



# **FUELLING THE FUTURE**

ANNUAL REPORT 2021



## **DISCLAIMER**

This Annual Report may contain forward-looking statements that are not statements of historical facts, and are subject to risk factors associated with the upstream petroleum businesses. Actual future results, performance and outcomes may differ materially from those anticipated, expressed or implied in such forward-looking statements as a result of a number of risks, uncertainties and/or assumptions including but not limited to petroleum price fluctuations, actual petroleum demand, currency fluctuations, drilling and production results, reserve estimates, loss of contracts, industry competition, credit risks, environmental risks, geological risks, political risks, legislative, fiscal and regulatory developments, general industry conditions, economic and financial market conditions in various countries and regions, project delay or advancement, cost estimates, changes in operating expenses, cost of capital and capital availability, interest rate trends and the continued availability of financing in the amounts and the terms necessary to support future business. Undue reliance must not be placed on these forward-looking statements, which are based on current developments, events or circumstances, and may not be updated or revised to reflect new information or events.

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# CORPORATE PROFILE



## ABOUT INTERRA

Interra Resources Limited, a Singapore-incorporated company listed on the SGX Mainboard, is engaged in the business of petroleum exploration and production (E&P). Our E&P activities include petroleum production, field development and exploration. We are positioning ourselves to become a leading regional independent producer of petroleum.

Since our inception, we have grown organically by developing our existing assets as well as through disciplined acquisitions by seeking attractive resource opportunities across Southeast Asia. Our portfolio of production, development and exploration assets comprises three petroleum contract areas in Indonesia and Myanmar.

# EXPLORING, *DISCOVERING VALUE*



**MYANMAR:  
CHAUK AND YENANGYAUNG FIELDS**

In central Myanmar, we hold 60% participating interests in two of the largest onshore producing oil fields in Chauk and Yenangyaung under two Improved Petroleum Recovery Contracts (IPRCs) with the Myanma Oil and Gas Enterprise (MOGE). The IPRCs, which commenced on 4 October 1996 for a term of 20 years and 6 months, were subsequently extended for another term of 11 years. We manage the operatorship of the two fields jointly with a joint venture partner through Goldpetrol Joint Operating Company Inc. The adjacent Myanmar concessions, which extend over a total area of approximately 1,800 square kilometres along the Ayeyarwaddy River, are located approximately 580 kilometres north of Yangon. During 2021, the combined gross production for both fields was 587,060 barrels of oil.

**INDONESIA:  
KUALA PAMBUANG BLOCK**

Onshore Central Kalimantan, we have a 67.5% participating interest in an exploration block, namely the Kuala Pambuang (KP) Production Sharing Contract (PSC). The PSC with Satuan Kerja Khusus Pelaksana Kegiatan Usaha Hulu Minyak Dan Gas Bumi (SKKMIGAS) was granted on 19 December 2011 with an initial exploration term of 6 years. It was subsequently extended for a further period of 4 years over an area of approximately 1,631 square kilometres. The exploration period was recently extended to 25 January 2023. The KP block is located on the southern coast of Kalimantan, in the region 180 kilometres southwest of Palangkaraya.

## FINANCIAL HIGHLIGHTS

Group	2021	2020	2019	2018	2017
<b>Financial Performance (US\$'000)</b>					
Revenue	<b>11,958</b>	10,796	15,675	14,885	11,245
Cost of production	<b>7,537</b>	9,307	9,967	7,988	5,042
Gross profit	<b>4,421</b>	1,489	5,708	6,897	6,203
Net profit/(loss)	<b>2,487</b>	(1,249)	(577)	779	399
Net profit/(loss) attributable to equity holders <sup>a</sup>	<b>2,549</b>	(1,165)	(478)	874	1,320
<b>Financial Position (US\$'000)</b>					
Cash and bank balances	<b>5,488</b>	4,218	2,777	6,638	11,192
Debt and borrowings	<b>1,000</b>	1,000	1,000	1,000	3,736
Net current assets	<b>3,081</b>	1,185	278	2,611	1,972 <sup>b</sup>
Shareholders' equity	<b>30,244</b>	27,788	26,730	27,095	22,376
<b>Cash Flows (US\$'000)</b>					
Operating cash flows	<b>3,411</b>	1,875	3,112	4,268	2,636
Investing cash flows	<b>(1,892)</b>	(2,347)	(6,670)	(10,093)	(5,230)
Financing cash flows	<b>(249)</b>	1,913	(303)	3,271	1,923
<b>Financial Ratio (US cents)</b>					
Basic earnings/(losses) per share <sup>c</sup>	<b>0.389</b>	(0.186)	(0.082)	0.151	0.261
Net asset value per share	<b>4.614</b>	4.239	4.543	4.624	4.418

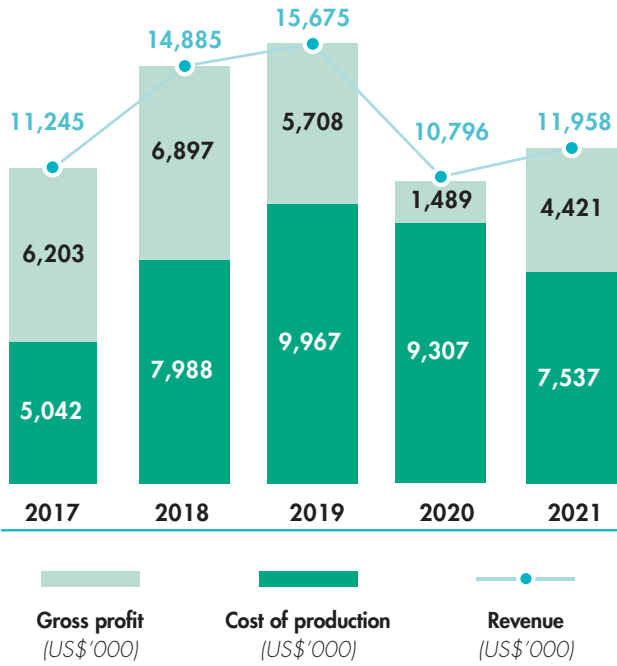
a. Represents figure from continuing operations

b. Includes assets and liabilities of disposal group classified as held-for-sale

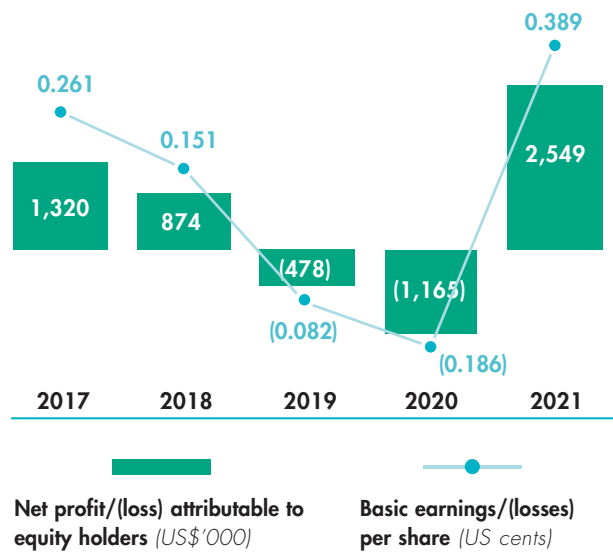
c. See Note 29 of the Notes to the Financial Statements for more information on earnings/(losses) per share

Company	2021	2020	2019	2018	2017
<b>SGX Share Price Information (\$)</b>					
Year-end closing price	<b>0.043</b>	0.043	0.085	0.031	0.062
Average closing price	<b>0.039</b>	0.052	0.036	0.051	0.071
Highest traded price	<b>0.057</b>	0.108	0.095	0.075	0.095
Lowest traded price	<b>0.023</b>	0.032	0.024	0.030	0.045
Year-end market capitalisation	<b>28,186,440</b>	28,186,440	49,807,756	18,165,182	31,399,699
Average market capitalisation	<b>25,844,263</b>	32,489,572	20,940,353	29,329,703	35,866,193

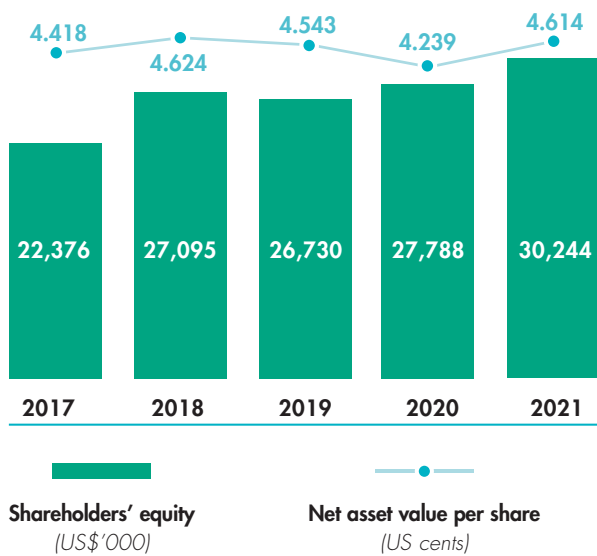
Revenue, Cost of production & Gross profit



Net profit/(loss) attributable to equity holders & Basic earnings/(losses) per share



Shareholders' equity & Net asset value per share



SGX Closing price & Trading volume



# CHAIRMAN'S STATEMENT

## DEAR SHAREHOLDERS,

The past year was challenging on many fronts. In early 2021, we encountered operational disruptions at our Chauk and Yenangyaung oil fields brought about by the civil disobedience movement following the political regime change in Myanmar. As a result, our Myanmar field operations were suspended for a period of two months from February to April 2021. Despite the suspension of crude oil production, Interra Resources Limited (the "Company") and its subsidiaries (the "Group") recorded higher revenues of US\$11.96 million compared to the year before. This was due to higher crude oil prices as global demand rebounded in 2021. The crude oil produced by the Group was sold at a weighted average price of US\$70.72 per barrel. The Group made a net profit attributable to equity holders of US\$2.55 million for the financial year ended 31 December 2021 ("FY2021"). Of equal importance was the quick turnaround with respect to resuming field operations.

## OPERATIONAL UPDATE

In Myanmar, the 2021 drilling programme commenced early in December 2020 with the second well commencing in January 2021. The latter was only completed in August 2021 because of the temporary suspension of field operations. With the resumption of field operations, we quickly resumed activities by drilling the remaining five development wells of the 2021 drilling programme. Notwithstanding the difficulties, we managed to drill all seven wells of the 2021 plan, six of which were completed as oil producers with one undergoing completion into 2022. Given the acceptable surface conditions and rig availability, we commenced the 2022 drilling programme in November 2021 and drilled two wells by year end. The combined gross and shareable production in Myanmar for FY2021 were 578,060 barrels and 214,184 barrels respectively as compared to 970,513 barrels and 327,708 barrels for the financial year ended 31 December 2020 ("FY2020").

Over the course of 2021, the coronavirus continued to spread and mutate despite the successful development and widespread deployment of effective vaccines against the disease. Although we managed to navigate through the prolonged pandemic and live with new norms, the work-from-home and travel restrictions brought about some operational disruptions and logistical delays. We were unable to proceed with the production testing and completion plan for the exploratory well of the Kuala Pambuang exploration block during 2021. Fortunately, we were able to obtain an extension of the production sharing contract through 25 January 2023. Sourcing of service providers and material suppliers is underway and we will keep shareholders informed of any noteworthy developments.

## MOVING FORWARD

The Myanmar governmental changes that began in February 2021 has led to protracted civil conflicts, socio-economic problems, and humanitarian issues. The prolonged political instability has also sparked fears of possible economic sanctions which may impact our industry. We will continue to closely monitor the developments and stay connected with relevant partners and stakeholders. Given the increasing challenges and sensitivity, the Board will continue to consider the environmental, social and governance responsibilities and assess the Company's risk profile and evaluate the consequences of doing business in Myanmar.

Oil prices surged above US\$100 a barrel for the first time since 2014 when Russia launched an attack on Ukraine on 24 February 2022. The situation is rapidly evolving, but oil prices are expected to remain high as geopolitical tensions fuel supply fears. With the impending price fluctuations and economic uncertainties ahead, we will continue to remain prudent and disciplined in our financial management. In order to preserve cash flow, no dividends will be declared in respect of FY2021. As at 31 December 2021, the total cash and cash equivalents of the Group amounted to US\$5.49 million (FY2020: US\$4.22 million).

## CORPORATE MATTERS

The Board recognises that an appropriate level of diversity of thought and background in its composition will enhance its exercise of objective judgement and better support its decision-making process. In determining its composition, the Board places primary emphasis on core competencies and optimal functionality. To give shareholders a better understanding of the Board's approach to diversity, the Board has formally adopted a board diversity policy effective from 2022. The details and progress of the policy implementation will be reported in the Corporate Governance Report section of the Annual Report. The process may be gradual but I am confident that we will be able to achieve greater board diversity in the long run.

The Company is mindful of the extended deadline to meet the exit criteria of the watch-list of the Singapore Exchange ("SGX"), but required more time to satisfy the requirements by 4 December 2021. Therefore, it had applied for a further extension of time of twelve months on 29 September 2021 and SGX had on 29 November 2021 confirmed that it had no objection to the Company's application for an extension of time to 4 December 2022 to satisfy the requirements for its removal from the watch-list. In the year ahead, the Company will continue to consider various options to meet the requirement by the impending deadline and update shareholders on any material developments as and when appropriate.



**SINCERE APPRECIATION**

On behalf of the Board, I would like to extend our sincere appreciation to Mr Lim Hock San, who retired from his position as Independent Director on 29 April 2021 after more than nine years of service. Mr Lim has always been a committed and supportive colleague on the Board. Additionally, I would like to take this opportunity to welcome Mr Zhang Jing aboard as Non-Executive Director with effect from 6 December 2021. Mr Zhang is currently the Director and General Manager of China ZhenHua Oil Trading (Singapore) Pte Ltd. With his industry experience, I trust that he will be able to bring in beneficial insights and contributions.

At the same time, I am thankful for the unwavering confidence that our esteemed shareholders, partners and stakeholders have shown in us over the years. I look forward to their continued understanding and backing as we strive to underpin future developments.

Finally, my deepest gratitude goes to our key management team and loyal employees for their invaluable dedication and untiring support throughout the year which was filled with challenges brought about by the global pandemic and the Myanmar political situation. I believe that our agility and resilience will fuel our future ahead.

Yours sincerely,

**EDWIN SOERYADJAYA**

Chairman

25 March 2022

REVENUE  
**US\$11.96** million

COST OF PRODUCTION  
**US\$7.54** million

NET PROFIT  
**US\$2.49** million



## BOARD OF DIRECTORS

### EDWIN SOERYADJAYA

*Chairman (Non-Executive)*

Mr Edwin Soeryadjaya is the Chairman of the Company. He was first appointed as a Director on 14 December 2004 and later on took on the role of Chairman on 1 July 2005. Mr Soeryadjaya was last re-elected as a Director on 29 June 2020.

Mr Soeryadjaya is the President Commissioner of PT Saratoga Investama Sedaya Tbk, an active investment firm in Indonesia and has deep insight into the Indonesian economy. He started his career in 1978 at PT Astra International Tbk and spearheaded its financial restructuring and public listing. He left his position as Vice President Director in 1993 to set up his own investment business. In 1995, under a Kerja Sama Operasi (KSO) scheme designed by the government of Indonesia in cooperation with the World Bank, Mr Soeryadjaya successfully led PT Ariawest International to win a 15-year KSO funding of about US\$900 million. His current chairmanships include being President Commissioner of PT Adaro Energy Indonesia Tbk (coal mining), PT Merdeka Copper Gold Tbk (gold and copper mining), PT Mitra Pinasthika Mustika Tbk (consumer automotive) and PT Tower Bersama Infrastructure Tbk (telecommunication towers); and Chairman of Seroja Investments Limited (maritime transportation).

Mr Soeryadjaya graduated with a Bachelor of Business Administration from the University of Southern California in 1974.

### NG SOON KAI

*Non-Executive Director*

Mr Ng Soon Kai is a Non-Executive Director of the Company. He was first appointed to the board on 1 November 2005 and last re-elected on 29 April 2019. Mr Ng also serves as a member of Audit Committee, the Nominating Committee and the Remuneration Committee.

Mr Ng is a partner at Lee & Lee and has extensive legal experience in mergers and acquisitions, corporate restructuring, reverse takeovers and schemes of arrangement. He also sits on the board on Seroja Investments Limited.

Mr Ng obtained a Bachelor of Laws (Second Class Upper) from the National University of Singapore in 1989.

### MARCEL HAN LIONG TJIA

*Executive Director & Chief Executive Officer*

Mr Marcel Han Liong Tjia is the Executive Director and Chief Executive Officer of the Company. He was first appointed to the position on 20 June 2009 and was re-elected on 29 April 2021. Mr Tjia also sits on various boards and management committees of the Company's subsidiaries, associated companies and joint venture entities.

Prior to joining the Company, Mr Tjia was a partner in a regional private equity and direct investment company with interests in energy and natural resources. Over the past 35 years, Mr Tjia has gained extensive experience in mergers and acquisitions as well as corporate finance in Hong Kong, Indonesia, Singapore and Canada. He is currently a partner in an investment company with holdings in real estate and the automotive industry.

Mr Tjia holds a Bachelor of Commerce (Honours) and a Master of Business Administration from The University of British Columbia, Vancouver.

### ZHANG JING

*Non-Executive Director*

Mr Zhang Jing is a Non-Executive Director of the Company. He was first appointed to the board on 6 December 2021.

Mr Zhang is the Director and General Manager of China ZhenHua Oil Trading (Singapore) Pte Ltd. He has more than 13 years of management experience in international oil trading, strategic planning, business development, operation and execution. Mr Zhang joined China ZhenHua Oil Co., Ltd in 2007 in trade operations, and subsequently became a Trader from 2010 to 2013 and Deputy General Manager of Trading Department from 2013 to 2016. Over the years, he has accumulated extensive practical experience in international trading and international market research and built a strong commodity network with various business partners.

Mr Zhang obtained a Bachelor's Degree in International Economics and Trade from Beijing Institute of Technology in 2004 and a Master of Science in International Business from London South Bank University in 2007.

**LOW SIEW SIE BOB**

*Lead Independent Director (Non-Executive)*

Mr Low Siew Sie Bob is the Lead Independent Director of the Company. He was first appointed as a Director on 18 February 2011 and last re-elected on 29 April 2021. Mr Low also serves as chairman of the Audit Committee, and a member of the Nominating Committee and the Remuneration Committee. His continued appointment as an Independent Director was duly approved on 29 April 2021.

Mr Low is the Principal Consultant of Bob Low & Co. and his area of expertise includes corporate assurance, corporate recovery and restructuring, judicial management, acting as receiver and manager, acting as scheme manager, due diligence and project evaluation.

Mr Low qualified as a UK Chartered Certified Accountant in 1974 and subsequently obtained a Bachelor of Laws (Second Class Lower) from the University of London in 1985. He is a Fellow of the Institute of Singapore Chartered Accountants, the Certified Public Accountants Australia and the Insolvency Practitioners Association of Singapore; a member of the Chartered Institute of Arbitrators of both UK and Hong Kong, the Singapore Academy of Law and the Singapore Institute of Arbitrators; and an Accredited Tax Advisor/Practitioner.

**LANY DJUWITA WONG**

*Alternate Director to Edwin Soeryadjaya*

Ms Lany Djuwita Wong is the Alternate Director to Mr Edwin Soeryadjaya, the Chairman of the Company. She was appointed to the board on 17 May 2019.

Ms Wong is the Finance Director and an Independent Director of PT Saratoga Investama Sedaya Tbk. She had previously served as Director and Chief Financial Officer of PT Dharma Satya Nusantara Tbk from 2016 to 2018 and PT Medco Energi Internasional Tbk from 2013 to 2015, during which she held several positions as Director to subsidiaries, Head of Corporate Finance and Head of Corporate Planning and Performance. Prior to that, she was a Manager of Financial Advisory Services at PricewaterhouseCoopers, and had also worked at Arthur Andersen and Astra International.

Ms Wong graduated with a Bachelor of Economics (Accounting) from the University of Indonesia in 1993, and subsequently earned a Master of Finance from Texas A & M University in 1996. She is also a Chartered Financial Analyst since 2005.

**ALLAN CHARLES BUCKLER**

*Independent Director (Non-Executive)*

Mr Allan Charles Buckler is an Independent Director of the Company. He was first appointed to the board on 14 December 2004 and last re-elected on 29 June 2020. Mr Buckler also serves as chairman of the Nominating Committee and the Remuneration Committee, and a member of the Audit Committee. His continued appointment as an Independent Director was duly approved on 29 April 2021.

Mr Buckler has taken lead roles in the establishment of several leading mining and port operations in both Australia and Indonesia. Significant operations such as PT Adaro Indonesia, PT Indonesia Bulk Terminal and New Hope Coal Australia have been developed under his leadership. Currently, he sits on the board of directors of Morella Corporation Limited and Sayona Mining Limited, both mining companies listed on the Australian Securities Exchange, and also on the boards and management committees of a number of private companies and their subsidiaries.

Mr Buckler holds Certificates in Mine Surveying and Mining from the Queensland Education Department, and a First Class Mine Manager Certificate and a Mine Surveyor Certificate issued by the Queensland Government's Department of Mines.

## KEY MANAGEMENT PERSONNEL

### FOO SAY TAIN

*Chief Financial Officer*

Mr Foo Say Tain joined the Company as Chief Financial Officer in November 2007. He has the overall responsibility for the Group's financial reporting, management accounting, treasury, taxation, audit and compliance matters. He has more than 30 years of experience in accounting, finance and administration in listed companies and foreign multinational corporations.

Mr Foo is a Fellow Chartered Accountant of Singapore and holds a degree in Bachelor of Business Administration from the National University of Singapore.

### FRANK OVERALL HOLLINGER

*Chief Technical Officer*

Mr Frank Overall Hollinger was appointed the Chief Technical Officer of the Company in July 2006. He manages the petroleum geoscience and other technical aspects of the exploration and production business.

Before joining the Company, Mr Hollinger spent 8 years in Myanmar as a geophysical consultant for Premier Petroleum Myanmar Ltd., Myanmar Petroleum Resources Ltd. and Goldpetrol JOC Inc. He commenced his career in 1971 while in graduate school as a NASA research assistant at The University of New Mexico. Subsequently, he worked on numerous exploration and development projects in different capacities with oil and gas corporations such as Texaco Inc., Petroleum Exploration Consultants Worldwide Inc., Mapco Production Co., Ladd Petroleum Corp., Enron Oil & Gas, Columbia Gas Development Corporation and Petronas Carigali Sdn Bhd. He has more than 50 years of experience in the petroleum industry.

Mr Hollinger graduated from the University of South Alabama with a Bachelor of Science in Geology in 1971. Subsequently, he obtained a Master of Science in Geology from The University of New Mexico in 1973. In 1988, Mr Hollinger completed the Professional Degree Program in Geology at the Colorado School of Mines. He is a member of the Society of Petroleum Engineers.

### SUGI HANDOKO

*Vice President, Operations*

Mr Sugi Handoko assumed the position of Vice President of Operations of the Company in January 2012. He has the overall responsibility of managing the exploration and production operations of the Group.

Prior to the current appointment, Mr Handoko was the Country Manager of Goldpetrol JOC Inc. He has more than 35 years of experience in petroleum exploration and production operations and management, which includes engineering, production, finance, procurement, logistics, human resources and government liaison.

Mr Handoko graduated from the Bandung Institute of Technology in 1988 with a Bachelor's Degree in Petroleum Engineering. He is a member of the Indonesian Petroleum Association, the Indonesian Association of Petroleum Engineering (IATMI) and the Institution of Engineers Indonesia.

### HAN LIQIANG

*Regional Operations Manager*

Mr Han Liqiang joined the Company as Regional Operations Manager in April 2014. His main role is to manage the regional exploration and production operations of the Group. Currently, he is seconded to the Myanmar operations as Deputy Country Manager.

Mr Han commenced his career with BGP Inc. in 1992 as a geophysicist for various petroleum projects in China. He was later on stationed at its overseas branch offices to manage a variety of seismic projects in the Middle East and Asia Pacific regions. He has more than 25 years of industry experience in project management, HSE management and marketing, and has worked with numerous oil and gas companies such as Total, Saudi Aramco and Salamander Energy.

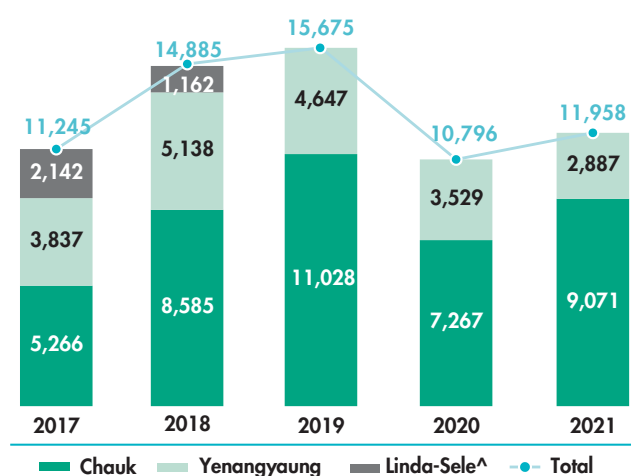
Mr Han studied at the Northwest University in Xi'an and obtained a Bachelor's Degree in Petroleum Geology in 1992.

# OPERATING AND FINANCIAL REVIEW

## FINANCIAL PERFORMANCE

Due to social unrest resulting from changes in the Myanmar government, crude oil production at the Company's two assets, the Chauk and Yenangyaung oil fields, was temporarily suspended in early February 2021. Although there was no production in Myanmar for a period of two months due to the suspension of field operations, and subsequent production only gradually increased to near pre-suspension volumes, the total revenue of the Group for FY2021 was 10.8% higher than the previous year at US\$11.96 million (FY2020: US\$10.80 million). This was due to higher crude oil prices as demand rebounded and supply remained tight during the year. The Group's weighted average transacted oil price for FY2021 was US\$70.72 per barrel, a 69.5% upsurge from US\$41.73 per barrel for FY2020. The Group's revenue breakdown by fields for the past five years is charted below.

### Revenue breakdown (US\$'000)



<sup>^</sup> Contributions from Linda-Sele were 58% from Aug 2014 to Jan 2017 and 54% from Feb 2017 to Jun 2018. Contract for Linda-Sele expired on 15 Nov 2018.

Total cost of production for FY2021 was US\$7.54 million, 19.0% lower than FY2020 due to the temporary suspension of field operations. As a result, gross profit increased to US\$4.42 million from US\$1.49 million in FY2020. The higher other income of US\$1.08 million was mostly attributable to the recognition of fair value and realised gain of US\$0.49 million on the shares of PT Mitra Investindo Tbk, which were disposed of during the year. Administrative expenses decreased by 8.5% year-on-year to US\$2.43 million largely owing to the ongoing cost-control efforts. The current income tax expense of US\$0.30 million, which had been partially offset by over provision in prior years, was in line with taxable income of FY2021.

As a result of the rise in oil prices, the Group posted a net profit of US\$2.49 million for FY2021 compared to a net loss of US\$1.25 million for FY2020.

The large-scale invasion of Ukraine by Russia on 24 February 2022 gave rise to further surge in oil prices, which hit their highest levels in more than seven years. As the situation is still evolving, the outlook of oil prices remains unclear. With uncertainty around potential sanctions against Russia, the oil market remains tight and price fluctuations are expected during the course of the warfare. The Company continues to monitor the developments and will adjust its strategy in response to the changes in market conditions accordingly.

## FINANCIAL STRENGTH

As at year end, the non-current assets of the Group remained fairly constant at US\$31.68 million (FY2020: US\$30.99 million). The slight changes in property, plant and equipment, right-of-use assets and intangible assets were mostly attributable to office renovation, new office lease and amortisation charges. Producing oil and gas properties increased by US\$0.72 million to US\$10.76 million for FY2021 due to capitalisation of drilling expenditures of US\$2.28 million that was partially offset by amortisation charges of US\$1.56 million. The non-current other receivables amounting to US\$4.79 million came from ongoing loans to non-related parties for the exploration activities of the Kuala Pambuang block.

The Group's current assets increased by US\$3.03 million to US\$13.25 million as at the end of the year under review (FY2020: US\$10.22 million). The main contributing factors were increases in current trade and other receivables of US\$1.79 million and cash and cash equivalents of US\$1.27 million. Higher current trade and other receivables were due largely to higher billings of crude oil sales. Inventories decreased marginally from US\$3.41 million to US\$3.39 million for FY2021 due to a combination of usage and purchase of consumables.

