



Press Release

On

**the Official Signing Ceremony of the Petroleum Agreement for Offshore Oil
Field Development in Block A, Cambodia**

Between

Royal Government of Cambodia and KrisEnergy

Hotel Sofitel Phnom Penh Phokeethra on August 23, 2017

August 23, 2017, at Sofitel Phnom Penh Phokeethra Hotel, the official signing ceremony of the Petroleum Agreement for Offshore Oil Field Development in Block A, Cambodia, was held between the Royal Government of Cambodia represented by **H.E. ACADEMICIAN AUN PORNMONIROTH**, Senior Minister, Minister of Economy and Finance and **H.E. SUY SEM**, Minister of Mines and Energy and KrisEnergy represented by **Mr. Kelvin Tang**, Chief Operating Officer for the KrisEnergy Group and President of KrisEnergy Cambodia on a set of petroleum agreements for Block A as follows:

1. Amendment and Restatement Agreement of the Block A Petroleum Agreement dated 18 March 2002
2. Amended and Restated Petroleum Agreement for Block A
3. Relinquishment Agreement
4. Amendment No. 2 to Revised Joint Operating Agreement
5. Deed of Assignment and Assumption
6. First Production Permit

The official signing ceremony of the petroleum agreement for offshore oil field development in Block A today is a testimony to reflect the recent great achievement of the Royal Government of Cambodia. Block A development will be the first oil field development project that will open a new era for Cambodia to become an oil producer and will lead to more intense exploration works in the remaining 5 out of 6 offshore blocks and 18 onshore blocks. In order to

develop this oil sector, the Royal Government of Cambodia has been working hard to push forward the formalization of Law on Petroleum Management and other regulatory to ensure the investment environment and the clarity in the private sector investment. In fact, recently there are some companies are interested in other remaining petroleum blocks, the interest investment in building the oil refinery, oil and gas pipeline construction as well as imports of liquefied natural gas (LNG) which is also the world's famous clean energy source.

ELF and Esso first drilled in Cambodia sometime in 1972 to 1974 but no petroleum resource was found. Later, in 1994 Enterprise Oil of the United Kingdom drilled two wells but still could not develop due to limited quantity of oil found and lower oil price at the time. Until 2002, the Petroleum Agreement was first signed with Chevron and KrisEnergy has farmed in in 2011. In 2014 and consequently 2016, KrisEnergy has become operator and has total interest of 95% and the Royal Government of Cambodia 5%. But the negotiation has taken a long time to establish this oil development. This prolongation is partly because we are very careful in trying to negotiate with the company, examine the basic principles, laws and techniques, taking experiences from other oil producing countries to ensure maximum national benefits, transparency and accountability. Also because of the global economic disadvantages, especially the unpredictable oil price.

The set of petroleum agreements for Block A development signed today will grant the company the first production permit which is Phase 1A and 1B in Phase 1 of Block A. Today the remaining area is 3083 sq. km and the first production permit for Phase 1A and 1B covers the area of 198 sq. km and remaining areas will be for further future study before the schedule of relinquishment. According to KrisEnergy's development plan the first oil of Phase 1A can be expected in two years which will be in late 2019 or early 2020. Under this agreement, the company needs 60 days to obtain final investment decision (FID), followed by a 24-month infrastructure to produce first oil.

The Cambodia Block A contract area covers 3,083 sq. km over the Khmer Basin in the Gulf of Thailand where water depths range between 50 meters and 80 meters. Phase 1A of the Apsara oil field development consists of a single unmanned minimum facility 24-slot wellhead platform producing to a moored production barge capable of processing up to 30,000 barrels of fluid per day with gas, oil and water separation facilities on the vessel. According to KrisEnergy, the expected crude oil of about 8000 barrel per day will be sent via a 1.5 km

pipeline for storage to a permanently moored floating, storage and offloading vessel (FSO).

Protection of personnel, facilities and the environment is of prime concern during the development of Cambodian Block A. To ensure this is achieved, safety plans have been developed to cover all aspects of Health and Safety during the design, construction and operation of the facilities. An Environmental Impact Assessment (“EIA”) was conducted in accordance with Cambodia Environmental Law and Regulations and approved by the Ministry of Environment on 29 May 2013. KrisEnergy intends to review and update the existing EIA to take into account the development work program.

The Royal Government will continue to support, facilitate and strive to achieve the issuance of standards related to Block A project as agreed in accordance with the laws and incentives to make oil and gas investment in Block A succeed as planned. Likewise, the company must fulfill its related obligations as agreed in the set of petroleum agreement for Block A.

KrisEnergy’s smooth and successful operation of Block A Phase 1 will accelerate the exploration, appraisal and petroleum development in Phases 2 and 3 of the entire Block A as well as negotiations and other agreements for other blocks.

This huge investment is a sign of investor confidence in Cambodia’s political stability, security and favorable investment environment which is regarded as a new economic hub in Asia under a brilliant leadership with long term and realistic vision of Samdech Akka Moha Sena Padei Techo HUN SEN, Prime Minister of Cambodia.