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KrisEnergy Ltd. FY2016 financial and operational update

- **Average 2016 production rises 66.5% to 16,136 boepd**
- **Revenue up 137.4% at US$142.8 million**
- **EBITDAX[1] increases to US$51.1 million**
- **US$303.4 million non-cash charges resulted in net loss after tax of US$237.1 million**
- **Preferential offering completed: gross proceeds of S$139.5 million**

Singapore, 23 February 2017 – KrisEnergy Ltd. ("KrisEnergy" or "the Company"), an independent upstream oil and gas company, today announces unaudited results for the full year ended 31 December 2016 ("FY2016"), and provides an operational update.

	For the year ended 31 December		
	2016	**2015**	**%**
Production volumes (boepd)	**16,136**	**9,692**	**66.5**
Oil and liquids (bopd)	*10,146*	*3,492*	*190.6*
Gas (mmcfd)	*35.9*	*37.2*	*(3.5)*
Revenue (US$million)	**142.8**	**60.2**	**137.4**
EBITDAX[1] (US$million)	**51.1**	**37.2**	**37.4**
Average sales price			
Oil and liquids (US$/bbl)	*30.99*	*40.18*	*(22.9)*
Gas – B8/32 & B9A (US$/mcf)	*3.60*	*4.45*	*(19.1)*
Gas – Block 9 (US$/mcf)	*2.32*	*2.32*	*-*
Average lifting costs (US$/boe)	**13.85**	**8.63**	**60.6**

Non-cash charges for impairments on producing assets, write-offs related to relinquished contract areas and DD&A[2], in aggregate amounting to US$303.4 million, together with higher financial costs, resulted in a net loss after tax of US$237.1 million despite a more than doubling in revenues for the period to US$142.8 million.

[1] Earnings before interest, tax, depreciation, amortisation, geological and geophysical expenses and exploration expenses ("EBITDAX")
[2] Depreciation, depletion and amortisation ("DD&A")

An impairment charge of US$121.0 million was recognised related to the Company's working interest share in G10/48 and G11/48 concessions in the Gulf of Thailand, where the Wassana and Nong Yao oil fields, respectively, commenced production in 2015. The impairments resulted from lower forecasts for oil prices as well as a reduction in estimates for proved plus probable ("2P") reserves stemming from production performance issues in the Wassana field.

In line with the Group's financial and operational restructuring strategy, the Board agreed to relinquishment the East Muriah production sharing contract ("PSC") and the Kutai PSC, both in Indonesia, and Block 105-110/04 ("Block 105") offshore Vietnam, which led to a US$77.9 million write off. The relinquishments of all three concessions are pending government approval.

Production growth

Group working interest production averaged 16,136 barrels of oil equivalent per day ("boepd"), an increase of 66.5% compared with the 2015 period due to higher production at the B8/32 & B9A oil and gas complex in the Gulf of Thailand and a full year of production at the Wassana and Nong Yao fields, which came on stream in August 2015 and June 2015, respectively.

Higher production led to a 146.5% rise in DD&A charges to US$104.5 million (FY2015: US$42.4 million). Earnings before interest, tax, depreciation, amortisation, geological and geophysical expenses and exploration expenses, or EBITDAX, amounted to US$51.1 million.

Although average oil selling prices crept higher in the fourth quarter 2016 (US$39.07 per barrel ("bbl")), the Company realised an average selling price for FY2016 of US$30.99/bbl. The annual average realised price was dragged down significantly in the first quarter of 2016 when global prices fell below US$30/bbl at a time when the Group's average working interest production peaked just above 19,000 boepd. Lower oil prices provided downward pressure on realised gas prices in the Gulf of Thailand, which are adjusted every six months.

Jeffrey S. MacDonald, Interim Chief Executive Officer, commented: "Trading conditions remained challenging in 2016 and our focus was to restructure the balance sheet to put the Company on to a firmer financial footing. That process was completed at the end of January 2017. Clearly there remains some fragility in the oil markets and prices remain vulnerable to downward pressure. In line with the revised business plan, we are now working to rationalise our portfolio to reduce risk and raise additional financing through farm-out and potential divestment transactions as well as relinquishing those assets we consider non-core. At the same time, we continue to work on our pipeline of development projects.

"We have been mindful of security issues in some of our host countries and our internal controls have been reviewed and 2016 passed without incident. In addition, Group operations recorded 1,676,462 man-hours in 2016 with no lost time injuries."

Net financing costs & restructuring

Finance costs increased to US$33.3 million (FY2015: US$19.5 million) due to higher bank loan interest, the extension and transfer of the Company's revolving credit facility ("RCF") and various advisory and legal fees. Total borrowings as at 31 December 2016 were US$416.96 million, comprising the US$148.3 million RCF and the RCF bridge upsize drawn at US$40.0 million, the

S$130.0 million Notes due in 2017 ("2017 Notes") and the S$200.0 million Notes due in 2018 ("2018 Notes").