Total liabilities of the Group increased by US\$1.28 million to US\$11.67 million as at the end of FY2021 (FY2020: US\$10.39 million). Non-current and current trade and other payables increased by US\$1.74 million to US\$6.74 million year-on-year. This was mainly attributable to increases in non-current other payables to non-related party of US\$0.13 million, current trade payables to non-related and related parties of US\$1.15 million and current other payables to non-related parties of US\$0.46 million. The marginal net decrease of US\$0.05 million in non-current and current lease liabilities, which amounted to US\$0.26 million, was due to a new office lease. Current income tax liabilities as at year end were US\$0.42 million lower at US\$3.67 million.

## OPERATING AND FINANCIAL REVIEW

Net cash derived from operating activities of the Group for FY2021 amounted to US\$3.41 million (FY2020: US\$1.88 million), which comprised mostly cash flows generated by the Myanmar operations. Net cash used in investing activities of the Group was US\$1.89 million (FY2020: US\$2.35 million), which was due mainly to Myanmar drilling expenditures amounting to US\$2.28 million. Capital expenditures with respect to exploration and evaluation costs were US\$0.04 million (FY2020: US\$0.24 million) because of further postponement of production testing of the exploration well at the Kuala Pambuang block due to the COVID-19 pandemic. Net cash of US\$0.25 million was used in financing activities of the Group as compared to net cash inflow of US\$1.91 million in the previous year. Net proceeds of US\$2.02 million were provided by a private placement undertaken by the Company in FY2020.

As at the end of FY2021, the Group had cash and cash equivalents of US\$5.49 million, US\$1.27 million more than the previous year end of US\$4.22 million. In view of the uncertainties arising from the political situation in Myanmar, the Company will maintain its strategy of prudent cash flow management and financial discipline in the year ahead.

### SHARE CAPITAL

There were no options granted or exercised under the Interra Share Option Plan 2017 (ISOP 2017) and no new shares issued during the year. Following the retirement of Mr Lim Hock San as Independent Director on 29 April 2021, 2,850,000 unissued shares comprised in his option outstanding, which remained unexercised, had lapsed and become null and void pursuant to the rules of ISOP 2017. Therefore, as at the end of FY2021, the total number of unissued ordinary shares comprised in the options outstanding were 14,125,000 (FY2020: 16,975,000) and, these will expire on 10 December 2022. The total issued share capital of the Company remained unchanged at 655,498,604 shares as at year end. The Company does not have a share purchase mandate and has no treasury shares or subsidiary holdings.

### COVID-19

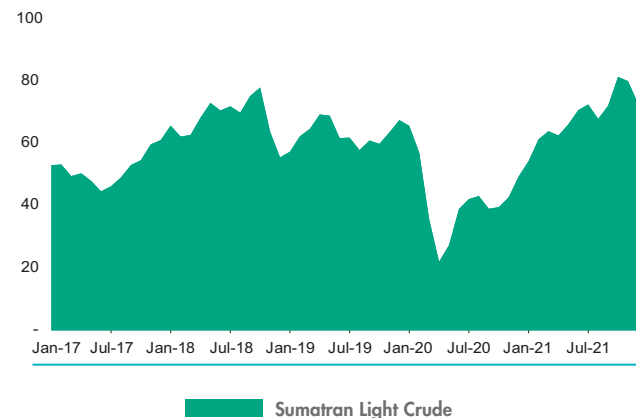
It has been over two years since the COVID-19 pandemic took the world by storm. Although the development of effective vaccines and the subsequent immunisation have made significant progress, many countries still experience COVID-19 surges from different variants. Social distancing, remote working or schooling, isolation, travel restrictions and lockdowns have become the “new normal”. With the waning of virulent strains, governments have begun to consider the virus as endemic.

In 2021, the Group continued to keep up with and adhered to government policies and regulatory protocols in respect of workplace safety and public health. Working from home and split team arrangements were being deployed at the workplace. Appropriate quarantine and precautionary measures were adopted in cases of infection or close contact with an infected person. The majority of the employees were vaccinated and no employees became seriously ill from COVID-19. During the year, corporate operations were not disrupted by the pandemic and only minor field operation problems occurred.

### CRUDE OIL PRICES

Crude oil prices rebounded steadily in 2021 as countries began to see the beginnings of economic recoveries. The recovery of the global economy resulted in crude oil demand rising faster than supply. Crude oil prices rose from the US\$50 per barrel level at the beginning of the year to more than US\$80 per barrel towards the end of the year. As a result, the Group’s weighted average transacted price for its crude oil produced was 69.5% higher at US\$70.72 per barrel for FY2021 (FY2020: US\$41.73 per barrel). The Group’s transacted crude oil prices for the past five years are charted below.

#### Crude oil prices (US\$ per barrel)

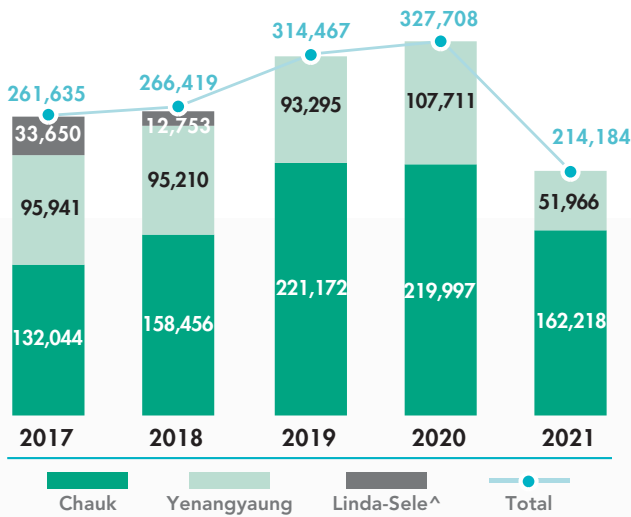


Crude oil prices surged past the US\$100 per barrel level as Russia invaded Ukraine in February 2022. The attack is expected to have far-reaching implications for the oil market given Russia’s role as the world’s second largest producer of natural gas and one of the world’s largest oil-producing nations.

## PRODUCTION

Due to the gradual recovery of the Myanmar field operations, the Group's shareable oil production from the two fields in Myanmar decreased by 34.6% to 214,184 barrels for FY2021 (FY2020: 327,708 barrels). The Group's shareable oil production by fields before application of contractual terms with the respective host governments for the past five years is charted below.

### Shareable oil production (barrels of oil)



<sup>^</sup> Contributions from Linda-Sele were 58% from Aug 2014 to Jan 2017 and 54% from Feb 2017 to Jun 2018. Contract for Linda-Sele expired on 15 Nov 2018.

When the Myanmar fields resumed operations in April 2021, the wells had to be methodically re-activated one after another in order to re-establish production. Given the complex nature and mechanics of re-establishing production from reservoirs that were shut-in for a period of time, the process had been tedious and slow. Besides, equipment had to be repaired or refitted and facilities had to be restored. The waterflood projects also had to be restarted individually. At year end, production at both fields had not fully recovered to pre-suspension levels. Therefore, the shareable production from the fields were out of proportion, with 75.7% from the Chauk field and 24.3% from the Yenangyaung field for FY2021 as compared to 67.1% and 32.9% respectively for FY2020. In the year ahead, the operator will strive to fully restore well production and bring production level to pre-suspension volumes.



# OPERATING AND FINANCIAL REVIEW

## OPERATING ACTIVITIES

### • Myanmar – Chauk and Yenangyaung Fields

The 2021 drilling programme commenced on 10 December 2020 with the first well completed as an oil producer on 4 January 2021. The second well commenced on 25 January 2021 and only had production casing run because of the suspension of field operations. It was completed as an oil producer once rigs were back in operation in August 2021. Thereafter, the operator went on to drill seven development wells, two of which commenced drilling early under the 2022 work programme given the acceptable surface conditions and rig availability. Despite the substantial amount of time and resources utilised to restart production activities, it managed to complete five of these wells as oil producers by year end. The total gross production of the two fields for FY2021 was 587,060 barrels (FY2020: 970,513 barrels).

In addition to the restart of well production activities, other field operations which had not been properly maintained were initiated. These included the waterflood projects, workovers and additional perforation of existing wells, infrastructure restoration, maintenance and repair works. The primary focus was to re-establish production and achieve pre-suspension volumes. At the end of 2021, workovers and additional perforations in existing wells had resumed to a level similar to that of pre-suspension, with the gain totalling in excess of 350 barrels of oil per day. Furthermore, waterflood projects had resumed to the extent that the positive effects were beginning to be realised.

In 2022, the operator will continue to work on well production restoration and the implementation of new and optimisation of existing waterflood projects. Importantly, it also plans to drill several new development wells and perform workovers and additional perforations. Barring any unforeseen circumstances, crude oil production is expected to approach pre-suspension volumes in the near future.

### • Indonesia – Kuala Pambuang Block

The completion work plan, which encompassed production testing and perforation, for the exploratory well drilled in December 2019 had been delayed further because of the COVID-19 pandemic. Therefore, an application for contract extension was submitted and as announced on 4 December 2021, an extension of the exploration period of the production sharing contract had been approved by the government agency until 25 January 2023.

The optimum completion testing design has been prepared with the objective of evaluating the hydrocarbon productivity of the exploration well. Though there are several reservoir intervals that recorded oil shows while drilling, the two most prospective with somewhat differing properties have been selected to be tested through hydraulic sand fracturing combined with acid stimulation. This process should yield the most effective method to increase potential reservoir productivity. The interval selection and testing plan is the result of extensive technical work accomplished by both in-house geoscience team and external specialists. Details of critical reservoir properties such as oil quality, productivity, pressure, permeability, heterogeneity will be investigated and can possibly lead to further development. The technical and operational proposals have been accepted by the relevant government agency.

Currently, contractors to provide materials and services have been identified and implementation discussions are underway. The completion work plan is expected to commence in the second half of 2022 and be completed by year end.

## RISK FACTORS AND UNCERTAINTIES

The upstream petroleum business is capital intensive and long term in nature and involves complex multiplicity of risks and uncertainties. The Group's operating and financial results depend on its ability to identify and mitigate these risks, which are inherent in its operations, in a timely and sustainable manner. An outline of the key factors affecting the Group's business is provided below.

### • Sales of Crude Oil

The marketability of crude oil produced by the Group depends on the proximity of its reserves to pipelines, oil tankers and processing facilities and is subject to operational problems associated with such infrastructures and facilities which could cause delays in its delivery of crude oil, thus affecting its billings. The Group currently sells the crude oil that it produces to the respective host governments and the quantum of which is subject to wide-ranging government regulations and policies relating to benchmark price, cost recovery, taxes, royalties, domestic market obligation and fiscal system. Therefore, the final shareable production to be translated into revenue is not directly proportional to gross production, and to a certain extent, is beyond the Group's control.



- **Crude Oil Prices**

Petroleum exploration and production is fundamentally a commodity business and hence, revenue is exposed to fluctuations in the prevailing crude oil and natural gas prices, which are dependent on a combination of various factors such as international demand and supply, geopolitical developments, and global economic conditions. The single largest variable that affects the Group's operating and financial results is crude oil prices. The Group does not have any hedging or derivative arrangements which would have the effect of giving the business a certain and fixed sale price for the crude oil produced. Depressed crude oil prices over prolonged periods will have an adverse impact on its profitability and cash flows, or may even render extraction commercially unviable, thus leading to recognition of significant impairment charges on the carrying amounts of producing oil and gas properties.

- **Operating Costs**

The Group's operating and financial results depend on its ability to execute and operate development projects as planned. Due to constantly changing market conditions and difficult environmental challenges, cost and schedule projections can be uncertain. Factors that may affect the economics of these projects include delays in issuance of permits and licence by government agencies, shortages or delays in the availability or delivery of critical equipment, escalating procurement and leasing costs, unforeseen technical difficulties, adverse weather conditions, and changes in operating conditions, which could cause cost overruns and prolonged delays in development thereby impeding production growth. The Group's operating costs in the foreseeable future depend largely on its ability to implement effective cost controls.

- **Credit Risk**

The Group currently sells all the crude oil that it produces only to the host government in Myanmar. Although the Group currently does not have any issues with invoice payments, there can be no assurance that risks of counterparty default would not occur in the future. Any significant default or delay in the payment could adversely affect its cash flow and financial position.

- **Capital Funding and Interest Rate Risk**

Petroleum exploration and production is a long-term and capital-intensive business. Substantial capital investment is required to exploit and develop reserves for petroleum production. Cash flows from operations may not be sufficient to fund drilling activities and business operations from time to time. Failure to obtain additional funding on a timely basis may cause the Group to discontinue some of its exploration, development and production activities or to forfeit its interests in certain petroleum contracts, resulting in material adverse impact on the Group's financial condition, results of operations or prospects. The Group has confirmed lines of bank credit facilities to manage short-term liquidity needs and these are exposed to fluctuations in floating interest rates and are subject to banks' periodic credit review. On the other hand, raising capital through certain debt or equity financing may have dilutive effect on the Group's earnings.



# OPERATING AND FINANCIAL REVIEW

- **Reserve Replacement**

Future petroleum production is dependent on the Group's ability to replace produced reserves and access new reserves through successful exploration and development activities, new discoveries, new extraction techniques, negotiation with governments and other owners of reserves, and acquisition of petroleum acreages. Unsuccessful exploratory or developmental drillings as well as failure in identifying or finalising transactions to access potential reserves could cause its reserves to decline and affect future production levels. Given the present volatile crude oil price environment, the Group's focus on capital expenditure and cost control management may have a negative impact on its progress in respect of reserve replacement.

- **Petroleum Agreements**

A production-sharing type of petroleum agreement with the host government or its agency grants the participating party (or parties) the rights and obligations to conduct exploitation and production of hydrocarbons at its own expense and risk on a compensated basis for an established time period. Each contract is highly regulated and is subject to conditions imposed by the host government or its agency in matters such as drilling plan and development work commitment, domestic market obligation, abandonment of contract area, field restoration, and environmental protection. The final shareable production to be split with the host government before translating into revenue is derived after deducting various capital and operational expenditures, royalties and taxes. Due to the intrinsic complexity of the different forms of contractual terms, revenue is not proportionally dependent on gross production and crude oil prices. In addition, there is no guarantee that contract extension or

renewal will be granted upon expiration, failing which may result in substantial losses and significant reduction in investment value.

- **Taxes**

In addition to the payment of royalties and signature or production bonuses, petroleum and income taxes of the upstream petroleum sector tend to be higher than those payable in many other commercial activities. Adverse changes in fiscal or tax regimes applicable to petroleum industry in the countries where the Group conducts its upstream operations could have a negative impact on the Group's profitability.

- **Political and Regulatory Risks**

The Group operates in countries where political, economic and social transitions are taking place or may occur from time to time. Developments in politics, laws and regulations can affect its operational performance and financial position. Potential developments include forced divestment of assets, limits on production or cost recovery, international sanctions, import and export restrictions, price controls, tax increases and other retroactive tax claims, expropriation of property, cancellation of contract rights, changes to environmental regulations, international conflicts such as war, civil unrest, acts of sabotage or terrorism, and local security concerns that threaten the safe operation of facilities. In countries which lack well-developed legal systems or have yet adopted clear regulatory frameworks for petroleum industry, the Group's operations are exposed to increased risk of adverse or unpredictable actions by government officials and may face difficulty in enforcing contracts or delays in issuance of licences and permits.



- **Exploration Risk**

Exploration activities involve significant inherent risks including failure to discover any accumulation of hydrocarbons, or that the discovery of hydrocarbons is not commercially recoverable or viable. Development of hydrocarbon reserves is a complex and lengthy process which includes appraising a discovery, sanctioning a development project, and building and commissioning related facilities. Thus, the rates of return for such long-lead-time projects are exposed to the volatility of oil and gas prices and costs, which may be substantially different from the prices and costs assumed when the investment decision was actually made. In the event that an exploration programme proves to be unsuccessful or unprofitable, it may lead to substantial losses, considerable reduction in cash reserves, significant diminution in asset values and possible relinquishment of contractual rights. The Group currently has one ongoing exploration project in southern Central Kalimantan and it is highly uncertain whether the capital invested could ultimately yield commercially recoverable hydrocarbons or profitable production.

- **Drilling Risk**

The Group endeavours to maintain and grow its petroleum production through drilling programmes, which may be developmental or exploratory in nature, based upon geological and geophysical studies of available information or new data. However, underground drilling activities are subject to numerous unexpected drilling conditions including pressure or irregularities in geological formations and invasion of water into producing formations. Therefore, it is not certain that such drillings will ultimately yield commercially recoverable hydrocarbons or profitable production. Unsuccessful drillings may have material negative impact on the operating results and financial position of the Group.

- **Production Risk**

There are inherent risks involved in the production of hydrocarbons that, in addition to impacting the actual volumes produced, may ultimately affect the reserves (recovered). The performance of the reservoirs may be affected by the use of new technologies and the failure to develop and employ advanced technologies to achieve maximum recovery rates of hydrocarbons or to gain access to previously inaccessible reservoirs. In addition, continuous disregard for industry standard production practices can lead to reduction in production volumes, and in extreme cases, actual total loss of production. In the event that incremental production growth is not sufficient to keep pace with natural field decline, the Group's operating and financial performance will be adversely affected.

- **Reserve Estimation Risk**

There are indefinite inherent uncertainties in respect of the estimation and valuation of petroleum reserves. The estimation of petroleum reserves is not an exact science and depends on numerous factors such as quantity and quality of the geological, engineering and economic data, assumptions adopted when making the estimate, projections regarding future production volumes, development expenditures, operating costs, cash flows, timing of work plans, availability of equipment and technology, and experience and knowledge of evaluators in their interpretation and judgment. Many of these factors, assumptions and variables involved in estimating reserves are subject to fluctuations and changes. Final results of drilling and testing, the actual development execution and production performance, and changes in crude oil and natural gas prices after the date of estimation could significantly affect the reserve estimates. Therefore, the quantities of petroleum ultimately recovered by the Group and the timing and cost of those volumes as well as the net cash flow that it receives from the production may differ materially from the numbers reflected in the reserve estimates. Moreover, reserves certification conducted by different estimators may vary considerably depending on the methodology and approaches employed in the assessment. Any such instance may adversely affect the future net cash flow and fair asset value of the Group.

## OPERATING AND FINANCIAL REVIEW

- **Environmental and Operational Hazards**

Given the nature of petroleum exploration and extraction, the Group is exposed to a wide spectrum of risks related to health, safety, environment and security. Environmental and operational hazards including blowout, leak, spill, property damage and personal injury or loss of life could result in operational disruption, regulatory action, legal liability, loss of revenue and damages that could adversely affect the Group's operational performance and financial conditions. The Group's insurance may limit or may not cover all risks of liabilities which the Group is exposed to, or the Group may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. Moreover, the Group's operations may be affected by fire, typhoons, floods and other natural calamities, which are generally excluded from insurance policies.

Information on the factors impacting the financial and operating performance of the Group is set out in the following sections of the Notes to the Financial Statements of this Annual Report:

- Note 3, Critical Accounting Estimates, Assumptions and Judgements;
- Note 31, Contingent Liabilities; and
- Note 32, Financial Risk Management.

Information on the factors impacting the environmental and social performance of the Group is set out in the Summary Sustainability Report section of this Annual Report and the full Sustainability Report on the Company's website.

The Group may be affected by a number of risks that may relate to the industries and countries in which the Group operates as well as those that may generally arise from, *inter alia*, economic, business, market and political factors, including the risks set out herein. The risks described above are not intended to be exhaustive. There may be additional risks not presently known to the Group, or that the Group may currently deem immaterial, which could affect its operations, possibly materially.

## SUMMARY OF RESERVES AND RESOURCES AS OF 31 DECEMBER 2021

The following information is extracted from the qualified person's reports ("QPRs") dated 25 March 2022 prepared by a reputable reservoir evaluation firm, ERC Equipoise Pte Ltd ("ERCE"), with respect to the hydrocarbon reserves and resources of the various petroleum contracts of the Group. Please also refer to the Appendix of this Annual Report for ERCE's summary QPR.

Category	Gross (mmsb)	Net (mmsb)	Change (%)	RF (%)	Gross (mmsb)	Net (mmsb)	Change (%)	RF (%)	Gross (mmsb)	Net (mmsb)	Change (%)	RF (%)
<b>Oil Reserves</b>	<b>1P</b>				<b>2P</b>				<b>3P</b>			
Myanmar	2.87	0.61	79.4	NA	5.07	1.02	(8.9)	NA	6.04	1.34	(8.8)	NA
<b>Contingent Resources</b>	<b>1C</b>				<b>2C</b>				<b>3C</b>			
Myanmar (Development on hold)	0.68	0.41	NA	80	2.96	1.78	(20.9)	80	6.52	3.91	11.7	80
Myanmar (Development unclarified)	0	0	(100)	NA	0	0	(100)	NA	0	0	(100)	NA
<b>Prospective Resources (Unrisked)</b>	<b>1U</b>				<b>2U</b>				<b>3U</b>			
Indonesia	68	46	0	15	305	206	0	15	1,288	871	0	15

### Definitions:

- "1P" : Proved
- "2P" : Proved plus probable
- "3P" : Proved plus probable plus possible
- "Change" : Change from the previous update dated 26 March 2021, which also takes into account actual production, expiration, termination or renewal of contracts, and changes in effective interest of the Group
- "Gross" : Gross reserves, contingent resources or prospective resources attributable to the contract before the application of contractual terms with the host government
- "mmsb" : Million stock tank barrels
- "NA" : Not applicable
- "Net" : Net reserves is the net entitlement attributable to the Group after the application of contractual terms with the host government; Net contingent and prospective resources are the net volumes attributable to the Group's effective interest in the contract before the application of contractual terms with the host government
- "RF" : Risk factor

### Notes:

- (1) Gross reserves attributable to the contract represent 100% of the estimated commercially recoverable hydrocarbons before taking into account the contractual terms with the host government.
- (2) Net reserves attributable to the Group represent the actual net entitlement attributable to the Group's effective interest in the contract after taking into account the contractual terms with the host government.
- (3) Gross contingent resources attributable to the contract represent 100% of the estimated hydrocarbons economically recoverable on an unrisksed basis (i.e. before the application of chance of development factor). Contingent resources are reported under two sub-classifications. "Development on hold" represents a project where activities are on hold and/or where justification as a commercial development may be subject to delay. "Development unclarified" represents a project where activities are under evaluation and where justification as a commercial development is unknown based on available information.

## OPERATING AND FINANCIAL REVIEW

- (4) Net contingent resources attributable to the Group represent the proportion of gross contingent resources attributable to the Group's effective interest in the contract. Net contingent resources are unrisks, and do not take into account the contractual terms with the host government and do not represent the Group's actual net entitlement under the contract. Contingent resources are reported under two sub-classifications. "Development on hold" represents a project where activities are on hold and/or where justification as a commercial development may be subject to delay. "Development unclarified" represents a project where activities are under evaluation and where justification as a commercial development is unknown based on available information.
- (5) Gross prospective resources attributable to the contract represent 100% of the estimated hydrocarbons potentially recoverable from undiscovered accumulations.
- (6) Net prospective resources attributable to the Group represent the proportion of gross prospective resources attributable to the Group's effective interest in the contract. Net prospective resources do not take into account the contractual terms with the host government and do not represent the Group's actual net entitlement under the contract.
- (7) Unrisks prospective resources are derived from the arithmetic sum of individual prospects before the application of chance of geological success factor.
- (8) Risk factor for contingent resources represents the estimated chance of development or probability that the volumes will be commercially extracted. Risk factor for prospective resources represents the chance of geological success or probability of discovering hydrocarbons in sufficient quantity for them to be tested to the surface (i.e. the chance or probability of the prospective resources maturing into contingent resources). Risk factor for unrisks prospective resources is calculated based on the summed mean unrisks and risks prospective resources.
- (9) The above gross reserves, contingent resources and prospective resources data are extracted from the respective QPRs with an effective date of 31 December 2021 prepared in accordance with the requirements set out in paragraph 5 of Practice Note 6.3 to the Listing Manual of the Singapore Exchange Securities Trading Limited and the standards promulgated by the Petroleum Resources Management System (SPE-PRMS) by:

Name of Qualified Person : Stewart Easton of ERCE  
 Professional Society Affiliation/Membership : Society of Petroleum Engineers/4548670  
 Date : 25 March 2022

- (10) The Group's petroleum assets are tabulated as follows:

Country/ Asset Name	Effective Interest (%)	Development Status	Type of Contract	Contract Expiry Date	Contract Area (km <sup>2</sup> )	Type of Deposit
<u>Myanmar</u>						
Chauk Field	60.00	Producing	Improved Petroleum Recovery Contract (IPRC)	3 April 2028	955	Hydrocarbon
Yenangyang Field	60.00	Producing	Improved Petroleum Recovery Contract (IPRC)	3 April 2028	845	Hydrocarbon
<u>Indonesia</u>						
Kuala Pambuang Block	67.50	Exploration	Production Sharing Contract (PSC)	25 January 2023	1,631	Hydrocarbon

# CORPORATE GOVERNANCE REPORT

The Company is required under the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual (the “**SGX-ST Listing Manual**”) to describe its corporate governance practices in its annual report with specific reference to the principles and the provisions of the Code of Corporate Governance 2018 (the “**Code**”).

This report discloses the Company’s corporate governance policies and practices which has been adopted in line with the spirit of the Code. The Company complies with the principles, and adheres largely to the provisions set out in the Code. Where its practices vary from any provisions of the Code, the Company specifies and explains the reason for the variation and how the practices adopted are consistent with the intent of the relevant principle.

## BOARD MATTERS

### Principle 1 – The Board’s Conduct of Affairs

***The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.***

The duties of the Board include:

- (a) providing entrepreneurial leadership and setting corporate strategy and direction, and ensuring that the necessary financial resources and human resources are in place for the Company to meet its objectives;
- (b) establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the Company’s assets;
- (c) reviewing Management’s performance;
- (d) identifying the key stakeholder groups and recognising that their perceptions affect the Company’s reputation;
- (e) setting the Company’s values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met; and
- (f) considering sustainability issues, such as environmental and social factors, as part of its strategic formulation.

### Provision 1.1

The Directors understand that they are fiduciaries who act objectively in the best interests of the Company and hold Management accountable for performance. The heavily regulated regime in Singapore, where the Company is incorporated and listed, principally sets appropriate tone-from-the-top and desired organisational culture of the Company. Since the listing of the Company on SGX-ST in 2003, the Board has adopted the practice of basing its governance and decision making on the orderly legal system and sound regulatory framework of Singapore under close guidance of the Company Secretary who is a lawyer from a reputable law firm. Its tradition of being committed to upholding high standards of corporate governance defines Management’s fundamental priority of abiding by statutory obligations and adhering to regulatory compliance, thereby ensuring proper accountability within the Company. As an investment holding entity, the Company operates with a small group of professionals, managers and executives, and does not have its code of ethics and conduct formally written at the company level. At the group level, its individual subsidiaries and joint ventures incorporate their code of ethics and conduct in the rules and regulations of their respective employment policies. The Board intends to formalise the code of ethics and conduct as the Company grows in size.

The Directors regard disclosure of interests in transactions as a statutory duty of utmost importance and adopt the customary practice of tabling at Board meetings general notices of individual directorships and material interests annually and as and when circumstances require. Directors facing conflicts of interest recuse themselves from decisions involving the issues of conflict.

# CORPORATE GOVERNANCE REPORT

## Provision 1.2

The Directors understand the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). When a new non-executive Director, Mr Zhang Jing ("**Mr Zhang**"), was appointed during the year, he was given a formal letter setting out his duties and obligations as a non-executive Director. He also received customised induction and orientation which serves to familiarise himself with the Company's business and governance practices, including his role as a Director. Being a new Director with no prior experience as a director of a Singapore-listed company, the Company made arrangements for him to undergo training conducted by the Singapore Institute of Directors ("**SID**"), namely, the Listed Company Director Essentials Programme. All such training undertaken by Directors are generally funded by the Company.

The Directors are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense. To encourage Directors to keep up with regulatory and industry changes, the Company furnishes them with SID's annual calendar of professional development curriculum at the beginning of the year and keeps them informed of suitable training courses and professional development programmes available from time to time, in particular, industry related and updates on relevant regulations and standards. As the Directors receive training and development in their own professional fields or through companies in which they hold directorships, they usually do not attend any similar programmes offered by the Company. In view of the new requirement under Rule 720(7) of the SGX-ST Listing Manual which came into effect on 1 January 2022, requiring all directors to undergo training on sustainability matters as prescribed by the Singapore Exchange ("**SGX**"), the Company will make arrangements for all Directors to attend the relevant course conducted by the SID as soon as it is available.

