



### KrisEnergy announces 3Q2015 financial & operational update

- **3Q2015 production rises almost 20% as new Thai oil fields ramp up; working interest volumes exceed 13,500 boepd by end October 2015**
- **Revenue declines on the back of 54.0% year-on-year decrease in average realised oil price; EBITDAX<sup>1</sup> remains positive**
- **Net profit US\$9.4 million on gains from assets transfers**
- **Successful Rights Issue strengthens balance sheet, reduces gearing**

**Singapore**, 12 November 2015 – KrisEnergy Ltd. (“KrisEnergy” or “the Company”), an independent upstream oil and gas company, today announces unaudited results for the third quarter (“3Q2015”) and nine months (“9M2015”) ended 30 September 2015, and provides an operational update for the year up to 11 November 2015.

	Third quarter and nine months ended 30 September					
	3Q2015	3Q2014	%	9M2015	9M2014	%
Production volumes (boepd)	<b>8,847</b>	<b>7,403</b>	<b>19.5</b>	<b>8,042</b>	<b>7,790</b>	<b>3.2</b>
<i>Oil and liquids (bopd)</i>	<i>2,778</i>	<i>1,303</i>	<i>114.8</i>	<i>1,850</i>	<i>1,455</i>	<i>27.6</i>
<i>Gas (mmcf)</i>	<i>36.4</i>	<i>36.6</i>	<i>(0.7)</i>	<i>37.2</i>	<i>38.0</i>	<i>(2.3)</i>
Revenue (US\$ million)	<b>12.7</b>	<b>18.2</b>	<b>(30.1)</b>	<b>35.8</b>	<b>61.7</b>	<b>(42.0)</b>
EBITDAX <sup>1</sup> (US\$ million)	<b>1.6</b>	<b>5.8</b>	<b>(71.8)</b>	<b>32.6</b>	<b>26.8</b>	<b>21.6</b>
Average sales price						
<i>Oils and liquids (US\$/bbl)</i>	<i>48.48</i>	<i>105.47</i>	<i>(54.0)</i>	<i>53.36</i>	<i>107.80</i>	<i>(50.5)</i>
<i>Gas – B8/32 and B9A (US\$/mcf)</i>	<i>4.10</i>	<i>5.43</i>	<i>(24.5)</i>	<i>4.69</i>	<i>5.91</i>	<i>(20.7)</i>
<i>Gas – Block 9 (US\$/mcf)</i>	<i>2.32</i>	<i>2.32</i>	<i>-</i>	<i>2.32</i>	<i>2.32</i>	<i>-</i>
Average lifting costs (US\$/boe)	<b>9.01</b>	<b>7.27</b>	<b>23.9</b>	<b>7.32</b>	<b>6.59</b>	<b>11.0</b>

<sup>1</sup> Earnings before interest, taxation, depreciation, amortisation, geological and geophysical expenses and exploration expenses (“EBITDAX”). EBITDAX is a non-IFRS measure



KrisEnergy's working interest production of oil and gas jumped almost 20% in 3Q2015 to average 8,847 barrels of oil equivalent ("boepd") from a year earlier as two new oil fields in the Gulf of Thailand ramped up output with the Group's volumes exceeding 13,500 boepd by the end of October 2015.

The increased production helped maintain positive cash flow even though revenue was buffeted by the continuing downward trend in oil prices. The Company's average realised price for oil and liquids dropped 21.8% in 3Q2015 to US\$48.48 per barrel ("bbl") from the second quarter (2Q2015: US\$61.98/bbl) and 54.0% from a year ago (3Q2014: US\$105.47/bbl). The average gas price from the B8/32 & B9A fields in the Gulf of Thailand, which is calculated on a formula linked to oil on a six-month moving average, fell 24.5% to US\$4.10 per thousand cubic feet ("mcf") from US\$5.43/mcf in 3Q2014. The sales price from the Bangora onshore gas field in Bangladesh remained constant at US\$2.32/mcf.

Revenue fell 30.1% to US\$12.7 million (3Q2014: US\$18.2 million). EBITDAX, the globally accepted benchmark of profitability for the upstream oil and gas industry, remained positive at US\$1.6 million in 3Q2015. The Company recorded a net profit after tax of US\$9.4 million compared with a US\$10.0 million loss in 3Q2014. Earnings for the quarter were boosted by a US\$26.0 million gain from the transfer of working interests to KrisEnergy for Block 105-110/04 ("Block 105") offshore Vietnam and the Tanjung Aru production sharing contract ("PSC") in Indonesia.

### **Building a first-in-class oil and gas company**

First oil on 14 August 2015 from the Wassana oil field in the G10/48 licence in the Gulf of Thailand marked a major milestone in KrisEnergy's mission to build a sustainable independent upstream company in Southeast Asia. Wassana is the first KrisEnergy-operated greenfield development to go into production.

Keith Cameron, KrisEnergy's Chief Executive Officer, said: "We were a partner in G10/48 from the appraisal phase and it is incredibly rewarding to become the operator and achieve first oil at the Wassana field. The team achieved production in just 15 months from when we took over operatorship in May 2014, demonstrating our subsurface, technical and project management skills as well as our ability to deliver on targets amid testing market conditions.

"During the development drilling we encountered additional oil volumes in deeper reservoirs in the west and north flanks of the Wassana field area. This, together with the success of the Rayrai exploration well earlier this year, is very positive for further future activity in the G10/48 licence."

