



KAISEN ENERGY CORP. ANNOUNCES SECOND QUARTER 2018 RESULTS

September 5, 2018

CALGARY, ALBERTA—Kaisen Energy Corp. ("Kaisen") is pleased to announce the financial and operating results for the quarter ended June 30, 2018. The unaudited condensed interim financial statements, notes, and Management's Discussion and Analysis ("MD&A") pertaining to the period are attached. All figures reported herein are in Canadian dollars unless otherwise stated.

MANAGING DIRECTOR'S MESSAGE:

The second quarter of 2018 was a transformational quarter for Kaisen Energy Corp.

Kaisen successfully completed a \$7.5 million offering of Convertible Debentures that along with substantial cost reductions has put the organization in a better position to be successful in the future.

The \$7.5 million Convertible Debenture financing was a rights offering to all shareholders underwritten by our majority shareholder Azimuth Capital Management. I was pleased that when offered the opportunity, many of the shareholders agreed to participate. In the end, Azimuth took \$5.4 million of the offering (or just modestly higher than their original ownership level). We appreciate the support shown by Azimuth and all our shareholders as we position Kaisen for success in the future.

I was pleased to join the organization and with a long history in conventional heavy oil and oilsands, I have seen and experienced the ability of companies to make substantial money in this sector. There are several things that are critical however. The cost structure needs to be efficient. The technical organization needs to be strong. The management needs to be highly focussed on shareholder value creation. The balance sheet needs to be in good shape so that inevitable fluctuations in price do not challenge the ability of the organization to survive the downturns and thrive in the upturns.

In conjunction with repositioning the organization, Kaisen is taking a very careful look at our costs. Three of our prior executive management, Cameron King, Jeff Holmgren and Lowell Jackson, have left the organization. We wish each of them the very best in their future endeavors. This has allowed for a substantial reduction in costs. As well, we have looked at other expenditures and ways of doing business that allow our general and administrative costs and operating costs to be optimized in the future. Not all these opportunities are immediately attainable but we are working diligently to capture these benefits in the months ahead.

We have looked for opportunities to increase the price received for our products. Optimized marketing strategies have allowed us to secure prices more than \$5 per barrel higher than were previously achieved.

The technical team remains in place and is very strong. Led by Chris McGinnis, VP Operations and Engineering and Andy Kramchynski, Vice President Exploration, the executive management team is very experienced and accomplished in heavy oil development and production. Kaisen's team is highly dedicated to the Company. The quarter was without doubt a transformational period for the organization. We appreciate the support shown by employees as we have worked through this difficult and challenging time. They and all shareholders are better positioned for greater success in the future.

Kaisen is pleased to have made substantial progress on our asset optimization in the second quarter. During the second quarter, we began the process of restoring production at our Edam field. With somewhat higher costs associated with a heavier oil and a more remote location, production had been allowed to decline but rising prices for heavy oil allowed us to increase cashflow associated with restoring production. We had success with some recompletion projects of existing wellbores to obtain production benefits. Kaisen also completed the capital spending at the first phase of the Lone Rock polymer flood and started injection at the beginning of the third quarter. We are already seeing positive indications of the benefits from the project.

Heavy oil prices can be volatile, and this year has been no exception. Prices have strengthened relative to prior years, we need to be mindful that they can go down again as well. It is our expectation to run the Company with the reality of this volatility. 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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