## Provision 1.3

The roles and responsibilities of the Board and Management are clearly defined in order to facilitate better understanding of their respective accountabilities and contributions. Management has been charged to run the ordinary business of the Company and its group operations, while major matters and material transactions are brought to the Board's attention for its deliberation and decision. The Company has adopted internal guidelines which specifically reserve the following key matters for the Board's approval: significant acquisitions and disposals or undertakings, funding proposals, and announcements of financial results, exploratory drilling updates and material information.

## Provision 1.4

To assist in the efficient discharge of its fiduciary duties and responsibilities, the Board has, without abdicating its responsibility, established three (3) Board Committees namely, the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"). Each Board Committee has its own terms of reference setting out their compositions, authorities and duties, written in line with the Code, to address their respective areas of focus. Matters which are delegated to the Board Committees are reported to and approved collectively by the Board. The names of the members of each Board Committee as at the date of this Annual Report are set out in the Corporate Information section of this Annual Report. The terms of reference and key activities of each Board Committee are disclosed under the relevant provisions of the Code below.

## Provision 1.5

During the year, the Board and Board Committees had a total of six (6) formal meetings to review and approve various matters relating to business strategies, material transactions, governance matters, operating affairs and financial performance of the Company. Board meetings were scheduled to coincide with half-yearly reporting in order to facilitate the review of financial results announcements. Directors with multiple board representations would make efforts to accommodate the meeting schedules of the Company, or take steps to have their thoughts represented at the meetings in their absence. Where the attendance of certain Directors was not physically possible, meetings were conducted with these Directors communicating through audio-video conferencing. The Constitution of the Company provides that the Directors may meet by audio or audio-visual communication by which all persons participating in the meeting are able to hear and be heard by all other participants. In order to gather views and address major concerns without delay, ad hoc Board discussions via electronic means were organised to deliberate material matters and transactions as appropriate, and resolutions of the Board were passed by way of circulating minutes pursuant to the Constitution of the Company.



# CORPORATE GOVERNANCE REPORT

The attendance of each member at Board and Board Committee meetings, expressed as a ratio of the total number of meetings held during the member's period of appointment in the financial year ended 31 December 2021 ("FY2021"), is set out as follows:

<b>Name of Director</b>	<b>Board Meeting Attendance</b>	<b>AC Meeting Attendance</b>	<b>NC Meeting Attendance</b>	<b>RC Meeting Attendance</b>
Edwin Soeryadjaya <sup>1</sup>	0/2	—	—	—
Lany Djuwita Wong <sup>1</sup>	2/2	—	—	—
Ng Soon Kai <sup>2</sup>	2/2	1/1	1/1	1/1
Yin Lifeng <sup>3</sup>	1/1	—	—	—
Zhang Jing <sup>4</sup>	—	—	—	—
Low Siew Sie Bob	2/2	2/2	1/1	1/1
Allan Charles Buckler	1/2	1/2	1/1	1/1
Lim Hock San <sup>5</sup>	1/1	1/1	1/1	1/1
Marcel Han Liong Tjia	2/2	—	—	—

<sup>1</sup> Ms Lany Djuwita Wong is the alternate Director to Mr Edwin Soeryadjaya.

<sup>2</sup> Mr Ng Soon Kai was appointed as a member of the Audit Committee on 29 April 2021.

<sup>3</sup> Mr Yin Lifeng resigned from the Board on 25 February 2021.

<sup>4</sup> Mr Zhang Jing was appointed as a non-executive Director on 6 December 2021.

<sup>5</sup> Mr Lim Hock San retired from the Board on 29 April 2021.

## Provision 1.6

Management routinely keeps the Board updated on the Company's operational activities, project progress and development, and business prospects through the provision of timely monthly management accounts, half-yearly papers and ad hoc email correspondences. Half-yearly financial and activity reports and material announcements are submitted to the Board for review and approval before releasing to the public. These reports and updates are supported with comprehensive background or explanatory information such as relevant disclosure documents, work plans, expenditure proposals, budgets and forecasts. In respect of budgets and cash flows, any material variances between the projections and actual results are highlighted and explained. The foregoing information enables the Board to make informed decisions and discharge their duties and responsibilities.

## Provision 1.7

The Directors have separate and independent access to Management as and when they need to make further enquiries or require additional information. Management endeavours to meet their requirements in a timely manner so as to enable them to make informed decisions.

In addition, the Directors have direct and independent access to the Company Secretary, whose appointment and removal is a matter for the Board as a whole. The responsibilities of the Company Secretary include:

- (a) attending all Board and Board Committee meetings and preparing minutes of these meetings;
- (b) ensuring compliance with applicable laws and regulations;
- (c) ensuring compliance with internal procedures and guidelines of the Company;
- (d) maintaining and updating all statutory books and records;
- (e) ensuring that good information flows within the Board and its Board Committees and between Management and non-executive Directors;
- (f) advising the Board on all other corporate, administrative and governance matters; and
- (g) facilitating orientation and assisting with professional development as required.

# CORPORATE GOVERNANCE REPORT

In the furtherance of their duties and responsibilities, the Directors may, individually or as a group, seek independent professional advice, if necessary, at the Company's expense. Such requirements are to be put forth for general consensus before the Board approves the motion.

## **Principle 2 – Board Composition and Guidance**

***The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.***

### Provision 2.1

The Company adopts the definition that an "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company. It acknowledges that Rule 210(5)(d)(i) and (ii) of the SGX-ST Listing Manual provides circumstances for which a Director will not be independent, including if he is employed by the Company or any of its related corporations for the current or any of the past three (3) financial years, or if he has an immediate family member who is employed or has been employed by the Company or any of its related corporations for the same period and whose remuneration is determined by the RC. It further acknowledges that Rule 210(5)(d)(iii) of the SGX-ST Listing Manual requires the continued appointment of an independent Director who has been a Director for an aggregate period of more than nine (9) years to be sought and approved in separate resolutions by (A) all shareholders; and (B) shareholders excluding Directors and the chief executive officer of the Company ("**CEO**") and their respective associates ("**Two-Tiered Vote**").

The name of each independent Director as at the date of this Annual Report is set out in the Corporate Information section of this Annual Report. Collectively, the independent Directors have strong accounting and industry background, and the independence of each is reviewed annually by the NC based on, *inter alia*, the criteria set forth in the SGX-ST Listing Manual, the Code, individual Directors' declarations and peer performance evaluations. The Board concurs with the NC's recommendation that each of the two (2) independent Directors has no relationship which could interfere, or could be reasonably perceived to interfere, with the exercise of his independent business judgement with a view to the best interests of the Company.

Currently, both independent Directors, namely Mr Low Siew Sie Bob, ("**Mr Low**") and Mr Allan Charles Buckler ("**Mr Buckler**") have served on the Board beyond an aggregate period of nine (9) years, and their continued appointments as independent Directors have been approved pursuant to the Two-Tiered Vote during the last Annual General Meeting ("**AGM**") held on 29 April 2021. Their independence is subject to rigorous annual review by the NC. Having considered various factors including integrity, competence, experience and circumstances set out in the Code and the accompanying practice guidance, the Board has determined that both independent Directors be considered independent as they have individually continued to demonstrate strong independence in conduct, character and judgement in the discharge of their duties and responsibilities as independent Directors. Accordingly, the Board has proposed to retain Mr Low and Mr Buckler as independent Directors.

### Provision 2.2

As at the date of this Annual Report, the Board comprises six (6) Directors. There are presently two (2) independent Directors on the Board, and the proportion of independent Directors forms one-third ( $\frac{1}{3}$ ) of the Board of six (6) Directors as stipulated under Rule 210(5)(c) of the SGX-ST Listing Manual, which came into effect on 1 January 2022.

The Board is headed by non-independent Chairman, Mr Edwin Soeryadjaya ("**Mr Soeryadjaya**"), who is also a substantial shareholder of the Company. Although independent Directors do not make up a majority of the Board during the year under review, a Lead Independent Director, Mr Low, has been appointed to provide leadership in situations where the Chairman is conflicted. The NC is of the view that there is a sufficiently strong independent element and diversity of thought and background in the composition of the Board and the present composition of the Board allows it to exercise objective judgement on corporate affairs independently in the best interests of the Company and that no individual or small group of individuals dominates the decisions of the Board.

# CORPORATE GOVERNANCE REPORT

## Provision 2.3

The Board has only one (1) executive Director, Mr Marcel Han Liong Tjia ("**Mr Tjia**"), who is also the CEO. Therefore, non-executive Directors make up a majority of the Board.

## Provision 2.4

The Board is of the view that its current size is appropriate, taking into account the size, scope and nature of operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees.

The Company has recently adopted a board diversity policy which that addresses gender, skills and experience, and any other relevant aspects of diversity of the Board ("**Board Diversity Policy**"). The Board recognises that a combination of skills, talents, experience and diversity of its Directors will enhance its exercise of objective judgement and better support its decision-making process. In determining its composition, the Board places primary emphasis on core competencies and optimal functionality given the Company's size, nature of operations, industry, revenue and market capitalisation. It will endeavour to broaden its board diversity beyond skills, knowledge and experience to include other aspects such as age and gender.

The Board Diversity Policy provides that when reviewing the Board composition and considering a new Board member, the NC will give due regard for achieving an optimum balance of diversity that encompasses various skills, knowledge and experience, age, gender, ethnicity and other relevant factors. It will endeavour to include additional attributes when there is a need to bring in fresh perspectives and enhancements.

The Board and NC are of the view that age and gender are important aspects of diversity, and will strive to ensure that:

- (a) younger candidates be fielded for consideration when there is a need to identify a new Director for appointment to the Board;
- (b) female candidates be fielded for consideration when there is a need to identify a new Director for appointment to the Board;
- (c) succession planning be put into action in the near future; and
- (d) there is appropriate female representation on the Board in the next three to five years.

The final decision on the selection of Directors will be made based on merit against objective criteria, in the context of the requisite attributes, independence, experience and expertise which the Board requires as a whole to be effective.

The composition and diversity of the Board is reviewed annually by the NC through skills matrix checklists. The NC will also review annually the Company's progress towards achieving the targets and set further relevant qualitative and measurable quantitative objectives and timelines for achieving diversity on the Board where appropriate. It will report its findings and make its recommendations to the Board for consideration and approval on an annual basis.

The Board and its Board Committees currently comprise Directors who possess the requisite skills, knowledge and experience across various fields. As a group, the Board, which comprises both local and foreign Directors, provides an appropriate balance and mix of skills, knowledge and experience that encompass core competencies such as business management, strategic planning, risk management, mergers and acquisitions, capital markets, accounting, finance, taxation, law and related industry.

# CORPORATE GOVERNANCE REPORT

## Provision 2.5

In addition to formal Board and Board Committee meetings, the Board and Management maintain active and effective communication through emails whereby Management provides the Board with regular corporate, financial and operational updates and the Board members engage in deliberation of important issues. This manner of electronic communication facilitates swift gathering of views or inputs and prompt address of major concerns given that some Directors are based overseas. Through this means, the non-executive Directors and/or independent Directors communicate regularly without the presence of Management so as to facilitate a more effective check on Management. The matters discussed include developing proposals on strategy, reviewing the performance of Management in meeting agreed goals and objectives, and monitoring the reporting of performance. Feedback from such discussions is provided to Management.

### **Principle 3 – Chairman and Chief Executive Officer**

***There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.***

## Provision 3.1

The roles of the Chairman and the CEO are kept separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman and the CEO are not immediate family members.

## Provision 3.2

The CEO, who is responsible for the day-to-day operations, has his role and responsibilities clearly established by the Board and set out in writing under his employment agreement. The Chairman, who is a non-executive Director, is responsible for the leadership and objective functioning of the Board, including its effectiveness on all aspects of its role and its progress towards promoting high standards of corporate governance. Their complementary roles provide a pillar of balance for the Board while promoting a culture of openness and debate at the Board and encouraging constructive relations within the Board and between the Board and Management. They are supported by the Company Secretary and Management who assist them in the organisation of essential meeting agenda, timely dissemination of inclusive meeting materials and administration of meeting by allowing adequate time for discussion of all agenda items especially strategic issues.

## Provision 3.3

The Board has appointed a Lead Independent Director since 2012 to support the Chairman in his role of facilitating effective contributions of non-executive Directors and effective communication with shareholders. The Lead Independent Director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate. In addition, he takes the lead to conduct discussions (usually held during half-yearly meetings) among independent Directors, formally or informally, without the presence of the other executive and non-independent Directors, and any matters of significance arising from such discussions are conveyed to the Chairman.

### **Principle 4 – Board Membership**

***The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.***

## Provision 4.1

The Board has established and delegated Board membership matters to the NC. Each meeting of the NC is properly minuted and upon confirmation of such minutes by the NC Chairman, a copy of the confirmed minutes is duly circulated to all members and tabled at Board meetings.

# CORPORATE GOVERNANCE REPORT

The NC has written terms of reference that clearly sets out its functions and duties as follows:

- (a) To review the size and composition of the Board and Board Committees, taking into consideration the independent element, the need for progressive refreshing, the necessity of alternate directorship, core competencies, and balance and diversity of skills, experience, gender and knowledge, and to recommend any changes it considers necessary to the Board.
- (b) To develop, implement and maintain a formal and transparent process for the search, selection, nomination, appointment and re-appointment of Directors (including alternate Directors) to the Board.
- (c) To review all nominations for the appointment and re-appointment of members of the Board (including alternate Directors), taking into consideration the composition and progressive renewal of the Board and the attributes of each nominee, before making recommendations to the Board.
- (d) To ensure that all Directors submit themselves for re-nomination and re-election at regular intervals and at least once every three (3) years or in accordance with the requirements of the Companies Act 1967 (the “Act”), the Constitution of the Company, the SGX-ST Listing Manual and the Code, as amended or modified from time to time.
- (e) To determine annually, and as and when circumstances require, whether a Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect the Director’s judgement, bearing in mind the years of services, relationships or circumstances set forth in the SGX-ST Listing Manual and the Code and any other salient factors.
- (f) To develop, implement and maintain a formal process for evaluation of the performance of the Board, Board Committees and Board members.
- (g) To decide on how the Board’s performance may be evaluated and propose objective performance criteria for the Board’s approval.
- (h) To decide on the maximum number of listed company board representations a Director may hold for the Board’s approval.
- (i) To assess and report to the Board annually the effectiveness of the Board as a whole and the Board Committees and the contributions of each individual Director to the effectiveness of the Board.
- (j) To review the results of the performance evaluation and recommend to the Board on whether to appoint new Directors or to seek resignation of Directors.
- (k) To review the succession plans for Directors, in particular, the Chairman and the CEO of the Company.
- (l) To review and make recommendations to the Board the training and professional development programme for the Board.
- (m) To review the various disclosure requirements on the appointment and resignation of Directors, particularly those required by regulatory bodies such as the SGX-ST.
- (n) To retain such professional consultancy firm as the NC may deem necessary to enable it to discharge its duties hereunder satisfactorily.
- (o) To undertake such other duties and projects as may be requested by the Board, and to report to the Board its findings from time to time on matters arising and requiring the attention of the NC.
- (p) To conduct periodic review of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at optimal effectiveness and recommend any changes it considers necessary to the Board.

# CORPORATE GOVERNANCE REPORT

## Provision 4.2

The NC comprises three (3) non-executive Directors, the majority of whom, including the NC Chairman, are independent Directors. The Lead Independent Director is also a member of the NC. The name of each NC member as at the date of this Annual Report is set out in the Corporate Information section of this Annual Report.

## Provision 4.3

During the year review, the NC assessed the performance of each Director, each Board Committee and the Board as a whole and made the requisite recommendations to the Board on the re-nomination and re-election of Directors in accordance with the Constitution of the Company, the SGX-ST Listing Manual and as contemplated by the Code. When considering the nomination of Directors for re-election or re-appointment, the NC took into account their competencies, commitment, contribution and performance (for example, attendance, preparedness, participation and candour) as well as their overall contributions to the effectiveness of the Board. The NC is satisfied with the overall results of the performance evaluation and the composition of the Board, and will not be proposing new members to be appointed to the Board at the forthcoming AGM. The Board has considered and endorsed the recommendations of the NC.

If there is a need for a new Director to be appointed, the NC has in place an internal process to facilitate the search, selection and nomination of a suitable Director. The NC members would first evaluate the range of skills, experience and expertise of the Board and identify the necessary competencies required from the incoming Director that would best increase Board effectiveness, and then search externally through the usual channels of professional contacts and personal networks for suitable candidates who are highly regarded in the relevant industry. In addition, the NC will have regard to the newly adopted Board Diversity Policy as described under Provision 2.4. When considering the new Board member, the NC would review the curriculum vitae of each potential candidate and consider his/her experience and expertise and likely contribution to the Board. Subsequently, interviews would be conducted before the NC makes its recommendation to the Board. The Board shall make the final determination for the appointment.

When Mr Zhang was nominated by a substantial shareholder to replace Mr Yin Lifeng as non-executive Director during the year (as disclosed under Provision 1.2), the NC had reviewed his resume and agreed that his industry experience and relatively younger age group would fit both diversity policy of the Board and business needs of the Company. Following Mr Zhang's interview with the Company and taking into account the independence level of the Board, the NC recommended the appointment of Mr Zhang as non-executive Director to the Board. The Board had considered and endorsed the NC's recommendation, and Mr Zhang was appointed to the Board on 6 December 2021.

The Constitution of the Company calls for one-third ( $\frac{1}{3}$ ) of the Directors other than the CEO (or if their number is not a multiple of three (3), then the number nearest to one-third ( $\frac{1}{3}$ )) to retire from office by rotation at annual general meetings. Furthermore, under the Constitution of the Company, any Director appointed from time to time and at any time, either to fill a casual vacancy or as an additional Director, shall hold office only until the next AGM of the Company, but shall be eligible for re-election at that meeting. Additionally, Rule 720(5) of the SGX-ST Listing Manual requires all Directors, including executive Directors, to submit themselves for re-nomination and re-appointment at least once every three (3) years.

At the forthcoming AGM, Mr Soeryadjaya and Mr Ng Soon Kai ("**Mr Ng**") are due for re-election pursuant to Regulation 100 of the Constitution of the Company, while Mr Zhang is due to re-election pursuant to Regulation 106 of the Constitution of the Company. Mr Ng has indicated his intention to retire from the Board and will not be seeking re-election at the AGM. In this regard, the NC has recommended that Mr Soeryadjaya and Mr Zhang, who being eligible, be nominated for re-election at the AGM and the Board has accepted its recommendations. Mr Soeryadjaya will, upon re-election as a Director, remain non-executive Chairman of the Company, and Ms Lany Djuwita Wong will remain the alternate Director to Mr Soeryadjaya. Mr Zhang will, upon re-election as a Director, remain non-executive Director of the Company. Mr Soeryadjaya and Mr Zhang have consented to continue in office and will be submitting themselves for re-election at the AGM.

## CORPORATE GOVERNANCE REPORT

The key information pursuant to Appendix 7.4.1 of the SGX-ST Listing Manual relating to the two (2) Directors proposed to be re-elected at the forthcoming AGM is set out as follows:

Name of Director	Edwin Soeryadjaya
Date of appointment	14 December 2004
Date of last re-appointment	29 June 2020
Age	72
Country of principal residence	Indonesia
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The Board approved the re-appointment after having considered the recommendation of the NC, of which its review includes, <i>inter alia</i> , his expertise and experience in investment and business management
Whether appointment is executive, and if so, the area of responsibility	Non-executive
Job title	Non-Executive Chairman
Professional qualifications	Bachelor of Business Administration
Working experience and occupation(s) during the past 10 years	1997 to Present: President Commissioner, PT Saratoga Investama Sedaya Tbk
Shareholding interest in the Company and its subsidiaries	Direct interest in 540,000 ordinary shares of the Company Deemed interest in 71,362,200 ordinary shares of the Company held by PT Saratoga Investama Sedaya Tbk
Any relationship (including immediate family relationships) with any existing Director, executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries	Being a substantial shareholder of the Company and cousin of Mr Tjia, the CEO of the Company
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	Yes
Other principal commitments	President Commissioner, PT Saratoga Investama Sedaya Tbk
Present directorships	Goldwater Company Limited Seroja Investments Limited Singapore Towerchina Infrastructure I Private Limited PT Adaro Energy Indonesia Tbk PT Adaro Strategic Lestari PT Adaro Strategic Capital PT Adaro Strategic Investments PT Mitra Pinasthika Mustika, Tbk PT Merdeka Copper Gold, Tbk PT Pandu Dian Pertiwi PT Saratoga Investama Sedaya Tbk PT Tower Bersama Infrastructure, Tbk PT Unitras Pertama PT Wahana Anugerah Sejahtera

## CORPORATE GOVERNANCE REPORT

Past directorships (for the last 5 years)	PT Bumi Hijau Asri PT Nugraha Eka Kencana PT Saratoga Sentra Business PT Satria Sukses Makmur PT Trimitra Karya Jaya PT Wana Bhakti Sukses Mineral PT Mitra Pinasthika Mustika Auto Fleur Enterprises Limited PT Baskhara Utama Sedaya PT Lintas Marga Sedaya PT Medco Power Indonesia PT Saratoga Power PT Tri Wahana Universal
General statutory disclosures (items (a) to (k) of Appendix 7.4.1)	No information to be disclosed
Any prior experience as a director of a company listed on the SGX-ST (applicable to appointment of Director only)	Not applicable

Name of Director	Zhang Jing
Date of appointment	6 December 2021
Date of last re-appointment	Not applicable
Age	40
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The Board approved the re-appointment after having considered the recommendation of the NC, of which its review includes his credentials and experience in international oil trading, strategic planning, business development, and operation management with respect to the oil and gas industry
Whether appointment is executive, and if so, the area of responsibility	Non-executive
Job title	Non-executive Director
Professional qualifications	Bachelor's Degree in International Economics and Trade from Beijing Institute of Technology Master of Science in International Business from London South Bank University
Working experience and occupation(s) during the past 10 years	2016 – Present: Director and General Manager, China ZhenHua Oil Trading (Singapore) Pte Ltd 2013 – 2016: Deputy General Manager of Trading Department, China ZhenHua Oil Co., Ltd 2010 – 2013: Trader, China ZhenHua Oil Co., Ltd
Shareholding interest in the Company and its subsidiaries	None
Any relationship (including immediate family relationships) with any existing Director, executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries	Board representation for North Petroleum International Company Limited, a substantial shareholder of the Company



# CORPORATE GOVERNANCE REPORT

Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	Yes
Other principal commitments	Director and General Manager, China ZhenHua Oil Trading (Singapore) Pte Ltd
Present directorships	China ZhenHua Oil Trading (Singapore) Pte Ltd
Past directorships (for the last 5 years)	None
General statutory disclosures (items (a) to (k) of Appendix 7.4.1)	No information to be disclosed
Any prior experience as a director of a company listed on the SGX-ST (applicable to appointment of Director only)	Not applicable

## Provision 4.4

During the year, the NC also reviewed and determined, based on the circumstances set forth in the SGX-ST Listing Manual, the Code and the accompanying practice guidance and individual Directors' declarations, that there was no change in the independent status of both independent Directors (as disclosed under Provision 2.1).

## Provision 4.5

The NC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards. In the formal letter of appointment, the complex duties and commitment requirements of being director of a listed company are conveyed to new Directors. To ensure that each Director is assessed accurately in relation to his ability to give sufficient time and attention to the affairs of the Company, including through the appointment of a deputy or alternate Director, the NC has recommended and the Board has approved that each individual Director be evaluated on an individual basis instead of identifying a maximum number of listed company board representations that a Director may hold which may not necessarily be representative of whether a Director is able to and has adequately carried out his duties on the Board. Pursuant to the most recent review, the NC is of the view that each Director is able to adequately carry out their duties besides their principal commitments and other board representations. The Board will nevertheless keep in mind the need to review from time to time the number of listed company representations of each Director to ensure that the Directors continue to meet the demands of the responsibilities and are able to discharge their duties adequately.

The profiles and key information of each Director as at the date of this Annual Report are set out in the Board of Directors section of this Annual Report.

## **Principle 5 – Board Performance**

***The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.***

## Provision 5.1

The NC has established an appraisal process to assess the performance and effectiveness of the Board as a whole and of its Board Committees, and the contribution of the Chairman and each individual Director to the Board. The range of performance criteria used for the evaluation is proposed by the NC and approved by the Board, and does not change from year to year unless circumstances deem it necessary for any of the criteria to be changed. If and where circumstances deem it necessary to change any of the criteria, the NC will provide the underlying rationale for the Board to justify the decision.

# CORPORATE GOVERNANCE REPORT

The assessment parameters for the effectiveness of the Board as a whole include its size and composition, practices and conduct, processes and accountability, communication and rapport with Management, and risk management and internal controls. The assessment parameters for the performance of individual Directors, which aim to assess whether each Director is willing and able to contribute effectively to the Board and demonstrate commitment to the role(s) on the Board and/or Board Committee(s), include attendance at meetings, participation in discussions, contributions to the Board and/or Board Committees, interactive and interpersonal skills, core competency knowledge and foresight, and preparedness for meetings.

## Provision 5.2

After the end of the financial year, all Directors are requested to complete a Board performance evaluation questionnaire to seek their view on the various aspects of the Board's performance so as to assess the overall effectiveness of the Board, and an appraisal form to evaluate each individual Director's contributions to the Board and the Board Committees. Directors who are members of the respective Board Committees are also requested to complete appraisal forms for the respective Board Committees to assess the overall effectiveness of each Board Committee. The responses are collated and compiled by the Company Secretary who then presents the results to the NC on a non-attribution basis so as to encourage open and frank discussions and feedback. Following the review by NC, the results are submitted to the Board together with the NC's recommendations for deliberation and decision. In view of the current size and scope of the Board, the NC does not propose the use of external facilitators in the performance assessment.

For the financial year under review, the Chairman, together with the Board, having reviewed the feedback from the NC, is of the view that the Board as a whole is of an appropriate constitution with the competency of meeting its performance objectives effectively and the individual Directors are of professional integrity with the ability to fulfil their obligations satisfactorily.

## REMUNERATION MATTERS

### **Principle 6 – Procedures for Developing Remuneration Policies**

***The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.***

## Provision 6.1

The RC has been delegated by the Board to be in charge of remuneration matters of both the Board and key management personnel ("KMP"). Each meeting of the RC is properly minuted and upon confirmation of such minutes by the Chairman, a copy of the confirmed minutes is duly circulated to all members and tabled at Board meetings.

The RC has written terms of reference that clearly sets out its duties and functions as follows:

- (a) To develop, implement and maintain a formal and transparent policy for the determination of each Director's and KMP's specific remuneration package, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind.
- (b) To review and recommend to the Board a general framework of remuneration for the Board and Management, and the specific remuneration packages for each Director and KMP.
- (c) To structure and propose appropriate performance conditions aimed at rewarding achievements but not poor performance, to be linked to the remuneration of executive Directors and KMP for the Board's approval.
- (d) To review the Company's obligations arising in the event of termination of contracts of services of executive Directors and KMP, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.
- (e) To assess and report to the Board annually the performance of executive Directors and KMP and whether their performance conditions are met.

# CORPORATE GOVERNANCE REPORT

- (f) To ensure that the remuneration of non-executive Directors is appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities undertaken, but not excessive to the extent that their independence may be compromised.
- (g) To administer the share-based incentive scheme(s) of the Company as amended or modified from time to time and to report to the Board annually the important terms of the scheme(s).
- (h) To make remuneration recommendations in consultation with the CEO and submit its recommendations for endorsement by the entire Board.
- (i) To review the various disclosure requirements on the remuneration of Directors and KMP, particularly those required by regulatory bodies such as the SGX-ST, and to ensure that there is adequate disclosure in the financial statements.
- (j) To retain such professional consultancy firm as the RC may deem necessary to enable it to discharge its duties hereunder satisfactorily.
- (k) To undertake such other duties as may be requested by the Board, and to report to the Board its findings from time to time on matters arising and requiring the attention of the RC.
- (l) To conduct periodic review of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at optimal effectiveness and recommend any changes it considers necessary to the Board.

## Provision 6.2

The RC comprises three (3) non-executive Directors, the majority of whom, including the RC Chairman, are independent Directors. The name of each RC member as at the date of this Annual Report is set out in the Corporate Information section of this Annual Report.

## Provision 6.3

During the year, the RC reviewed and made the requisite recommendations regarding the general remuneration framework for the Board and the specific remuneration packages of KMP before submitting them for endorsement by the entire Board. The RC's recommendations covered all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind, to ensure they are fair. No Director was involved in deciding his own remuneration other than the framework of remuneration for the Board as a whole. Taking into consideration the performance of the Directors and the present business conditions, the RC is not proposing any changes to the existing framework. The Board has accepted the recommendation of the RC and the non-executive Directors' remuneration will be put to shareholders for approval at the forthcoming AGM.

