KrisEnergy releases first-quarter 2018 financials

Singapore, 14 May 2018 – KrisEnergy Ltd. ("KrisEnergy" or "the Company"), an independent upstream oil and gas company, today announces unaudited results for the first quarter ended 31 March 2018 ("1Q2018") and provides an operational update.

	For the three months ended 31 March		
	2018	**2017**	**%**
Production volumes (boepd)	**12,132**	**13,610**	**(10.9)**
Oil and liquids (bopd)	*6,891*	*7,749*	*(11.0)*
Gas (mmcfd)	*31.5*	*35.2*	*(10.5)*
Revenue (US$million)	**42.5**	**31.8**	**33.7**
EBITDAX[1] (US$million)	**9.5**	**17.2**	**(44.7)**
Average sales price			
Oils and liquids (US$/bbl)	*61.40*	*46.82*	*31.1*
Gas – B8/32 (US$/mcf)	*4.10*	*3.61*	*13.6*
Gas – Block 9 (US$/mcf)	*2.32*	*2.32*	-
Average lifting costs (US$/boe)[2]	**20.25**	**17.41**	**16.3**

A 31.1% improvement in realised oil prices year-on-year bolstered 1Q2018 revenue to US$42.5 million (1Q2017: US$31.8 million) despite a 10.9% decrease in the Group's working interest production, which averaged 12,132 barrels of oil equivalent per day ("boepd") in the first three months of 2018. The quarterly realised oil price of US$61.40 per barrel ("bbl") was the highest since the fourth quarter of 2014.

Production constraints in the Wassana oil field, in the Gulf of Thailand G10/48 licence, impeded the Group's overall production and elevated lifting costs although each of the Group's four producing assets were above breakeven levels in the reporting period. Wassana's performance was hindered by a defective water injection pump and damage to a section of 6-inch subsea flowline that required closure of the line while the section was replaced. The pump shaft was repaired in Singapore and has been returned to the field for installation.

[1] Earnings before interest, taxation, depreciation, depletion, amortisation, geological and geophysical expenses and exploration expenses ("EBITDAX"). EBITDAX is a non-IFRS measure

[2] Calculation of average lifting cost has been revised to reflect the Group's working interest share of joint venture operating expenditure incurred versus production in the same period. See section 8 "*Cost of Sales*" in the *Financial Statements Announcement* for a detailed explanation.

Operating costs rose to US$24.5 million (1Q2017: 12.4 million) primarily due to two liftings of crude oil at the Wassana field in 1Q2018 compared with one lifting in the year-ago period. Operating costs are incurred and matched to revenue at the point of sale and therefore costs will fluctuate with revenue earned.

Calculation of average lifting cost has been revised to reflect the Group's working interest share of joint venture operating expenditure incurred versus production in the same period. Previously, average lifting costs were calculated using operating cost reported in accordance with IFRS which was then matched with the cost of production to the volume sold. Higher operating costs together with lower production led to the Group's average lifting cost increasing to US$20.25 per barrel of oil equivalent ("boe") (1Q2017: US$17.41/boe).

Higher operating costs also contributed to a net loss after tax of US$18.2 million in 1Q2018, which was also negatively impacted by increased cash interest expenses on loans and borrowings, non-cash accretion of debt discount and the recognition of non-cash net foreign exchange losses. In the 2017 period, the Group recorded a net profit after tax of US$55.7 million primarily due to a one-off non-cash net fair value gain on financial instruments following a financial restructuring of US$73.9 million.

Total debt as at 31 March 2018 was US$434.6 million and the Group's gearing stood at 75.4%.

Group Capital Management

On 29 March 2018, KrisEnergy and DBS Bank Ltd ("DBS") signed an extension request letter to extend the maturity of an existing $148.3 million revolving credit facility ("RCF") by two years to 30 June 2020. There were no changes to the existing terms and conditions of the RCF. Subsequently on 9 April 2018, DBS provided an additional commitment of US$20.0 million under the RCF (the "Bridge Upsize") for a period of up to three months to support the Group's liquidity requirements. The Bridge Upsize is repayable on 8 July 2018.

