



## Updates on Apsara oil field development and restructuring exercise

**Singapore**, 31 March 2021 – KrisEnergy Ltd. (“KrisEnergy” or the “Company”, and together with its subsidiaries, the “Group”), an independent upstream oil and gas company, wishes to provide all stakeholders an update regarding the development and production performance of the KrisEnergy-operated Apsara oil field in Block A, offshore Cambodia and the implications on the Company’s current restructuring exercise (“Restructuring Exercise”).

### Operational and financial update

As at 30 March 2021, the gross production rate at the Apsara field was 2,493 barrels of oil per day (“bopd”) and the average gross production rate for the field for the 23 February 2021 to 30 March 2021 period was 2,883 bopd.

The Apsara oil field commenced production from a single well, A-01D, on 28 December 2020. Four additional wells were brought on stream in the following sequence:

- A-04D on 30 January 2021;
- A-06D on 5 February 2021;
- A-05D on 14 February 2021; and
- A-03D ST on 22 February 2021.

As previously stated, the Apsara Mini Phase 1A development is an initial small-scale project in order to observe and appraise reservoir performance in the previously unproduced Khmer Basin and collect vital production and subsurface data to determine the long-term potential and value of the Apsara area in Block A.

To date, the highest production rate achieved at the Apsara field was 3,534 bopd on 27 March 2021. Based on production rates and pressure behaviour for individual well performance in the first 36 days since all five wells went online, the Company’s preliminary analysis indicates that the reservoirs encountered in the five development wells appear less productive and continuous in nature than expected compared with the results from the original appraisal wells. Work is ongoing to evaluate the results and to formulate future plans.

Consequently, the pre-development forecast of peak production of 7,500 bopd will not be achievable for Apsara Mini Phase 1A. In line with lower production rates, preliminary observations also indicate that the ultimate recovery from the five development wells is likely to be significantly lower than pre-development expectations as the limited continuity of the reservoirs encountered will decrease the original oil-in-place (“OOIP”) estimates associated with the producing wells.

The pre-development forecasts for peak production rate and ultimate recovery were derived from reservoir simulations that were based on a static model developed from geological, geophysical and petrophysical data gathered from studies, seismic interpretation, well logs and rock samples, and a dynamic model for flow and production that made use of productivity data from previously drilled appraisal well flow tests. This approach is in line with standard practice within the industry. Three of the current development wells are twinned, meaning effectively re-drills of existing appraisal wells. Actual production over an extended period from all five wells (23 February to 30 March 2021) has provided sustained production data and has indicated evidence of characteristics for smaller



reservoirs with limited continuity, which are also less productive compared with the appraisal flow tests.

The Company continues to review all data to test its internal assessments. A third-party petroleum engineering consultant, Netherland, Sewell & Associates, Inc. ("NSAI"), will be independently assessing the ultimate recovery from the current five development wells. NSAI's initial review is expected to conclude in April 2021.

### **Implications on the Restructuring Exercise**

The Restructuring Exercise was designed around the Apsara Mini Phase 1A development. Apsara Mini Phase 1A was expected to provide the cashflow necessary to fund the ongoing operations of the Group. Given the significantly lower estimated ultimate recovery and cashflow from the Apsara Mini Phase 1A development, material uncertainty exists over the Group's ability to complete the Restructuring Exercise and to continue as a going concern.

As previously announced by the Company, the Group's revolving credit facility with DBS Bank Ltd. ("RCF") will mature on 30 June 2021 and further extension of the maturity date to 30 June 2024 is subject to satisfaction of certain conditions precedent including the successful completion of all elements of the Restructuring Exercise ("Restructuring Completion Deadline"). The Company has obtained an extension of the Restructuring Completion Deadline from 31 March 2021 to 16 April 2021.

In light of the above, the Company, together with its advisors, is undertaking an assessment of the impact in respect of the Group's activities and the viability of the Restructuring Exercise, and the next steps given the current circumstances. As such, the extraordinary general meeting for shareholders to approve resolutions relating to the Restructuring Exercise, and accordingly, any distribution of the Debt Conversion Shares and the ZCN Exchange Shares, will not occur by 1Q2021.

The Company will continue to keep its stakeholders updated and will make the appropriate announcements as and when there are any material updates or developments. Shareholders, noteholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully and should exercise caution when dealing in the Company's securities. Stakeholders and potential investors who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

### **BY ORDER OF THE BOARD**

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Chief Executive Officer and Executive Director

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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, one each in the Gulf of Thailand and offshore Cambodia, and one onshore Bangladesh. It also participates in five blocks in various stages of the E&P lifecycle in Indonesia and Thailand. KrisEnergy operates six of the contract areas.

All notices pertaining to the ongoing restructuring process are available on the Restructuring Information Centre <https://www.krisenergy.com/Investors/restructuring-information-centre>.