



KrisEnergy releases 2Q2019 and 1H2019 financials

Singapore, 14 August 2019 – KrisEnergy Ltd. (“KrisEnergy” or “the Company” and together with its subsidiaries the “Group”), an independent upstream oil and gas company, today announces unaudited results for the second quarter (“2Q2019”) and first half (“1H2019”) ended 30 June 2019 and provides an operational update.

	Second quarter and six months ended 30 June					
	2Q2019	2Q2018	%	1H2019	1H2018	%
Production volumes (boepd)	10,669	10,902	(2.1)	10,396	11,514	(9.7)
Oil and liquids (bopd)	5,324	6,031	(11.7)	4,986	6,458	(22.8)
Gas (mmcf)	32.1	29.2	9.7	32.5	30.3	7.0
Revenue (US\$million)	43.0	45.7	(6.0)	68.6	88.2	(22.3)
Adjusted EBITDAX ¹² (US\$million)	9.5	14.0	(32.2)	18.6	27.9	(33.4)
Average sales price						
Oils and liquids (US\$/bbl)	64.30	69.82	(7.9)	61.47	65.59	(6.3)
Gas – B8/32 (US\$/mcf)	4.93	4.35	13.3	5.00	4.21	18.8
Gas – Block 9 (US\$/mcf)	2.32	2.32	-	2.32	2.32	-
Average lifting costs ³ (US\$/boe)	20.14	26.98	(25.4)	21.04	23.45	(10.3)

Following weather-related disruptions in the first quarter of 2019 (“1Q2019”), KrisEnergy’s three producing assets improved performance in 2Q2019. Working interest Group production in 2Q2019 was 10,669 barrels of oil equivalent per day (“boepd”) compared with 10,120 boepd in the previous quarter when Tropical Storm Pabuk shut in production at several fields in the Gulf of Thailand for up to one week.

On a year-on-year basis production was reduced due to the contribution in the 2018 period of working interest oil production from the Nong Yao field, in which the Group ceased participation at

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”)

² Adjusted for unrealised foreign exchange differences

³ Average lifting cost reflects the Group’s working interest share of joint-venture operating expenditure versus production in the same period



the end of May 2018. On a *pro forma* basis – excluding Nong Yao volumes – Group production in 1H2019 at 10,396 boepd was 4.4% higher than the adjusted year-ago 9,960 boepd.

Benchmark oil prices in 2Q2019 improved compared with 1Q2019 but on the half-year basis prices were lower than 1H2018 and the markets continued to exhibit volatility linked to uncertainty over fundamentals due to geopolitical forces and dampening sentiment over the global economy, while crude oil production hit new records in the United States.

The average oil and liquids sales price achieved by the Group in 1H2019 declined 6.3% to US\$61.47 per barrel (“bbl”) (1H2018: US\$65.59/bbl) as a result of commodity market movements and due to the exclusion of Nong Yao sales in the 2019 period.

The average realised gas sales price from the B8/32 fields in the Gulf of Thailand increased 18.8% to US\$5.0 per thousand cubic feet (“mcf”) (1H2018: US\$4.21/mcf) in line with the redetermination of the gas price formula which is set on a trailing six-month basis. The gas price from the Bangora gas field in Block 9, onshore Bangladesh, was unchanged at US\$2.32/mcf.

Working interest gas production increased in 1H2019 to 32.5 million cubic feet per day (“mmcf”) compared with 30.3 mmcf a year ago. Following optimisation of production in the B-5 well in June 2019, Bangora’s gross rate exceeded 100 mmcf and the field is producing consistently at that level.

Revenue & liquidity

Lower oil prices and lower sales impacted 1H2019 revenue, which decreased 22.3% to US\$68.6 million (1H2018: US\$88.2 million). However, adjusted operating costs⁴ decreased 21.9% to US\$42.8 million (1H2018: US\$54.7 million) primarily due to two fewer liftings of Wassana crude oil in G10/48⁵, and lifting costs dropped 10.3% in 1H2019 to US\$21.04 per barrel of oil equivalent (“boe”) compared with US\$23.45/boe in 1H2018 when equipment repairs and well workovers were undertaken in the Wassana field.

Non-cash charges in 1H2019 of US\$69.0 million remained at significantly high levels as the Group incurred a provision in accordance with IFRS of US\$34.3 million related to the Udan Emas production sharing contract (“PSC”) and the approaching expiry of the concession. Other material non-cash charges were recorded for depreciation, depletion and amortisation (“DD&A”) amounting to US\$24.7 million and US\$10.0 million for non-cash accretion of bond discount, lease liability and decommission provisions.

Non-cash charges resulted in a loss before tax of US\$67.8 million (1H2018: US\$49.2 million) despite a gross profit before DD&A and net cash flow from operating activities in 1H2019 of US\$20.2 million and US\$5.1 million, respectively. In 2Q2019 alone, net cash flow used in operating activities was US\$4.7 million.

