KrisEnergy triples 3Q2016 revenues on higher oil production

Singapore, 3 November 2016 – KrisEnergy Ltd. ("KrisEnergy" or "the Company"), an independent upstream oil and gas company, today announces unaudited results for the third quarter ("3Q2016") and nine months ("9M2016") ended 30 September 2016 and provides an operational update.

	For the three months and nine months ended 30 September					
	3Q2016	**3Q2015**	**%**	**9M2016**	**9M2015**	**%**
Production volumes	**14,895**	**8,847**	**68.4**	**16,833**	**8,042**	**109.3**
Oil and liquids (bopd)	*9,007*	*2,788*	*224.2*	*10,785*	*1,850*	*482.9*
Gas (mmcfd)	*35.3*	*36.4*	*(3.0)*	*36.3*	*37.2*	*(2.33)*
Revenue (US$million)	**44.4**	**12.7**	**249.2**	**108.2**	**35.8**	**202.5**
EBITDAX[1] (US$million)	**4.1**	**1.6**	**156.8**	**35.8**	**32.6**	**9.8**
Average sales price						
Oils and liquids	*35.61*	*48.48*	*(26.5)*	*28.92*	*53.36*	*(45.8)*
Gas – B8/32 and B9A	*3.31*	*4.10*	*(19.3)*	*3.59*	*4.69*	*(23.5)*
Gas – Block 9	*2.32*	*2.32*	*-*	*2.32*	*2.32*	*-*
Average lifting costs[2,3] (US$/boe)	**24.52**	**8.76**	**179.8**	**14.35**	**7.21**	**99.1**

Third-quarter 2016 revenue more than tripled to US$44.4 million from a year ago (3Q2015: US$12.7 million) despite a 26.5% decrease year-on-year in the average realised oil price as production in the period increased 68.4% to 14,895 barrels of oil equivalent per day ("boepd"). On a quarter-on-quarter basis, however, Group working interest production declined 10.3% from 16,611 boepd in 2Q2016 as a result of lower volumes at the Wassana oil field in the Gulf of Thailand where five wells have required remedial work for mechanical problems.

Average working interest production in 9M2016 was 16,833 boepd, up 109.3% from a year ago (9M2015: 8,042 boepd) due to the time lag for the Nong Yao and Wassana oil fields, which commenced production in June and August 2015 respectively, to ramp up to peak rates.

Revenue for 3Q2016 also was boosted by an 8.2% rise in the average realised price achieved for the Group's crude oil and liquid sales to US$35.61 per barrel ("bbl") (2Q2016: US$32.90/bbl). However, the 3Q2016 realised oil price remained depressed compared with the same period a year ago when it

[1] Earnings before interest, taxation, depreciation, amortisation, geological and geophysical expenses and exploration expenses ("EBITDAX"). EBITDAX is a non-IFRS measure
[2] Adjusted for KrisEnergy's 89.0% working interest in G10/48
[3] Based on IFRS operating cost

averaged US$48.48/bbl. The average realised gas price for the B8/32 and B9A fields in the Gulf of Thailand was little changed on a quarterly basis at US$3.31 per thousand cubic feet ("mcf") (2Q2016: US$3.33/mcf) but was 19.3% below the year ago level of US$4.10/mcf.

Jeffrey MacDonald, Interim Chief Executive Officer, commented: "Although we saw a slight improvement in market conditions in the third quarter from the first half of 2016, the oil and gas environment remains challenging. Oil prices in the fourth quarter to date have been on a slightly firmer footing but sentiment is uncertain.

"In 2015, as the commodity markets continued to tumble, we enacted several steps to reduce costs substantially and this year we have cut capital expenditure to the bare minimum save for our commitments. We are implementing major changes to our existing operational strategy and our financial structure to ensure the viability of the Group. The primary operational change will be an increased focus on development and production in the Gulf of Thailand in both Thailand and Cambodia. That said, we will retain some high-impact exploration assets for future upside potential when oil prices have stabilised and recovered somewhat from today's levels."

Operating costs rose to US$33.6 million (3Q2015: US$6.6 million), partly due to the full-quarter contributions to production from the Wassana and Nong Yao fields and also the impact of cargoes scheduled for June at each field completing offtake in July. The operating costs for these cargoes were recognised in 3Q2016 instead of 2Q2016. The Group's average lifting cost for the third-quarter period was US$24.52 per barrel of oil equivalent ("boe"), up from US$8.76/boe a year ago and US$8.86/boe in the second quarter. Lifting costs in 3Q2016 also were adversely impacted by the lower production rate at the Wassana field.