In January 2017, the Company completed the restructuring of the 2017 and 2018 unsecured notes and extended the note maturities by five years to 2022 and 2023, respectively. In addition, the Company completed a preferential offering whereby 139.5 million senior secured seven-year zero coupon notes and 1.26 billion detachable equity warrants were issued and allotted by the Company on 31 January 2017 raising gross proceeds of S$139.5 million. Following the preferential offering, as previously disclosed as the use of proceeds, the Company repaid the outstanding drawn amounts of US$40 million and cancelled the US$50 million RCF bridge upsize, as well as repaid US$25 million of the RCF.

Capital expenditure

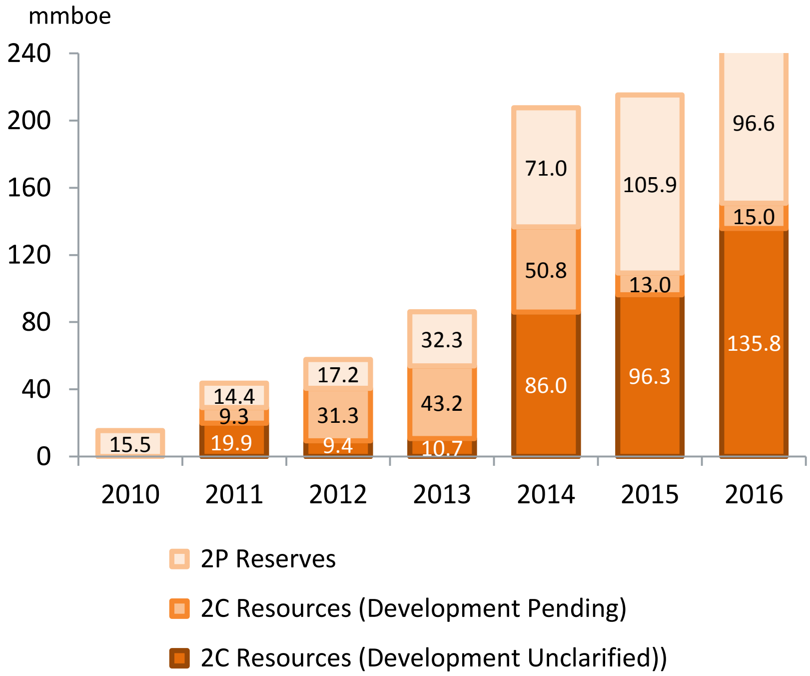
Total working interest capital expenditure in FY2016, excluding non-cash items, amounted to US$65.9 million, of which the Block A Aceh gas development accounted for US$28.1 million and US$13.9 million was utilised for the Wassana oil field development, where development drilling was completed in January 2016. In August 2016, the Company provided guidance for FY2016 capital expenditure of US$83.0 million. The variance is due to a reduction in KrisEnergy's working interest in Block A Aceh to 15.0% from 41.6666% (see section below *Assets under Development*).

For 2017, capital expenditure is estimated to be approximately US$121.5 million, of which 59.8% is earmarked for development projects and 24.6% will be invested in producing assets. Pursuant to the new business plan as first outlined in the Consent Solicitation Statement dated 17 November 2017, the Group intends to farm out and/or divest select assets within its portfolio and as a result, the Group expects net capital expenditure to decline during 2017.

For Immediate Release

Full-year operational summary and subsequent events until 22 February 2017

Reserves & Resources



Working interest 2P reserves were estimated by Netherland, Sewell & Associates, Inc. ("NSAI") at 96.6 million barrels of oil equivalent ("mmboe") as at 31 December 2016 versus 105.9 mmboe as at 31 December 2015. The decline is associated with lower oil price forecasts impacting the Wassana and Nong Yao oil fields as well as a downward adjustment for the Wassana field due to production and performance.

NSAI recognised best estimate contingent ("2C") resources of 150.8 mmboe as at 31 December 2016 with 15.0 mmboe categorised as development pending and 135.8 mmboe as development unclarified. An increase in the Group's working interest in the Cambodia Block A development block from 52.25% to 95.0% boosted 2C resources associated with the asset to 9.8 mmboe from 5.4 mmboe as at 31 December 2015. The full-year estimates excluded 2C resources associated with the East Muriah PSC, which expired on 12 November 2016 and is pending government approval for relinquishment. Adjusted for the pending relinquishment of the Kutai PSC, which expired on 15 January 2017, total working interest 2C resources in the development pending category would be reduced by 6.9 mmboe to approximately 8.1 mmboe.

