



KrisEnergy Ltd. full-year 2015 financials and operational update

- Average 2015 production rises 27% to 9,692 boepd; volumes exceed 19,000 boepd in early 2016
- Proved plus probable reserves up 49% at 105.9 mmboe
- EBITDAX up 22% at US\$37 million; net loss US\$49 million due asset impairments and inventory write-down
- Corporate G&A costs cut by 32%
- Near nine-fold increase in net cash flow from operations
- 2016 capital expenditure US\$51 million, down 78% vs 2015

Singapore, 25 February 2016 – KrisEnergy Ltd. (“KrisEnergy” or “the Company”), an independent upstream oil and gas company, today announces unaudited results for the full year ended 31 December 2015 (“FY2015”), and provides an operational update.

	For the year ended 31 December		
	2015	2014	%
Production volumes (boepd)	9,692	7,612	27.3
<i>Oil and liquids (bopd)</i>	<i>3,492</i>	<i>1,396</i>	<i>150.1</i>
<i>Gas (mmcf)</i>	<i>37.2</i>	<i>37.3</i>	<i>(0.3)</i>
Revenue (US\$million)	60.2	74.9	(19.6)
EBITDAX¹ (US\$million)	37.2	30.5	21.6
Average sales price			
<i>Oil and liquids (US\$/bbl)</i>	<i>40.18</i>	<i>100.93</i>	<i>(60.2)</i>
<i>Gas – B8/32 and B9A (US\$/mcf)</i>	<i>4.45</i>	<i>5.80</i>	<i>(23.3)</i>
<i>Gas – Block 9 (US\$/mcf)</i>	<i>2.32</i>	<i>2.32</i>	<i>-</i>
Average lifting costs (US\$/boe)	8.49	6.52	30.2

Higher average daily production volumes supported FY2015 revenue, which declined 19.6% whereas the average realised sales prices for oil and gas dropped 60.2% and 23.3%, respectively, following the general downturn in the global commodity cycle.

¹ Earnings before interest, tax, depreciation, amortisation, geological and geophysical expenses and exploration expenses (“EBITDAX”)



Working interest production increased 27.3% to 9,692 barrels of oil equivalent per day (“boepd”) as output from the new Wassana and Nong Yao oil fields ramped up in the fourth quarter. Group working interest production was more than 19,000 boepd in early 2016 as both new fields exceeded initial peak production targets.

Net cash flow from operations increased to US\$51.3 million in FY2015. EBITDAX, the globally accepted benchmark of profitability for the upstream oil and gas industry, increased 21.6% to US\$37.2 million in FY2015. However, the net loss after tax was US\$48.6 million versus a loss of US\$50.4 million in the full-year 2014 (“FY2014”) after the Company incurred impairments on its Thai producing assets and a write-down on crude oil inventory following downward adjustments to near- and medium-term oil price assumptions. Impairments were recognised for the B8/32, B9A, G10/48 and G11/48 licences in the Gulf of Thailand to the amount of US\$69.9 million, 7.3% of the Group’s total carrying value for exploration and evaluation assets, oil and gas properties and intangible assets.

Keith Cameron, Chief Executive Officer, said: “Operationally, 2015 was a seminal year for KrisEnergy. The Group fulfilled its targets, completing two new oil developments in the Gulf of Thailand while demonstrating technical excellence with highly successful exploration drilling, which resulted in an approved production licence for a future oil development. These milestones, together with strong growth in production and proved plus probable (“2P”) reserves, underpin our mission to become a sustainable and best-in-class exploration and production operator in Asia.

“These significant accomplishments, however, were overshadowed by factors out of our control and the related uncertainties throughout 2015, which continue to drive down oil markets in 2016 and sap investor confidence. We have made, and we will continue to make, adjustments to our expenditure profile in order to manage our liquidity.”

Corporate general and administrative expenses in FY2015 were reduced by 32.4% to US\$12.1 million (FY2014: US\$17.9 million). Further cost controls have been adopted in 2016 with the trimming of headcount where appropriate as well as voluntary reductions in non-executive directors’ fees and in the remuneration benefits of executive directors and certain senior management.

Operating costs increased to US\$31.7 million in FY2015 (FY2014: US\$19.2 million) as a result of additional expenses associated with the new Wassana and Nong Yao oil fields, which also pushed up the Group’s average lifting cost to US\$8.49 per barrel of oil equivalent (“boe”) (FY2014: US\$6.52/boe). Similarly, depreciation, depletion and amortisation expenses rose to US\$42.4 million from US\$28.7 million a year ago.