There was no new appointment of executive Director or KMP during the year. If there is a new recruitment of an executive Director or KMP, the RC would review the Company's obligations arising in the event of termination of such executive Director's or KMP's services to ensure that the contracts of service contain fair and reasonable termination clauses which are not overly generous.

## Provision 6.4

As no changes are proposed to be made to the existing framework of remuneration for the Board and KMP, the RC deems seeking expert advice from remuneration consultants unnecessary. The Board has considered and endorsed the recommendation of the RC.

# CORPORATE GOVERNANCE REPORT

## **Principle 7 – Level and Mix of Remuneration**

***The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.***

### Provision 7.1

In setting the remuneration packages of the executive Director and KMP, the RC takes into consideration the remuneration and employment conditions within the same industry and of comparable companies, and the size and scope of operations of the Company. Each package is tailored to the specific role and comprises an appropriate combination of base salary, allowance, benefits and performance bonus. A significant and appropriate portion of the executive Director's and KMP's remuneration is structured so as to link rewards to corporate and individual performance. Such performance-related remuneration takes into account the financial and operational performance, management execution and expansion growth of the Company, and is aligned with the interests of shareholders and other stakeholders so as to promote the long-term success of the Company.

The Company has in place a share option plan which serves to align the remuneration of, *inter alia*, the executive Directors and KMP with the interests of shareholders and to promote long-term success of the Company. The 10-year plan, known as the Interra Share Option Plan 2017 ("**ISOP 2017**"), was approved by shareholders at the extraordinary general meeting held on 28 April 2017. The long-term incentive scheme, which is designed to primarily reward contributions and retain of talents, takes into consideration the costs and benefits of the incentives to be granted. Options granted from time to time under the scheme are to meet the vesting period requirements under the SGX-ST Listing Manual before they can be exercised. The executive Directors and KMP are encouraged to hold their shares for the longer term that is beyond the vesting period where possible, subject to the need to finance any cost of acquiring the shares and associated tax liability.

### Provision 7.2

The RC has in place a remuneration scheme for non-executive Directors, which takes into account individual level of contribution and factors such as effort and time spent, and responsibilities based on the role undertaken on the Board and/or Board Committees and the number of Board Committees served on. The scheme does not change from year to year unless circumstances deem it necessary to be changed. To better align the interests of non-executive Directors with the interests of shareholders, share options or other share-based instruments are awarded from time to time, if necessary, under shareholders' approval. The RC is mindful that non-executive Directors should not be over-compensated to the extent that their independence may be compromised.

### Provision 7.3

The remuneration packages of the executive Director and KMP are reviewed annually by the RC to ensure that the level of compensation remains optimal for attracting, retaining and motivating capable and talented people to successfully manage the company for the long term. While the use of contractual provisions to reclaim incentive components of remuneration from executive directors and KMP in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss to the Company is not a common industry practice for small companies, the RC aims to be fair and avoid rewarding poor performance when setting the remuneration packages of the executive Director and KMP.

## **Principle 8 – Disclosure on Remuneration**

***The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.***

### Provision 8.1

The Company endeavours to provide adequate disclosure of the remuneration of its Directors, including the CEO, and KMP for the purpose of enhancing transparency between the Company and shareholders. However, being faced with stiff competition and escalating costs in attracting and retaining talents in similar specialised industry, the Company does not wish to divulge too much sensitive information with regard to remuneration packages of its Directors and KMP for its competitors to take advantage of.

# CORPORATE GOVERNANCE REPORT

The total remuneration of Directors including the CEO for FY2021, which amounted to S\$515,774 (FY2020: S\$615,981), is summarised as follows:

Name of Director	Directors' Fees	Base/Fixed Salary	Variable or Performance-related Bonuses	Share-based Incentives and Awards	Benefits-in-kind, Allowances and Other Incentives
<b>Below S\$250,000</b>					
<u>Non-Executive Directors</u>					
Edwin Soeryadjaya	100%	–	–	–	–
Ng Soon Kai	100%	–	–	–	–
Yin Lifeng <sup>6</sup>	–	–	–	–	–
Zhang Jing <sup>7</sup>	–	–	–	–	–
Low Siew Sie Bob	100%	–	–	–	–
Allan Charles Buckler	100%	–	–	–	–
Lim Hock San <sup>8</sup>	100%	–	–	–	–
<b>S\$250,000 – S\$500,000</b>					
<u>Executive Director &amp; CEO</u>					
Marcel Han Liong Tjia	–	89%	8%	–	3%

<sup>6</sup> Mr Yin Lifeng resigned from the Board on 25 February 2021.

<sup>7</sup> Mr Zhang Jing was appointed as a non-executive Director on 6 December 2021.

<sup>8</sup> Mr Lim Hock San retired from the Board on 29 April 2021.

The Company has four (4) KMP and their total remuneration for FY2021, which amounted to S\$713,457 (FY2020: S\$743,305), is summarised as follows:

Name of KMP	Base/Fixed Salary	Variable or Performance-related Bonuses	Share-based Incentives and Awards	Benefits-in-kind, Allowances and Other Incentives
<b>Below S\$250,000</b>				
Foo Say Tain	91%	8%	–	1%
Frank Overall Hollinger	84%	–	–	16%
Sugi Handoko	96%	–	–	4%
Han Liqiang	85%	15%	–	–

The remuneration of KMP generally comprises base salary and a variable component which encompasses cash bonuses, long-term incentives and share-based awards. The variable portion is mainly performance-related and depends largely on corporate and individual performance indicators determined and reviewed annually by the RC. When assessing the performance of KMP, the RC considers various long-term and shorter-term metrics relevant to the specific functions and objectives of individual KMP.

No termination, retirement and post-employment benefits have been granted to the Directors, the CEO or KMP.

## Provision 8.2

There were no employees who are substantial shareholders of the Company, or immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 during the year.

## Provision 8.3

No options were granted under the ISOP 2017 during the year. All information on the remuneration, payment and benefits in respect of Directors and KMP, and the ISOP 2017 are reported under the Directors' Statement and Note 34(b) of the Notes to the Financial Statements of this Annual Report.

# CORPORATE GOVERNANCE REPORT

## ACCOUNTABILITY AND AUDIT

### Principle 9 – Risk Management and Internal Controls

***The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.***

#### Provision 9.1

In furtherance of its continuing efforts to safeguard shareholders' interests and the Company's assets, the Board has tasked the AC with the responsibility of overseeing the risk management framework and risk policies of the Company and this includes determining the Company's levels of risk tolerance and overseeing Management in the design, implementation and monitoring of the risk management and internal control systems. The Board has also engaged Crowe Horwath First Trust Advisory Pte Ltd ("**Crowe**"), a reputable professional firm specialising in audit and risk solutions, for the provision of enterprise risk management ("**ERM**") services to assist the Board in its review of the adequacy and effectiveness of the Company's risk management and internal control systems.

The scope of the ERM services is to facilitate the development and subsequent updating of key risk profiles in respect of the Company's business and operations. During the annual review, key risk profiles are compiled by Crowe based on the risk management methodology adopted by the Company, which is aligned with an internationally recognised standard. The findings, which cover areas in strategic, financial, operational, compliance and information technology, are then presented to the AC for its deliberation and recommendation to the Board. In assessing these results, the AC aims to strike a balance between pursuing strategic objectives and focusing on the consensual levels of risk appetite and risk tolerance. Besides the ERM report, the AC is provided with findings and recommendations from the internal auditor, who performs an annual review of the internal control systems, and the external auditor, who conducts an annual compliance check on the accounting records and the financial statements prepared by Management. This three-dimensional approach facilitates the AC in assessing the adequacy and effectiveness of the Company's risk management framework and internal control systems.

During FY2021, Crowe reviewed the potential key risks and related controls identified by the Company and assessed the likelihood of occurrence and impact to the Company across five (5) areas, namely strategic, financial, operational, compliance and information technology. From the findings, there are no significant weaknesses that require urgent attention. The main risk exposure of the Company remains the volatility of crude oil prices, which requires monitoring and is beyond its control. The steps taken by the Company to mitigate the inherent risk include maintaining a lean cost structure, optimising production levels and deferring non-critical capital expenditure. These results were presented to the AC by Crowe for assessment and reporting to the Board.

The Board is of the opinion, with the concurrence of the AC, that based on the ERM evaluation and the review performed by the internal and external auditors, the Company maintains a sound system of risk management and internal controls in the areas of financial, operational, compliance and information technology, and is assured of its adequacy and effectiveness in safeguarding the shareholders' interests and the Company's assets. The Board however notes that no system of internal controls can provide absolute assurance against failure to meet business objectives, poor business judgement, human fallibility, material errors or losses, frauds, breaches of laws or regulations, or other unforeseeable occurrences.

#### Provision 9.2

The Board has received, together with the AC's recommendation, a letter of assurance from the CEO and the Chief Financial Officer ("**CFO**") with respect to FY2021 confirming that:

- (a) the accounting and other financial records required by the Act to be kept by the Company have been maintained in accordance with the provisions of the Act;
- (b) the financial statements of the Company (together with its subsidiaries, the "**Group**") have been prepared in accordance with the provisions of the Act, Singapore Financial Reporting Standards (International) and International Financial Reporting Standards so as to give a true and fair view of the state of business and financial affairs of the Company and of the Group; and

# CORPORATE GOVERNANCE REPORT

- (c) the Company and the Group have put in place and will continue to maintain an effective and reliable system of risk management and internal controls.

## **Principle 10 – Audit Committee**

***The Board has an Audit Committee ("AC") which discharges its duties objectively.***

### Provision 10.1

The AC has been delegated by the Board to oversee matters pertaining to financial reporting, internal and external audit, and risk governance. It has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions. Each meeting of the AC is properly minuted and upon confirmation of such minutes by the Chairman, a copy of the confirmed minutes is duly circulated to all members and tabled at Board meetings.

The AC has written terms of reference that clearly sets out its duties and functions as follows:

- (a) To review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance.
- (b) To review the annual consolidated financial statements and the external auditors' report on those financial statements, and discuss any significant adjustments, major risks areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards (International), concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of Management, where necessary, before submission to the Board for approval.
- (c) To review the periodic consolidated financial statements and such other financial information required under the SGX-ST Listing Manual, before submission to the Board for approval.
- (d) To review the various disclosure requirements for the financial reporting, particularly those required by regulatory bodies such as the SGX-ST and ensure that there is adequate disclosure in the financial statements.
- (e) To approve the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced and ensure that the internal auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.
- (f) To ensure that the internal audit function is adequately resourced, independent of the activities it audits, has appropriate standing within the Company and is staffed with persons with the relevant qualifications and experience.
- (g) To review with the internal auditors, their audit plan, scope of internal control procedures and results of the audit.
- (h) To review the adequacy and effectiveness of the internal audit function at least once a year.
- (i) To meet with the internal auditors without the presence of Management at least once a year and to review the assistance given by the Company's officers, including Management, to the internal auditors.
- (j) To review and report to the Board at least annually the adequacy and effectiveness of the Company's risk management and internal controls systems, including financial, operational, compliance and information technology controls.
- (k) To review with the external auditors, their audit plan, evaluation of the system of internal accounting controls and their audit report.
- (l) To review the scope and results of the external audit and appraise the effectiveness of the audit efforts of the external auditors.
- (m) To review the independence and objectivity of the external auditors annually and to report the aggregate amount of fees paid to the external auditors, broken down into audit and non-audit services.

# CORPORATE GOVERNANCE REPORT

- (n) To meet with the external auditors without the presence of Management at least once a year and to review the assistance given by the Company's officers, including Management, to the external auditors.
- (o) To serve as a channel of communication between the Board and the external auditors on matters relating to and arising out of the external audit.
- (p) To make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.
- (q) To review the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.
- (r) To review and discuss with the external and internal auditors and report to the Board, when appropriate, any suspected fraud or irregularity, or suspected infringement of any laws or regulations or rules of the SGX-ST Listing Manual or any other regulatory authority, which has or is likely to have a material impact on the Company's operating results or financial position and Management's response.
- (s) To commission and review the findings of internal or external investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation or where it will be in the best interest of the Company.
- (t) To determine and recommend to the Board for its approval, the nature and extent of significant risks in achieving the Board's strategic objectives.
- (u) In relation to risk assessment, (i) to keep under review the Company's overall risk assessment processes that form the Board's decision making; (ii) to review regularly and approve the parameters used in these measures and the methodology adopted; and (iii) to set a process for the accurate and timely monitoring of large exposures and certain risk types of critical importance.
- (v) To advise the Board on proposed strategic transactions, focusing in particular on risk aspects and implications for the risk tolerance of the Company, and taking independent external advice where appropriate and available.
- (w) To review the assurance from the CEO and CFO to ensure that the financial records have been properly maintained and the financial statements give a true and accurate view of the Company's operations and finances.
- (x) To monitor the independence of risk management functions throughout the organisation.
- (y) To review any interested person transactions subject to the provisions of the Act or falling within the scope of the SGX-ST Listing Manual as may be amended or modified from time to time and such other rules and regulations of the SGX-ST that may be applicable in relation to such matters from time to time.
- (z) To review any potential conflicts of interest.
- (aa) To take such measures to keep abreast of changes to accounting standards and issues which may have direct impact on financial statements.
- (bb) To undertake generally such other functions and duties as may be required by law, the Act, the SGX-ST Listing Manual or the Securities and Futures Act 2001 and by such amendments made thereto from time to time.
- (cc) To ensure the Company complies with requirements under the Act and the SGX-ST Listing Manual and any undertakings given by the Company to the SGX-ST.
- (dd) To undertake such other reviews and projects as may be requested by the Board, and to report to the Board its findings from time to time on matters arising and requiring the attention of the AC.
- (ee) To retain such professional consultancy firm as the AC may deem necessary to enable it to discharge its duties hereunder satisfactorily.
- (ff) To conduct periodic review of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at optimal effectiveness and recommend any changes it considers necessary to the Board.



# CORPORATE GOVERNANCE REPORT

The AC has in place a whistle blowing policy which provides a platform for employees of the Group to report any fraud, abuse or violation of business ethics and regulations to the AC Chairman directly, and puts in place arrangements for independent investigation by the internal audit function of such concerns and appropriate follow-up actions. Employees may report any violations in writing to the AC Chairman in confidence. An employee who makes an allegation in good faith will be treated fairly and justly, and harassment or victimisation of an employee who has lodged a report will not be tolerated. The violations that can be reported on under the policy include both accounting and non-accounting related matters. The AC is responsible for the regular review, oversight and monitoring of the whistle-blowing policy and procedure. During the year under review, no whistle-blowing concerns were raised through the AC Chairman.

## Provision 10.2

The AC comprises three (3) non-executive Directors, the majority of whom, including the Chairman, are independent Directors. The name of each AC member as at the date of this Annual Report is set out in the Corporate Information section of this Annual Report.

The Board considers the AC Chairman, who is a Fellow of the Institute of Singapore Chartered Accountants and has extensive accounting and financial management knowledge and experience, well qualified to chair the AC. The other two members of the AC have many years of experience in their respective domains of the mining industry and legal realm. The Board is of the view that the present number and expertise of AC members is appropriate for the current size and scope of the Company's operations. The AC members, whose professions or principal commitments require them to keep abreast of changes to accounting standards and regulatory developments through training courses, conferences or seminars, have sufficient accounting or related financial management expertise and experience to discharge their responsibilities as set out in the terms of reference. Furthermore, changes to the various accounting standards are monitored closely by Management. Where these changes have an important bearing on the Company's disclosure obligations, the Directors as well as the AC members are kept informed of such changes through circulation which are also tabled at Board meetings.

## Provision 10.3

None of the AC members are former partners or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two (2) years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

## Provision 10.4

The internal audit function of the Company is outsourced to Crowe, who aligns their services to the standards set by the relevant professional bodies in Singapore, including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The internal auditor has unfettered access to all the Company's documents, records and personnel, including the AC. Being directly involved in establishing and executing the strategy, objectives and directions of the internal audit function, it also has appropriate standing in the Company. The AC reviews and approves the engagement, evaluation and remuneration of the internal auditor, who reports functionally to the AC Chairman and administratively to Management.

## Provision 10.5

During FY2021, the AC met with the internal auditor on two (2) occasions, of which a separate session was held without the presence of Management. Agenda of these sessions included, *inter alia*, review of internal controls maintained by the Company, scope, findings and recommendations of audit, and objectivity and independence of the internal auditor. The AC also reviewed the adequacy and effectiveness of the internal audit function and was satisfied with the qualifications and experience of, and the work performed and resources provided by Crowe. It has reported to the Board that the internal audit function of the Company is adequately resourced and independent of the activities it audits.

# CORPORATE GOVERNANCE REPORT

The Company has engaged the same Singapore-based external auditor, Nexia TS Public Accounting Corporation ("**Nexia TS**"), to audit its financial statements and that of all its Singapore-incorporated subsidiaries. Nexia TS is a respectable accounting firm registered with and regulated by the Accounting and Corporate Regulatory Authority. In addition, both the firm and the director-in-charge have relevant experiences, professional capabilities and collective expertise in the oil and gas industry. The name and date of appointment of the director-in-charge, whose engagement does not exceed five (5) consecutive years, are set out in the Corporate Information section of this Annual Report. The financial statements of the Company's significant foreign-incorporated components are audited by Nexia TS for management and consolidation purpose, and Nexia TS affiliates or suitable reputable accounting firms for statutory purpose. Therefore, the Company has complied with Rules 712, 713 and 715 of the SGX-ST Listing Manual for FY2021.

During FY2021, the AC met with the external auditor on two (2) occasions and had a separate session without the presence of Management. Apart from review of financial statements, agenda of these meetings included, *inter alia*, discussion of significant accounting issues and judgements, changes in accounting policies and internal control procedures that are relevant in the preparation of financial statements, scope and findings of audit, cooperation extended by Management, and objectivity and independence of the external auditor.

The report of Nexia TS as the external auditor of the Company is set out in the Independent Auditor's Report section of this Annual Report. The fees paid or payable by the Group to Nexia TS for its audit services with respect to FY2021 amounted to US\$106,192 (FY2020: US\$97,101). There were no non-audit services provided by Nexia TS to the Group for FY2021. Should there be any non-audit services provided by Nexia TS to the Group, the AC will undertake a review of the services and ensure that such services would not, in the AC's opinion, affect the independence of Nexia TS. After considering the experience of and the resources provided by Nexia TS and the director-in-charge, the quality of works performed under regulatory guidelines, and the remuneration and terms of engagement, the AC has recommended to the Board the re-appointment of Nexia TS as external auditor for the Company's audit obligations in the financial year ending 31 December 2022. The Board has accepted the recommendation of the AC and the re-appointment will be put to shareholders for approval at the forthcoming AGM.

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### Principle 11 – Shareholder Rights and Conduct of General Meetings

***The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.***

#### Provision 11.1

Due to the public health restrictions relating to the COVID-19 pandemic, the Company's AGM in respect of FY2020 was convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**COVID-19 Order**"). Following the alternative arrangements set out under the COVID-19 Order, shareholders were not able to attend the AGM in person. Instead, shareholders participated in the AGM by observing the proceedings via live audio-visual webcast, submitting questions to the chairman of the AGM ("**Chairman of the AGM**") in advance of the AGM, and appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM.

The Company respects shareholder rights and ensures that shareholders have the opportunity to participate effectively in and vote at its general meetings by keeping them informed of the rules and voting procedures governing the meetings, especially in light of the procedures for attending and voting at a general meeting held by electronic means as prescribed in the COVID-19 Order. Notices of general meetings, together with proxy forms relating to voting procedures, are despatched to all shareholders on or before the requisite minimum notice period. Under the COVID-19 Order, these notices were not sent by post but announced on the website of SGX and made available on the Company's website on the date of publication. Circulars, statements or reports in respect of the general meetings are provided via electronic communications under the implied consent regulation of the Company's Constitution. Given the timelier, more efficient and less costly mode of transmission, these documents are made available on the aforesaid websites by default, unless otherwise required by

# CORPORATE GOVERNANCE REPORT

the Act and/or the SGX-ST Listing Manual, on the respective dates of posting of general meeting notices. Shareholders also are promptly notified of the details of the website publication and offered the option of requesting physical copies of the documents.

The Company encourages active and greater shareholder participation at its general meetings, where ample time is set aside for shareholder engagement after the meetings. This provides opportunity conducive to better understanding of the Company's performance, position and prospects as Management is able to illustrate and explain in layman's terms. Shareholders, typically a small group of individual retail investors, are also able to effectively communicate their views on various matters affecting the Company. Notwithstanding that the AGM in respect of FY2020 was held via electronic means in accordance with the COVID-19 Order, shareholders were given the opportunity to submit their questions within reasonable time prior to the meeting. Although no questions were received from shareholders, there were some questions from the Securities Investors Association (Singapore) (SIAS), to which Company had addressed prior to the meeting through publication on the websites of SGX and the Company.

## Provision 11.2

Resolutions proposed by the Company at general meetings are kept separate with respect to each substantially separate issue, unless the resolutions have to be inter-conditional and linked so as to form one significant proposal. Explanatory notes on resolutions with underlying reasons and material implications are provided within the notices of general meeting. Where information relating to the resolutions are of a huge amount (such as financial data, curriculum vitae, terms and conditions), clear references to the respective documents containing the details are stated in the notices. Besides providing the necessary information, shareholders are also given the opportunity to ask questions and exercise their voting rights in accordance with the COVID-19 Order.

## Provision 11.3

Directors' attendance at general meetings is set out below. The Directors, three (3) of whom are based overseas, endeavour to attend all general meetings. However, the foreign Directors encounter scheduling conflicts at times due to the different time zones. Notwithstanding that, all the local Directors are often present at general meetings, and all the Directors work together to address shareholders' queries sent before the general meeting in accordance with the COVID-19 Order. The Company Secretary and external auditor also assist the Directors in answering relevant questions raised by shareholders.

<b>Name of Director</b>	<b>AGM held on 29 April 2021</b>
Edwin Soeryadjaya	Absent
Lany Djuwita Wong <sup>9</sup>	Present
Ng Soon Kai	Present
Low Siew Sie Bob	Present
Allan Charles Buckler	Absent
Lim Hock San <sup>10</sup>	Present
Marcel Han Liong Tjia	Present

<sup>9</sup> Ms Lany Djuwita Wong is the alternate Director to Mr Edwin Soeryadjaya.

<sup>10</sup> Mr Lim Hock San retired from the Board on 29 April 2021.

## Provision 11.4

Generally, the Constitution of the Company allows shareholders who are unable to attend general meetings to appoint up to two (2) proxies each to attend and vote on their behalf as long as their proxy forms are duly lodged with the Company in advance. Shareholders who are relevant intermediaries, such as banks, capital market services licence holders which provide custodial services and the Central Provident Fund Board, are allowed to appoint more than two (2) proxies to attend, speak and vote at general meetings. However, the Company has decided not to provide for other absentia voting methods until security and other pertinent issues relating to shareholder identity authentication can be satisfactorily resolved.

# CORPORATE GOVERNANCE REPORT

The Company adopts the procedure of putting all resolutions tabled at general meetings to vote by poll and announced the detailed results showing the number of votes cast for and against each resolution and the respective percentages. In view of the small number of voters at its general meetings, the Company has yet to employ electronic polling due to cost factor and will continue to retain manual polling until it is cost effective to do otherwise. In light of the COVID-19 pandemic, the rules governing voting at general meetings will be superseded by the arrangements set out in the COVID-19 Order.

## Provision 11.5

The Company Secretary makes notes of substantial and relevant comments or queries from shareholders relating to the agenda, and responses from the Board and Management during general meetings. The minutes of the AGM in respect of FY2020 have been published on the websites of SGX and the Company in accordance with the COVID-19 Order.

## Provision 11.6

The Company is a developing enterprise engaged in a business that is capital intensive in nature, thus it does not have a fixed dividend policy at this immature stage of growth. However, it endeavours to reward shareholders through other means, such as the enhancing the intrinsic value of the Company through long-term growth strategy.

## **Principle 12 – Engagement with Shareholders**

***The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.***

## Provision 12.1

The Board is mindful of its responsibility of overseeing the corporate performance of the Company and its accountability to shareholders for the processes of directing and managing the Company's business and affairs. Announcements of the half-yearly financial results and operational activities, ad hoc updates and material developments are released by the Board with the aim of providing shareholders with a balanced and understandable assessment of the Company's performance, position and prospects. The information and assessments presented therein are based upon the comprehensive monthly management accounts, regular updates and ad hoc progress reports provided by Management to the Board. The Board endeavours to circulate timely, adequate and non-selective disclosures of material information to shareholders while giving due consideration to the commercial sensitivity and confidentiality constraints of such information. It is also committed to take adequate steps in ensuring compliance with legislative and regulatory requirements, including its continuing disclosure obligations under the SGX-ST Listing Manual, and is constantly seeking guidance from the Company Secretary and various legal advisers in this regard.

Releases of half-yearly financial and operational reports, activity updates, media releases on significant developments and other pertinent information are first announced on the website of SGX and then posted on the Company's website. These websites are updated regularly and provides an efficient channel of communication with shareholders.

Typically, after general meetings, the Lead Independent Director performs the role of facilitating constructive dialogue between the shareholders and the Board. These dialogue sessions serve as an effective avenue of soliciting and gathering views and inputs from shareholders who are able to openly communicate with the Directors and Management. The Lead Independent Director also gives out his name cards to shareholders so as to allow them to contact him directly rather than having to go through the Company. However, in light of the public health restrictions relating to the COVID-19 pandemic, the aforementioned interactions were suspended for the AGM in respect of FY2020.

# CORPORATE GOVERNANCE REPORT

## Provision 12.2

The Company has in place an investor communication framework that disseminates timely financial data, price-sensitive updates and material information to shareholders. All public releases are drafted under the legal or secretarial guidance, so as to provide relevant and sufficient information without being overly detailed and technical. A dedicated email managed by in-house investor relations function is provided on the Company's website for shareholders to direct their queries and convey their views to Management. To promote communication with analysts and the media, Management voluntarily meets with them separately from time to time to explain and clarify the Company's financial results and industry operations.

## Provision 12.3

The Company welcomes ad hoc queries from shareholders but to avoid making inadvertent or asymmetrical disclosures in the course of addressing their concerns, the standard mode of communication adopted by the Company to engage shareholders is through its corporate website and email correspondence. In this manner, queries can be directed properly to the appropriate personnel or division for response.

## **MANAGING STAKEHOLDERS RELATIONSHIPS**

### **Principle 13 – Engagement with Stakeholders**

***The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.***

## Provision 13.1

Apart from shareholder engagement, the Board regards fostering relationships with other stakeholders, such as business partners, surrounding communities, customers, employees and regulators, an important element in achieving long-term sustainable business performance. Therefore, the Board considers sustainability issues, such as environmental and social factors, as part of its strategic formulation so as to ensure the interests of material stakeholders are taken into account in its decision-making processes. In 2017, the Board commissioned the establishment of a formal sustainability reporting framework aimed at providing meaningful disclosures of the environmental and social aspects that are material to the Company's business operations. Subsequently, the first and second entry-level annual sustainability reports, prepared based on the internationally recognised Global Reporting Initiative (GRI) Standards, were issued on 28 March 2018 and 27 March 2019 respectively. By 2020, this annual sustainability reporting had developed into a standard platform for identifying and conducting regular interaction with material stakeholders.

## Provision 13.2

A summary of the sustainability report for FY2021 is set out in the Summary Sustainability Report section of this Annual Report and the full report is available on the Company's website. The report covers the Company's strategy, practices, results and performance across four (4) key material sustainability aspects, namely, sustainable development, environmental stewardship, health and safety, and community. It discloses how the Company endeavours to operate in an economically, environmentally and socially responsible way through stakeholder engagement.

## Provision 13.3

The Company publishes a full sustainability report annually on both SGX and its corporate websites and employs such reporting as a means of raising transparency and awareness on the Company's footprint in the environmental and social realms. It aims to gradually deepen stakeholders' understanding of its management of social and environmental issues, thereby promoting stakeholder engagement and improving communications with stakeholders. The outcomes of such stakeholder engagement are reviewed annually, and applied in the development of the Company's sustainability materiality matrix and towards the progression of its sustainability reporting.

# CORPORATE GOVERNANCE REPORT

## INTERESTED PERSON TRANSACTIONS

There were no interested person transactions entered into during FY2021. The Company did not seek any general mandate from shareholders pursuant to Rule 920 of the SGX-ST Listing Manual during FY2021.

