA") was conducted in accordance with Cambodia Environmental Law and Regulations and approved by the Ministry of Environment on 29 May 2013. KrisEnergy intends to review and update the existing EIA to take into account the development work program. Subsequent to any revisions of the EIA, a management plan will be adjusted to ensure compliance with environmental regulations and to mitigate potential significant impacts.

To view a video of the Apsara Oil Development, go to <https://krisenergy.com/videos/apsara/>).

Information Pack, accompanying documents:

- Background: Cambodia Block A
- Resources & Development Plan
- Fiscal & Commercial Outline
- Frequently Asked Questions

- Glossary
- Thumb drive containing videos of the Cambodia Apsara Development (Khmer and English); Cambodia Block A map; schematic of Cambodia Block A Apsara development; and a map of possible future geological trends for oil and/or gas development.

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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 Trading Ltd under the ticker SK3. For further information, visit [www.krisenergy.com](http://www.krisenergy.com).