



KAISEN ENERGY CORP. ANNOUNCES THIRD QUARTER 2018 RESULTS

November 30, 2018

CALGARY, ALBERTA—Kaisen Energy Corp. ("Kaisen") is pleased to announce the financial and operating results for the quarter ended September 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:

During the third quarter, Kaisen saw many positive signs from our operational/technical program. These positive signs were offset by substantially reduced pricing for all Canadian oil production at the end of the quarter which has continued in-to the fourth quarter.

Operationally, Kaisen has made substantial progress on our asset optimization. The process of restoring production at our Edam field has been very successful, and the field is now producing as much as we were two years ago through a number of operational changes, despite very limited capital spending. At Lone Rock, we commenced water injection to our first polymer flood pattern and received regulatory approval after the end of the quarter for our second pattern. We are very encouraged with preliminary results. We had success with some quick hit recompletion projects with existing wellbores to obtain production benefits.

Financially, we are being flexible in managing our situation. Our balance sheet is relatively good shape with the recent financing, but we are being cautious in an uncertain price market. During the quarter, we drew the first \$2million of the \$5.4million commitment made by our majority shareholder Azimuth Capital Management. After quarter end, Kaisen made an additional draw of \$1million leaving \$2.4 million remaining.

We continue to look carefully at costs across the organization. We are working diligently to capture these benefits in the months ahead.

The large discounts being experienced by all western Canadian oil production are very challenging for all producers. We have looked for opportunities to increase the price received for our products. Optimized marketing strategies have allowed for prices more than \$5 per barrel than were previously achieved. This has largely been done by diverting production to markets that pay higher prices and can be accessed by railway. All western Canadian producers and the national and provincial governments need to make a concerted effort to improve access to markets to support the upstream oil industry which is vital to the western Canadian economy.

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, however; clearly challenges remain. 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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