KrisEnergy releases first quarter 2019 financials

Singapore, 13 May 2019 – KrisEnergy Ltd. ("KrisEnergy" or "the Company"), an independent upstream oil and gas company, today announces unaudited results for the first quarter ended 31 March 2019 ("1Q2019") and provides an operational update.

	For the three months ended 31 March		
	2019	**2018**	**%**
Production volumes (boepd)	**10,120**	**12,132**	**(16.6)**
Oil and liquids (bopd)	*4,643*	*6,891*	*(32.6)*
Gas (mmcfd)	*32.9*	*31.5*	*4.4*
Revenue (US$million)	**25.6**	**42.5**	**(39.8)**
Adjusted EBITDAX[1,2] (US$million)	**9.1**	**13.9**	**(34.5)**
Average sales price			
Oils and liquids (US$/bbl)	*58.20*	*61.40*	*(5.2)*
Gas – B8/32 (US$/mcf)	*5.07*	*4.10*	*23.7*
Gas – Block 9 (US$/mcf)	*2.32*	*2.32*	*-*
Average lifting costs (US$/boe)[3]	**22.00**	**20.25**	**8.6**

Production volumes in the Gulf of Thailand were disrupted in 1Q2019 as a result of Tropical Storm Pabuk in January 2019, which caused a week-long unscheduled shutdown of operations at the B8/32 oil and gas complex and the Wassana oil field in G10/48 as personnel were evacuated as a safety precaution.

Group working interest production averaged 10,120 barrels of oil equivalent per day ("boepd"), 16.6% lower than the 2018 period (1Q2018: 12,132 boepd). However, the year-ago comparison included working interest volumes from the Nong Yao field in G11/48 in the Gulf of Thailand, which the Company fully exited as of the end May 2018.

[1] Earnings before interest, taxation, depreciation, depletion, amortisation, geological and geophysical expenses and exploration expenses ("EBITDAX"). EBITDAX is a non-IFRS measure
[2] Adjusted for unrealised exchange differences
[3] Average lifting cost reflects the group's working interest share of joint-venture operating expenditure incurred versus production in the same period

On a *pro forma* basis, excluding Nong Yao volumes, the Group's three remaining producing assets – B8/32, G10/48 and the Bangora gas field in Block 9, onshore Bangladesh – produced at an average rate of 10,287 boepd in 1Q2018, 1.6% higher than in 1Q2019.

Aside from weather disruptions, well intervention work and infill drilling has improved performance at each of the Company's producing assets versus the fourth quarter 2018 ("4Q2018"), when working interest production was 9,847 boepd.

Benchmark oil prices remained on the downtrend triggered in the final months of 2018, and the average 1Q2019 oil and liquids price achieved by the Group at US$58.20 per barrel ("bbl") (1Q2018: US$61.40/bbl) was the lowest quarterly level since the fourth quarter 2017 and reflected a 23.8% drop from 4Q2018 (US$76.34/bbl).

First quarter 2019 revenue amounted to US$25.6 million, 39.8% down from a year ago (1Q2018: US$42.5 million), however, 1Q2019 revenue was 47.0% higher versus the final quarter of 2018 (4Q2018: US$17.4 million) as a result of higher sales volumes of Wassana crude.

IFRS 16 *Leases*

As at 1 January 2019, the Company adopted IFRS 16 *Leases* ("IFRS 16"), which supersedes IAS 17 *Leases.* Operating cost following the adoption of IFRS 16 was US$3.5 million in 1Q2019 (1Q2018: US$24.5 million) as the bareboat charters for the Wassana field operations – namely the mobile offshore production unit ("MOPU") and the floating storage and offloading vessel ("FSO"), are accounted for as depreciation, depletion and amortisation ("DD&A") in cost of sales. Prior to 1 January 2019, the bareboat charters were recognised as operating costs in cost of sales in accordance with IAS 17. However, adjusted operating cost per EBITDAX computation was US$13.4 million, the 45% decline from the 2018 period was primarily as a result of lower barrels of crude oil lifted at the Wassana field versus the year-ago period.[3]

DD&A charges rose 79.7% in 1Q2019 to US$21.3 million (1Q2018: US$11.9 million) as a result of additional DD&A for the Wassana facilities.

The average lifting cost in the period increased 8.6% to US$22.00 per barrel of oil equivalent ("boe") (1Q2018: US$20.25/boe) due to higher expenditure in the B8/32 producing concession related to evacuations during Tropical Storm Pabuk and lower production in the Wassana field in the quarter. The 1Q2019 average lifting cost was 12.6% lower than in 4Q2018 (US$25.17/boe) and 7.2% down on the full-year 2018 (US$23.70/boe).

The Group recorded a gross profit before DD&A of US$10.0 million (1Q2018: US$14.7 million) and EBITDAX, adjusted for unrealised foreign exchange differences, was US$9.1 million. Non-cash charges of US$21.6 million in 1Q2019 (compared with revenue of US$25.6 million in the same period) resulted in a loss before tax of US$20.1 million. The material non-cash charges comprised of DD&A, unrealised foreign exchange losses, fair value adjustments on financial instruments and accretion related to the outstanding bonds, decommissioning provision and lease liability.

[3] Operating costs are incurred and matched with revenue earned at the time of lifting

The loss for the period further eroded the Group's total equity, which declined to US$2.0 million with the result that gearing rose to 99.6%. On 4 April 2019, DBS Bank Ltd provided an additional US$31.7 million funding commitment under the Group's revolving credit facility for which total commitments may not exceed US$200 million. The additional commitment was necessary to provide the Group with a short-term liquidity buffer although utilisation of this commitment will increase the Group's finance cost and gearing.