With the addition of new production since mid-June from the non-operated Nong Yao field in G11/48 in the Gulf of Thailand, the Company's working interest crude oil production more than doubled in 3Q2015 to 2,778 barrels of oil per day ("bopd") from 1,303 bopd in 3Q2014. Development drilling in both Nong Yao and Wassana is continuing and production is expected to ramp up over the coming months to a gross plateau rate of approximately 10,000 bopd from each field by the end of 2015.



### Controlling costs in uncertain outlook

Group operating expenses and lifting costs rose in 3Q2015 by 16.4% and 23.8% to US\$6.8 million and US\$ 9.01/boe, respectively, in line with the additional sales of Nong Yao crude oil along with oil and gas sales from B8/32 & B9A in the Gulf of Thailand and gas from the Bangora field in Block 9, onshore Bangladesh. Liftings of Wassana crude oil are expected to begin in the fourth quarter of 2015. Depreciation, depletion and amortisation, which is recognised for all producing assets, almost doubled in 3Q2015 to US\$11.8 million (3Q2014: US\$6.0 million) on the back of incremental production.

“In line with many of our peers, we have sought to cut costs across operations to reflect the negative impact of the depressed oil market on revenues and the prolonged uncertain outlook. General and administrative expenses have been reduced by 10.4% and finance costs are down by 3.8% - the benefit from an earlier restructuring of debt. These measures and other prudent steps to control costs, optimise the balance sheet and tap more favourable sources of funding have enabled us to continue to focus on bringing near-term development projects into production,” said Mr. Cameron.

The Company successfully completed a S\$169.5 million renounceable underwritten rights issue (the “Rights Issue”) on 11 August 2015, raising net proceeds of S\$164.4 million. As a result of the increase in share capital, the balance sheet was strengthened during the quarter and as at 30 September 2015, the Group’s gearing decreased to 31.2% from 40.9% in the preceding quarter. This level of gearing is at the bottom end of the Company’s target range of 30.0% to 50.0% and as such, provides headroom for the Group’s next phase of value creation as the Company works towards the development of two gas fields in Indonesia and one oil field each in Cambodia and Thailand.

Capital expenditure in 9M2015 amounted to US\$188.7 million<sup>2</sup> compared with US\$121.6 million for the first six months of the year. KrisEnergy will fund its continued expansion through a combination of proceeds from the Rights Issue, cash flows from operations, potential strategic asset divestments and farm-out transactions, as well as from debt facilities. The Company had unused sources of liquidity of US\$107.1 million as at 30 September 2015.

### Operational update from 1 August to 11 November 2015

#### Production ramps up

- The Wassana oil field in G10/48 in the Gulf of Thailand commenced production on 14 August 2015. To date, nine producer wells and one water disposal well have been drilled. Drilling is underway of five horizontal development wells. Once completed, the field will comprise 15 development wells producing to the mobile offshore production unit (“MOPU”), *MOPU Ingenium*, and the floating storage and offloading (“FSO”) vessel, *Rubicon Vantage*. Production currently stands at approximately 5,500 bopd;
- First oil from the Nong Yao field in G11/48 in the Gulf of Thailand was achieved on 17 June 2015. All 16 development wells have been drilled, 14 are producer wells and two are water disposal wells. Eight of the wells are horizontal wells. The Nong Yao development comprises a wellhead processing platform and a minimum facility wellhead platform with the export of crude oil via a FSO. Production currently stands at approximately 9,500 bopd;

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<sup>2</sup> The total of US\$188.7 million accounts for KrisEnergy’s effective working interest of 89.0% in G10/48 and excludes the effect of the transfer of working interest from Eni Vietnam B.V. (“Eni”) for Block 105 and from Neon Energy (Indonesia) Pty Ltd (“Neon Energy”) for the Tanjung Aru PSC



- The 2015 drilling program in the B8/32 & B9A oil and gas producing complex in the Gulf of Thailand was completed in 3Q2015 with 17 wells drilled in the quarter, bringing the total number of wells drilled for the year to 52. One platform was installed and brought into production in 2015. Production at the end of October was approximately 27,000 bopd and 130 million cubic feet per day (“mmcf”); and
- A planned five-day maintenance stoppage at the Bangora gas field planned for the end of September was completed 2.5 days ahead of schedule. The field is currently producing approximately 105 mmcf.

#### Developments progressing

- Front-end engineering and design was completed in October for the KrisEnergy-operated Lengo gas development in the Bulu PSC offshore East Java. Gas sales negotiations are progressing; and
- Discussions are ongoing with the Thai authorities regarding the production area application (“PAA”) for the Rossukon oil development in the G6/48 licence in the Gulf of Thailand. The PAA was submitted in June 2015 following a successful four-well drilling program in March and April this year.

#### Changes to Portfolio

- In August 2015, SKKMigas approved the transfer of Neon Energy’s 42.0% working interest in the Tanjung Aru PSC to KrisEnergy. The transfer was a non-cash transaction, which was recorded as a gain on transfer. Following the approval, KrisEnergy holds an 85.0% operated working interest in the Tanjung Aru PSC, where there are no outstanding firm well commitments; and
- In September 2015, the Ministry of Industry and Trade of the Socialist Republic of Vietnam approved (i) the transfer of Eni’s 66.67% operated working interest in Block 105 to KrisEnergy and (ii) the concurrent transfer of a 49.0% non-operated working interest to Vietnam Oil and Gas Group. The resulting transfer to KrisEnergy was a non-cash transaction and was recorded as a gain on transfer. KrisEnergy currently holds a 51.0% operated working interest in the exploration block where there are no outstanding firm commitments.

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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. KrisEnergy operates 13 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](http://www.krisenergy.com)