Higher Group production resulted in a jump of 87.2% jump in depreciation, depletion and amortisation ("DDA") charges to US$22.1 million (3Q2015: US$11.8 million). Corporate general and administrative expenses at US$2.9 million benefitted from previously implemented cost cutting measures and were 16.3% lower than year ago levels (3Q2015: US$3.5 million). Higher revenue and lower corporate general and administrative expenses resulted in EBITDAX of US$4.2 million versus US$1.6 million in 3Q2015. EBITDAX in the first half of 2015 was lifted by non-recurring gains on the recognition of the sale or transfer of assets.

The net loss after tax in 3Q2016 was US$31.6 million compared with a net profit after tax of US$9.3 million in 3Q2015. In addition to higher non-cash DDA expenses related to producing assets, higher finance costs and higher interest expense on Group borrowings in 3Q2016, the year-on-year decrease was attributable to the gain recognised on the transfer of working interests in Block 105 and Bala-Balakang PSC in 3Q2015. The Group recorded a negative working capital position for the third consecutive quarter in 2016, following the classification of a S$130 million tranche of debt due in 2017 under Current Liabilities.

Unused sources of liquidity as at 30 September 2016 amounted to US$36.9 million and the Group's gearing was 48.9%.

Third-quarter Operational Summary and Subsequent Events up to 31 October 2016

<u>Assets in Production</u>

- Average gross production in the G10/48 Wassana field in 3Q2016 was approximately 6,200 barrels of oil per day ("bopd"). This was lower than in the preceding quarter primarily due to mechanical issues with five wells and declining well productivity. Well performance improved following reperforation work in October 2016 and consideration is being given to further works. Two other wells will have pumps replaced with larger capacity pumps during workover activity commencing in December 2016. Planning is ongoing for the potential drilling of three additional development wells targeting newly discovered oil reserves in the field and for side-tracking of two existing wells to convert into more productive horizontal completions. If approved, drilling is envisaged to be carried out in the second half of 2017. Since first Wassana production in August 2015, there have been nine cargoes offloaded for export without incident;

- The Nong Yao oil field in G11/48 achieved an average gross production of approximately 9,000 bopd in 3Q2016. Four new infill wells were completed in mid-September 2016, which led to an increase in production;

- B8/32 & B9A continued to produce at the highest rates in more than three years as a result of wireline zonal recompletions. Average gross oil production in 3Q2016 was approximately 29,150 bopd and average gross gas production in the quarter was a little over 148 million cubic feet per day ("mmcfd"); and

- In the Bangora gas field in Block 9, onshore Bangladesh, average gross production in 3Q2016 was approximately 95 mmcfd. The field was shut in for scheduled maintenance on 14 and 15 September 2016. The Bangora-6 (previously disclosed as Bangora-F) development well commenced drilling on 4 September 2016. Bangora-6 is being drilled from the Golpanagar site in the northern section of Block 9 and is planned to reach total depth at 3,786 metres measured depth, or 3,053 metres total vertical depth subsea.

Assets under Development

- The Block A Aceh joint venture partners unanimously approved the final investment decision for the gas development on 26 July 2016. This follows the award of the first and second engineering procurement and construction for the flowlines, trunklines and pipelines in March and July, respectively; and

- An agreement to transfer 28.5% and 14.25% working interest in Cambodia Block A from Mitsui Oil Exploration Co. Ltd and GS Energy Corporation, respectively, to KrisEnergy, was signed on 31 August 2016 and completed on 7 October 2016. As of completion, KrisEnergy's working interest in Cambodia Block A increased from 52.25% to 95.0%.

Exploration

- The *CGG Amadeus* commenced an 884 sq. km 3D seismic acquisition program in the G10/48 contract area in the Gulf of Thailand on 18 July 2016. The seismic program covered two sub-areas in the G10/48 licence and was completed on 17 August 2016. The seismic data is being integrated with the existing geological model for the further identification of prospects and leads in the concession.

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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 Singapore Exchange Securities Trading Ltd under the ticker SK3. For more information, visit www.krisenergy.com