



## KrisEnergy releases 3Q2019 and 9M2019 financials

Singapore, 12 November 2019 – KrisEnergy Ltd. (“KrisEnergy” or “the Company” and together with its subsidiaries the “Group”), an independent upstream oil and gas company, today announces unaudited results for the third quarter (“3Q2019”) and nine months (“9M2019”) ended 30 September 2019 and provides an operational update.

	For the three months and nine months ended 30 September					
	3Q2019	3Q2018	%	9M2019	9M2018	%
Production volumes <sup>1</sup> (boepd)	10,100	9,918	1.8	10,296	10,976	(6.2)
Oil and liquids (bopd)	4,538	5,200	(12.7)	4,835	6,034	(19.9)
Gas (mmcf)	33.4	28.3	17.9	32.8	29.7	10.5
Revenue (US\$million)	22.9	39.2	(41.6)	91.5	127.4	(28.2)
Adjusted EBITDAX <sup>2</sup> (US\$million)	6.6	12.7	(48.3)	25.1	40.6	(38.1)
Average sales price						
Oils and liquids (US\$/bbl)	57.14	70.80	(19.3)	60.10	67.05	(10.4)
Gas – B8/32 (US\$/mcf)	4.91	4.64	5.8	4.97	4.36	14.0
Gas – Block 9 (US\$/mcf)	2.32	2.32	-	2.32	2.32	-
Average lifting costs (US\$/boe)	25.59	22.82	12.1	22.54	23.26	(3.1)

A drop in oil prices and lower oil sales volumes resulted in a 28.2% reduction in revenue in the first nine months of 2019 versus a year ago and a 41.6% decline in revenue year-on-year in 3Q2019. The third quarter of 2019 was significantly impacted by a single lifting of Wassana crude oil in August 2019 when benchmark prices fell to around US\$55.00 per barrel (“bbl”), the lowest since the first few days of January 2019.

The price of Wassana crude, which accounts for 80.0% of KrisEnergy’s oil production, is calculated on the average of the Dubai benchmark for the calendar month of lifting and the price for the August 2019 cargo was the lowest achieved since December 2017.

Overall, the Group’s average realised oil price for 3Q2019 declined 19.3% to US\$57.14/bbl (3Q2018: US\$70.80/bbl) and dipped 10.4% for 9M2019 to US\$60.10/bbl (9M2018: US\$67.05/bbl).

<sup>1</sup> Includes KrisEnergy’s working interest share in G11/48 up to 31 May 2018

<sup>2</sup> Earnings before interest, taxation, depreciation, amortisation, geological and geophysical expenses and exploration expenses (“EBITDAX”). EBITDAX is a non-IFRS measure. Adjusted EBITDAX excludes unrealized foreign exchange differences



The average realised sales price for B8/32 gas in Thailand was higher for both reporting periods in line with the redetermination of the gas price formula, which is set on a trailing six-month basis in April and October each year. For 9M2019, the average gas price was up 5.8% at US\$4.91 per thousand cubic feet ("mcf") and for 3Q2019, the price was 14.0% higher at US\$4.97/mcf. As of 1 October 2019, the daily contracted quantity and maximum contracted quantity for B8/32 gas sales was reduced to 45/51.75 million cubic feet per day ("mmcfd") from 65/75 mmcfd.

Oil and gas production were steady year-on-year taking into account the Group's exit from participation in the Nong Yao oil field at the end of May 2018. Working interest production in 9M2019 of 10,296 barrels of oil equivalent per day ("boepd") was slightly improved from the 9,946 boepd in 9M2018 on a *pro forma* basis, excluding the Nong Yao contribution.

### **Positive net cash flow from operations**

The Group recorded a gross profit before depreciation, depletion and amortisation ("DD&A") charges in 9M2019 of US\$28.0 million and net cash flow from operating activities of US\$8.0 million, however, significant material non-cash charges in 9M2019 severely impacted overall financial performance and resulted in a loss after tax of US\$86.2 million (9M2018: US\$62.3 million).

Material non-cash charges in 9M2019 comprised US\$36.4 million for DD&A, a IFRS provision of US\$34.3 million relating to the approaching expiry of the Udan Emas production sharing contract ("PSC") and US\$15.1 million related to non-cash accretion of discount pertaining to previous debt issuances, lease liabilities<sup>3</sup> that came into effect on 1 January 2019 and decommissioning provisions.

### **Liabilities**

The 9M2019 loss resulted in a deepening of the Group's capital deficiency position, which stood at US\$63.3 million as at 30 September 2019 compared with US\$46.6 million as at 30 June 2019.

Total debt recognised on the Group's balance sheet amounted to US\$487.7 million and the Group's gearing was 114.9%. The revolving credit facility provided by DBS Bank Ltd matures on 30 June 2020 and as such, the amount drawn as at 30 September 2019 of US\$186.0 million was classified as current liability.

On 14 August 2019, the Company made an application to the High Court of the Republic of Singapore ("Singapore High Court") to commence a court-supervised process to reorganise its liabilities and to seek a moratorium against enforcement actions and legal proceedings by creditors against the Company pursuant to section 211B of the Companies Act (Cap. 50) (the "Moratorium Application").

