



KrisEnergy announces 2014 results and operations review

- Revenue gains 8.5%, EBITDAX² climbs 8.4% in spite of falling global oil prices
- Production more than doubles to 7,612 boepd
- 2P reserves and 2C contingent resources^{3,4} more than double to 71 mmboe and 137 mmboe, respectively
- Wassana, Nong Yao oil projects on track for first oil in 2015
- Lengo gas field approval advances development activities
- Non-recurring expenses of US\$20.4 million increase loss before tax to US\$39.3 million

Singapore, 27 February 2015 – KrisEnergy Ltd. (“KrisEnergy” or “the Company”), an independent upstream oil and gas company, today announces unaudited results for the year ended 31 December 2014 (“FY2014”) and provides an operational update together with a review of its reserves and resources.

	For the year ended 31 December		
	2014	2013	%
Production volumes (boepd)	7,612	2,916¹	161.0
<i>Oil and liquids (bopd)</i>	1,396	1,366 ¹	2.2
<i>Gas (mmcf)</i>	37.3	9.3 ¹	301.1
Revenue (US\$million)	74.9	69.1	8.5
EBITDAX ² (US\$million)	30.5	28.2	8.4
Average sales price			
<i>Oils and liquids (US\$/bbl)</i>	100.93	109.40 ¹	(7.7)
<i>Gas – B8/32 and B9A (US\$/mcf)</i>	5.80	6.06	(4.2)
<i>Gas – Block 9 (US\$/mcf)</i>	2.32	2.32	-
Average lifting costs (US\$/boe)	6.91	15.14¹	(54.4)

¹ Includes production from the Glagah-Kambuna TAC, which ceased operations on 11 July 2013, and one month of production from Block 9, Bangladesh

² Earnings before interest, tax, depreciation, amortisation and exploration expenses (“EBITDAX”)

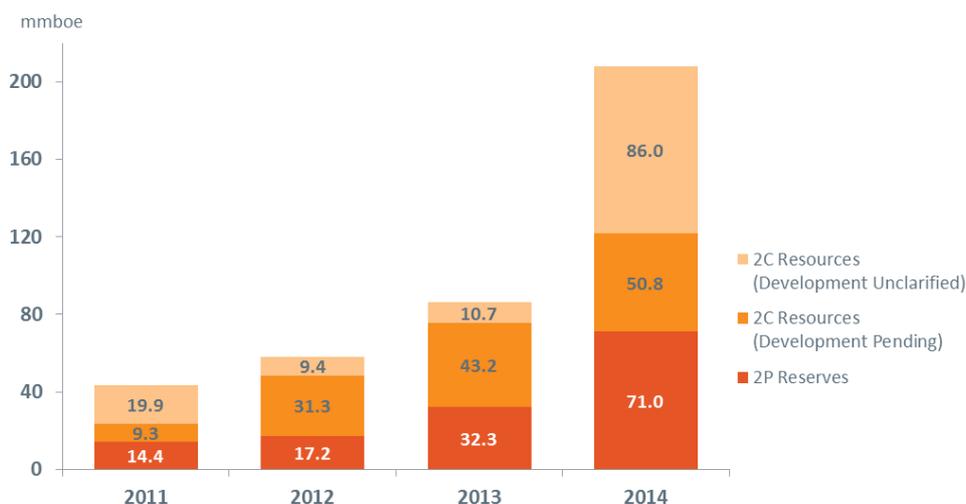


KrisEnergy made good progress towards strategic and operational goals in 2014. Oil and gas production more than doubled as did the Company’s year-end working interest 2P reserves^{3,4} as a result of advances in the KrisEnergy operated Wassana oil and Lengo gas development projects.

Total working interest 2P reserves grew 120% to 71 million barrels of oil equivalent (“mmboe”) as at 31 December 2014 from 32.2 mmboe a year earlier. The Wassana oil development in G10/48 in the Gulf of Thailand contributed 13.6 mmboe to the increase. KrisEnergy took over operatorship of G10/48 in May 2014 and has secured all necessary services and equipment for the development, which comprises up to 15 wells and a mobile offshore production unit (“MOPU”) producing to a floating storage and offloading (“FSO”) vessel. First oil is expected in the second half of 2015.

The Lengo gas accumulation in the Bulu production sharing contract (“PSC”), offshore East Java in Indonesia, bolstered working interest 2P reserves by 25.4 mmboe. The field’s plan of development (“POD”) was approved by the Indonesian authorities in late 2014. First gas is expected to flow 24 months after the joint-venture partners declare final investment decision (“FID”) for the project.

Working interest 2C resources increased 154% to almost 137 mmboe as a result of the acquisition of a 41.6666% working interest in Block A Aceh onshore Sumatra, Indonesia. Block A Aceh contains the Alur Rambong, Alur Siwah and Julu Rayeu gas accumulations with an approved POD as well as the Matang gas discovery, which requires appraisal.