The Group remains focused on allocating capital to projects that will maximise production efficiencies from existing assets, progress development of the Group's core development projects in the Gulf of Thailand, with the overall objective of stabilising and enhancing production, while minimising and deferring discretionary expenditure as much as practicably possible. Although the Group continues to cut costs, Group gearing and finance charges remain at significantly high and elevated levels. As the Group's development projects are planned to be funded using vendor financing, managing pressure on the Group's finance cost and gearing will remain the primary challenge. As a result, the Group continues to evaluate all options, including corporate actions, to strengthen the Group's balance sheet.

First-quarter Operational Summary and Subsequent Events up to 11 May 2018

Production & Development

- Average gross production at the Wassana oil field in the KrisEnergy-operated G10/48 concession was 4,491 barrels of oil per day ("bopd") in 1Q2018 and the Group's working interest share of production was 3,997 bopd. Production was curtailed in 1Q2018 due to damage to a section of a 6-inch subsea flowline, which was shut off and replaced, as well as reduced water injection capacity as a result of a mechanical problem in the main pump. The pump shaft was repaired in Singapore and has been returned to the field for installation.

  - In March 2018, the *PV Drilling I* jack-up rig drilled the Wassana-4 appraisal well to the north of the existing Wassana production facilities. Wassana-4 reached a total depth at 5,714 feet measured depth ("MD") (-5,518 feet true vertical depth subsea) ("TVDSS") and encountered net vertical oil pay of 31 feet true vertical thickness ("TVT"). The well was sidetracked, Wassana-4ST, to a total depth 5,587 feet MD (- 5,462 feet TVDSS) and encountered 66 feet TVT of net oil pay. Preliminary results indicate that the volumes in place in these wells may justify commercial development of the Wassana North Satellite tied back to the existing Wassana facilities.

- Average gross production at the Nong Yao field in G11/48 concession was 8,201 bopd in 1Q2018. Group working interest share of production in 1Q2018 was 1,845 bopd. A third infill drilling campaign commenced in early February 2018 and was completed in April 2018 comprising four producer wells and a single water injection well. The field has 26 producing wells (22 horizontal) and three water disposal wells. A scheduled maintenance shutdown commenced on 7 May 2018 for debottlenecking of the Nong Yao facilities. The field resumed operations on 13 May 2018.

- Average gross oil production in the B8/32 oil and gas fields was 20,864 bopd and gas production was 91.7 million cubic feet per day ("mmcfd") in 1Q2018 and the Group's working interest share of production was 1,675 boepd. The Benchamas field resumed production on 29 April 2018 following a planned shutdown for replacement of the floating, storage and offloading vessel. Installation of the new vessel took 22 days compared to a scheduled shutdown of 40 days. Production at the 2,500 bopd Chaba field in B8/32 was uninterrupted.

- Average gross production at the onshore Bangora gas field in the Block 9 production sharing contract ("PSC") was 271 barrels of condensate per day and 90.7 mmcfd in 1Q2018 and the Group's working interest share of production averaged 4,615 boepd.

Exploration

- On 9 May 2018, the *Hai Yang Shi You 721* seismic vessel commenced a 300 sq. km seismic acquisition program in the SS-11 exploration licence offshore Bangladesh in the Bay of Bengal.

- On 5 April 2018, joint-venture partners signed the Andaman II PSC in the Malacca Strait offshore North Sumatra. KrisEnergy holds 30% working interest in the Andaman II PSC and is partnered by the operator Premier Oil (40%) and Mubadala Petroleum (30%). The Andaman II PSC is an exploration block over the North Sumatra Basin covering an area of 7,345 sq. km in water depths ranging from 200 metres to 1,950 metres.

- 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 this 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 four producing oil and/or gas licences, three in the Gulf of Thailand and one onshore Bangladesh. It also participates in 13 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.