Production

- Average gross production at the KrisEnergy-operated Wassana oil field in G10/48 was 7,472 barrels of oil per day ("bopd") in FY2016, approximately 25% below earlier estimates. Average working interest share of production was 6,650 bopd. The field peaked at 12,800 bopd in the first quarter of 2016 but mechanical issues at five wells and declining well productivity in the second and third quarters reduced overall production for the year. Remedial work such as well perforation and the replacement of pumps has resulted in a steadying of production in the first weeks of 2017 at approximately 5,500 bopd. Up to five infill wells are planned to be drilled in 2017. Technical work is also underway for the potential development of a satellite oil accumulation within the Wassana Production Area, production from which would be processed through the existing Wassana facilities;

- Average gross production at the non-operated Nong Yao oil field in G11/48 was 9,486 bopd in FY2016. Average working interest share of production was 2,134 bopd. Four infill wells were completed in mid-September 2016. The Nong Yao C-1 exploration well reached total measured depth ("MD") at 5,003 feet (1,525 metres MD), or -4,277 feet total vertical depth subsea ("TVDSS"), and was plugged as a sub-commercial oil discovery. An additional four infill wells are planned to be drilled in the Nong Yao field in 2017;

- Sixteen wells were drilled in the B8/32 & B9A oil and gas producing complex in FY2016 bringing the total number of producing wells as at 31 December 2016 to 265 with 34 platforms in operation. An increase in wireline zonal recompletions boosted output from the fourth quarter of 2015 and throughout 2016: oil production exceeded 31,000 bopd in July 2016 and gas production increased to peak in September 2016 at a little over 149 million cubic feet per day ("mmcfd"). Gross oil production on average for 2016 was 27,551 bopd and gross gas production averaged 145.2 mmcfd, or together, the equivalent of an annual average of 51,755 boepd, the highest rate since 2012. Average working interest share of production was 2,399 boepd. The 10-year extension of the B8/32 & B9A licences to 2030 was approved and signed on 16 January 2017 and is pending ministerial approval; and

- Average gross production in FY2016 at the Bangora gas field in Block 9, onshore Bangladesh, was 97.4 mmcfd and 282 barrels of condensate per day. Average working interest share of production was 4,953 boepd. The field underwent a two-day maintenance stoppage in September 2016. The Bangora-6 development well commenced drilling late in the third quarter of 2016 and was completed and put into production in January 2017. Bangora-6 was drilled by the *Bapex Bijoy 10* rig to a total depth of 3,771 metres MD, or -3,092 metres TVDSS. The well is producing at approximately 11 mmcfd with total Bangora field production constrained at 102 mmcfd by compressor capacity.

Assets under Development

- In November 2016, KrisEnergy reached an agreement to farm-out a 26.6666% working interest in the Block A Aceh PSC to PT Medco E&P Malaka ("MedcoEnergi"), the operator of the block. Completion of the transaction is subject to receipt of all government approvals. Upon completion, KrisEnergy's working interest will be 15.0% and MedcoEnergi will hold an operated 85.0% working interest;

- 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. Construction is underway and negotiations regarding project financing for the development continue;

- The Environmental Impact Assessment for the Lengo gas development in the Bulu PSC offshore East Java, Indonesia, was approved by the Ministry of Environment. Six companies qualified for the engineering, procurement, construction and installation tender, which has been deferred while negotiations continue on the gas sales agreement;

- On 7 October 2016, the Cambodian authorities approved the transfer of 28.5% and 14.25% working interest in Cambodia Block A from Mitsui Oil Exploration Co. Ltd and GS Energy Corporation, respectively, to KrisEnergy. As of completion, KrisEnergy's working interest in Cambodia Block A increased from 52.25% to 95.0%;

- The Reservation Area application for G6/48 in the Gulf of Thailand was approved in April 2016. The new G6/48 acreage stands at 284 sq. km, down from 566 sq. km. The concession comprises two separate areas including the Rossukon Production Area, which holds the Rossukon oil development.

Exploration

- The *CGG Amadeus* completed on 17 August 2016 an 884 sq. km 3D seismic acquisition program in the G10/48 contract area in the Gulf of Thailand. The seismic program covered two sub-areas in the G10/48 licence. The seismic data has been integrated with the existing geological model for the identification of drilling locations for additional prospects and leads in the concession;

- Application to relinquish has been submitted for the East Muriah PSC in the East Java Sea, which expired on 12 November 2016;

- Application to relinquish has been submitted for the Kutai PSC in the Makassar Strait, which expired on 15 January 2017; and

- Application to relinquish has been submitted for Block 105, offshore Vietnam, which expired on 2 February 2017.

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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 five producing oil and/or gas fields, four in the Gulf of Thailand and one onshore Bangladesh. It also participates in 11 blocks in various stages of development, appraisal and exploration in Bangladesh, Cambodia, Indonesia, Thailand and Vietnam. KrisEnergy operates 10 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