## DEALING IN SECURITIES

The Company has in place a securities trading policy which sets out the framework on the dealing in its securities. In general, the Directors and employees of the Company are required to adhere to the following best practices at all times:

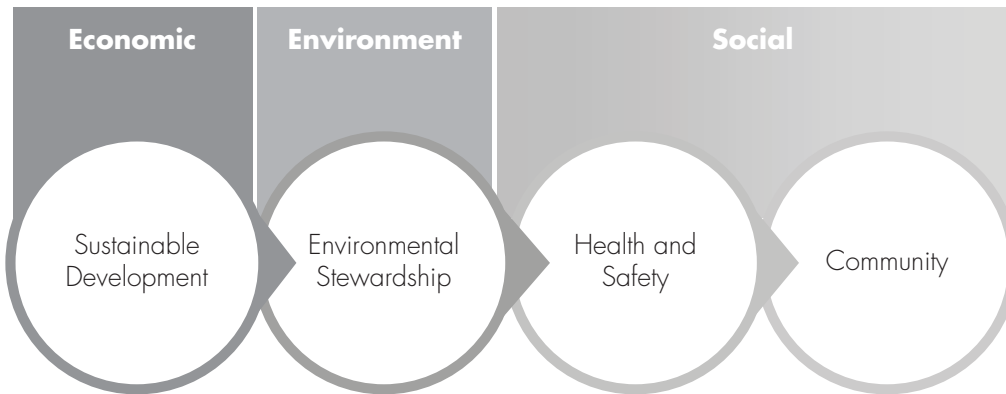
- (a) to observe insider trading laws and avoid potential conflicts of interest at all times when dealing in securities;
- (b) not to deal in the Company's shares while in possession of unpublished material price sensitive information;
- (c) not to deal in the Company's shares for short-term considerations; and
- (d) not to deal in the Company's shares during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one (1) month before the announcement of the Company's full year financial statements.

Hence, the Company has complied with Rule 1207(19) of the SGX-ST Listing Manual in relation to dealings in securities of the Company.

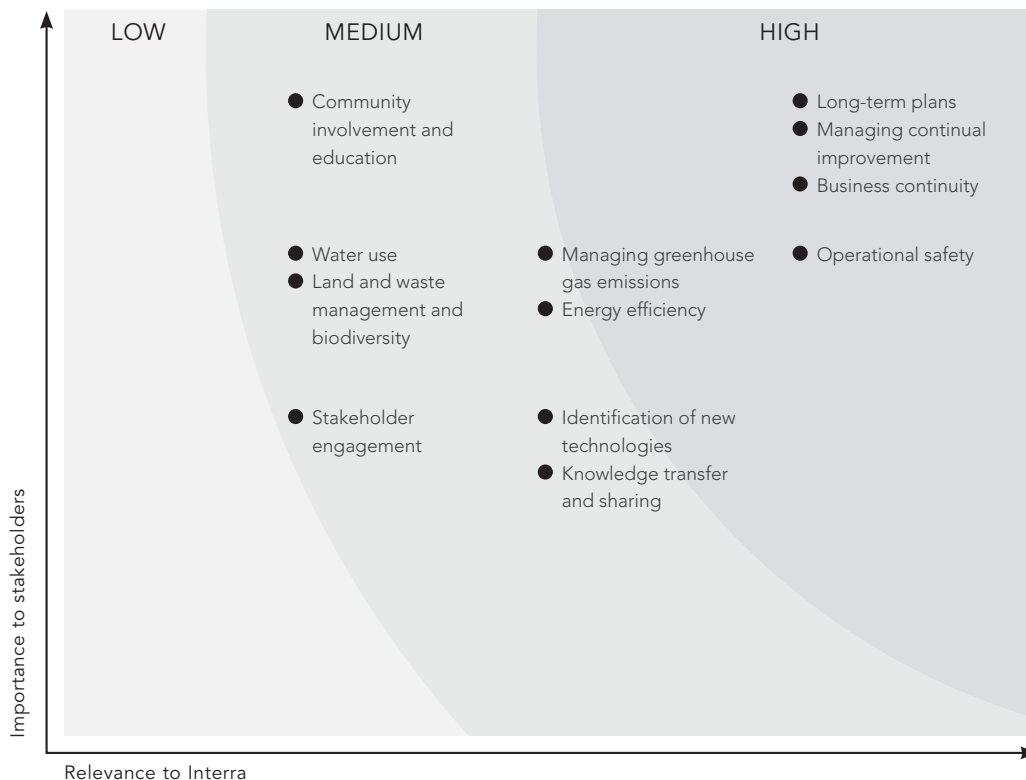
# SUMMARY SUSTAINABILITY REPORT

## SUSTAINABILITY STRATEGY

At the Group, our sustainability strategy aims to create integrated values. Not only do we create economic value by maximising profits and shareholder value, but we also take on a broader responsibility as a global corporate citizen to create societal values. We commit to deliver value to all our stakeholders. As we look back on our progress over the last year, our efforts to deliver value to all our stakeholders can be summarised as follows:



We engage both internal and external stakeholders on a regular basis with the goal of strengthening our sustainability approach and performance. Based on the stakeholder engagement, we developed our sustainability materiality matrix which is aligned with our principal business and operational risks, and formed our sustainability strategy which has shaped our approach to sustainability reporting. We will review and adjust the matrix each year, as the external and business context changes.



# SUMMARY SUSTAINABILITY REPORT

## SUSTAINABILITY PERFORMANCE

### Sustainable Development

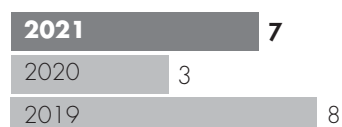
#### Track and report fulfilment of budgeted drilling programme



#### Wells drilled (No.)



#### Wells completed as oil producers (No.)



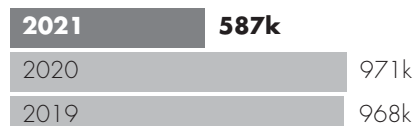
#### FY2021 progress

- A total of eight development wells were drilled during the year, two of which were under the 2022 drilling programme.
- Six of the seven wells under the 2021 drilling programme, one of which commenced drilling in 2020, were completed as oil producers during the year, with one undergoing completion into 2022.
- One well under the 2022 drilling programme was also completed as oil producer during the year.
- Initial production rates for the seven wells completed during the year totalled 560 BO per day.

#### Improve oil production (from FY2017 baseline)



#### Barrels of oil produced (BO)



#### FY2021 progress

- The field operations were suspended for a period of two months from February to April 2021. Due to ongoing political developments and a subsequent civil disobedience movement in Myanmar, the Group was not able to have continuous and uninterrupted access to its field operations at the Chauk and Yenangyaung fields during that time.
- Since then, oil production is being gradually restored. This is a tedious and slow process due to the complex nature and mechanics of re-establishing production from reservoirs that have been shut-in for a period of time.
- By the end of FY2021, workovers and additional perforations in existing wells had resumed to a level similar to that of pre-suspension.
- As a result of the suspension, oil production decreased by 29.9% in FY2021, compared to the FY2017 baseline.



# SUMMARY SUSTAINABILITY REPORT

## Environmental Stewardship

**Achieve zero spills and regulatory compliance incidents**



**Achievements**

- Achieved zero spills and regulatory compliance incidents in Myanmar

**FY2021 progress**

- We had no spills and no regulatory compliance incidents in Myanmar, demonstrating the benefit of integrating environmental initiatives into our business plans and strategies. We are mindful of the environment in which we operate and we strive to minimise our impact.

**Maintain carbon footprint per barrel of oil production (from FY2018 baseline)**



**Carbon footprint per barrel of oil production (kgCO<sub>2</sub>e)**



**FY2021 progress**

- As drilling activities picked up in the second half of FY2021, our carbon footprint per barrel of oil production returned to previous levels.
- Energy consumption is expected to increase in tandem with the drilling campaign and accelerated field activities.
- We will seek to gradually improve our performance in this area by focusing on the energy efficiency of our operations.

## Health and Safety

**Achieve zero safety incidents**



**Achievements**

- Achieved zero safety incidents in Myanmar

**FY2021 progress**

- We had no safety incidents in Myanmar, demonstrating our commitment to ensuring the safety of the people who work in or live near our operational areas is our number one priority.

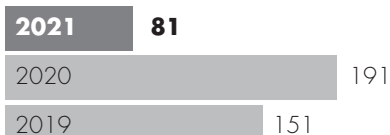
# SUMMARY SUSTAINABILITY REPORT

## Health and Safety (Continued)

Limit maximum of  
120 hours of overtime  
per employee



Overtime hours per employee (Hours)



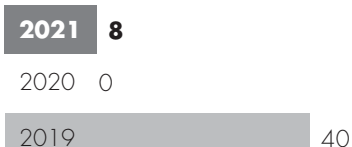
FY2021 progress

- We clocked only 81 overtime hours per employee due to the suspension of field operations from February to April 2021.
- Workers incurred less overtime as oil production was being gradually restored well by well.
- We managed to control overtime within 120 hours per employee as per our targets, and the safety of our operations was not compromised. All field operations staff had at least 8 hours of rest before commencing their work shifts.

Achieve minimum of  
40 hours of training  
per employee



Training hours per employee (Hours)



FY2021 progress

- The primary focus post-suspension was to re-establish production and achieve pre-suspension volumes. We conducted refresher training for existing employees to put them up to speed with resumption of field operations.
- As oil production gradually recovers, we seek to achieve 40 training hours per employee, as part of ongoing training for existing employees to refresh their working knowledge.

## Community

Invest minimum of  
US\$100,000 towards  
community development



Investment in community  
projects (US\$'000)



FY2021 progress

- We invested about US\$103,000 in the Chauk and Yenangyaung communities, providing much needed personal protective equipment and medical oxygen supplies to local hospitals to support their fight against COVID-19.

# SHAREHOLDER DEMOGRAPHICS

AS AT 16 MARCH 2022

## ISSUED SHARE CAPITAL

Class of Shares	Number of Shares	%	Voting Rights
Ordinary shares	655,498,604	100	One (1) vote per share (on poll)
<b>Total</b>	<b>655,498,604</b>	<b>100</b>	

## ORDINARY SHARES

### Distribution of Shareholdings (As per the Register of Members and Depository Register)

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 to 99	317	3.29	10,159	0.00
100 to 1,000	4,457	46.30	1,890,799	0.29
1,001 to 10,000	2,445	25.40	11,709,137	1.78
10,001 to 1,000,000	2,368	24.60	196,763,474	30.02
1,000,001 and above	39	0.41	445,125,035	67.91
<b>Total</b>	<b>9,626</b>	<b>100.00</b>	<b>655,498,604</b>	<b>100.00</b>

### Twenty Largest Shareholders

(As per the Register of Members and Depository Register)

Name of Shareholder	Number of Shares	%
Citibank Nominees Singapore Pte Ltd	113,672,382	17.34
UOB Kay Hian Private Limited	87,891,460	13.41
DBS Nominees (Private) Limited	84,458,508	12.88
Phillip Securities Pte Ltd	51,007,267	7.78
Raffles Nominees (Pte) Limited	14,600,691	2.23
Tan Kah Heng (Chen Jiaxing)	8,668,900	1.32
OCBC Securities Private Limited	8,274,132	1.26
Lim & Tan Securities Pte Ltd	6,097,100	0.93
Goh Khay Pheng (Wu Qiping)	5,956,900	0.91
Maybank Securities Pte. Ltd.	5,599,765	0.85
Chua Lai Siang	4,700,000	0.72
Ip Yuen Kwong	4,668,400	0.71
Chew Leong Chee	4,000,000	0.61
CGS-CIMB Securities (Singapore) Pte Ltd	3,352,758	0.51
Tan Boon Pew	2,828,000	0.43
United Overseas Bank Nominees (Private) Limited	2,587,060	0.40
OCBC Nominees Singapore Private Limited	2,448,532	0.37
iFast Financial Pte Ltd	2,433,580	0.37
Ho Beng Siang	2,000,000	0.31
Lee Yan Loong	2,000,000	0.31
<b>Total</b>	<b>417,245,435</b>	<b>63.65</b>

# SHAREHOLDER DEMOGRAPHICS

AS AT 16 MARCH 2022

## Substantial Shareholders (As per the Register of Substantial Shareholders)

Substantial Shareholder	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Edwin Soeryadjaya <sup>(1)</sup>	540,000	0.08	71,362,200	10.89
Sandiaga Salahuddin Uno <sup>(1)</sup>	600,000	0.09	71,362,200	10.89
PT Saratoga Investama Sedaya <sup>(1)</sup>	71,362,200	10.89	–	–
North Petroleum International Company Limited	79,526,847	12.13	–	–
Poly Legend International Limited	43,787,500	6.68	–	–
Meity Subianto <sup>(2)</sup>	–	–	53,040,000	8.09
Shining Persada Investments Pte. Ltd. <sup>(2)</sup>	53,040,000	8.09	–	–

### Notes:

- (1) Edwin Soeryadjaya and Sandiaga Salahuddin Uno are deemed to have interests in all the shares held by PT Saratoga Investama Sedaya by virtue of Section 7 of the Companies Act 1967.
- (2) Meity Subianto is deemed to have an interest in all the shares held by Shining Persada Investments Pte. Ltd. by virtue of Section 7 of the Companies Act 1967.

## Treasury Shares and Subsidiary Holdings

The Company has no treasury shares and subsidiary holdings.

## Public Shareholding

Based on the information available to the Company, approximately 61% of the total number of issued shares of the Company is held by the public as at 16 March 2022. This is in compliance with Rule 723 of the SGX-ST Listing Manual.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The directors present their statement to the members together with the audited statement of financial position of the Company as at 31 December 2021 and the consolidated financial statements of the Group for the financial year ended 31 December 2021.

In the opinion of the directors,

- (a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 62 to 129 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Edwin Soeryadjaya	(Chairman)
Marcel Han Liong Tjia	
Ng Soon Kai	
Low Siew Sie Bob	
Allan Charles Buckler	
Lany Djuwita Wong	(Alternate to Edwin Soeryadjaya)
Zhang Jing	(Appointed on 6 December 2021)

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share Options" on pages 52 to 54.

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

- (a) According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act 1967 (the "Act"), the interests of directors holding office at the end of the financial year in shares or debentures of the Company and its related corporations other than wholly-owned subsidiary corporations were as follows:

	Held in the Name of Director or Nominee		Held in which the Director is Deemed to Have an Interest	
	At end of the financial year and 21 January 2022	At beginning of the financial year	At end of the financial year and 21 January 2022	At beginning of the financial year
<u>The Company</u>				
<u>No. of Ordinary Shares</u>				
Edwin Soeryadjaya	540,000	540,000	71,362,200	79,364,000
Ng Soon Kai	480,000	480,000	–	–
Low Siew Sie Bob	120,000	120,000	–	–
Allan Charles Buckler	6,458,400	6,458,400	–	–
Yin Lifeng (resigned on 25 February 2021)	–	1,500,000	–	–
Lim Hock San (retired on 29 April 2021)	–	360,000	–	–

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

- (b) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Interra Share Option Plan as set out below and under "Share Options" on pages 52 to 54.

	<b>Number of Unissued Ordinary Shares under Option</b>	
	<b>At end of the financial year and 21 January 2022</b>	<b>At beginning of the financial year</b>
<u>2017 Options</u>		
Marcel Han Liong Tjia	6,000,000	6,000,000
Ng Soon Kai	2,850,000	2,850,000
Allan Charles Buckler	2,850,000	2,850,000
Lim Hock San (retired on 29 April 2021)	–	2,850,000

- (c) Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares or debentures of the Company or its related corporations either at the beginning of the financial year or at the end of the financial year.

## DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the accompanying financial statements and in this statement, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

## SHARE OPTIONS

- (a) Interra Share Option Plan 2017

The Interra Share Option Plan 2017 ("ISOP 2017") was approved by members of the Company at an Extraordinary General Meeting on 28 April 2017. ISOP 2017 provides a mean to recruit, retain and give recognition to directors of the Group, employees, controlling shareholders and/or their associates, who have contributed to the success and development of the Group with an opportunity to participate in the equity of the Company and to motivate them to better performance through increased dedication and loyalty. The ISOP 2017 is administered by the Remuneration Committee, of which the members at the date of this statement are as follows:

Allan Charles Buckler (Chairman)  
 Low Siew Sie Bob  
 Ng Soon Kai

Subject to the absolute discretion of the Remuneration Committee, the controlling shareholders and/or their associates are eligible to participate in the ISOP 2017, provided that the participation of the controlling shareholders and/or their associates and the actual number of shares comprised in the option(s) and terms of such option(s) to be granted to any of them only be effected with the specific prior approval of independent shareholders in a general meeting in separate resolutions. The aggregate number of shares over which options can be granted to one controlling shareholder or his associate shall not exceed 10% of the total number of shares available under the ISOP 2017, and the aggregate number of shares over which options can be granted to all controlling shareholders and their associates shall not exceed 25% of the total number of shares available under the ISOP 2017.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## SHARE OPTIONS (CONTINUED)

### (a) Interra Share Option Plan 2017 (Continued)

Under the ISOP 2017, options to subscribe for the ordinary shares of the Company are granted to directors and employees of the Group after taking into account criteria such as the rank, job performance, years of service, potential for future development, contribution to the success and development of the Group and the prevailing market and economic conditions. The exercise price of the options is determined at the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange Securities Trading Limited ("SGX-ST") for five consecutive market days immediately preceding the date of the grant or a price which is set at a premium or discount to the market price, the quantum of such premium or discount (up to 20%) is to be determined by the Remuneration Committee in its absolute discretion. Options granted at market price or premium may be vested after one year from the date of grant and are exercisable over a period of four years, while options granted at a discount may be vested after two years from the date of grant and are exercisable over a period of three years. The options may be exercised, in whole or in part (being 1,000 shares or any multiple thereof), on the payment of the aggregate exercise price. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the ISOP 2017, shall not exceed 15% of the issued shares of the Company (excluding treasury shares and subsidiary holdings) on the day preceding that date.

On 11 December 2017, the Company granted options to directors and employees to subscribe for 24,000,000 ordinary shares of the Company at exercise price of S\$0.060 per share ("2017 Options"). The 2017 Options were exercisable from 12 December 2018 and will expire on 10 December 2022. The fair value of the 2017 Options granted was estimated to be S\$406,283 (equivalent to US\$300,626) using the Binomial Option Pricing Model.

On 29 April 2021, Lim Hock San retired as director and the 2017 Options granted to him of 2,850,000 unissued shares lapsed on the same date. Consequently, the share option expenses of US\$35,699 recognised previously was reversed from the share option reserve to equity.

Details of the 2017 Options granted to key management personnel and employees (other than the directors) of the Company were as follows:

	<b>Number of Unissued Ordinary Shares of the Company under Option</b>		
	<b>Aggregate granted since commencement of Plan to end of the financial year</b>	<b>Aggregate exercised since commencement of Plan to end of the financial year</b>	<b>Aggregate outstanding at end of the financial year</b>
2017 Options	6,600,000	4,175,000	2,425,000

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## SHARE OPTIONS (CONTINUED)

### (a) Interra Share Option Plan 2017 (Continued)

Details of the 2017 Options granted to the directors of the Company were as follows:

<u>Name of director</u>	<u>Number of Unissued Ordinary Shares of the Company under Option</u>			
	<u>Aggregate granted since commencement of Plan to end of the financial year</u>	<u>Aggregate lapsed since commencement of Plan to end of the financial year</u>	<u>Aggregate exercised since commencement of Plan to end of the financial year</u>	<u>Aggregate outstanding at end of the financial year</u>
Marcel Han Liong Tjia	6,000,000	–	–	6,000,000
Ng Soon Kai	2,850,000	–	–	2,850,000
Allan Charles Buckler	2,850,000	–	–	2,850,000
Low Siew Sie Bob	2,850,000	–	(2,850,000)	–
Lim Hock San	2,850,000	(2,850,000)	–	–

No options have been granted to controlling shareholders of the Company or their associates (as defined in the Listing Manual of the SGX-ST).

No participant under the ISOP 2017 other than one of the directors, Marcel Han Liong Tjia who has received 5% or more of the total number of shares available under the ISOP 2017.

No options have been granted during the financial year ended 31 December 2021.

### (b) Share Options Outstanding

The number of unissued ordinary shares of the Company under option in relation to the Plan outstanding at the end of the financial year was as follows:

	<u>Number of Unissued Ordinary Shares under Option</u>		<u>Exercise price</u>	<u>Exercise period</u>
	<u>At end of the financial year</u>	<u>At beginning of the financial year</u>		
2017 Options	14,125,000	16,975,000	S\$0.060	12 December 2018 to 10 December 2022



# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## AUDIT COMMITTEE

The members of the Audit Committee at the date of this statement are set out as follows:

Low Siew Sie Bob (Chairman)  
Allan Charles Buckler  
Ng Soon Kai

All members of the Audit Committee are non-executive directors and independent directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Audit Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor and the internal auditor; and
- the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2021 before their submission to the Board of Directors.

The Audit Committee has recommended to the Board of Directors that Nexia TS Public Accounting Corporation, be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting of the Company.

## INDEPENDENT AUDITOR

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors



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**Marcel Han Liong Tjia**  
Director



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**Low Siew Sie Bob**  
Director

**25 March 2022**

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTERRA RESOURCES LIMITED

## **Report on the Audit of the Financial Statements**

### *Opinion*

We have audited the accompanying financial statements of Interra Resources Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 62 to 129.

In our opinion, the accompanying statement of financial position of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provision of the Singapore Companies Act 1967 (the "Act"), Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRS") so as to give a true and fair view of the financial position of the Company and the consolidated financial position of the Group as at 31 December 2021 and of the consolidated financial performance, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year ended on that date.

### *Basis of Opinion*

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the *Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the financial statements of the current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## **1 Impairment of Non-financial Assets**

### **(a) Exploration and Evaluation ("E&E") Assets**

Refer to Note 2(c)(i), Note 3(a) and Note 7 to the financial statements.

#### **Area of focus**

The carrying value of E&E assets as at 31 December 2021 amounted to US\$13,776,795 (2020: US\$13,734,585), which representing 31% (2020: 33%) of the Group's total assets. The Group's E&E costs relates to exploration costs incurred for Kuala Pambuang ("KP") block under Production Sharing Contract ("PSC"), Indonesia.

Under SFRS(I) 6 *Exploration for and Evaluation of Mineral Resources*, E&E costs assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an E&E assets may exceed its recoverable amount. When facts and circumstances suggest that carrying amount exceeds the recoverable amount, an entity shall measure, present, and disclose any resulting impairment loss in accordance with SFRS(I) 1-36 *Impairment of Asset*. E&E costs are written-off unless commercial reserves have been established or the appraisal process is not completed.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTERRA RESOURCES LIMITED

*Key Audit Matters (Continued)*

## 1 Impairment of Non-financial Assets (Continued)

### (a) **Exploration and Evaluation ("E&E") Assets** (Continued)

The realisation of the carrying value of E&E assets is dependent on the Group's ability and intention to continue with the exploration. The carrying value may also be impacted by the results of exploration work indicating that the E&E assets may not hold hydrocarbons that are commercially viable for extraction.

The management has concluded that there is no impairment indicator as the Group will continue their exploration plan in KP PSC. The Group has also received an approval letter from Satuan Kerja Khusus Pelaksana Kegiatan Usaha Hulu Minyak Dan Gas Bumi ("SKKMIGAS") that the exploration period of KP PSC has further extended to 25 January 2023.

In view of the significant involvement of management's judgement to conclude if there is any indicator of impairment and the amount is significance to the Group's consolidated financial statements, this is determined as one of the key audit matters.

#### ***How our audit addressed the area of focus***

In obtaining sufficient audit evidence, the following procedures were carried out:

- Reviewed, assessed and discussed with management on their future plans to explore the E&E assets;
- Evaluated and assessed the management's basis and judgement over the review of impairment indicators assessment on the E&E assets, in particular the following points:
  - Rights to explore in the relevant exploration license
  - Intention to carry out E&E activities in relevant exploration area
  - Commercial viability of E&E results carried out in the relevant license area
  - Ability to finance any planned future E&E activities and drilling operation
- Reviewed and assessed the adequacy and appropriateness of disclosures made in the consolidated financial statements.

### (b) **Producing Oil and Gas Properties and Patent Rights classified under Intangible Assets**

Refer to Note 2(c)(v), Note 2(f)(ii), Note 3(b), Note 6 and Note 8 to the financial statements.

#### ***Area of focus***

The carrying value of producing oil and gas properties and patent rights classified under intangible assets are amounted to US\$10,756,700 and US\$2,104,609 (2020: US\$10,037,431 and US\$2,441,440) respectively as at 31 December 2021. As a whole, these represented 29% (2020: 30%) of the Group's total assets.

In accordance with SFRS(I) 1-36 *Impairment of Assets*, the Group is required to assess the producing oil and gas properties and patent rights at each reporting date, whether there is any indication that an asset may be impaired. If such indication exists, the Group shall estimate the recoverable amounts of the asset through an estimate of expected future cash flows from each asset or cash-generating-unit ("CGU").

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTERRA RESOURCES LIMITED

*Key Audit Matters (Continued)*

## 1 Impairment of Non-financial Assets (Continued)

### (b) Producing Oil and Gas Properties and Patent Rights classified under Intangible Assets (Continued)

The ongoing COVID-19 pandemic and political instability in Myanmar have resulted to an indicator of impairment. In determining the recoverable amount of these non-financial assets, the Group has prepared the future cash flows projection to determine the value-in-use. The key assumptions applied in the future cash flows projection by the management are, but not limited to the following:

- Work program and budget for FY2022 submitted to Myanmar Oil and Gas Enterprise ("MOGE")
- Long-term oil price
- Production profile
- Cost profiles and escalation applied
- Capital costs
- Reserves estimates
- Discount rates

As the impairment assessment is subject to management's judgement and inherent uncertainties involved in the preparation of future cash flows projection, this is determined as one of the key audit matters.

#### ***How our audit addressed the area of focus***

In obtaining sufficient audit evidence, the following procedures were carried out:

- Reviewed management's assessment on impairment indicators;
- Analysed the future cash flows projection used to determine whether they are reasonable and supportable given the current economic climate and expected future performance of the CGU (including the potential impact from COVID-19 and political instability in Myanmar);
- With the assistance of internal expert, critically evaluated whether the model and methodology used by management to determine the recoverable amount complies with SFRS(I) 1-36 *Impairment of Assets* and assessed the reasonableness of the discount rate used;
- Evaluated the reasonableness and appropriateness of key assumptions used by management, by comparing them against historical forecasts and performance, as well as publicly available market data; and
- Reviewed and assessed the adequacy and appropriateness of disclosures made in the consolidated financial statements.

## 2 Expected Credit Losses ("ECL") on Other Receivables

Refer to Note 2(I)(ii), Note 3(d), Note 13 and Note 32(b) to the financial statements.

#### ***Area of focus***

As of 31 December 2021, the Group and the Company have other receivables from non-related parties and subsidiary corporations of \$4,784,907 and \$12,008,945 respectively which are related to the Group's investment in KP PSC. These receivables represent 11% and 38% of the Group's and the Company's total assets respectively.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTERRA RESOURCES LIMITED

*Key Audit Matters (Continued)*

## **2** **Expected Credit Losses ("ECL") on Other Receivables** (Continued)

In accordance with SFRS(I) 9 *Financial Instruments*, the Group and the Company applied general approach (12 months expected credit losses) for its other receivables. In determining the ECL, the Group and the Company has assessed the probability of default and estimation of the cash flows from these receivables. The Group also considered the forward-looking overlay adjustments on the uncertainties in existing market conditions including the potential effects of COVID-19 pandemic. The estimation of impairment loss is performed by management and approved by the Audit Committee and the Board of Directors.

As the impairment assessment on other receivables involved significant management's judgement and assumptions, this is determined as one of the key audit matters.

### ***How our audit addressed the area of focus***

In obtaining sufficient audit evidence, the following procedures were carried out:

- Obtained an understanding and evaluated the Group's process and ECL assessment for other receivables;
- Assessed the reasonableness on the management's estimate and judgements used in the impairment assessment of other receivables, which includes, discussion with management on the recoverability of other receivables and assessed whether there has been a change in the credit risk; and
- Reviewed and assessed the adequacy and appropriateness of disclosures made in the consolidated financial statements.

### *Other Information*

Management is responsible for the other information. The other information comprises the Directors' statement and other sections of the annual report, which we obtained prior to the date of this auditor's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of Management and Directors for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS(I) and IFRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTERRA RESOURCES LIMITED

## *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current financial year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTERRA RESOURCES LIMITED

## ***Report on Other Legal and Regulatory Requirements***

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Lee Look Ling.



