



KrisEnergy Ltd.'s Q&A for the 7th Annual General Meeting on 29 June 2020

The following questions were submitted prior to the 7th Annual General Meeting to be convened at 9 a.m. on Monday, 29 June 2020.

The Company has endeavoured to retain the original form of the questions in verbatim as far as possible.

1. **Given the huge investment in the development of Cambodia Block A. May I know how long is the oil estimate going to last for the block assuming that is going to be totally developed?**

A: Block A lies over the Khmer Basin, an unproduced geological basin and due to the unproven production performance of the basin, development of the Apsara area is planned in several phases to mitigate risk and provide for the collection and analysis of critical data to be applied in future phases. The initial phase, Mini Phase 1A, is scheduled to commence oil production in 2020 and to reach a peak rate at 7,500 barrels of oil per day. Mini Phase 1A is designed to incur minimum costs to first oil and will test reservoir performance and evaluate the long-term potential of the Apsara field.

Once reservoir performance has been observed for a period of time, and the observations are satisfactory, there are an additional three platform locations in the Apsara area already identified for potential development. The Apsara fault block is one of seven geological fault blocks in the Block A concessions. The full potential of the greater area of Block A will require further exploration and development in the long term.

2. **Given the huge debt that KrisEnergy has accumulated, what is the management strategy in:**
 - a. **Reducing the debt to a sustainable level?**
 - b. **Steering the company to making a profit consistently?**

A: As previously stated, the Company requires a significant de-leveraging to continue operating as a going concern. On 19 June 2020, the Company held its 2nd Informal Investor Meeting to outline a restructuring proposal ("**Restructuring Proposal**"), which is intended to provide a path to recovery for stakeholders via a sizeable equity stake in a restructured business alongside the development of the Apsara oil field in Cambodia.

Details of the Restructuring Proposal were disclosed in the 2nd Informal Investor Meeting presentation, which can be found on the SGXNet and the Company's website at <https://krisenergy.com/Investors/presentations/>.



3. *Enhancing shareholder returns and increasing the share price?*

A: The Restructuring Proposal is intended to provide a path to recovery for stakeholders via a deleveraged capital structure and exposure to the equity upside from the long-term development of Block A in Cambodia.

4. *KrisEnergy has been consistently making a loss after tax since its IPO. When does the management foresee the company can turn around and start making profit (after tax) at a sustainable level?*

A: The Company was established in a rising commodity cycle and embarked on a growth strategy in an environment of US\$110/bbl to US\$128/bbl oil price. At that point, equity was raised via the IPO. Thereafter, access to debt was easier and lower cost. The prolonged collapse in oil prices post 2014 affected revenues and cash flow, damaged confidence in the upstream sector and eroded access to capital to support working capital and capital expenditure. Debt servicing costs limited KrisEnergy's ability to fund capital expenditures from existing cash flow. Lower oil prices and lack of funding resulted in non-cash impairments and write offs of assets. The resultant losses eroded the Group's equity leading to a ballooning of the Group's gearing.

The broader oil and gas industry is facing unprecedented headwinds as the oil price collapsed to a 20-year low in April 2020. A deleveraging, coupled with access to financing for the Mini Phase 1A development of Block A, is the best available platform for the Company to develop Block A in the long term for the survival and future revival of the Group in the face of the prevailing challenges in the broader market.

The first step will be the Mini Phase 1A small-scale development of Block A that will test reservoir performance and evaluate long-term potential of the Apsara field. Mini Phase 1A is expected to achieve first oil at minimal capex to obtain reservoir performance before additional investment into subsequent platforms. Investment decisions with respect to subsequent platforms will be made based on reservoir performance from the development at Mini Phase 1A, additional appraisal drilling and the commodity pricing environment at that time.

5. *Can the management share what is the growth potential for Krisenergy for the next 3 years in a low oil price environment?*

A: Oil prices are subject to external forces out of the Company's control. In 2020, there has been extreme turbulence for several global factors, which led to 20-year lows in the oil markets in April 2020. Although sentiment remains somewhat fragile given the continuing impact of the COVID-19 pandemic on economic growth and therefore energy demand, benchmark oil prices have recovered to around US\$40 per barrel ("bbl") and general expert consensus is for prices to gradually climb to US\$60/bbl over the next three years. Mini Phase 1A of the Apsara oil field in Block A will underpin the development of an asset that is expected to represent a significant component of the Group's value in the long term.