



## KrisEnergy releases first-quarter 2017 financials

Singapore, 12 May 2017 – KrisEnergy Ltd. (“KrisEnergy” or “the Company”), an independent upstream oil and gas company, today announces unaudited results for the first quarter ended 31 March 2017 (“1Q2017”) and provides an operational update.

	For the three months ended 31 March		
	2017	2016	%
Production volumes (boepd)	<b>13,610</b>	<b>19,014</b>	<b>(28.4)</b>
<i>Oil and liquids (bopd)</i>	7,749	12,796	(39.4)
<i>Gas (mmcf)</i>	35.2	37.3	(5.6)
Revenue (US\$million)	<b>31.8</b>	<b>33.1</b>	<b>(3.9)</b>
EBITDAX <sup>1</sup> (US\$million)	<b>17.2</b>	<b>19.7</b>	<b>(12.8)</b>
Average sales price			
<i>Oils and liquids (US\$/bbl)</i>	46.82	20.85	124.6
<i>Gas – B8/32 and B9A (US\$/mcf)</i>	3.61	4.11	(12.2)
<i>Gas – Block 9 (US\$/mcf)</i>	2.32	2.32	-
Average lifting costs (US\$/boe)	<b>10.08</b>	<b>10.18</b>	<b>(1.0)</b>

A 124.6% jump in realised oil prices year-on-year shored up 1Q2017 revenue at US\$31.8 million (1Q2016: US\$33.1 million) despite a 28.4% drop in working interest production, which averaged 13,610 barrels of oil equivalent per day (“boepd”) in the first three months of 2017 compared with a Group record of 19,014 boepd in 1Q2016. In the fourth quarter 2016, Group production was 14,062 boepd.

The production decrease was primarily attributed to the Wassana oil field in G10/48 in the Gulf of Thailand in which the Company holds an 89.0% working interest and to a lesser extent a reduction in crude oil volumes at the non-operated Nong Yao field in G11/48, also in the Gulf of Thailand. Infill well drilling programs are scheduled in 2017 to increase the production rates at both the Wassana and Nong Yao fields.

Lower sales resulted in reduced operating costs – US\$12.4 million in 1Q2017 versus US\$19.2 million in 1Q2016 – and a near halving in depreciation, depletion and amortisation charges to US\$15.3 million (1Q2016: US\$28.0 million) following asset impairments recognised in 2016, which together with non-cash net fair value gain on financial instruments of US\$77.5 million, associated with the financial restructuring completed in 1Q2017, led to profit before tax of US\$57.1 million compared

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



with a loss before tax of US\$19.7 million in the year ago period. After tax, the Group recorded a net profit of US\$55.7 million.

The non-cash net fair value gain on financial instruments relating to the exchange of the S\$130.0 million 6.25% notes due 2017 ("2017 Notes") and the S\$200.0 million 5.75% notes due 2018 ("2018 Notes") to the longer dated S\$130.0 million 4.0% notes due 2022 ("2022 Notes") and S\$200.0 million 4.0% notes due 2023 ("2023 Notes") of US\$73.9 million will be reversed in subsequent quarters, recognised as accretion of bond discount expense under finance cost, as we progress towards the maturity date of the 2022 Notes and 2023 Notes.

Although we incurred \$20.6 million in finance costs during the quarter, approximately US\$7.3 million relate to the financial restructuring which were one-off in nature, and US\$7.7 million was recognised as non-cash accretion of bond discount expense, with respect to the 2022 Notes, 2023 Notes and the S\$139.5 million zero coupon notes due 2024 ("Zero Coupon Notes"), using the effective interest method, in line with the Group's accounting policy.

Jeffrey S. MacDonald, Interim Chief Executive Officer, commented: "The significant rise in oil prices in the first quarter versus last year is a positive outcome but there remains considerable uncertainty as evident by the drop in Brent crude below the US\$50 per barrel ("bbl") mark in the first week of May. As a company, we remain focused on reining in operating and general and administrative costs, increasing production of our existing producing assets, maximising efficiencies in our operations and undertaking the next phase of the restructuring process, which combines portfolio management with progressing our developments."

The Group recorded an average realised oil and liquids price in 1Q2017 of US\$46.82/bbl, up from US\$20.85/bbl in the corresponding year-ago quarter. The gas price achieved in Thailand from the B8/32 & B9A fields was US\$3.61 per thousand cubic feet ("mcf") down 12.2% (1Q2016: US\$4.11/mcf). The Thai gas price formula is calculated at six-month intervals on 1 April and 1 October of each year taking into account, among other factors, the price of fuel oil for the prior six-month period. Given the recovery in oil prices in the second half of 2016, it would be expected that the gas price achieved in Thailand in the second and third quarters of 2017 would be higher than in 1Q2017. The gas price for the Bangora field in Bangladesh in 1Q2017 was steady at US\$2.32/mcf.

Corporate general and administrative expenses almost halved at US\$1.1 million (1Q2016: US\$2.1 million) and EBITDAX for 1Q2017 amounted to US\$17.2 million (1Q2016: US\$19.7 million). The 12.8% decrease from a year ago was attributable to a gain of US\$10.6 million from the sale of a KrisEnergy subsidiary in the 2016 period.

Cash flow from operations after changes in working capital amounted to US\$19.4 million (1Q2016: US\$31.6 million). The 2016 period was primarily boosted by a prepayment agreement undertaken for the sale of crude oil. Unused sources of liquidity as at 31 March 2017 were US\$74.7 million and the group's gearing decreased to 51.0% (31 December 2016: 61.8%) as a result of the decrease in accumulated losses and increases in other reserves following the issue of 1,255,183,632 warrant securities under the financial restructuring completed in February 2017.

#### **First-quarter Operational Summary and Subsequent Events up to 30 April 2017**

- Gross production at the Wassana field in G10/48 in the Gulf of Thailand averaged 5,063 barrels of oil per day ("bopd") in 1Q2017 and working interest production amounted to 4,506



bopd. Preparations are underway to drill up to five infill wells in the second half of 2017 to improve production. Technical work continues for the potential development of a satellite oil accumulation within the Wassana Production Area, production from which would be processed through the existing Wassana facilities;

- Gross production at the Nong Yao field in G11/48 in the Gulf of Thailand averaged 8,332 bopd in 1Q2017 and the Company's working interest production was 1,875 bopd. The Nong Yao-B wellhead platform was shut in 29-30 April 2017 for the positioning of the *Atwood Orca* jack-up rig in preparation for an up to four-well infill drilling program.
- Gross production in 1Q2017 from the B8/32 & B9A complex in the Gulf of Thailand averaged 27,670 bopd and 132 million cubic feet per day of gas ("mmcf"), of which the Company's working interest share amounted to 2,302 boepd. The main Benchamas platform was shut in for annual maintenance 20-24 April 2017. Three development wells were drilled in the first quarter. In January 2017, the Thai authorities approved the extension of the production period to 2030.
- Gross production in 1Q2017 at the Bangora gas field in Block 9, onshore Bangladesh, averaged 97 mmcf and 85 barrels of condensate per day. Working interest production in the period averaged 4,927 boepd. The Bangora-6 development well, which commenced drilling in the third quarter 2016, was completed and put on stream in January 2017.
- The Indonesian authorities in April 2017 approved KrisEnergy's farm-out agreement with PT Medco Energi Internasional Tbk, the operator for the block. KrisEnergy's working interest in Block A Aceh has decreased to 15.0% from 41.6666% following the approvals.
- The Thai authorities approved on 6 March 2017 the second relinquishment of G11/48 reducing the licence area to 991.68 sq. km from 1,079 sq. km.

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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).