***Nexia TS Public Accounting Corporation***  
***Public Accountants and Chartered Accountants***

**Singapore**

**25 March 2022**

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Company		Group	
		2021 US\$	2020 US\$	2021 US\$	2020 US\$
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	55,950	1,115	55,950	1,115
Right-of-use assets	5	138,464	71,892	196,262	259,658
Producing oil and gas properties	6	–	–	10,756,700	10,037,431
Exploration and evaluation assets	7	–	–	13,776,795	13,734,585
Intangible assets	8	–	–	2,104,609	2,447,376
Investments in subsidiary corporations	9	19,062,102	19,062,102	–	–
Investments in associated companies	10	–	–	–	–
Trade and other receivables	13	12,008,945	11,656,742	4,784,907	4,510,464
		<b>31,265,461</b>	<b>30,791,851</b>	<b>31,675,223</b>	<b>30,990,629</b>
<b>Current assets</b>					
Inventories	11	–	–	3,387,411	3,413,354
Financial assets at fair value through profit or loss ("FVPL")	12	–	–	–	–
Trade and other receivables	13	6,724	46,160	4,232,216	2,445,022
Other current assets	14	49,430	46,786	139,809	138,182
Cash and cash equivalents	15	467,490	1,422,096	5,488,307	4,218,199
		<b>523,644</b>	<b>1,515,042</b>	<b>13,247,743</b>	<b>10,214,757</b>
<b>Total Assets</b>		<b>31,789,105</b>	<b>32,306,893</b>	<b>44,922,966</b>	<b>41,205,386</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Trade and other payables	16	–	–	1,419,317	1,293,811
Lease liabilities	17	44,808	6,388	79,173	65,950
		<b>44,808</b>	<b>6,388</b>	<b>1,498,490</b>	<b>1,359,761</b>
<b>Current liabilities</b>					
Trade and other payables	16	11,261,359	11,310,077	5,323,277	3,704,201
Lease liabilities	17	86,274	73,007	178,363	240,723
Borrowings	18	1,000,000	1,000,000	1,000,000	1,000,000
Current income tax liabilities	19	29,636	24,509	3,665,489	4,084,351
		<b>12,377,269</b>	<b>12,407,593</b>	<b>10,167,129</b>	<b>9,029,275</b>
<b>Total Liabilities</b>		<b>12,422,077</b>	<b>12,413,981</b>	<b>11,665,619</b>	<b>10,389,036</b>
<b>NET ASSETS</b>		<b>19,367,028</b>	<b>19,892,912</b>	<b>33,257,347</b>	<b>30,816,350</b>
<b>EQUITY</b>					
Share capital	21	75,157,304	75,157,304	75,157,304	75,157,304
Accumulated losses		(55,967,207)	(55,477,022)	(28,559,837)	(31,144,330)
Other reserves	23	176,931	212,630	(16,353,328)	(16,224,692)
<b>Equity attributable to owners of the Company</b>		<b>19,367,028</b>	<b>19,892,912</b>	<b>30,244,139</b>	<b>27,788,282</b>
Non-controlling interests	9	–	–	3,013,208	3,028,068
<b>TOTAL EQUITY</b>		<b>19,367,028</b>	<b>19,892,912</b>	<b>33,257,347</b>	<b>30,816,350</b>

The accompanying notes form an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 US\$	2020 US\$
Revenue	24	11,958,505	10,796,345
Cost of production		(7,537,495)	(9,307,116)
<b>Gross profit</b>		<b>4,421,010</b>	1,489,229
Other income, net	25		
– Interest		239,879	288,144
– Others		835,708	384,352
Administrative expenses		(2,589,958)	(2,850,620)
Finance expenses	26	(116,055)	(126,410)
<b>Profit/(Loss) before income tax</b>		<b>2,790,584</b>	(815,305)
Income tax expense	20	(303,690)	(434,040)
<b>Net profit/(loss)</b>		<b>2,486,894</b>	(1,249,345)
<b>Attributable to:</b>			
Equity holders of the Company		2,548,794	(1,164,796)
Non-controlling interests		(61,900)	(84,549)
		<b>2,486,894</b>	(1,249,345)
<b>Other comprehensive loss:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Currency translation differences arising from consolidation – Loss	23(b)(iii)	(25,394)	(3,177)
Currency translation differences reclassified on disposal of foreign operation	23(b)(iii)	(67,543)	–
<b>Other comprehensive loss, net of tax</b>		<b>(92,937)</b>	(3,177)
<b>Total comprehensive income/(loss)</b>		<b>2,393,957</b>	(1,252,522)
<b>Total comprehensive profit/(loss) attributable to:</b>			
Equity holders of the Company		2,455,857	(1,167,973)
Non-controlling interests		(61,900)	(84,549)
		<b>2,393,957</b>	(1,252,522)
<b>Earnings/(Losses) per share for profit/(loss) from operations attributable to equity holders of the Company (cents per share)</b>			
<b>Basic earnings/(losses) per share</b>	29	<b>0.389</b>	(0.186)
<b>Diluted earnings/(losses) per share</b>	29	<b>0.381</b>	(0.186)

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	Note	Attributable to Equity Holders of the Company							Total Equity US\$
		Share Capital US\$	Currency Translation Reserve US\$	Special Reserve US\$	Share Option Reserve US\$	Accumulated Losses US\$	Total US\$	Non- Controlling Interests US\$	
<b>At 1 January 2021</b>		75,157,304	106,818	(16,544,140)	212,630	(31,144,330)	27,788,282	3,028,068	30,816,350
Profit/(Loss) for the financial year		-	-	-	-	2,548,794	2,548,794	(61,900)	2,486,894
Currency translation differences		-	(25,394)	-	-	-	(25,394)	-	(25,394)
- Loss on consolidation	23(b)(iii)	-	(67,543)	-	-	-	(67,543)	-	(67,543)
- Disposal of foreign operation	23(b)(iii)	-	-	-	-	-	-	-	-
<b>Total comprehensive income/(loss) for the financial year</b>		-	(92,937)	-	-	2,548,794	2,455,857	(61,900)	2,393,957
Employee share option plan		-	-	-	(35,699)	35,699	-	-	-
- share option lapsed	23(b)(ii)	-	-	-	-	-	-	-	-
Additional increase of non-controlling interests in subsidiary corporation	9	-	-	-	-	-	-	47,040	47,040
<b>Total transactions with owners, recognised directly in equity</b>		-	-	-	(35,699)	35,699	-	47,040	47,040
<b>At 31 December 2021</b>		75,157,304	13,881	(16,544,140)	176,931	(28,559,837)	30,244,139	3,013,208	33,257,347

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	Note	Attributable to Equity Holders of the Company							Total Equity US\$
		Share Capital US\$	Currency Translation Reserve US\$	Special Reserve US\$	Share Option Reserve US\$	Accumulated Losses US\$	Total US\$	Non- Controlling Interests US\$	
<b>At 1 January 2020</b>		<b>72,872,883</b>	<b>109,995</b>	<b>(16,544,140)</b>	<b>270,626</b>	<b>(29,979,534)</b>	<b>26,729,830</b>	<b>2,944,319</b>	<b>29,674,149</b>
Loss for the financial year		-	-	-	-	(1,164,796)	(1,164,796)	(84,549)	(1,249,345)
Currency translation differences		-	(3,177)	-	-	-	(3,177)	-	(3,177)
- Loss on consolidation	23(b)(iii)	-	-	-	-	-	-	-	-
<b>Total comprehensive loss for the financial year</b>		<b>-</b>	<b>(3,177)</b>	<b>-</b>	<b>-</b>	<b>(1,164,796)</b>	<b>(1,167,973)</b>	<b>(84,549)</b>	<b>(1,252,522)</b>
Additional increase of non-controlling interests in subsidiary corporation	9	-	-	-	-	-	-	168,298	168,298
Issuance of new ordinary shares pursuant to share option plan	21 & 23(b)(ii)	264,198	-	-	(57,996)	-	206,202	-	206,202
Issuance of new ordinary shares pursuant to private placement	21	2,023,678	-	-	-	-	2,023,678	-	2,023,678
Share issue expenses	21	(3,455)	-	-	-	-	(3,455)	-	(3,455)
<b>Total transactions with owners, recognised directly in equity</b>		<b>2,284,421</b>	<b>-</b>	<b>-</b>	<b>(57,996)</b>	<b>-</b>	<b>2,226,425</b>	<b>168,298</b>	<b>2,394,723</b>
<b>At 31 December 2020</b>		<b>75,157,304</b>	<b>106,818</b>	<b>(16,544,140)</b>	<b>212,630</b>	<b>(31,144,330)</b>	<b>27,788,282</b>	<b>3,028,068</b>	<b>30,816,350</b>

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 US\$	2020 US\$
<b>Cash flows from operating activities</b>			
Net profit/(loss)		2,486,894	(1,249,345)
<b>Adjustments for non-cash items</b>			
Income tax expense	20	303,690	434,040
Depreciation of property, plant and equipment	4	17,447	9,037
Depreciation of right-of-use assets	5	227,834	288,865
Amortisation of producing oil and gas properties	6	1,556,370	2,118,619
Amortisation of intangible assets	8	342,767	343,307
Interest income from bank deposits	25	(3,482)	(4,743)
Interest income from loan to non-related parties	25	(236,397)	(283,401)
Interest expenses	26	37,427	39,739
Interest on lease liabilities	26	13,391	21,723
Interest on provision of reinstatement costs	26	289	–
Unwinding of interest-free from non-current payables	26	64,948	64,948
Amortised cost adjustment for interest-free non-current payables	25	(64,948)	(64,948)
Fair value gain of FVPL	25	(444,827)	–
Gain on derecognised of lease liability	25	(1,644)	–
Net gain on disposal of FVPL	25	(48,938)	–
Unrealised currency translation gains		(88,812)	(2,826)
<b>Operating profit before working capital changes</b>		<b>4,162,009</b>	<b>1,715,015</b>
<b>Changes in working capital</b>			
Inventories		25,943	655,797
Trade and other receivables and other current assets		(1,788,830)	85,973
Trade and other payables		1,733,749	58,775
<b>Cash generated from operations</b>		<b>4,132,871</b>	<b>2,515,560</b>
Income tax paid	19	(722,168)	(640,501)
<b>Net cash provided by operating activities</b>		<b>3,410,703</b>	<b>1,875,059</b>
<b>Cash flows from investing activities</b>			
Interest received		3,491	4,923
Net proceeds from disposal of FVPL		494,936	–
Additions of property, plant and equipment	4	(72,282)	–
Additions of producing oil and gas properties	6	(2,275,639)	(2,115,353)
Additions of exploration and evaluation assets	7	(42,210)	(236,772)
<b>Net cash used in investing activities</b>		<b>(1,891,704)</b>	<b>(2,347,202)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(50,782)	(59,274)
Proceeds from issuance of new ordinary shares pursuant to private placement of shares	21	–	2,023,678
Proceeds from issuance of new ordinary shares pursuant to share option plan	21	–	206,202
Share issue expenses	21	–	(3,455)
Principal payment of lease liabilities		(198,044)	(253,863)
<b>Net cash (used in)/provided by financing activities</b>		<b>(248,826)</b>	<b>1,913,288</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,270,173</b>	<b>1,441,145</b>
<b>Cash and cash equivalents at beginning of the financial year</b>		<b>4,218,199</b>	<b>2,777,212</b>
Effects of currency translation on cash and cash equivalents		(65)	(158)
<b>Cash and cash equivalents at end of the financial year</b>	15	<b>5,488,307</b>	<b>4,218,199</b>

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## Reconciliation of liabilities arising from financing activities

	1 January 2021 US\$	Principal and interest payments US\$	Non-cash changes					31 December 2021 US\$
			Additions US\$	Derecognition of lease liabilities US\$	Interest payable US\$	Interest expense US\$	Currency translation US\$	
Lease liabilities	306,673	(211,435)	168,396	(16,110)	–	13,391	(3,379)	257,536
Borrowings	1,000,000	(37,391)	–	–	(36)	37,427	–	1,000,000

	1 January 2020 US\$	Principal and interest payments US\$	Non-cash changes					31 December 2020 US\$
			Additions US\$	Rent concession US\$	Interest payable US\$	Interest expense US\$	Currency translation US\$	
Lease liabilities	422,986	(255,985)	139,331	(19,601)	–	21,723	(1,781)	306,673
Borrowings	1,000,000	(37,551)	–	–	(2,188)	39,739	–	1,000,000

The accompanying notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. GENERAL

Interra Resources Limited (the "Company") is a company incorporated in the Republic of Singapore and is publicly traded on the Singapore Exchange Securities Trading Limited ("SGX-ST") Mainboard. The address of its registered office is at 1 Grange Road #05-04 Orchard Building Singapore 239693.

The principal activity of the Company is that of investment holding.

The principal activities, country of incorporation and place of operation of the subsidiary corporations and associated companies of the Group are set out in Note 9 and Note 10 to the financial statements respectively.

The consolidated financial statements relate to the Company and its subsidiary corporations (the "Group") and the Group's interests in joint operations and associated companies.

### Updates on Group's operations in 2021:

#### (a) Political Instability Impact on Myanmar operations

The political instability began on 1 February 2021 when democratically elected members of Myanmar's ruling party, the National League for Democracy were deposed by the Tatmadaw Myanmar's military which vested power in a stratocracy. To-date, the civil disobedience movement in Myanmar was not removed. The Group's operation in Chauk and Yenangyaung field in Myanmar was affected for a short period of time where the Group is not able to have continuous and uninterrupted access to its field operations. On 16 July 2021, the Group has reached an agreement with Myanmar Oil and Gas Enterprise ("MOGE") to resume its field operations in Myanmar. Since then, the Group has resumed their operations at the Chauk and Yenangyaung field with no disruption.

#### (b) Impact of COVID-19

Since 2020, the COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The COVID-19 pandemic has persisted in 2021. The Group's significant operations in Singapore, Myanmar and Indonesia, all of which have been affected by the spread of COVID-19 and the stringent measures taken by the various government to contain the spread of the virus.

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the financial year ended 31 December 2021:

- (i) The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- (ii) The continuous COVID-19 pandemic in financial year ended 31 December 2021 have impacted business production and volume in 2021 which affected on the Group's financial performance for 2021.
- (iii) The Group has considered the market conditions (including the impact of COVID-19) as at the reporting date, in making estimates and judgements on the recoverability of assets as at 31 December 2021. The significant estimates and judgement applied on impairment of exploration and evaluation assets, producing oil and gas properties and trade and other receivables are disclosed in Notes 3(a), 3(b), 3(d) and 3(e) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 1. GENERAL (CONTINUED)

As the abovementioned events, political instability in Myanmar and COVID-19 situation continues to evolve as at the date of issuance of these financial statements, the Group's operations and financial results may continue to be impacted. And, there is still potential risk that the Group's operations in Myanmar may be interrupted. The management of the Group is of the view that they are unable to ascertain the potential longer-term impact over the Group's financial performance. If the abovementioned situation persists beyond management's current expectation, the Group's assets may be subject to write down in the subsequent financial periods.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I)s requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

### Interpretations and amendments to published standards effective in 2021

On 1 January 2021, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

### Effective for annual periods beginning on or after 1 January 2021

1 January 2021	Amendments to:
	– SFRS(I) 9 <i>Financial Instruments</i> , SFRS(I) 1-39 <i>Financial Instruments: Recognition and Measurement</i> , SFRS(I) 7 <i>Financial Instruments: Disclosures</i> , SFRS(I) 4 <i>Insurance Contracts</i> and SFRS(I) 16 <i>Leases</i> (Interest Rate Benchmark Reform – Phase 2)

The amendments listed above did not result in substantial changes to the Group's accounting policies and have no impact on the amounts recognised in prior periods and not expected to significantly affect the current or future periods.

The following are the new and amended Standards and Interpretations (issued by the Accounting Standards Council Singapore ("ASC") up to 30 September 2021) that are not yet applicable, but may be early adopted for the current financial year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of Preparation (Continued)

<u>Annual periods commencing on</u>	<u>Description</u>
1 April 2021	Amendments to SFRS(I) 16 <i>Leases</i> (Covid-19-Related Rent Concessions beyond 30 June 2021)
1 January 2022	Amendments to: <ul style="list-style-type: none"> <li>– SFRS(I) 3 <i>Business Combinations</i> (Reference to the Conceptual Framework)</li> <li>– SFRS(I) 1-16 <i>Property, Plant and Equipment</i> (Proceeds before Intended Use)</li> <li>– SFRS(I) 1-37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> (Onerous Contracts – Cost of Fulfilling a Contract)</li> </ul>
1 January 2023	Annual improvements to SFRS(I)s 2018 to 2020 SFRS(I) 17 <i>Insurance Contracts</i> Amendments to: <ul style="list-style-type: none"> <li>– SFRS(I) 1-1 <i>Presentation of Financial Statements</i> (Classification of Liabilities as Current or Non-current)</li> <li>– SFRS(I) 1-1 <i>Presentation of Financial Statements and SFRS(I) Practice Statement 2</i> (Disclosure of Accounting Policies)</li> <li>– SFRS(I) 1-8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> (Definition of Accounting Estimates)</li> <li>– SFRS(I) 1-12 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i></li> <li>– SFRS(I) 17 <i>Insurance Contracts</i></li> </ul>
To be determined	Amendments to: <ul style="list-style-type: none"> <li>– SFRS(I) 10 <i>Consolidated Financial Statements</i> and SFRS(I) 1-28 <i>Investments in Associates and Joint Ventures</i> (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)</li> </ul>

The new or amended accounting Standards and Interpretations listed above are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Group Accounting

#### (i) Subsidiary Corporations

##### (1) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporation has been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

Investments in subsidiary corporations are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between the disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

##### (2) Acquisition

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree at the date of acquisition either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Group Accounting (Continued)

#### (i) Subsidiary Corporations (Continued)

##### (2) Acquisition (Continued)

Where the business combination is achieved in stages, the fair value of the previously held interest immediately before the acquisition date shall form part of the total purchase consideration. That acquisition date fair value shall be disclosed together with the amount of any gain or loss recognised as a result of re-measuring to fair value the previously held interest, and the line item in the statement of comprehensive income where that gain or loss is included.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to the asset or liability is recognised in accordance with SFRS(I) 7 *Financial Instruments: Disclosures* either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to the Note 2(d) "Intangible Assets" for the subsequent accounting policy on goodwill.

##### (3) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is re-measured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations, associated companies and joint operations" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

#### (ii) Transactions with Non-Controlling Interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Group Accounting (Continued)

#### (iii) Reverse Acquisition

Consolidated financial statements prepared following a reverse acquisition are issued under the name of the legal parent (accounting acquiree) but described in the notes as a continuation of the financial statements of the legal subsidiary corporation (accounting acquirer), with one adjustment, which is to adjust retroactively the accounting acquirer's legal capital to reflect the legal capital of the accounting acquiree.

Because the consolidated financial statements represent the continuation of the financial statements of the legal subsidiary corporation except for its capital structure, the consolidated financial statements reflect:

- the assets and liabilities of the legal subsidiary corporation (the accounting acquirer) recognised and measured at their pre-combination carrying amounts;
- the assets and liabilities of the legal parent (the accounting acquiree) are recognised at fair value and measured in accordance with SFRS(I) 3 *Business Combination* at the acquisition date;
- the retained profits and other equity balances of the legal subsidiary corporation (the accounting acquirer) before the business combination; and
- the amount recognised as issued equity interests in the consolidated financial statements is determined by adding the issued equity interest of the legal subsidiary corporation (the accounting acquirer) outstanding immediately before the business combination to the cost of reverse acquisition determined in accordance with SFRS(I) 3. However, the equity structure (i.e. the number and type of equity interests issued) reflects the equity structure of the legal parent (the accounting acquiree), including the equity interests issued by the legal parent to effect the combination. Accordingly, the equity structure of the legal subsidiary corporation (the accounting acquirer) is restated using the exchange ratio established in the acquisition agreement to reflect the number of shares of the legal parent (the accounting acquiree) issued in the reverse acquisition.

#### (iv) Joint Operation

The Group's joint operation is joint arrangement whereby the parties (the joint operators) that have joint control of the arrangement have rights to the assets, and obligations to the liabilities, relating to the arrangement.

The Group recognises, in relation to its interest in the joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

When the Group sells or contributes assets to a joint operation, the Group recognises gains or losses on the sale or contribution of assets that is attributable to the interest of the other joint operators. The Group recognises the full amount of any loss when the sale or contribution of assets provides evidence of a reduction in the net realisable value, or an impairment loss, of those assets.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Group Accounting (Continued)

#### (iv) Joint Operation (Continued)

When the Group purchases assets from a joint operation, it does not recognise its share of the gains and losses until it resells the assets to a third party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of assets to be purchased or an impairment loss.

The accounting policies of the assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The Company applies the same accounting policy on joint operation in its separate financial statements.

#### (v) Associated Companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

#### (1) Acquisitions

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

#### (2) Equity Method of Accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of its associated companies' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associated company includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Group Accounting (Continued)

#### (v) Associated Companies (Continued)

##### (2) Equity Method of Accounting (Continued)

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

##### (3) Disposals

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Investments in associated companies are carried at cost less accumulated impairment losses in the Group's statement of financial position. On disposal of such investment, the difference between the disposal proceeds and the carrying amounts of the investment is recognised in profit or loss.

### (c) Producing Oil and Gas Properties

The Group applies successful efforts method of accounting for its exploration and evaluation costs, having considered for the requirements of SFRS(I) 6 *Exploration for and Evaluation of Mineral Resources*.

#### (i) Exploration and Evaluation Phase

Exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation costs are accumulated in respect of each area of interest. Exploration and evaluation costs include the cost of acquisition, drilling, seismic, technical evaluation and feasibility studies, and include manpower and associated overhead charges incurred during the initial study period.

Costs of evaluation and unsuccessful exploration in areas of interest where economically recoverable reserves do not currently exist (or is held under Retention Lease or equivalent) are expensed as incurred even if facilities in this area of interest are continuing. When an area of interest is abandoned or decided by the directors that it is not commercially viable, any accumulated costs in respect of that area are written off in the financial period when the decision is made. Each area of interest is also subject to technical, commercial and management review, as well as review for indicators of impairment at least once a year and its accumulated costs are written off to the extent that they will not be recoverable or impaired when proved reserves of oil and natural gas are identified and development is sanctioned by management due to unavailability of technical resources from development in near future. Each potential or recognised area of interest is evaluated as and when management deems there are indications of significant change in the oil reserves.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Producing Oil and Gas Properties (Continued)

#### (i) Exploration and Evaluation Phase (Continued)

Exploration and evaluation costs are carried forward to where the right to tenure of the area of interest is current and they are expected to be recouped through successful development and exploitation of the area of interest, or where activities in the area of interest have not yet reached a stage that allows reasonable assessment of the existence of economically recoverable reserves. If commercial reserves have been discovered, the carrying value after the impairment loss of the relevant exploration and evaluation costs, is then reclassified as development and production assets.

#### (ii) Development and Production Phase

Development costs are incurred within an area of interest as a component of a commercial development phase only upon its commitment to a commercial development.

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of commercially proven development wells, is capitalised within development and production assets and development tangible assets according to its nature.

The cost of development and production assets are capitalised as completed wells and related facilities when drilling or construction is completed. Uncompleted wells and related facilities are not amortised as these assets are not yet available for use.

#### (iii) Development Tangible Assets

Development tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. When assets are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in profit or loss.

Subsequent expenditure relating to an asset that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

#### (iv) Amortisation/Depreciation

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences. When production commences, carried forward development and production assets are amortised on units of production basis over the life of the economically recoverable reserves.

Depreciation of development tangible assets are calculated on a straight-line basis so as to write off the costs of these assets over their estimated useful life of 2 to 4 years.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The residual values, estimated useful lives and depreciation method of development tangible assets are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Producing Oil and Gas Properties (Continued)

#### (v) Impairment

Development and production assets and development tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest cash-generating-units ("CGU") for which there are separately identifiable cash flows.

When estimating these future cash flows, the Group makes reasonable and supportable assumptions based on a range of economic conditions that will exist over the remaining useful life of the asset. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset or its CGU is estimated to exceed its recoverable amount.

An impairment loss for an asset is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised to profit or loss.

#### (vi) Participating Rights for Kuala Pambuang Production Sharing Contract ("KP PSC")/Concession Rights for Improved Petroleum Recovery Contracts ("IPRCs")

Participating/Concession rights relate to the Group's legal rights to explore, develop and produce oil and petroleum products. Participating/Concession rights acquired in a business combination are initially recognised at cost, which represents fair value at the date of acquisition, and are subsequently carried at cost less accumulated amortisation and impairment losses.

Concession rights are amortised on a straight-line basis from the date of initial recognition over the extended period of IPRCs. The extended period of IPRCs is 11 years from 4 April 2017 to 3 April 2028. No amortisation is charged for KP PSC during the exploration and evaluation phase.

### (d) Intangible Assets

#### (i) Goodwill on Reverse Acquisition

Goodwill arising from reverse acquisition represents the excess of the deemed cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired of the legal parent (the accounting acquiree). Goodwill is tested for its impairment at least annually or more frequently if events or changes in circumstances indicate that the goodwill may be impaired.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Intangible Assets (Continued)

#### (ii) Goodwill on Acquisitions

Goodwill on acquisitions of subsidiary corporations and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiary corporations is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisitions of associated companies represents the excess of the cost of acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiary corporations, joint operations and associated companies include the carrying amount of goodwill relating to the entity sold.

#### (iii) Computer Software

Computer software is initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Computer software is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost is amortised to profit or loss using straight-line basis over their estimated useful life of 3 to 4 years.

#### (iv) Patent Rights

The patent rights (i.e. technology know-how) acquired is initially recognised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use, and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised on a straight-line basis from the date of initial recognition over the extended period of IPRCs from 4 April 2017 to 3 April 2028.

The amortisation period and the amortisation method of intangible assets other than goodwill are reviewed at least at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

### (e) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. When assets are sold or retired, their costs and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in profit or loss.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Property, Plant and Equipment (Continued)

#### Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line basis to allocate their depreciable amounts over their respective estimated useful lives as follows:

Computers	3 years
Office equipment	3 years
Renovations, furniture and fittings	2 to 3 years
Pumping tools	8 years
Motor vehicles	4 to 8 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

### (f) Impairment of Non-financial Assets other than Producing Oil and Gas Properties

#### (i) Goodwill

Goodwill is reviewed for impairment whenever there is an indication of impairment and at least once a year.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's CGU expected to benefit from synergies arising from the business combination. An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use. The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

#### (ii) Other Non-Financial Assets

Other non-financial assets including intangible assets, property, plant and equipment, right-of-use assets, investments in subsidiary corporations and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs. When estimating these future cash flows, management makes reasonable and supportable assumptions based on a range of economic conditions that will exist over the remaining useful life of the asset. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (f) Impairment of Non-financial Assets other than Producing Oil and Gas Properties (Continued)

#### (ii) Other Non-Financial Assets (Continued)

If the recoverable amount of the asset (or CGU) is estimated to be less than the carrying amount, the carrying amount of an asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

### (g) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

### (h) Provisions

#### (i) General

A provision is recognised when the Company or the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

A provision for onerous contracts is recognised when the expected benefits from a contract are lower than the unavoidable cost of meeting the obligations under the contract.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (h) Provisions (Continued)

#### (ii) Environmental Expenditures and Liabilities

Liabilities for environmental and restoration costs are recognised when a clean-up is probable and the associated costs can be reliably estimated. The obligation generally arises when the asset is installed or the ground/environment is disturbed at the field location. When the liabilities are recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the producing of oil and gas properties. The amount recognised is the best estimate of the expenditure required. If the effect of the time value of money is material, the amount recognised is the present value of the estimated future expenditure.

Changes in the estimated timing or amount of the expenditure or discount rate for environmental and restoration costs are adjusted against the cost of the producing oil and gas properties, unless the decrease in the liability exceeds the carrying amount of the producing oil and gas properties or the producing assets has reached the end of its contract period. In such cases, the excess of the decrease over the carrying amount of the producing oil and gas properties or the changes in the liability is recognised in profit or loss immediately.

#### (iii) Dismantlement, Removal and Restoration of Right-of-use Assets

Provisions for asset dismantlement, removal or restoration are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than no that an outflow of resources will be required to settle the obligation and the amounts have been reliably estimated.

The Group recognises the estimated costs of dismantlement, removal or restoration of items of right-of-use assets arising from use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value of money.

Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs are adjusted against the cost of right-of-use assets, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

### (i) Income Taxes

#### (i) Current Income Tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (i) Income Taxes (Continued)

#### (ii) Deferred Income Tax

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent it is probable that the future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (1) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- (2) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

### (i) Borrowings and Finance Costs

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least twelve months after the year end date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Interest expense and similar charges are expensed in profit or loss in the period during which they are incurred, except to the extent that the expense is being capitalised as part of a cost that is directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. All borrowing costs are recognised in profit or loss using the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Employee Compensation

The Group operates both defined contribution post-employment benefit plans and defined benefit plans. Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

#### (i) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due.

#### (ii) Defined Benefit Plans

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality corporate bonds that are denominated in the currency and the country in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period when they arise. The experience adjustments are not to be reclassified to profit or loss in a subsequent period.

Past service costs are recognised immediately in profit or loss.

#### (iii) Employee Leave Entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the reporting date.

#### (iv) Share-Based Compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on grant date. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each reporting date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Employee Compensation (Continued)

#### (iv) Share-Based Compensation (Continued)

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve is credited to the share capital account, when new ordinary shares are issued.

Where the terms of the share option plan are modified, the expense that is not yet recognised for the award is recognised over the remaining vesting period as if the terms had not been modified. Additional expense is recognised for any increase in the total fair value of the share options due to the modification, as measured at the date of modification.

### (l) Financial Assets

#### (i) Classification and Measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVPL").

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

#### At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (l) Financial Assets (Continued)

#### (i) Classification and Measurement (Continued)

##### At subsequent measurement

##### (1) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, listed and unlisted debt securities.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- **Amortised cost:** Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- **FVOCI:** Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in other comprehensive income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other income, net". Interest income from these financial assets is recognised using the effective interest rate method and presented in "other income, net".
- **FVPL:** Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other income, net".

##### (2) Equity Investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other income, net", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in OCI as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains/losses" in OCI. Dividends from equity investments are recognised in profit or loss as "dividend income".

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (l) Financial Assets (Continued)

#### (ii) Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 32(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### (iii) Recognition and De-recognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in OCI relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in OCI. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in OCI and transferred to retained profits along with the amount previously recognised in OCI relating to that asset.

### (m) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, bank balances and bank deposits which are subject to an insignificant risk of change in value. For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents are presented net of bank overdrafts (if any) which are repayable on demand and which form an integral part of the Group's cash management and restricted cash. As restricted cash is not available for use by the Group, therefore it is not considered highly liquid and is excluded from cash and cash equivalents.

### (n) Inventories

Inventories comprise mainly consumable stocks, spare parts, fuel, lubricants and supplies which are carried at the lower of cost and net realisable value. Cost is determined using the first-in-first-out method.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (o) Revenue Recognition

#### (i) Sale of Oil and Petroleum Products

The Group is principally engaged in the business of petroleum exploration and production. Revenue from the sale of oil and petroleum products is recognised when control of goods is transferred to the customer being when the product is physically transferred into a vessel, pipe and by other delivery mechanism at an amount that reflects the consideration to which the Group expects to be entitled in exchange of those goods.

#### (ii) Interest Income

Interest income from bank deposits and advances made to third party are accrued on a time basis with reference to the principal outstanding and the interest rate applicable.

#### (iii) Dividend Income

Dividend income from subsidiary corporations is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

#### (iv) Management and Petroleum Services Fees

Management and petroleum services fees are recognised upon the rendering of management and consultation services to and the acceptance by associated companies and joint operations.

### (p) Currency Translation

#### (i) Functional and Presentation Currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollar ("USD"), which is the functional currency of the Company.

#### (ii) Transactions and Balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. Monetary items include primary financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in OCI and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (p) Currency Translation (Continued)

#### (ii) Transactions and Balances (Continued)

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss within "finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented in profit or loss within "other income, net."

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

#### (iii) Translation of Group Entities' Financial Statements

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (1) Assets and liabilities are translated at the closing exchange rates at the reporting date;
- (2) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of transactions); and
- (3) All resulting foreign currency translation differences are recognised in OCI and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

### (q) Leases

When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

#### (i) Right-of-use Assets

The Group recognised right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any leased payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets. The cost of the right-of-use assets includes an estimated of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site of which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (q) Leases (Continued)

#### (i) Right-of-use Assets (Continued)

The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meet the definition of an investment property) are presented separately as "Right-of-use assets".

#### (ii) Lease Liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option, and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be re-measured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is re-measured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (q) Leases (Continued)

#### (iii) Short Term and Low Value Leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of twelve months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

#### (iv) Variable Lease Payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

### (r) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors whose members are responsible for allocating resources and assessing performance of the operating segments.

### (s) Dividends to Company's Shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment by the shareholders at general meetings.

### (t) Fair Value Estimation

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the reporting date. The quoted market prices used for financial assets are the current bid prices and the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of current financial assets and liabilities are carried at amortised cost approximate their carrying amounts.

### (u) Government Grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are deducted in reporting the related expense.

### (v) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical, relevant factors and conditions, including expectation of future events that are believed to be reasonable under the circumstances.

### (a) Impairment of Exploration and Evaluation ("E&E") Assets

As disclosed in Note 2(c)(i) to the financial statements, the Group applies successful efforts method of accounting for its E&E costs, having considered for the requirements under SFRS(I) 6 *Exploration for and Evaluation of Mineral Resources*.

The Group's E&E costs relates to exploration costs incurred for KP PSC, Indonesia. Under SFRS(I) 6, E&E costs assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an E&E assets may exceed its recoverable amount. When facts and circumstances suggest that carrying amount exceeds the recoverable amount, the Group shall measure, present, and disclose any resulting impairment loss in accordance with SFRS(I) 1-36 *Impairment of Asset*. E&E costs are written-off unless commercial reserves have been established or the appraisal process is not completed.

The realisation of the carrying value of E&E assets is dependent on the Group's ability and intention to continue with exploration. The carrying value may also be impacted by the results of exploration work indicating that the E&E assets may not hold hydrocarbons that are commercially viable for extraction.

During the financial year ended 31 December 2021, the Group has considered their exploration strategy and locations for future exploration focus in the context of an uncertain oil price environment, the drilling and testing results of the exploration well, and the ongoing analysis of technical data. In addition to the approval letter from SKKMIGAS that the exploration period of KP PSC has further extended to 25 January 2023. Management has assessed that there is no impairment indicator.

The details of E&E assets are disclosed in Note 7 to the financial statements.

### (b) Estimated Impairment of Producing Oil and Gas Properties and Patent Rights

The continually evolving situation due to COVID-19 pandemic and political instability in Myanmar during the financial year ended 31 December 2021 resulted in inherent uncertainty in the impairment assessment.

The Group performs assessment of the carrying value of its non-financial assets (other than goodwill) when there is indication of impairment. The recoverable amounts of CGU are determined based on value-in-use calculations and fair value less cost of sell. In determining the recoverable amount, the Group has prepared the future cash flow's projections to determine the value-in-use. These calculations require the use of estimates and key assumptions, inter alia, work program and budget, long-term oil price, production profile, cost profiles and escalation applied, capital costs, reserves estimates and discount rates. Management has used the 2022 budgets reviewed by the respective owner committees and also past experiences as a guide. The period beyond 2022 until the contracts expire assumes some drilling activities undertaken to further develop the existing fields. Future cash flows are discounted using discount rates of 16% per annum (2020: 13% per annum) (a comparable rate used by other companies in the region and in the similar nature of business sector). The average pre-tax discount rate is estimated to be 24% per annum (2020: 19% per annum).

As at 31 December 2021, the carrying amounts of producing oil and gas properties and patent rights were US\$10,756,700 (2020: US\$10,037,431) (Note 6) and US\$2,104,609 (2020: US\$2,441,440) (Note 8) respectively. Based on the impairment test of the Myanmar CGU performed, no impairment charge was recognised for producing oil and gas properties and patent rights respectively for the financial years ended 31 December 2021 and 2020. The estimated recoverable amount of the Myanmar CGU was higher than its carrying amount.

The Group believes that any reasonably possible change by 5% higher in the estimated oil production or crude oil price used in the discounted cash flows as at 31 December 2021, the recoverable amounts of this CGU would still be higher than the carrying amount of producing oil and gas properties and patent rights.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

### (c) Estimated Impairment of Investments in Subsidiary Corporations

As the Company's subsidiary corporations derive revenue from petroleum production, field development and exploration, any impairment on the respective entity's long-lived non-financial assets will have a significant adverse impact on the subsidiary corporations' financial position and performance which is considered as indication that the Company's investments in the subsidiary corporations may need to be impaired.

Impairment of investments in subsidiary corporations are assessed based on value-in-use calculation as derived from the Group's producing oil and gas properties and patent rights of the Myanmar CGU.

Actual results may ultimately differ from the estimates and key assumptions utilised in the calculations. Accordingly, there may be material adjustments to the carrying amounts of the respective assets.

As at 31 December 2021, the carrying amount of the Company's investments in subsidiary corporations was US\$19,062,102 (2020: US\$19,062,102) (Note 9). Based on the impairment test of the Myanmar CGU performed, no impairment charge was recognised for the Company's investments in subsidiary corporations for the financial years ended 31 December 2021 and 2020 respectively. The estimated recoverable amount of the CGU was higher than its carrying amount.

Management has assessed that any reasonable increase in discount rate applied and decrease in crude oil price used in the discounted cash flows from management's estimates is unlikely to result in any impairment to the carrying amounts of the Company's investments in subsidiary corporations.

### (d) Expected Credit Losses ("ECL") on Other Receivables

The Group assesses on a forward-looking basis the expected credit loss associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For other receivables, the Group has applied general approach and measured loss allowance at an amount equal to the 12-month ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating the ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience. The Group also considers the forward-looking overlay adjustments on the uncertainties in existing market conditions including the potential effects of COVID-19 pandemic on the industry. The Group uses relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward looking information, including significant changes in external market indicators which involved significant estimates and judgements.

The carrying amount of the other receivables at the reporting date is disclosed in Note 13 to the financial statements.

### (e) Impairment of Trade Receivables

As at 31 December 2021, the Group's trade receivables amounted to US\$4,086,760 (Note 13), arising from the Group's revenue segments – namely the exploration and operation of oil fields for crude petroleum production. Trade receivables relate mainly to receivables from the Myanmar Oil and Gas Enterprise ("MOGE") in respect of the sale of the Group's share of petroleum entitlements.

Based on the Group's historical credit loss experience, trade receivables exhibited significantly different loss patterns for each revenue segment. Accordingly, management has determined the expected loss rates by grouping the receivables across geographical regions. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

### (e) Impairment of Trade Receivables (Continued)

Trade receivables are written-off when there is no reasonable expectation of recovery. The Group considers a trade receivable as default if the counterparty fails to make contractual payments within 120 days when they fall due, which are derived based on the Group's historical information. Where trade receivables have been written-off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

As at 31 December 2021, trade receivables were not past due and were not subject to any material credit losses.

The Group's credit risk exposure for trade receivable is set out in Note 32(b).

### (f) Amortisation of Development and Production Assets (Producing Oil and Gas Properties)

The amounts recorded for amortisation and the recovery of the carrying value of development and production assets depend on the estimates of petroleum recoverable reserves and the remaining life of the contract period. There are numerous uncertainties inherent in the estimation of reserves and cash flows, including many factors beyond the Group's control. Evaluation of reserves and cash flows includes a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of production, future petroleum prices, future operating costs and government levies that may be imposed over the producing life of the reserves. Many of these assumptions are subject to change and are beyond the Group's control. The determination of petroleum recoverable reserves has a significant impact on future cash flows which may affect the production level and hence future sales.

The Group currently amortises development and production assets using the units of production method against management's estimates of petroleum recoverable reserves. Changes in the petroleum recoverable reserves could impact future amortisation charges. Accordingly, there may be material adjustments made to the carrying amount of the respective assets. As at 31 December 2021, the carrying amounts of the development and production assets were US\$10,107,839 (2020: US\$9,181,045) (Note 6). The amortisation charge for the financial year ended 31 December 2021 was US\$1,167,157 (2020: US\$1,763,661) (Note 6).

### (g) Income Taxes

The Group's profit is subject to income tax mainly in Indonesia, Myanmar and Singapore. Significant judgement is required in determining the Group-wide provisions for income taxes including capital allowances and deductibility of certain expenses. The Group has made the necessary tax provisions under the respective petroleum contracts. These income tax expenses are still subject to final tax assessments from the tax authority. If the final tax outcome allows deduction of unrecovered cost pools against profit oil, the actual tax expenses may be lower than current tax position. If such over-provision occurs, it will be reversed upon determination. The amounts of current income tax liabilities and income tax expense are disclosed in Note 19 and Note 20 respectively. Please refer to Note 31 for contingent liabilities for possible capital gain tax in Myanmar.

For Myanmar operations, the tax assessment was finalised till year of assessment 2021, as a result, there was an over-provision in prior year income tax of US\$75,120 (2020: under-provision of US\$148,295). The income tax paid for the financial year was US\$683,128 (2020: US\$616,712).

During the financial year ended 31 December 2021, the Group re-assessed the Indonesia operations' prior year tax provisions for the financial year ended 31 December 2010 following the expiry of Technical Assistance Contract ("TAC") and reversed the amount of US\$257,157 (2020: US\$324,424) after the statue of limited period lapsed.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

### (h) Joint Arrangement

The Group holds 60% of the voting rights of its joint arrangement, Goldpetrol Joint Operating Company Inc. ("Goldpetrol"). The Group has joint control over this arrangement as under the contractual agreement, unanimous consent is required from all parties for all relevant operating activities.

In assessing the classification of the joint arrangement, the Group considers:

- (i) The structure of the joint arrangement – whether it is structured through a separate vehicle; and
- (ii) When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from:
  - (1) the legal form of the separate vehicle;
  - (2) the terms of the contractual arrangement; and
  - (3) other facts and circumstances (where relevant).

The Group has assessed that the joint arrangement shall be classified as joint operation as the Group and the other party have contractually agreed that each party shall have rights and obligations arising from the joint arrangement's activities in proportion to the respective holdings in Goldpetrol, and in particular both parties share the rights and obligations arising from the exploration and development concession granted, the production obtained and all related costs.

## 4. PROPERTY, PLANT AND EQUIPMENT

<u>Company and Group</u>	<u>Computers US\$</u>	<u>Office Equipment US\$</u>	<u>Renovations, Furniture and Fittings US\$</u>	<u>Total US\$</u>
<b>2021</b>				
<b>Cost</b>				
<b>Opening balance</b>	<b>125,957</b>	<b>7,233</b>	<b>99,871</b>	<b>233,061</b>
Additions	20,969	–	51,313	72,282
Write off	(399)	(122)	(43,713)	(44,234)
<b>Closing balance</b>	<b>146,527</b>	<b>7,111</b>	<b>107,471</b>	<b>261,109</b>
<b>Accumulated depreciation</b>				
<b>Opening balance</b>	<b>125,341</b>	<b>6,734</b>	<b>99,871</b>	<b>231,946</b>
Depreciation charge (Note 27)	7,209	260	9,978	17,447
Write off	(399)	(122)	(43,713)	(44,234)
<b>Closing balance</b>	<b>132,151</b>	<b>6,872</b>	<b>66,136</b>	<b>205,159</b>
<b>Net book value as at 31 December 2021</b>	<b>14,376</b>	<b>239</b>	<b>41,335</b>	<b>55,950</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Company and Group</u>	<u>Computers US\$</u>	<u>Office Equipment US\$</u>	<u>Renovations, Furniture and Fittings US\$</u>	<u>Total US\$</u>
<b>2020</b>				
<b>Cost</b>				
Opening and closing balance	<u>125,957</u>	<u>7,233</u>	<u>99,871</u>	<u>233,061</u>
<b>Accumulated depreciation</b>				
Opening balance	116,564	6,474	99,871	222,909
Depreciation charge (Note 27)	8,777	260	–	9,037
Closing balance	<u>125,341</u>	<u>6,734</u>	<u>99,871</u>	<u>231,946</u>
<b>Net book value as at 31 December 2020</b>	<u>616</u>	<u>499</u>	<u>–</u>	<u>1,115</u>

## 5. RIGHT-OF-USE ASSETS

*Leases – The Company and the Group as a lessee*

### Nature of the Company and the Group's leasing activities

#### **Property and Office Equipment**

The Company and Group lease office space and office equipment for the purpose of back office operations.

#### **Motor Vehicles and Heavy Equipment and Machinery**

The Group leases motor vehicles for internal logistic purposes and leases of heavy equipment and machinery for oil extraction operations.

#### (a) Carrying amounts and depreciation charge

<u>Company</u>	<u>Property US\$</u>	<u>Office Equipment US\$</u>	<u>Total US\$</u>
<b>2021</b>			
<b>Cost</b>			
Opening balance	322,902	13,363	336,265
Additions	178,904	–	178,904
Write off	(322,902)	–	(322,902)
Closing balance	<u>178,904</u>	<u>13,363</u>	<u>192,267</u>
<b>Accumulated depreciation</b>			
Opening balance	258,322	6,051	264,373
Depreciation charge	103,460	3,026	106,486
Write off	(317,056)	–	(317,056)
Closing balance	<u>44,726</u>	<u>9,077</u>	<u>53,803</u>
<b>Net book value as at 31 December 2021</b>	<u>134,178</u>	<u>4,286</u>	<u>138,464</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 5. RIGHT-OF-USE ASSETS (CONTINUED)

### (a) Carrying amounts and depreciation charge (Continued)

<u>Company</u>	<u>Property US\$</u>	<u>Office Equipment US\$</u>	<u>Total US\$</u>
<b>2020</b>			
<b>Cost</b>			
<b>Opening and Closing balance</b>	<b>322,902</b>	<b>13,363</b>	<b>336,265</b>
<b>Accumulated depreciation</b>			
<b>Opening balance</b>	129,161	3,025	132,186
Depreciation charge	129,161	3,026	132,187
<b>Closing balance</b>	<b>258,322</b>	<b>6,051</b>	<b>264,373</b>
<b>Net book value as at 31 December 2020</b>	<b>64,580</b>	<b>7,312</b>	<b>71,892</b>

<u>Group</u>	<u>Property US\$</u>	<u>Office Equipment US\$</u>	<u>Motor Vehicles US\$</u>	<u>Heavy Equipment and Machinery US\$</u>	<u>Total US\$</u>
<b>2021</b>					
<b>Cost</b>					
<b>Opening balance</b>	442,185	13,363	33,950	384,594	874,092
Additions	178,904	–	–	–	178,904
Write off	(442,185)	–	(33,950)	(124,530)	(600,665)
<b>Closing balance</b>	<b>178,904</b>	<b>13,363</b>	<b>–</b>	<b>260,064</b>	<b>452,331</b>
<b>Accumulated depreciation</b>					
<b>Opening balance</b>	344,680	6,051	23,414	240,289	614,434
Depreciation charge (Note 27)	136,385	3,025	1,916	86,508	227,834
Write off	(436,339)	–	(25,330)	(124,530)	(586,199)
<b>Closing balance</b>	<b>44,726</b>	<b>9,076</b>	<b>–</b>	<b>202,267</b>	<b>256,069</b>
<b>Net book value as at 31 December 2021</b>	<b>134,178</b>	<b>4,287</b>	<b>–</b>	<b>57,797</b>	<b>196,262</b>
<b>2020</b>					
<b>Cost</b>					
<b>Opening balance</b>	442,185	13,363	33,950	245,263	734,761
Additions	–	–	–	139,331	139,331
<b>Closing balance</b>	<b>442,185</b>	<b>13,363</b>	<b>33,950</b>	<b>384,594</b>	<b>874,092</b>
<b>Accumulated depreciation</b>					
<b>Opening balance</b>	175,039	3,025	11,707	135,798	325,569
Depreciation charge (Note 27)	169,641	3,026	11,707	104,491	288,865
<b>Closing balance</b>	<b>344,680</b>	<b>6,051</b>	<b>23,414</b>	<b>240,289</b>	<b>614,434</b>
<b>Net book value as at 31 December 2020</b>	<b>97,505</b>	<b>7,312</b>	<b>10,536</b>	<b>144,305</b>	<b>259,658</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 5. RIGHT-OF-USE ASSETS (CONTINUED)

### (b) Interest expense

	Group	
	2021 US\$	2020 US\$
Interest expense on lease liabilities (Note 26)	<u>13,391</u>	<u>21,723</u>

### (c) Lease expenses not capitalised in lease liabilities

	Group	
	2021 US\$	2020 US\$
Lease expense – short-term leases (Note 27)	<u>119,977</u>	<u>139,167</u>

### (d) Total cash outflow for all the leases

	Group	
	2021 US\$	2020 US\$
Cash outflow for all the leases	<u>331,412</u>	<u>414,753</u>

### (e) Future cash outflow which are not capitalised in lease liabilities

#### (i) Variable lease payments

There are no variable lease payments for the financial year ended 31 December 2021.

#### (ii) Extension options

The leases for heavy equipment and machinery contain extension periods, for which the related lease payments had been included in lease liabilities as the Group is reasonably certain to exercise these extension option. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The majority of the extension options are exercisable by the Group and not by the lessor.

## 6. PRODUCING OIL AND GAS PROPERTIES

Group	Development and Production Assets US\$	Development Tangible Assets US\$	Participating and Concession Rights US\$	Total US\$
<b>2021</b>				
<b>Cost</b>				
Opening balance	49,877,911	6,059,564	600,000	56,537,475
Additions	2,093,951	181,688	–	2,275,639
<b>Closing balance</b>	<u>51,971,862</u>	<u>6,241,252</u>	<u>600,000</u>	<u>58,813,114</u>
<b>Accumulated amortisation and impairment losses</b>				
Opening balance	40,696,866	5,203,178	600,000	46,500,044
Amortisation charge (Note 27)	1,167,157	389,213	–	1,556,370
<b>Closing balance</b>	<u>41,864,023</u>	<u>5,592,391</u>	<u>600,000</u>	<u>48,056,414</u>
<b>Net book value as at 31 December 2021</b>	<u>10,107,839</u>	<u>648,861</u>	<u>–</u>	<u>10,756,700</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 6. PRODUCING OIL AND GAS PROPERTIES (CONTINUED)

<u>Group</u>	<u>Development and Production Assets US\$</u>	<u>Development Tangible Assets US\$</u>	<u>Participating and Concession Rights US\$</u>	<u>Total US\$</u>
<b>2020</b>				
<b>Cost</b>				
Opening balance	48,164,538	5,657,584	600,000	54,422,122
Additions	1,713,373	401,980	–	2,115,353
<b>Closing balance</b>	<b>49,877,911</b>	<b>6,059,564</b>	<b>600,000</b>	<b>56,537,475</b>
<b>Accumulated amortisation and impairment losses</b>				
Opening balance	38,933,205	4,848,220	600,000	44,381,425
Amortisation charge (Note 27)	1,763,661	354,958	–	2,118,619
<b>Closing balance</b>	<b>40,696,866</b>	<b>5,203,178</b>	<b>600,000</b>	<b>46,500,044</b>
<b>Net book value as at 31 December 2020</b>	<b>9,181,045</b>	<b>856,386</b>	<b>–</b>	<b>10,037,431</b>

During the financial years ended 31 December 2021 and 2020, no impairment loss arose in producing oil and gas properties as its recoverable amounts are higher than carrying amounts. The key assumptions used for impairment assessment were disclosed under Note 3(b).

## 7. EXPLORATION AND EVALUATION ASSETS

<u>Group</u>	<u>Exploration and Evaluation Assets US\$</u>	<u>Participating Rights US\$</u>	<u>Total US\$</u>
<b>2021</b>			
<b>Cost</b>			
Opening balance	18,542,239	1,435,258	19,977,497
Additions	42,210	–	42,210
<b>Closing balance</b>	<b>18,584,449</b>	<b>1,435,258</b>	<b>20,019,707</b>
<b>Accumulated impairment losses</b>			
Opening and Closing balance	6,242,912	–	6,242,912
<b>Net book value as at 31 December 2021</b>	<b>12,341,537</b>	<b>1,435,258</b>	<b>13,776,795</b>
<b>2020</b>			
<b>Cost</b>			
Opening balance	18,305,467	1,435,258	19,740,725
Additions	236,772	–	236,772
<b>Closing balance</b>	<b>18,542,239</b>	<b>1,435,258</b>	<b>19,977,497</b>
<b>Accumulated impairment losses</b>			
Opening and Closing balance	6,242,912	–	6,242,912
<b>Net book value as at 31 December 2020</b>	<b>12,299,327</b>	<b>1,435,258</b>	<b>13,734,585</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 8. INTANGIBLE ASSETS

<u>Group</u>	<u>Goodwill on Reverse Acquisition US\$</u>	<u>Computer Software US\$</u>	<u>Patent Rights US\$</u>	<u>Total US\$</u>
<b>2021</b>				
<b>Cost</b>				
<b>Opening and Closing balance</b>	<b>1,488,902</b>	<b>25,903</b>	<b>3,480,000</b>	<b>4,994,805</b>
<b>Accumulated amortisation and impairment losses</b>				
<b>Opening balance</b>	<b>1,488,902</b>	<b>19,967</b>	<b>1,038,560</b>	<b>2,547,429</b>
Amortisation charge (Note 27)	–	5,936	336,831	342,767
<b>Closing balance</b>	<b>1,488,902</b>	<b>25,903</b>	<b>1,375,391</b>	<b>2,890,196</b>
<b>Net book value as at 31 December 2021</b>	<b>–</b>	<b>–</b>	<b>2,104,609</b>	<b>2,104,609</b>
<b>2020</b>				
<b>Cost</b>				
<b>Opening and Closing balance</b>	<b>1,488,902</b>	<b>25,903</b>	<b>3,480,000</b>	<b>4,994,805</b>
<b>Accumulated amortisation and impairment losses</b>				
<b>Opening balance</b>	<b>1,488,902</b>	<b>13,491</b>	<b>701,729</b>	<b>2,204,122</b>
Amortisation charge (Note 27)	–	6,476	336,831	343,307
<b>Closing balance</b>	<b>1,488,902</b>	<b>19,967</b>	<b>1,038,560</b>	<b>2,547,429</b>
<b>Net book value as at 31 December 2020</b>	<b>–</b>	<b>5,936</b>	<b>2,441,440</b>	<b>2,447,376</b>

### Goodwill on Reverse Acquisition

Goodwill on reverse acquisition represents the goodwill that arose from the business combination in which Goldwater Company Limited (“Goldwater”) acquired the Company through a reverse acquisition on 10 July 2003. Goodwill on reverse acquisition is the difference between Goldwater’s deemed cost of acquisition over the fair value of assets acquired and liabilities of the Company on the reverse acquisition date (Note 2(b)(iii)).

The deemed cost of acquisition is derived from the total percentage of shareholdings held by the shareholders of the former Van der Horst Limited (now known as “Interra Resources Limited”) as at the reverse acquisition date and Shantex Holdings Pte. Ltd. multiplied by the net assets of Goldwater as at the reverse acquisition date. As a result of applying the above, goodwill on reverse acquisition amounting to US\$1,488,902 was recognised in the consolidated financial statements.

### Impairment Tests for Goodwill and Patent Rights

Goodwill is allocated to the Group’s CGUs identified according to countries of operation and business segments. Goodwill on reverse acquisition is allocated to oil exploration business in Myanmar and had been fully impaired in prior financial year.

