KrisEnergy releases 2Q2017 and 1H2017 financials

Singapore, 14 August 2017 – KrisEnergy Ltd. ("KrisEnergy" or "the Company"), an independent upstream oil and gas company, today announces unaudited results for the second quarter ("2Q2017") and first half ("1H2017") ended 30 June 2017 and provides an operational update.

	Second quarter and six months ended 30 June					
	2Q2017	**2Q2016**	**%**	**1H2017**	**1H2016**	**%**
Production volumes (boepd)	**12,649**	**16,611**	**(23.9)**	**13,127**	**17,812**	**(26.3)**
Oil and liquids (bopd)	*6,864*	*10,571*	*(35.1)*	*7,304*	*11,684*	*(37.5)*
Gas (mmcfd)	*34.7*	*36.2*	*(4.1)*	*34.9*	*36.8*	*(5.1)*
Revenue (US$million)	**36.7**	**30.7**	**19.4**	**68.5**	**63.8**	**7.3**
EBITDAX[1] (US$million)	**4.7**	**11.9**	**(60.9)**	**21.8**	**31.6**	**(30.9)**
Average sales price						
Oils and liquids (US$/bbl)	*46.11*	*32.90*	*40.2*	*46.49*	*26.33*	*76.6*
Gas – B8/32 and B9A (US$/mcf)	*4.11*	*3.33*	*23.4*	*3.84*	*3.73*	*2.9*
Gas – Block 9 (US$/mcf)	*2.32*	*2.32*	*-*	*2.32*	*2.32*	*-*
Average lifting costs (US$/boe)	**23.06**	**8.86**	**160.2**	**16.37**	**10.05**	**62.8**

A substantial 76.6% increase in realised oil sales prices in 1H2017 lifted group revenue 7.3% to US$68.5 million (1H2016: US$63.8 million) despite a 26.3% reduction in volumes of crude oil produced from a year ago. Realised crude oil prices in the first and second quarters of 2017 averaged above US$46.00 per barrel ("bbl"), the highest levels since the third quarter 2015. Gas sales prices from the B8/32 and B9A concessions averaged US$4.11 per thousand cubic feet ("mcf"), the highest level since the first quarter of 2016.

Jeffrey S. MacDonald, Interim Chief Executive Officer, commented: "It has been reassuring to witness the increase in oil prices in the first half of 2017, however prevailing uncertainty and price volatility continue to pose challenges to investment decisions. We remain focused on our revised business plan and continued alignment on the Gulf of Thailand as our core area, and through the successful execution of our proposed asset farm-out and divestment transactions, we believe we will be on

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

firmer ground to achieve our development goals going forward. We are also delighted that the Royal Government of Cambodia has approved the signing scheduled for 23 August 2017 of the petroleum agreement for Cambodia Block A. This is a major step forward in the development of the Apsara oil field and establishing Cambodia as an oil-producing nation."

The lower working interest production – 13,127 barrels of oil equivalent per day ("boepd") versus 17,812 boepd in 1H2016 – was primarily due to reduced output at the Wassana oil field in the G10/48 concession and in the Nong Yao field in G11/48, both of which are located in the Gulf of Thailand.

A six well infill drilling program was completed in the Nong Yao field in July 2017 and production from three of the new wells has increased gross production to over 10,000 barrels of oil per day ("bopd"). For Wassana, additional equipment was installed and commissioned on the mobile offshore production unit in June/July 2017 to debottleneck the water separation process and increase capacity. We continue our preparation to undertake a horizontal infill drilling program in the fourth quarter of the year to lift production. Depreciation, depletion and amortisation ("DD&A") charges declined 40.4% to US$30.2 million in 1H2017, in line with decreased production and lower asset carrying values following impairment charges the Group booked in 2016.

Lower Wassana production impacted operating costs, which rose 19.3% to US$38.9 million (1H2016: US$32.6 million) and resulted in an increase in the Group's average lifting costs to US$16.37 per barrel of oil equivalent ("boe") from US$10.05/boe in the year-ago period and from US$10.08/boe in the first quarter of 2017. The Group's operating costs for each of its assets are largely fixed costs in nature, however, in line with our accounting policy, operating costs incurred during the production period are only recognised at the point of lifting, thereby giving rise to timing differences between the fixed operating expenditure and the recognition of such expenses.

Shrinking corporate G&A

Corporate general and administrative expenses shrank 26.1% to US$3.7 million in 1H2017 (1H2016: US$5.0 million) as a result of ongoing cost cutting measures across the Group. EBITDAX amounted to US$21.8 million compared with US$31.6 million in the first half of 2016 when a US$10.6 million gain was recognised for the sale of one of the Group's subsidiaries.

