



KrisEnergy releases first-quarter 2016 financials

Singapore, 13 May 2016 – KrisEnergy Ltd. (“KrisEnergy” or “the Company”), an independent upstream oil and gas company, today announces unaudited results for the first quarter ended 31 March 2016 (“1Q2016”) and provides an operational update.

	For the three months ended 31 March		
	2016	2015	%
Production volumes (boepd)	19,014	7,699	146.9
<i>Oil and liquids (bopd)</i>	12,796	1,350	847.9
<i>Gas (mmcf)</i>	37.3	38.1	(2.1)
Revenue (US\$million)	33.1	11.4	189.9
EBITDAX ¹ (US\$million)	19.7	9.3	112.3
Average sales price			
<i>Oils and liquids (US\$/bbl)</i>	20.85	53.20	(60.8)
<i>Gas – B8/32 and B9A (US\$/mcf)</i>	4.11	5.63	(27.0)
<i>Gas – Block 9 (US\$/mcf)</i>	2.32	2.32	-
Average lifting costs (US\$/boe)	10.18	5.72	78.0

Trading conditions in the first quarter of 2016 remained challenging with benchmark oil prices continuing to deteriorate from the fourth quarter 2015 (“4Q2015”) and at one point falling below US\$30.00 per barrel (“bbl”). However, revenue tripled to US\$33.1 million as the Group recognised a full quarter of production from the Wassana and Nong Yao oil fields, which came on stream in August 2015 and June 2015, respectively.

Group production in 1Q2016 averaged 19,014 barrels of oil equivalent per day (“boepd”), 2.5 times higher than in the first quarter 2015 (“1Q2015”) and 30.3% up from the preceding three-month period as a result of higher production in the Gulf of Thailand due to the Wassana and Nong Yao oil fields as well as a significant uplift in production from the B8/32 and B9A oil and gas complex which benefitted from continuing wireline zonal recompletions.

The average oil price realised by the KrisEnergy Group was US\$20.85/bbl compared with US\$53.20/bbl in 1Q2015. The impact of the drop in overall benchmark oil prices was exacerbated by a widening in the spread between the Brent and Dubai markers as well as the discount achieved for Wassana crude due to buyer unfamiliarity with the grade in the spot market and elevated levels of impurities. KrisEnergy has entered into a one-year term sales and purchase agreement for the supply of Wassana crude oil whereby the buyer has agreed to prepay US\$50.0 million of the contract (the

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



“Prepayment”). KrisEnergy received its share of the first tranche payment of US\$30.0 million on 31 March 2016, the remaining US\$20.0 million is due by 30 June 2016.

The Group has remained focused on cost control and maximising production efficiencies. Year-on-year, lifting costs rose 78.0% to US\$10.18 per barrel of oil equivalent (“boe”) in 1Q2016 (1Q2015: US\$5.72/boe) as a result of the new production from the Wassana and Nong Yao fields.

EBITDAX for 1Q2016 more than doubled to US\$19.7 million (1Q2015: US\$9.3 million) but higher non-cash depreciation, depletion and amortisation expenses led to a net loss after tax of US\$20.1 million compared with a net profit after tax of US\$47.1 million in the year-ago period when the Group recognised a one-off gain of provisional negative goodwill associated with the completion of the acquisition of a 41.6666% working interest in the Block A Aceh production sharing contract (“PSC”) in Indonesia and gains from the transfer of working interest for Block 105-110/04 and Block 120, both offshore Vietnam.

Keith Cameron, Chief Executive Officer, commented: “Despite our strong operational performance, we continue to face many challenges that need to be addressed in the coming months. Depressed oil prices and the general lack of confidence in the upstream sector have impacted the support we are receiving from financial institutions, which will lead to significant corporate actions similar to those being announced by many other oil and gas companies worldwide. In the meantime, we continue to focus on cost controls including reductions in directors’ fees and employee remuneration. We have also reduced headcount where possible.”

On 24 March 2016, the Company agreed an amendment to its US\$122.0 million revolving credit facility (the “Facility”) to extend the repayment deadline to 24 March 2017. Under the terms of the amendment, KrisEnergy is required to repay and cancel US\$55.0 million of the Facility by 29 July 2016 and to raise minimum new capital of US\$100.0 million and US\$50.0 million (both amounts being net of costs) by 30 June 2016 and 30 November 2016, respectively. The Board is exploring all viable capital raising options to meet this obligation and the Company is working with a number of parties to execute this capital raising over the course of the next few months.

As the entire Facility falls due within one year, the Facility has been reclassified from Non-current to Current Liabilities. The Group’s Current Liabilities as at 31 March 2016 amounted to US\$228.8 million and the Group’s Current Assets amounted to US\$176.3 million, resulting in a net negative working capital position as at the end of the reporting period.

In addition, under the terms of the amended Facility, in the event that KrisEnergy believes that there may be a breach of the terms and conditions of both the S\$130.0 million 6.25% notes due 2017 and the S\$200.0 million 5.75% notes due 2018 issued under the S\$500.0 million multi-currency medium-term note program, KrisEnergy is required to undertake a consent solicitation process for the waiver or amendment for such terms and conditions by 20 June 2016.

First-quarter Operational Summary and Subsequent Events up to 30 April 2016

- Development drilling completed in the Wassana oil field in G10/48 in 1Q2016, with 13 producer wells and one water disposal well on stream. Production at the Wassana field reached a peak of approximately 12,800 bopd and averaged 10,285 bopd in the first quarter.



- Production at the Nong Yao field in G11/48 reached a peak of approximately 11,400 bopd in 1Q2016 and averaged 9,784 bopd in the first quarter. Discretionary expenditures have been removed from the planned 2016 work program.
- Production performance in the B8/32 & B9A oil and gas complex was boosted by an increase in wireline zonal recompletions. Oil production averaged 29,240 bopd in 1Q2016 and gas production has maintained at 148 million cubic feet per day (“mmcf”) throughout the quarter, a rate not achieved since June 2012. Five new development wells were drilled in April 2016 and two additional wells were drilled in May 2016.
- On 30 March 2016, PT Medco Energi Internasional Tbk, the operator of the Block A Aceh PSC announced the award of a US\$240 million engineering procurement and construction contract for the gas development with a consortium comprising PT JGC Indonesia and PT Encona Inti Industri. A gas sales agreement was signed in January 2015 for a daily contracted quantity of 58 billion British thermal units (“Btu”) with an agreed gas price of US\$9.45 per million Btu. KrisEnergy intends to implement project financing to fund the 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. Our strategy is to acquire assets in countries and basins where our technical team has expertise derived from decades of experience. Since 2009, we have built a portfolio of 19 contract areas in Bangladesh, Cambodia, Indonesia, Thailand and Vietnam, spanning the entire exploration-to-production life cycle. We operate 13 of the contract areas.

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