Keith Cameron, Chief Executive Officer, commented: “This is our fourth consecutive year of growth in reserves and resources. The successful reclassification of resources to reserves for Wassana and Lengo demonstrates our progress in these projects towards first oil and gas. Pre-planning and preparation enabled us to quickly secure all major components for Wassana and we declared FID just five weeks after taking over operatorship of G10/48. For Lengo, we are now working on front-end engineering studies and we are in discussions to finalise long-term gas offtake agreements. This is particularly pleasing with the backdrop of our production more than doubling in 2014.”

³ 2P reserves refers to proved plus probable reserves and 2C resources refers to best estimate contingent resources, in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers.

⁴ KrisEnergy’s 2P reserves and 2C resources are reviewed each year as at 31 December by independent third-party qualified persons Netherland, Sewell & Associates, Inc. (“NSAI”)



Working interest production in 2014 increased 161% to 7,612 barrels of oil equivalent per day (“boepd”) as a result of the 2013 acquisition of the Bangora gas field in Block 9, onshore Bangladesh. Bangora’s reservoir performance surpassed internal estimates, producing at an average gross rate of 107.7 million cubic feet per day (“mmcf”). Production in the B8/32 and B9A oil and gas fields in the Gulf of Thailand started 2014 on a strong footing, recording some of the highest rates seen since 2011. However, poor weather largely in the third quarter caused delays to maintenance and reduced volumes, and gas production remained curtailed in the fourth quarter while a processing unit was modified. B8/32 and B9A contributed an average working interest 2,134 boepd in 2014.

Higher production lifted 2014 revenue 8.5% to US\$74.9 million in spite of a 7.7% decline in the average realised oil price to US\$100.93 per barrel (“bbl”) – a level greater than the 2014 average for Brent crude of US\$99.45/bbl. Gas sales in Bangladesh remained constant at US\$2.32 per thousand cubic feet (“mcf”), while in Thailand the production restraints in the second half of the year led to penalty charges, which reduced the annual average realised price by 4.2% to US\$5.80/mcf.

“Although not immune to turbulence in the commodity markets, our strategy of portfolio diversification across a range of fiscal regimes and a combination of oil and gas assets provides a level of cushioning against price volatility. Pipeline gas in Asia is generally sold under long-term contracts, the prices for which are either fixed or reviewed in reference to the relevant benchmark every six to 12 months. In 2014, 82% of our production was gas and 18% oil and liquids, while our 2P reserves at the end of the year comprised 68% gas and 32% oil and liquids. Although the production profile will change as various new developments are brought on stream, we believe our diversified portfolio is well positioned to benefit from relative stability in gas pricing as well as any upside potential from a recovery in oil prices,” said Mr. Cameron.

EBITDAX, which is a global measure of core profitability within the exploration and production (“E&P”) sector, rose 8.4% to US\$30.5 million, within the group’s target range. For the full year 2014, the Company posted a loss after tax of US\$50.3 million due primarily to non-recurring charges and one-off non-cash adjustments related to debt restructuring and other finance costs, along with higher cost of sales for the producing properties, including a non-recurring adjustment associated with the decommissioning costs at the Glagah-Kambuna TAC, which ceased production in July 2013.

KrisEnergy took advantage of favourable capital markets to strengthen its balance sheet during 2014. The Company more than halved its cost of borrowing through the early redemption in January 2014 of US\$120 million in 10.5% notes due 2016, and the sale of lower-coupon paper through a S\$500 million multi-currency Medium Term Note Programme established in May. S\$130 million notes due 2017 were priced at 6.25% in June, while S\$200 million notes due 2018 were priced at 5.75% in August after receiving S\$1.6 billion of orders. As of 31 December 2014, the Company’s unused sources of liquidity stood at US\$128.1 million and gearing, total debt to debt and equity, was within the target range at 38.1%.

While fees related to the balance-sheet restructuring contributed a non-recurring expense of US\$20.4 million to the annual net loss, the Company will benefit over time from the reduction in debt-servicing costs.

“Our decision to restructure and extend our borrowings with bond issuances in June and August 2014 has proven particularly advantageous with appetite for high-yield E&P corporate debt having since fallen away due to oil price movements. From a 10.5% coupon at the beginning of 2014, our effective cost of debt is now approximately 5% and we have more than doubled borrowings to US\$247 million



from US\$120 million at the start of 2014 and we will benefit from lower interest rates going forward,” said Mr. Cameron.

Capital expenditure for 2014 was US\$173.2 million, approximately US\$22.9 million less than initially forecast at the beginning of the year. This was due in part to decisions to defer some drilling programs to 2015, the delay in seismic acquisition in the Udan Emas PSC in Indonesia, and the operator of B8/32 and B9A installing one platform less than planned. Expenditures for 2015 are expected to reach US\$269.4 million.

“Our annual capital expenditure budgets out to 2018 will be heavily focused on development activities as we bring new production on stream. However, exploration is an important thread of our overall business strategy as we strive to build a sustainable E&P company and we will constantly review the rig markets and oil services costs for opportunities to drill exploratory wells on a cost-effective basis. We have little by way of immediate exploration obligations under our concessions and therefore we have discretion and flexibility over our work programs to maximise efficiencies and control expenditure. In adjustment to the anticipated lower oil price environment in 2015, we will continuously review opportunities to cut general and administrative costs without compromising operations and health and safety,” said Mr. Cameron.