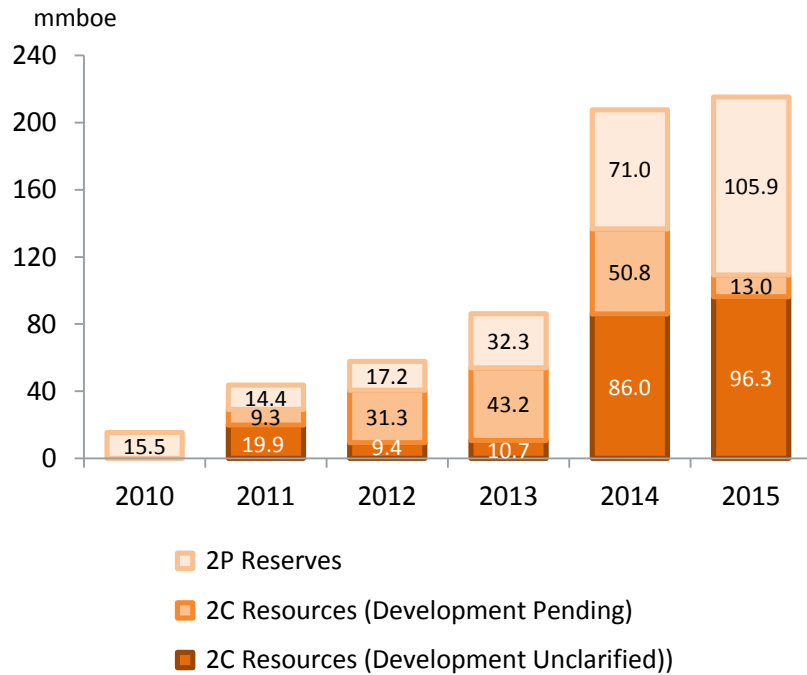
Capital expenditure totalled US\$224.7 million in FY2015, the bulk of which went to the facilities, equipment and development drilling in the Wassana and Nong Yao projects. First oil was achieved at the KrisEnergy-operated Wassana field in August 2015 and production commenced in the non-operated Nong Yao field in June 2015.

The work program for 2016 will focus primarily on maintaining production and maximising efficiencies to secure cash flow. Capital expenditure for 2016 will be approximately US\$50.8 million.



Full-year operational summary and subsequent events until 25 February 2016

Reserves & Resources



Working interest 2P reserves were estimated by Netherland, Sewell & Associates, Inc. (“NSAI”) at 105.9 million barrels of oil equivalent (“mmboe”) as at 31 December 2015 versus 71.0 mmboe as at 31 December 2014. Progress on the non-operated Block A Aceh gas development, onshore Sumatra, accounted for 82.2% of the reserve increase following NSAI’s reclassification of 28.7 mmboe of best estimate contingent (“2C”) resources to the 2P category. Other additions to 2P reserves were 3.5 million barrels of oil (“mmbo”) attributed to the Rossukon series of oil discoveries in the G6/48 contract area for which a production licence was sanctioned in November 2015, and 4.6 mmbo associated with a potential satellite development in the Greater Wassana Area in G10/48.

For Block 9 in Bangladesh, NSAI raised its estimate for 2P reserves by 1.0 mmboe to almost 19.0 mmboe on a working interest basis after adjustment for production of almost 2.0 mmboe. NSAI reduced the working interest 2P reserves estimate for B8/32 & B9A to 10.5 mmboe as at 31 December 2015 from 11.2 mmboe a year earlier after working interest production of 0.77 mmboe.

NSAI estimated working interest 2C resources at 109.4 mmboe as at 31 December 2015, down 27.4 mmboe from the previous year. The reduction was less than reclassified resource-to-reserves volumes largely due to an increase in the Company’s working interest in the Bala-Balakang (formerly Tanjung Aru) production sharing contract (“PSC”), which rose to 85.0% from 43.0% following the withdrawal of one of the joint-venture partners. Working interest 2C resources attributable to the Bala-Balakang PSC rose to 15.7 mmboe as at 31 December 2015 from 7.9 mmboe at the end of 2014.