The Group will continue to exercise extreme caution over all expenditures until a holistic solution can be developed and subsequently implemented.

Capital expenditure

Total working interest capital expenditure in 1Q2019, excluding non-cash items, amounted to US$18.5 million compared with a guidance provided in February 2019 of US$22.4 million. The variance was mainly attributed to a delay in billing for the infill drilling in the Wassana field.

For the second quarter 2019, capital expenditure is estimated to be approximately US$17.6 million of which 95% is earmarked for producing and development assets and the balance is intended to be allocated to mandatory work commitments.

First-quarter Operational Summary and Subsequent Events up to 10 May 2019

- Average gross production at the KrisEnergy-operated Bangora gas field in Block 9, onshore Bangladesh, was 296 barrels of condensate per day and 96.3 million cubic feet per day ("mmcfd") in 1Q2019 and the Group's working interest share of production averaged 4,903 boepd. Production has maintained at steady higher levels since a workover on the B-5 well in November 2018 to open new producing zones. However, gas production has been reduced intermittently in 2019 at the request of the state gas transmission authorities to balance the national distribution grid.

- Average gross production at the Wassana oil field in the KrisEnergy-operated G10/48 concession was 3,917 barrels of oil per day ("bopd") in 1Q2019 and the Group's working interest share of production was 3,486 bopd. Production was shut in twice during January 2019. Subsequently, following optimisation of equipment and production, the field has been running at approximately 4,700 bopd throughout April and May 2019. The following shutdowns occurred in January 2019:
    - On 2 January 2019, the Wassana field was shut in, the FSO was decoupled from the mooring and sailed to safe haven and all personnel were evacuated as a precaution to Tropical Storm Pabuk. The FSO and personnel remobilised to the field on 6 January 2019 without incident and production resumed on 8 January 2019; and
    - The field was shut-in for 24 hours on 26 January 2019 for the hook up of a new export pump for the 4-inch subsea flowline and replacement of a section of a 6-inch surface hose.
- The *Mist* jack-up rig demobilised from the Wassana field on 19 February 2019 following completion of the second Wassana infill drilling program, which commenced in December 2018: The infill program comprised:
    - Existing wells A-17H, A-10H and A-06D were plugged and abandoned;
    - Workovers were performed on A-23H, A-03H and A-25H;

- Drilling of A-30H extended reach well commenced on 10 January 2019 and reached total depth at 13,662 feet measured depth ("MD") (-5,226 feet true vertical depth ("TVDSS")). A-30H was completed on 4 February 2019 and was put on stream at a rate of 920 bopd on 5 February 2019;
- Drilling of A-26H infill well commenced on 21 January 2019 and reached total depth at 8,998 feet MD (-5,162 feet TVDSS). A-26H was completed on 9 February 2019 and was put on stream at a rate of 570 bopd; and
- Drilling of A-27H infill well commenced on 29 December 2018 and reached total depth at 9,925 feet MD (-5,413 feet TVDSS). A-27H was completed on 14 February 2019 and was put on stream at a rate of 1,000 bopd.

- A lifting of 300,678 barrels of Wassana crude was completed on 22 January 2019.
- On 30 January 2019, the Department of Mineral Fuels in Thailand approved KrisEnergy's proposal for the relinquishment of a portion of the reservation area in the G10/48 licence. The reservation area was reduced to 114.4 sq. km compared with 283.6 sq. km. The Wassana production area remains unchanged at 132.2 sq. km.

- Average gross oil production in the non-operated B8/32 oil and gas fields was 23,067 bopd and gas production was 85.8 mmcfd in 1Q2019 and the Group's working interest share of production was 1,732 boepd. Production at the B8/32 oil and gas complex was shut in on 1 January 2019 and personnel were evacuated due to Tropical Storm Pabuk. Production resumed on 7 January 2019. The 1Q2019 gross oil production average is the highest rate since the third quarter 2017 due to zonal recompletions workovers and infill drilling.
    - 27 infill wells have been drilled and completed so far in the 2019 infill program for B8/32 and 16 of the wells are on production. The 2019 program schedules 40 infill wells.

- Renovation and upgrading of the production barge for the Apsara oil development in Cambodia Block A commenced in the fourth quarter of 2018 and is proceeding. The vessel entered the Gul drydock in Singapore on 1 March 2019 for hull renovation and life extension and returned to the Benoi yard in April for installation of the living quarters and helideck.

- Front end engineering design was completed by end April 2019 for the Rossukon oil development in the KrisEnergy-operated G6/48 licence in the Gulf of Thailand.

Exploration

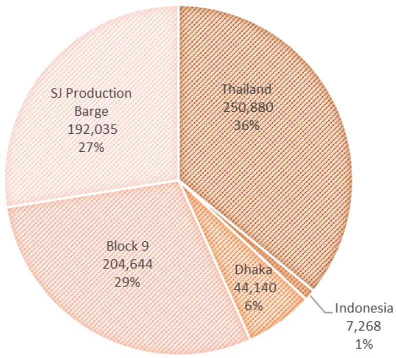
- PGS vessel *MGS Apollo* has acquired approximately 98.3% of a2,720 sq. km 3D seismic survey in the non-operated Andaman II production sharing contract, offshore North Sumatra in the Malacca Strait, Indonesia. The seismic program is expected to complete in the next few days.

EHSS

KrisEnergy recorded 698,967 man-hours on operated assets in 2019 up to 30 April 2019 with zero lost time injuries.

For Immediate Release

Breakdown of man-hours on operated assets



Contacts:
Tanya Pang
VP Investor Relations & Corporate Communications
T: +65 6838 5430
E: tanya.pang@krisenergy.com

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 licences, 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 Trading Ltd under the ticker SK3. For further information, visit www.krisenergy.com.