Following the Moratorium Application, the Company's loans and borrowings - S\$130.0 million 4.0% senior unsecured notes due 2022 ("2022 Notes"), S\$200.0 million 4.0% senior unsecured notes due 2023 ("2023 Notes"), S\$139,464,848 senior secured zero coupon notes due 2024 ("2024 Notes") and US\$34.4 million unsecured term facility agreements - became repayable on demand and the carrying amount of the debt as at 30 September 2019 has been classified under current liabilities.

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<sup>3</sup> Pursuant to the application of the new IFRS 16 *Leases* effective 1 January 2019, the group has recognised right-of-use assets and lease liability on the Balance Sheet



### Moratorium process

On 14 August 2019, trading of all KrisEnergy securities on Singapore Exchange Securities Trading Ltd was indefinitely suspended in advance of the Moratorium Application. The Singapore High Court granted a three-month moratorium until 14 November 2019.

Under the moratorium, the Company has ceased payment of certain obligations as they fall due given the financial condition of the Group. These include:

- principal and interest payable under the term facility agreements to each of The HongKong and Shanghai Banking Corporation Limited and Standard Chartered Bank, Singapore Branch amounting to US\$4,604,689.61 in aggregate due on 21 August 2019; and
- interest payable under the 2023 Notes amounting to S\$4,096,000 due on 22 August 2019.

Subsequently, the Company provided a Notice of Occurrence of Redemption Event for each of the 2022 Notes, 2023 Notes and 2024 ZCNs, while concurrently disclosing that the Company is not in a position to redeem any of the notes.

The Group is working towards alleviating its above-mentioned financial difficulties through a restructuring process.

### Third-quarter Operational Summary and Subsequent Events up to 12 November 2019

#### Production & Development

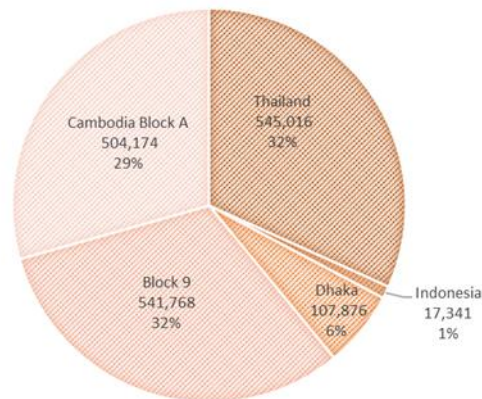
- Average gross production at the KrisEnergy-operated Bangora gas field in Block 9, onshore Bangladesh, was 282 barrels of condensate per day and 95.6 mmcf/d in 9M2019 and the Group's working interest share of production averaged 4,963 boepd in 3Q2019. The entire Bangora plant was shut on 13 August 2019 for scheduled annual maintenance and resumed operations on 16 August 2019. Subsequently, the field has consistently produced at a gross rate around 100 mmcf/d.
- Average gross production at the Wassana oil field in the KrisEnergy-operated G10/48 concession was 4,236 barrels of oil per day ("bopd") in 9M2019 and the Group's working interest share of production was 3,631 bopd in 3Q2019. The Wassana field was shut 7-8 September 2019 for the replacement of a 6-inch subsea flowline, which was successfully completed without incident.
  - A lifting of 265,462 barrels was completed on 1 August 2019.
  - A lifting of 251,748 barrels was completed on 1 October 2019.
- Average gross oil production in the non-operated B8/32 fields was 21,161 bopd and gas production was 88.5 mmcf/d in 9M2019 and the Group's working interest share of production was 1,506 boepd in 3Q2019.
  - 35 infill wells were drilled and completed in the 2019 infill program. The last seven wells were put online in September 2019 and one remaining well will not produce.
- Renovation and upgrading of the *Ingenium II* production barge for the KrisEnergy-operated Apsara oil development in Cambodia Block A progressed in 3Q2019 in the Benoi yard and Gul drydock in Singapore with the installation of the following equipment and facilities completed:
  - New living quarters delivered and installed;



- Helideck reinstalled;
  - Emergency diesel generator installed;
  - Second and final drydock completed for all hull steelwork and final coatings;
  - Three main power generation units;
  - Main electrical switch room and emergency switch room;
  - Pedestal crane;
  - Main electrical transformers;
  - Produced water package; and
  - Software for the pre-commissioning process has been installed and all necessary data has been populated in anticipation of pre-commissioning to achieve mechanical completion of the vessel.
- On 9 November 2019, the geophysical survey vessel *PTSC Researcher*, operated by PTSC Geos and Subsea Services Co., Ltd, commenced a geophysical survey at the proposed platform and production barge locations for the Apsara oil development in Cambodia Block A in the Gulf of Thailand.
  - Processing is ongoing for the 1,200 sq. km 3D seismic data acquired in June/July 2019 over Cambodia Block A. Around 200 sq. km of the 3D program was acquired over the Apsara development area and approximately 1,000 sq. km was acquired over a large prospective area in the southwest portion of the block, which has been sparsely explored by old 2D lines.

**EHSS**

- The Group recorded 1,716,175 man-hours since the beginning of 2019 and up to 31 October 2019 with zero lost time injuries.



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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 three producing oil and/or gas fields, 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 Securities Trading Ltd under the ticker SK3. For more information, visit [www.krisenergy.com](http://www.krisenergy.com)