Total 2015 year-end 2P reserves take into account the Group's working interest production of approximately 3.5 mmboe over the 12 months from the Bangora gas field in Block 9 onshore Bangladesh, and B8/32, B9A, Wassana and Nong Yao, all in the Gulf of Thailand.

Production

- Development drilling in the Wassana oil field in G10/48 was completed in January 2016. The field comprises 13 producer wells and one water disposal well, the *MOPU Ingenium* mobile offshore production unit and the *Rubicon Vantage* floating, storage and offloading ("FSO") vessel. Gross production at the field hit a peak at approximately 12,800 barrels of oil per day ("bopd"), above the original forecast of a plateau rate at 10,000 bopd and was running at a plateau of 11,000 bopd in early 2016;
- Development drilling in the Nong Yao oil field in G11/48 was completed in November 2015. The field comprises 14 producer wells and two water disposal wells, a wellhead processing platform and a minimum facility wellhead platform with the export of crude via an FSO vessel. Development drilling was completed in November 2015 and the field reached a peak rate of approximately 11,400 bopd and was running at a plateau of 10,000 bopd in early 2016;
- 52 wells were drilled in the B8/32 & B9A oil and gas producing complex in 2015 and one gas platform was installed and brought into production. An increase in wireline zonal recompletions boosted output throughout the fourth quarter of 2015 and in January 2016, oil production exceeded 30,000 bopd, the highest level since May 2014. Gas production also increased in January 2016 to 148 million cubic feet per day ("mmcf"), a rate not achieved since June 2012; and
- Average production at the Bangora gas field in Block 9 was consistently above 100 mmcf in 2015, dipping marginally below in October 2015 following a 2.5 day-stoppage for maintenance. Two development wells that were deferred from 2015 are scheduled to be drilled in mid-2016.

Developments progressing

- The Thai authorities approved in November 2015 the production licence for the Rossukon oil development in the KrisEnergy-operated G6/48 licence. Work is underway on a 3D reservoir model prior to the joint-venture partners finalising the Rossukon development concept;
- Technical and fiscal terms for the KrisEnergy-operated Apsara oil development in Cambodia Block A have been agreed with the Cambodian authorities. Documentation is being formalised and first oil is targeted approximately 24 months after final investment decision is declared;
- Front-end engineering and design was completed in October 2015 for the KrisEnergy-operated Lengo gas development in the Bulu PSC, offshore East Java. A prequalification process is underway prior to issuance of the tender for engineering, procurement, construction and installation. Gas sales negotiations are ongoing; and
- Preliminary work began in November 2015 on infrastructure related to the construction of gas facilities in the Block A Aceh PSC, onshore Sumatra. A gas sales agreement was signed in January 2015 for a daily contracted quantity of 58 billion British thermal units ("Btu") with an agreed gas price of US\$9.45 per million Btu.



Exploration and appraisal

- KrisEnergy maintained an above average exploration success record in 2015:
 - For the Rossukon series of four wells in G6/48, one well and one sidetrack well were drilled from two surface locations. Each well intersected net oil and/or gas pay of between 106 feet true vertical depth (“TVD”) and 148 feet TVD. Subsequently, an application for a production licence was submitted in June 2015. See previous section *Developments progressing*;
 - Rayrai-1 was drilled in G10/48 about 2.25 km north of the Niramai oil discovery made in 2009 and intersected approximately 50 feet TVD of net oil-bearing sandstones. Studies are underway on a potential satellite oil development to the Wassana field; and
 - Mustika-1, drilled in December 2015 in the Sakti PSC offshore East Java, encountered gas in the Tuban and Kujung I formations, however initial wireline logs and subsequent analysis of gas samples confirmed a moderately high carbon dioxide composition. A review is underway of the remaining prospects and leads in the Sakti PSC.
- A 300 km 2D seismic acquisition program and 12,210 sq. km airborne gravity and magnetic survey were completed in June 2015 in the Udan Emas PSC, onshore West Papua. At the peak of activity, there were more than 1,400 workers with over two million man-hours spent in the field;
- A 575 sq. km 3D seismic acquisition program was completed in Block 120, offshore Vietnam; and
- A 3,146 km 2D seismic acquisition program was completed in SS-11, offshore Bangladesh.

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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 Singapore Exchange Securities Trading Ltd under the ticker SK3. For more information, visit www.krisenergy.com