Full-Year Operational Summary and Subsequent Events up to 27 February 2015

Changes to Portfolio

- In February 2015, the Ministry of Industry and Trade of Vietnam issued the amended investment certificates for each of KrisEnergy’s respective working interests in Block 105-110/04 and Block 120 following the withdrawal of Neon Energy (Song Hong) Pty Ltd. The amended investment certificates reflect KrisEnergy’s revised working interest in each exploration block being increased to 33.33% from 25%.
- In February 2015, KrisEnergy’s effective interest in G10/48 reduced to 89% from 100% following the sale of 14.67% shareholding in KrisEnergy Management Ltd. to Palang Sophon Offshore, a wholly owned entity of Palang Sophon Ltd (“PSL”). KrisEnergy Management Ltd. holds 100% of KrisEnergy G10 (Thailand) Ltd., which holds a 75% working interest in G10/48. KrisEnergy (Gulf of Thailand) Ltd. holds the remaining 25% working interest in and the operatorship of G10/48.
- In January 2015, completed the acquisition of Premier Oil Sumatra (North) B.V., which holds 41.6666% working interest in Block A Aceh. The entity has since been renamed to KrisEnergy (Block A Aceh) B.V.
- In October 2014, completed the acquisition of Chevron Overseas Petroleum (Cambodia) Ltd., which holds a 30% working interest in and operatorship of Cambodia Block A containing the pending Apsara oil development. The entity has since been renamed KrisEnergy (Apsara) Ltd.
- In June 2014, a deed of assignment was executed to effect the transfer of Neon Energy (Indonesia) Pty Ltd’s (“Neon Energy Indonesia”) 42% working interest in the Tanjung Aru PSC to KrisEnergy pursuant to the default and subsequent withdrawal of Neon Energy Indonesia. The completion of the transfer is pending government approval, upon which KrisEnergy will hold 85% working interest in the exploration block.
- In May 2014, completed the acquisition of Mubadala Petroleum G10 (Thailand) Ltd, which holds 75% working interest in and operatorship of G10/48. The entity has since been renamed KrisEnergy G10 (Thailand) Ltd.
- In May 2014, completed the acquisition of a 30% working interest in and operatorship of G6/48 in the Gulf of Thailand.



- In May 2014, signed a farm-out agreement for PSL to acquire a 10% working interest in G11/48 in the Gulf of Thailand, to become the Thai participant in the contract area. KrisEnergy's working interest in G11/48 reduced to 22.5% from 25%.
- In March 2014, awarded a 100% operated working interest in Block 115/09, offshore Vietnam, and a 45% non-operated working interest in the shallow sea SS-11 exploration block, offshore Bangladesh.
- In February 2014, awarded a 95% operated working interest in the Sakti PSC, offshore East Java in Indonesia.

Development & Appraisal

- B8/32 & B9A: 55 development wells were drilled in 2014 and two new production platforms were installed.
- G11/48: Construction of the production and processing facilities for the non-operated Nong Yao oil development in the Gulf of Thailand was completed in February 2015. The project remains on target to achieve first production in the second half of 2015.
- G10/48: The *MOPU Ingenium* is undergoing refurbishment in Batam, Indonesia and the FSO *Rubicon Vantage* is in drydock in Thailand for modifications before it is towed to the Wassana oil field location.
- Block A Aceh: In January 2015, the operator of Block A Aceh announced it had signed a gas sales contract for a daily contracted volume of 58 billion British thermal units.
- Bulu PSC: Government approval for the Lengo gas field development was received in late 2014. Production is expected to commence approximately 24 months after the joint-venture partners declare FID and to plateau at 70 mmcfd.

Exploration

- Recording commenced in January 2015 of a 300 km 2D seismic acquisition program in the Udan Emas PSC, onshore West Papua in Indonesia.
- A 3,146 km 2D seismic acquisition program was completed in January 2015 in the non-operated SS-11 exploration block offshore Bangladesh.
- Completed 1,202 km of 2D and 401 sq. km of 3D seismic acquisition programs in the Sakti PSC, offshore East Java, in September and October 2014, respectively.
- Fulfilled final work commitments in the G11/48 and G10/48 licences following the drilling of one exploration well in each block in June and August 2014, respectively.
- Completed a 502 sq. km 3D broadband seismic acquisition program in the Tanjung Aru PSC in the Makassar Strait, Indonesia, in April.
- Completed the acquisition of 1,284 km 2D seismic data in the East Muriah PSC in February 2014.



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 12 of the contract areas.

KrisEnergy's shares are listed on the mainboard of the Singapore Exchange Securities Trading Ltd under the ticker SK3. For more information, visit www.krisenergy.com

The initial public offering of the Company was sponsored by CLSA Singapore Pte Ltd and Merrill Lynch (Singapore) Pte. Ltd. (the "**Joint Issue Managers, Global Coordinators, Bookrunners and Underwriters**"). The Joint Issue Managers, Global Coordinators, Bookrunners and Underwriters assume no responsibility for the contents of this announcement.