



KAISEN ENERGY CORP. ANNOUNCES YEAR END 2018 RESULTS

March 20, 2019

CALGARY, ALBERTA—Kaisen Energy Corp. ("Kaisen") is pleased to announce the financial and operating results for the year ended December 31, 2018. The audited financial statements, notes, and Management's Discussion and Analysis ("MD&A") pertaining to the year are attached. All figures reported herein are in Canadian dollars unless otherwise stated.

MANAGING DIRECTOR'S MESSAGE:

Kaisen had a busy year as it significantly transformed itself to become a more capable and competitive participant in the oil industry in Western Canada.

Over the past year, the \$7.5mm capital raise in conjunction with a significantly reduced cost structure positions Kaisen to create value on a go-forward basis. The company continues to have very strong technical and operational capability focussed on heavy oil development and production.

Despite the positive changes made, the very low prices received for our oil production in November and December 2018 challenged the company significantly. Oil production and associated costs were reduced given the prices to conserve cash and opportunity. We focussed attention on optimized markets accessed by rail which provided better pricing and on our larger fields at Edam, which has seen significant production growth, and Lone Rock where our water/polymer flood facilities have been completed and we are seeing evidence of improved performance.

During the fourth quarter and subsequently in 2019, Kaisen has continued to access the committed financing from our major shareholder, Azimuth Capital Management.

Fortunately, the steps taken by the Alberta government in November and December 2018 contributed to a very significant increase in our realized pricing in the first quarter of 2019. With limited capital investment and much better pricing, we have restored production close to levels achieved in the third quarter of 2018 and look to getting our bank line back in compliance within weeks. We appreciate the patience of our bank loan provider, ATB Financial, as we work through the challenges imposed by the wide discounts for Canadian oil.

With a significantly improved financial situation over the last few months and with attractive oil pricing, Kaisen continues to look for opportunities to enhance production and enhance our asset base. We commit to be very focussed on using our available capital as effectively and responsibly as we can.

We appreciate the support shown by shareholders, employees and contractors as we look to improve the fortunes of Kaisen. We are better positioned for greater success in the future. We appreciate the support of shareholders and look forward to rewarding their patience in the months ahead.



ADVISORY:

Certain information in this message, including management's assessment of future-plans and operations, contains forward-looking information that involves risk and uncertainty.

Readers are cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Kaisen assumes no obligation to update forward-looking statements should circumstances or management's estimates or opinions change. Forward-looking statements contained in this message are expressly qualified by this cautionary statement.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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