Total working interest capital expenditure in 2Q2019, excluding non-cash items, amounted to US\$4.6 million compared with a guidance provided in May 2019 of US\$17.6 million. The variance was mainly attributed to a delay in award of material contracts for the development of Apsara oil field at

⁴ Adjusted operating costs is a non-IFRS measure and includes the bareboat charters for oil and gas production, which are classified under depreciation, depletion and amortisation in the profit and loss statement in accordance with IFRS given IFRS 16 effective from 1 January 2019

⁵ In accordance with the Group’s accounting policies and industry practice, operating costs are incurred and matched with revenue earned at the time of offtake



the Cambodia Block A concession. For the third quarter 2019, capital expenditure is estimated to be approximately US\$12.5 million of which 91% is earmarked for producing and development assets, predominantly at the Cambodia Block A concession, and the balance is intended to be allocated to mandatory work commitments.

Group capital management

The net loss recorded in 1H2019 of US\$69.5 million resulted in a capital deficiency position for the Group as at 30 June 2019 of US\$46.6 million, and a net current liability position of US\$206.7 million. Total debt recognised on the Group’s balance sheet amounted to US\$476.8 million and gearing was 110.8%. The Group's revolving credit facility, as provided by DBS Bank Ltd, will mature on 30 June 2020. As such, the amount drawn as at 30 June 2019 of US\$177.4 million has been classified as current liability.

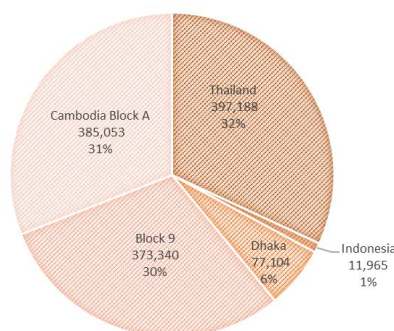
The Group's financial statements for the period ending 30 June 2019 have been prepared on a going concern basis. The Group's auditors' view, as stated in the audited consolidated full-year 2018 financial statements, is that material uncertainty exists over the Group's ability to continue as a going concern.

The Company announced today that it has made an application to the High Court of the Republic of Singapore to commence a court-supervised process to reorganise its liabilities and to seek a moratorium against enforcement actions and legal proceedings by creditors against the Company pursuant to section 211B of the Companies Act (Cap. 50). Please refer to the announcement entitled "Application for moratorium pursuant to Section 211B of the Companies Act (Cap. 50)" dated 14 August 2019 for more details.

Second-quarter Operational Summary and Subsequent Events up to 14 August 2019

EHSS

The Group recorded 1,244,650 man-hours in the year to 31 July 2018 with zero lost time injuries.



Production

- Average gross production at the KrisEnergy-operated Bangora gas field in Block 9, onshore Bangladesh, was 283 barrels of condensate per day and 94.5 million cubic feet per day (“mmcf”) in 1H2019 and the Group’s working interest share of production averaged 4,811 boepd. Following optimisation of production in the B-5 well in June 2019, Bangora’s gross rate exceeded 100 mmcf and the field has been consistently producing at that level.



- Average gross production at the Wassana oil field in the KrisEnergy-operated G10/48 concession was 4,315 barrels of oil per day (“bopd”) in 1H2019 and the Group’s working interest share of production was 3,840 bopd. A week-long unscheduled shutdown in January 2019 due to Tropical Storm Pabuk reduced the average production rate for the six-month period and the field produced consistently above 4,600 bopd in 2Q2019. The Group will be upgrading certain facilities at the Wassana operations in the next two months.
 - A lifting of 299,958 barrels of Wassana crude oil completed lifting on 3 June 2019. A second lifting of 265,462 barrels was completed on 1 August 2019.
- Average gross oil production in the non-operated B8/32 oil and gas fields was 22,887 bopd and gas production was 88.5 mmcf in 1H2019 and the Group’s working interest share of production was 1,745 boepd.
 - 27 infill wells were drilled in 1H2019 and were put into production and eight additional wells were scheduled to be drilled in July/August 2019 and put online in September 2019, which will complete the 2019 infill drilling program.
- Renovation and upgrading of the production barge for the KrisEnergy-operated Apsara oil development in Cambodia Block A progressed throughout 1H2019 in the Benoi yard and Gul drydock in Singapore:
 - New living quarters delivered and installed;
 - Helideck reinstalled;
 - Emergency diesel generator installed; and
 - Second and final drydock completed for all hull steelwork and final coatings.

Exploration

- A 1,200 sq. km 3D seismic acquisition program commenced over Cambodia Block A on 25 June 2019 and was completed on 25 July 2019. Around 200 sq. km of the 3D program was acquired over the Apsara development area to improve imaging of geological faults and sand bodies to aid in the finalisation of the design of well trajectories ahead of development drilling for first oil. Approximately 1,000 sq. km was acquired over a large prospective area in the southwest portion of the block, which has been sparsely explored by old 2D seismic lines, to improve data quality over the prospective trend in the western section of Cambodia Block A where several discoveries have been made. The data has been sent for processing
- A 2,720 sq. km 3D seismic survey was completed in May 2019 on the non-operated Andaman II PSC. The data has been sent for processing.



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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 three producing oil and/or gas fields, two in the Gulf of Thailand and one onshore Bangladesh. It also participates in 10 blocks in various stages of development, appraisal and exploration in Bangladesh, Cambodia, Indonesia, Thailand and Vietnam. KrisEnergy operates nine 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