Non-cash charges

As stated in the revised business plan, the Company continues to seek opportunities to farm-out and/or divest certain working interest to reduce future capital expenditure burdens and to prioritise investment into oil production and developments in the Gulf of Thailand. Under this program, the Company received approval in April 2017 from the Indonesian authorities for the farm-out of a 21.6666% working interest in the Block A Aceh production sharing contract ("PSC") to the current operator. KrisEnergy now holds a 15.0% working interest in Block A Aceh and has reduced its future exposure to the gas development capital expenditure. Following the regulatory approvals, the Company assessed and charged a unaudited non-cash impairment of US$52.3 million for Block A Aceh, which together with a write-off related to the relinquishment of the Kutai PSC, higher operating expenditure and increased finance costs, led to a net loss after tax of US$26.1 million in 1H2017 (1H2016: net loss US$45.2 million).

Material non-cash charges to the profit and loss statement in 1H2017 amounted to US$37.0 million: (i) net fair value gain of US$73.9 million on the exchange to the 2022 Notes and 2023 Notes; (ii) US$52.3 million related to the unaudited impairment of Block A Aceh; (iii) US$30.2 million in DD&A

charges; (iv) US$12.7 million related to the accretion of the bond discount of the zero coupon notes, 2022 Notes and 2023 Notes; (v) US$9.5 million in charges related to the financial restructuring; and (vi) a US$6.2 million write-off related to the relinquishment of the Kutai PSC.

Liquidity and gearing

The Group's cash and cash equivalents amounted to US$45.5 million as at 30 June 2017. As at 30 June 2017, the RCF utilised of US$133.3 million was classified as non-current liabilities as the Company and DBS Bank Ltd have been working together, in line with the Group's overall financial restructuring, to extend the current maturity of the RCF. Unused sources of liquidity were US$60.5 million and the Group's gearing was 58.5%.

Capital Expenditure

In February 2017, KrisEnergy provided guidance for capital expenditure for the full year 2017 of US$121.5 million and actual spend in the first six months to 30 June 2017 amounted to US$35.1 million comprising primarily of the following:

- Residual expenditure relating to the drilling of the Bangora-6 development well in the Bangora gas field in Block 9, onshore Bangladesh;
- Expenditures relating to the development of the Block A Aceh gas project, which were offset with the purchase consideration from the farm-out to PT Medco E&P Melaka; and
- Expenditures relating to the Nong Yao infill drilling campaign in G11/48.

The capital expenditure forecast for 2017 has been revised to US$110.3 million, although this investment profile will depend on the declaration of final investment decision and award of development contracts with respect to Cambodia Block A.

First-half Operational Summary and Subsequent Events up to 12 August 2017

Production

- Average gross production at the Wassana oil field in the G10/48 concession was 4,650 barrels of oil per day ("bopd") in 1H2017 and the Group's average working interest production in the period was 4,139 bopd. Work commenced to install liquid handling facilities on the mobile offshore production unit to debottleneck the water separation process and increase capacity. The field underwent a three-day scheduled shut-in in July 2017 for commissioning of the equipment.
- Average gross production at the Nong Yao oil field in G11/48 concession was 8,087 bopd in 1H2017 and the Group's average working interest production was approximately 1,820 bopd. Following completion of six infill wells in June 2017, the *Atwood Orca* jack-up rig was demobilised. Three new producing wells were brought on stream at the end of the first half 2017 and three additional wells were cased ready to produce at a later date.
- In 1H2017, three infill wells were drilled in the B8/32 & B9A oil and gas complex in the Gulf of Thailand compared to 14 wells drills in the same period in 2016. Gross production at the oil and gas producing complex in the first six months of the year was 27,217 bopd of crude oil and liquids and 120.5 million cubic feet per day ("mmcfd") of gas. Average working interest production for the period was 2,192 boepd.

- At the Bangora field in the Block 9 PSC, production rates were stable in 1H2017 with gross output of gas averaging 97.8 mmcfd and 285 barrels per day of condensate. The Group's average working interest production in 1H2017 was 4,977 boepd.

Development

- Drilling has commenced of the first development well at the Julu Rayeu field location in Block A Aceh. This gas accumulation will be utilised to fuel infield facilities.
- The petroleum agreement for Cambodia Block A is scheduled to be signed on 23 August 2017.

EHSS

- The Group recorded 907,655 man-hours in the first seven months of 2017 with zero loss time injuries.

On behalf of the board of directors.

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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