The Group performs impairment assessment of the carrying value of patent rights whenever there is an indication of impairment. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates and key assumptions that are disclosed under Note 3(b).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 9. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2021 US\$	2020 US\$
<b>Composition:</b>		
Equity shares at cost	19,062,204	19,062,204
Allowance for impairment	(102)	(102)
Net investments in subsidiary corporations	<b>19,062,102</b>	<b>19,062,102</b>
<b>Equity shares at cost</b>		
<b>Opening and Closing balance</b>	<b>19,062,204</b>	<b>19,062,204</b>
<b>Allowance for impairment</b>		
<b>Opening balance</b>	102	101
Allowance for impairment	-	1
<b>Closing balance</b>	<b>102</b>	<b>102</b>

The details of the subsidiary corporations as at 31 December 2021 and 2020 were as follows:

Name of Company	Principal Activities	Country of Incorporation/ Operation	Proportion of Ordinary Shares held by the Parent		Proportion of Ordinary Shares held by the Group		Proportion of Ordinary Shares held by Non-Controlling Interests	
			2021	2020	2021	2020	2021	2020
			%	%	%	%	%	%
Goldwater Company Limited <sup>(b)</sup>	Exploration and operation of oil fields for crude petroleum production	British Virgin Islands/ Myanmar	100	100	100	100	-	-
Goldwater TMT Pte. Ltd. <sup>(b)</sup>	Exploration and operation of oil fields for crude petroleum production	Singapore/ Indonesia	100	100	100	100	-	-
Goldwater Eagle Limited <sup>(a)</sup>	Investment holding	British Virgin Islands	100	100	100	100	-	-
Goldwater Indonesia Inc. ("GII") <sup>(a)</sup>	Investment holding	British Virgin Islands	100	100	100	100	-	-
Interra Resources (Australia) Pte. Ltd. <sup>(b)</sup>	Dormant	Singapore	100	100	100	100	-	-
Goldwater KP Pte. Ltd. ("GKP") <sup>(b)</sup>	Exploration and operation of oil fields for crude petroleum production	Singapore/ Indonesia	100	100	100	100	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 9. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Name of Company	Principal Activities	Country of Incorporation/ Operation	Proportion of Ordinary Shares held by the Parent		Proportion of Ordinary Shares held by the Group		Proportion of Ordinary Shares held by Non-Controlling Interests	
			2021	2020	2021	2020	2021	2020
			%	%	%	%	%	%
<b>Held by a subsidiary corporation, GKP</b>								
PT Sumber Sari Rejeki ("SSR") <sup>(a)</sup>	Trading of heavy machinery	Indonesia/ Indonesia	100	100	100	100	–	–
<b>Held by a subsidiary corporation, SSR</b>								
PT Pambuang Investindo ("PI") <sup>(c)</sup>	Multi-industry sector	Indonesia/ Indonesia	100	100	100	100	–	–
<b>Held by a subsidiary corporation, PI</b>								
PT Mentari Pambuang Internasional ("MPI") <sup>(c)</sup>	Exploration and operation of oil fields for crude petroleum production	Indonesia/ Indonesia	67.50	67.50	67.50	67.50	32.50	32.50

(a) Not required to be audited under the laws of the country of incorporation

(b) Audited by Nexia TS Public Accounting Corporation, Singapore

(c) Audited by Kanaka Puradiredja, Suhartono, a member firm of Nexia International

### Significant Restrictions

As at 31 December 2021 and 2020, there were no significant restrictions with regards to the Company's investments in subsidiary corporations.

### Carrying Value of Non-Controlling Interests

	Group	
	2021 US\$	2020 US\$
PT Mentari Pambuang Internasional	<b>3,013,208</b>	<b>3,028,068</b>

### Summarised Financial Information of Subsidiary Corporation with Material Non-Controlling Interests

Set out below was the summarised financial information for subsidiary corporation that have non-controlling interests which were material to the Group. These were presented before inter-company eliminations.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 9. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

### Summarised Statement of Financial Position

	MPI	
	As at 31 December	
	2021	2020
	US\$	US\$
<b>Current</b>		
Assets	252,240	243,634
Liabilities	(396,863)	(429,092)
Total current net liabilities	(144,623)	(185,458)
<b>Non-current</b>		
Assets	12,341,537	12,299,327
Liabilities	(2,954,928)	(2,826,162)
Total non-current net assets	9,386,609	9,473,165
<b>Net assets</b>	<b>9,241,986</b>	<b>9,287,707</b>

### Summarised Statement of Comprehensive Income

	MPI	
	For the financial year ended	
	31 December	
	2021	2020
	US\$	US\$
<b>Net loss, representing total comprehensive loss</b>	(190,459)	(260,150)
Total comprehensive loss allocated to non-controlling interests	(61,900)	(84,549)

### Summarised Statement of Cash Flows

	MPI	
	For the financial year ended	
	31 December	
	2021	2020
	US\$	US\$
<b>Cash used in operation, representing net cash used in operating activities</b>	(88,612)	(293,427)
<b>Net cash used in investing activities</b>	(42,164)	(236,717)
<b>Net cash provided by financing activities</b>	126,448	492,862
<b>Net decrease in cash and cash equivalents</b>	(4,328)	(37,282)
<b>Cash and cash equivalents at beginning of financial year</b>	50,591	87,873
<b>Cash and cash equivalents at end of financial year</b>	<b>46,263</b>	<b>50,591</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 9. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

### Effects of Transactions with Non-controlling Interests on the Equity Attributable to Owners of the Parent

	Group	
	2021 US\$	2020 US\$
Changes in equity attributable to shareholders of the Company arising from		
– Additional increase of non-controlling interests in subsidiary corporation in relation to capitalisation of loans from non-controlling shareholders as equity	<b>47,040</b>	168,298

## 10. INVESTMENTS IN ASSOCIATED COMPANIES

	Company	
	2021 US\$	2020 US\$
<b>Equity shares at cost</b>		
<b>Opening balance</b>	<b>4,833,235</b>	4,833,235
De-recognised due to dilution of interest, reclassified to financial assets at fair value through profit or loss ("FVPL") (Note 12)	<b>(4,833,235)</b>	–
<b>Closing balance</b>	<b>–</b>	4,833,235
<b>Allowance for impairment</b>		
<b>Opening balance</b>	<b>4,833,235</b>	4,833,235
De-recognised due to dilution of interest, reclassified to FVPL (Note 12)	<b>(4,833,235)</b>	–
<b>Closing balance</b>	<b>–</b>	4,833,235
<b>Carrying amount</b>	<b>–</b>	–
	Group	
	2021 US\$	2020 US\$
<b>Equity shares at cost</b>		
<b>Opening balance</b>	<b>2,137,795</b>	4,833,235
Share of losses and other comprehensive income	–	(2,695,440)
De-recognised due to dilution of interest, reclassified to FVPL (Note 12)	<b>(2,137,795)</b>	–
<b>Closing balance</b>	<b>–</b>	2,137,795
<b>Allowance for impairment</b>		
<b>Opening balance</b>	<b>2,137,795</b>	2,137,795
De-recognised due to dilution of interest, reclassified to FVPL (Note 12)	<b>(2,137,795)</b>	–
<b>Closing balance</b>	<b>–</b>	2,137,795
<b>Carrying amount</b>	<b>–</b>	–

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 10. INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Set out below were the associated companies of the Group as at 31 December 2021 and 2020. The associated companies as listed below have share capital consisting solely of ordinary shares, which were held directly by the Group.

Name of Company	Principal Activities	Country of Incorporation/ Operation	Ownership Interest	
			2021 %	2020 %
<b>Held by Company</b>				
PT Mitra Investindo Tbk. ("MITI") <sup>(a)</sup>	Operation of granite mining and exploration and operation of oil fields for crude petroleum production	Indonesia/Indonesia	–	48.87
<b>Held by a subsidiary corporation, GII</b>				
PT Indelberg Oil Indonesia (formerly known as PT Benakat Oil) ("IOI") <sup>(b)</sup>	Exploration and operation of oil fields for crude petroleum production	Indonesia/Indonesia	21.51	21.51

(a) Audited by KAP Paul Hadiwinata, Hidajat, Arsono, Retno, Palilungan & Rekan, a member firm of PKF International

(b) In process of liquidation

In the prior financial year, following the extraordinary meeting on 30 October 2020 by MITI on its stock consolidation for 1-for-5 reverse stock split, the Company's existing number of shares held in MITI reduced from 689,870,383 to 275,948,154 which proportionally increased in nominal value per share from 5 to become 2 (i.e. existing share of IDR 20 per share increased to IDR 50 per share. The stock consolidation did not result in any change to the Company's shareholding and cost of investment in MITI. As at 31 December 2020, the Company does not have the majority representation on MITI's Boards but continued to have significant influence. Accordingly, the Company reclassified its interests in MITI of US\$4,833,235 as investment in associated company.

On 9 February 2021, MITI issued 1,878,368,047 new ordinary shares by a way of right issue; as a result, the Company's shareholding in MITI was diluted from 48.87% to 11.30%. Despite the reduction in its shareholding in MITI to less than 20%, the Company continued to have significant influence over MITI through its representative on the Board of MITI, and accordingly, the Company continued to classify its interests in MITI of US\$4,833,235 as investment in associated company.

On 12 April 2021, the company's representative has resigned from the Board of Commissioner and Board of Director. Accordingly, the Company no longer has significant influence in MITI and reclassified the interest in MITI to financial assets at fair value through profit or loss (Note 12).

## 11. INVENTORIES

Consumables stock includes tubing, casing, well heads, chemicals, tools and spare parts required for drilling, oil wells and field maintenance.

	Group	
	2021 US\$	2020 US\$
Inventories – consumable stock	<b>3,387,411</b>	3,413,354

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVPL")

Financial assets at fair value through profit or loss comprise the following:

	Company		Group	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Foreign listed equity security – PT Mitra Investindo TBK ("MITI")	-	-	-	-

As disclosed in Note 10 to the financial statements subsequent to the dilution of interest and loss of significant influence in MITI, the investment to MITI was reclassified from investment in associated company to FVPL on 12 April 2021 at its carrying amount approximate the fair value. The investment was classified as FVPL considered that it will be held for trading purpose and management has no intention to hold for further shareholding in future. During the financial year ended 31 December 2021, the Group and the Company has assessed the fair value of FVPL, with reference to its share price listed on Indonesia Stock Exchange, and recognised a total fair value gain amounted to US\$444,827. As at 31 December 2021, the Group and the Company has disposed all its interest in MITI at open market and realised a gain of disposal of US\$48,938 to the profit or loss.

## 13. TRADE AND OTHER RECEIVABLES

Trade receivables relate mainly to receivables from the Myanmar Oil and Gas Enterprise ("MOGE") in respect of the sale of the Group's share of petroleum entitlements.

	Company		Group	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
<u>Current</u>				
Trade receivables – non-related parties	-	-	<b>4,086,760</b>	2,268,143
Loan to subsidiary corporations	<b>10,152,722</b>	10,144,938	-	-
Less: Loss allowances (Note 32(b))	<b>(10,152,722)</b>	(10,144,938)	-	-
Loan to subsidiary corporations, net	-	-	<b>4,086,760</b>	2,268,143
Other receivables – non-related parties	<b>6,724</b>	46,160	<b>145,456</b>	136,067
Loan to associated companies	-	-	<b>528,395</b>	664,942
	<b>6,724</b>	46,160	<b>673,851</b>	801,009
Less: Loss allowances (Note 32(b))	-	-	<b>(528,395)</b>	(624,130)
	<b>6,724</b>	46,160	<b>145,456</b>	176,879
	<b>6,724</b>	46,160	<b>4,232,216</b>	2,445,022
<u>Non-current</u>				
Loan to subsidiary corporations	<b>19,904,830</b>	19,552,627	-	-
Less: Loss allowances (Note 32(b))	<b>(7,895,885)</b>	(7,895,885)	-	-
Loan to subsidiary corporations, net	<b>12,008,945</b>	11,656,742	-	-
Loan to non-related parties	-	-	<b>4,784,907</b>	4,510,464
	<b>12,008,945</b>	11,656,742	<b>4,784,907</b>	4,510,464

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 13. TRADE AND OTHER RECEIVABLES (CONTINUED)

During the financial year ended 31 December 2021, the Company recognised a loss allowance of US\$2,082 and US\$5,702 (2020: US\$2,691 and US\$6,184) respectively on the advances made to Interra Resources (Australia) Pte. Ltd. and Goldwater TMT Pte. Ltd.

On 16 May 2019, the Group received the termination letter from Pertamina for Benakat Barat KSO. Accordingly, the loan to an associated company, PT IOI of US\$528,395 and advance to PT Indelberg Makmur Petroleum ("IMP") through Goldwater TMT Pte. Ltd. of US\$95,735 was fully impaired. During the financial year ended 31 December 2021, the advance to IMP through Goldwater TMT Pte. Ltd. of US\$95,735 was written off. The Company also recognised a loss allowance of US\$7,895,885 on the advances made to Goldwater Indonesia Inc. for the purpose of investment in Benakat Barat KSO.

The fair values of non-current trade and other receivables which are computed based on cash flows discounted at market borrowing rates. The fair values are within Level 2 of the fair values hierarchy.

	Company		Group	
	2021 %	2020 %	2021 %	2020 %
Borrowing rates				
Loan to subsidiary corporations	2.99	3.90	-	-
Loan to non-related parties	-	-	5.13 – 5.24	5.22 – 6.90

### Company

As at 31 December 2021, loan to subsidiary corporations were unsecured, interest-free and receivable on demand except for loan to Goldwater KP Pte. Ltd. which bear interest rate at 2.75% (2020: 2.00%) above LIBOR per annum i.e. 2.99% (2020: 3.90%) per annum and not expected to be recovered within twelve months from the end of the financial year. The loans are provided for the purpose of operating and development activities in their respective fields and are expected to be repaid or received upon successful development and production of the respective fields.

### Group

The non-current loan to non-related parties as at 31 December 2021 of US\$4,784,907 (2020: US\$4,510,464) were unsecured and receivable upon commencement of production of which timing cannot be determined at this point. Interest rate was charged at 5% above LIBOR per annum.

## 14. OTHER CURRENT ASSETS

	Company		Group	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Deposits	22,708	28,232	31,243	36,632
Prepayments	26,722	18,554	69,956	58,843
Advances to suppliers and staff	-	-	38,610	42,707
	49,430	46,786	139,809	138,182

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 15. CASH AND CASH EQUIVALENTS

	Company		Group	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Cash at bank and on hand	467,490	420,954	2,485,546	1,716,453
Short-term bank deposits	-	1,001,142	3,002,761	2,501,746
	<b>467,490</b>	<b>1,422,096</b>	<b>5,488,307</b>	<b>4,218,199</b>

## 16. TRADE AND OTHER PAYABLES

	Company		Group	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
<u>Current</u>				
Trade payables – non-related parties	-	-	2,347,331	966,851
Trade payables – related parties	-	-	150,000	378,000
Accrued expenses	313,887	324,343	559,055	547,557
Other payables – non-related parties	50,426	41,820	2,266,891	1,811,793
Loan from subsidiary corporations	10,897,046	10,943,914	-	-
	<b>11,261,359</b>	<b>11,310,077</b>	<b>5,323,277</b>	<b>3,704,201</b>
<u>Non-current</u>				
Other payable – non-related party	-	-	903,435	903,435
Other payable – related party	-	-	515,882	390,376
	-	-	<b>1,419,317</b>	<b>1,293,811</b>

As at 31 December 2021, non-current other payable to non-related party related to the remaining consideration for the participating rights in KP PSC of US\$1,038,001 was re-measured at amortised cost to US\$903,435 (2020: US\$903,435) based on the extended agreement signed by the counter-party to defer the settlement from 31 December 2022 to 31 December 2023 without interest charged.

As at 31 December 2021 and 2020, loan from subsidiary corporations were unsecured, interest-free and payable on demand.

## 17. LEASE LIABILITIES

	Company		Group	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Current	86,274	73,007	178,363	240,723
Non-current	44,808	6,388	79,173	65,950
Total lease liabilities	<b>131,082</b>	<b>79,395</b>	<b>257,536</b>	<b>306,673</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 18. BORROWINGS

	Company		Group	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Current Bank loan	<b>1,000,000</b>	1,000,000	<b>1,000,000</b>	1,000,000

### Company and Group

As at 31 December 2021, the bank loan was unsecured and bears interest rate of 3.78% per annum for a tenor period of one month (2020: 3.67% per annum for a tenor period of one month).

## 19. CURRENT INCOME TAX LIABILITIES

	Company		Group	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
<b>Opening balance</b>	<b>24,509</b>	–	<b>4,084,351</b>	4,290,408
Current income tax expense (Note 20)	<b>26,205</b>	18,678	<b>625,110</b>	589,354
Under/(Over) provision in prior financial years (Note 20)	<b>10,857</b>	20,815	<b>(321,420)</b>	(155,314)
Income tax paid	<b>(31,800)</b>	(16,322)	<b>(722,168)</b>	(640,501)
Currency translation differences	<b>(135)</b>	1,338	<b>(384)</b>	404
<b>Closing balance</b>	<b>29,636</b>	24,509	<b>3,665,489</b>	4,084,351

## 20. INCOME TAX EXPENSE

The Company is liable to income tax in Singapore on its chargeable income arising from interest income and the management and petroleum services fees that the Company charged its subsidiary corporations. These fees charged are based on a cost plus 5% mark-up basis.

The subsidiary corporations are liable to pay income taxes in the countries where the respective petroleum contracts and operations are domiciled. The subsidiary corporations and joint operations of the Group operating in oil and gas segment have made the necessary tax provisions as required under their respective petroleum contracts.

During the financial year ended 31 December 2021, the Group re-assessed the Indonesia operations' prior year tax provisions for the financial year ended 31 December 2010 following the expiry of TAC and reversed the amount of US\$257,157 (2020: US\$324,424) after the statute of limited period lapsed.

For Myanmar operations, the tax assessment was finalised till year of assessment 2021, as a result, there was an over-provision in prior year income tax of US\$75,120 (2020: under-provision of US\$148,295). The income tax paid for the financial year was US\$683,128 (2020: US\$616,712).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 20. INCOME TAX EXPENSE (CONTINUED)

Tax expense attributable to profit or loss were made up of:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$</b>	<b>US\$</b>
Profit/(Loss) for the financial year:		
Current income tax (Note 19)		
– Singapore	<b>26,205</b>	18,678
– Foreign	<b>598,905</b>	570,676
	<b>625,110</b>	589,354
Under/(Over) provision of current income tax in prior financial years (Note 19):		
– Singapore	<b>10,857</b>	20,815
– Foreign	<b>(332,277)</b>	(176,129)
	<b>(321,420)</b>	(155,314)
	<b>303,690</b>	434,040

The tax on the Group's profit or loss before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax was explained as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$</b>	<b>US\$</b>
Profit/(Loss) before income tax	<b>2,790,584</b>	(815,305)
Tax calculated at tax rate of 17% (2020: 17%)	<b>474,399</b>	(138,602)
Effects of:		
– Different tax rates in other countries	<b>165,573</b>	175,616
– Income not subject to tax	<b>(739,441)</b>	(352,783)
– Expenses not deductible for tax purposes	<b>724,579</b>	905,123
– Over provision of prior financial years income tax	<b>(321,420)</b>	(155,314)
	<b>303,690</b>	434,040

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 21. SHARE CAPITAL

Company and Group	2021 Number of Ordinary Shares	2020 Number of Ordinary Shares	2021 US\$	2020 US\$
<b>Opening balance</b>	<b>655,498,604</b>	588,368,604	<b>75,157,304</b>	72,872,883
Issuance of new ordinary shares pursuant to private placement	-	62,500,000	-	2,023,678
Issuance of new ordinary shares pursuant to share option plan	-	4,630,000	-	264,198
Share issue expenses	-	-	-	(3,455)
<b>Closing balance</b>	<b>655,498,604</b>	655,498,604	<b>75,157,304</b>	75,157,304

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

In prior financial year, 4,630,000 ordinary shares were issued at the exercise price of S\$0.060 per share pursuant to the exercise of 2017 Options granted under the Share Option Plan for a total cash consideration of US\$206,202. As a result, an amount of US\$57,996 was transferred from share option reserve (Note 23(b)(iii)). In addition, an aggregate of 62,500,000 new ordinary and fully paid-up shares in the capital of the Company by way of a private placement were issued at an issue price of S\$0.045 per subscription price with aggregate cash proceeds of S\$2,812,500 (equivalent to approximately US\$2,023,678) to provide funds for working capital purposes.

These newly issued ordinary shares ranked pari passu in all respects with the existing ordinary shares.

## 22. SHARE OPTIONS

On 28 April 2017, a new share option plan named the Interra Share Option Plan 2017 ("ISOP 2017") was approved by members of the Company at an Extraordinary General Meeting. ISOP 2017 provides a means to recruit, retain and give recognition to directors of the Group, employees, controlling shareholders and/or their associates, who have contributed to the success and development of the Group with an opportunity to participate in the equity of the Company and to motivate them to better performance through increased dedication and loyalty.

Subject to the absolute discretion of the Remuneration Committee, the controlling shareholders and/or their associates are eligible to participate in the ISOP 2017, provided that the participation of the controlling shareholders and/or their associates and the actual number of shares comprised in the option(s) and terms of such option(s) to be granted to any of them only be effected with the specific prior approval of independent shareholders in a general meeting in separate resolutions. The aggregate number of shares over which options can be granted to one controlling shareholder or his associate shall not exceed 10% of the total number of shares available under the ISOP 2017, and the aggregate number of shares over which options can be granted to all controlling shareholders and their associates shall not exceed 25% of the total number of shares available under the ISOP 2017.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 22. SHARE OPTIONS (CONTINUED)

Under the ISOP 2017, options to subscribe for the ordinary shares of the Company are granted to directors and employees of the Group after taking into account criteria such as the rank, job performance, years of service, potential for future development, contribution to the success and development of the Group and the prevailing market and economic conditions. The exercise price of the options is determined at the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange Securities Trading Limited ("SGX-ST") for five consecutive market days immediately preceding the date of the grant or a price which is set at a premium or discount to the market price, the quantum of such premium or discount (up to 20%) is to be determined by the Remuneration Committee in its absolute discretion. Options granted at market price or premium may be vested after one year from the date of grant and are exercisable over a period of four years, while options granted at a discount may be vested after two years from the date of grant and are exercisable over a period of three years. The options may be exercised, in whole or in part (being 1,000 shares or any multiple thereof), on the payment of the aggregate exercise price. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the ISOP 2017, shall not exceed 15% of the issued shares of the Company (excluding treasury shares and subsidiary holdings) on the day preceding that date.

The Company granted options to directors and employees to subscribe for 24,000,000 ordinary shares of the Company at exercise price of S\$0.060 per share ("2017 Options") on 11 December 2017. The 2017 Options are exercisable from 12 December 2018 and will expire on 10 December 2022.

The movements in the number of unissued ordinary shares under option and their exercise prices were as follows:

Company and Group	Number of Ordinary Shares under Option					Exercise price	Exercise period
	At beginning of the financial year	Granted during financial year	Lapsed during financial year	Exercised during financial year	At end of the financial year		
<b>2021</b>							
2017 Options	16,975,000	–	(2,850,000)	–	14,125,000	S\$0.060	12 December 2018 to 10 December 2022
<b>2020</b>							
2017 Options	21,605,000	–	–	(4,630,000)	16,975,000	S\$0.060	12 December 2018 to 10 December 2022

All the unexercised options were exercisable at the reporting date. On 29 April 2021, Lim Hock San retired as director and the 2017 Options granted to him of 2,850,000 unissued shares lapsed on the same date. Consequently, the share option expenses of US\$35,699 recognised previously was reversed from the share option reserve to equity (Note 23(b)(ii)). Options exercised in 2020 resulted in issuance of 4,630,000 ordinary shares at exercise price of S\$0.060 each. The weighted average share price at the time of exercise was S\$0.1025 per share. The related transaction costs amounting to US\$310 were deducted against the proceeds received.

The fair value of the 2017 Options granted was estimated to be S\$406,283 (equivalent to US\$300,626) using the Binomial Option Pricing Model. The significant inputs into the model were the share price of S\$0.059 per share at the grant date, the exercise price of S\$0.060 per share, standard deviation of expected share price returns of 57%, no dividend yield, the option life of two years and the annual risk-free interest rate of 1.71%. The volatility measured as the standard deviation of expected share price returns was estimated based on statistical analysis of share prices over the last two years.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 23. OTHER RESERVES

### (a) Composition:

	Company		Group	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Special reserve	–	–	(16,544,140)	(16,544,140)
Share option reserve	176,931	212,630	176,931	212,630
Currency translation reserve	–	–	13,881	106,818
	<b>176,931</b>	<b>212,630</b>	<b>(16,353,328)</b>	<b>(16,224,692)</b>

Other reserves are non-distributable.

### (b) Movements:

#### (i) Special Reserve

As a result of applying the reverse acquisition accounting as set out in Note 2(b)(iii), the Group's consolidated financial statements reflect the continuation of the financial statements of its legal subsidiary corporation, Goldwater. As such, the cost of investment to acquire Goldwater and the reserves of the Company immediately prior to the reverse acquisition were transferred to special reserves during the consolidation of the financial statements. These reserves include share premium immediately before the debt restructuring on 10 July 2003 and accumulated losses immediately before the reverse acquisition on 10 July 2003.

	Group	
	2021 US\$	2020 US\$
Cost of investment	(18,319,492)	(18,319,492)
Share capital of Goldwater	200,000	200,000
Goodwill on reverse acquisition	1,575,352	1,575,352
<b>Opening and Closing balance</b>	<b>(16,544,140)</b>	<b>(16,544,140)</b>

#### (ii) Share Option Reserve

	Company and Group	
	2021 US\$	2020 US\$
<b>Opening balance</b>	<b>212,630</b>	270,626
Employee share option plan		
– share options exercised	–	(57,996)
– share options lapsed (Note 22)	(35,699)	–
<b>Closing balance</b>	<b>176,931</b>	<b>212,630</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 23. OTHER RESERVES (CONTINUED)

### (b) Movements: (Continued)

#### (iii) Currency Translation Reserve

	Group	
	2021 US\$	2020 US\$
<b>Opening balance</b>	<b>106,818</b>	109,995
Currency translation differences of foreign subsidiary corporations	<b>(25,394)</b>	(3,177)
Currency translation differences on disposal of foreign operation	<b>(67,543)</b>	–
<b>Closing balance</b>	<b>13,881</b>	106,818

## 24. REVENUE

	Group	
	2021 US\$	2020 US\$
At a point in time:		
Sale of oil and petroleum products	<b>11,958,505</b>	10,796,345

## 25. OTHER INCOME, NET

	Group	
	2021 US\$	2020 US\$
Interest income from bank deposits	<b>3,482</b>	4,743
Interest income from loan to non-related parties	<b>236,397</b>	283,401
<b>Total interest income</b>	<b>239,879</b>	288,144
Petroleum services fees	<b>133,817</b>	204,894
Amortised cost adjustment for interest-free non-current payables	<b>64,948</b>	64,948
Currency translation gains/(losses), net	<b>105,565</b>	(25,352)
Management fee	<b>15,000</b>	15,000
Government grant	<b>20,969</b>	105,261
Rent concession received from lessors	–	19,601
Gain on derecognised of lease liability	<b>1,644</b>	–
Net gain on disposal of FVPL	<b>48,938</b>	–
Fair value gain of FVPL	<b>444,827</b>	–
	<b>1,075,587</b>	672,496

Included in other income, net are COVID-19 related rent concessions received from lessors of US\$19,601 in 2020.

Government grant of US\$20,969 (2020: US\$105,261) was recognised during the financial year 31 December 2021 under the Jobs Support Scheme (“JSS”) and Enterprise Singapore. The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 26. FINANCE EXPENSES

	Group	
	2021 US\$	2020 US\$
Bank loan interest expenses	37,427	39,739
Interest on lease liabilities (Note 5(b))	13,391	21,723
Interest on provision of reinstatement costs	289	–
Unwinding of interest-free from non-current payables	64,948	64,948
	<b>116,055</b>	<b>126,410</b>

## 27. EXPENSES BY NATURE

	Group	
	2021 US\$	2020 US\$
Royalties	1,893,292	1,709,297
Repair and maintenance expenses	837,193	1,564,286
Well servicing and workover expenses	725,887	869,303
Geology and geophysical study	10,985	157,865
Depreciation of property, plant and equipment (Note 4)	17,447	9,037
Depreciation of right-of-use assets (Note 5)	227,834	288,865
Amortisation of producing oil and gas properties (Note 6)	1,556,370	2,118,619
Amortisation of intangible assets (Note 8)	342,767	343,307
<b>Total amortisation and depreciation</b>	<b>2,144,418</b>	<b>2,759,828</b>
Other production expenses	646,895	790,286
Employee compensation (Note 28)	2,762,123	2,929,629
Directors' remuneration (Note 34(b))	385,524	446,802
Lease expense – short-term leases (Note 5(c))	119,977	139,167
Professional, legal and compliance expenses	71,853	116,894
Other expenses	415,065	569,355
<u>Auditor's fees:</u>		
Fees on audit services paid/payable to:		
– Auditor of the Company	106,192	97,101
– Other auditors	8,049	7,923
<b>Total cost of production and administrative expenses</b>	<b>10,127,453</b>	<b>12,157,736</b>

## 28. EMPLOYEE COMPENSATION

	Group	
	2021 US\$	2020 US\$
Wages and salaries	2,544,479	2,628,013
Employer's contribution to defined contribution plan	78,298	88,701
Other short-term benefits	139,346	212,915
<b>Total employee compensation (Note 27)</b>	<b>2,762,123</b>	<b>2,929,629</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 29. EARNINGS/(LOSSES) PER SHARE

Basic earnings/(losses) per share is calculated by dividing the net profit/(loss) attributable to equity holders of the Company for the financial year by the weighted average number of ordinary shares outstanding during the financial year.

For the purpose of calculating diluted earnings/(losses) per share, profit/(loss) attributable to equity holders of the Company and the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net loss.

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
Net profit/(loss) attributable to equity holders of the Company (US\$)	<b>2,548,794</b>	(1,164,796)
Weighted average number of ordinary shares outstanding for basic earnings/(losses) per share	<b>655,498,604</b>	627,898,932
Adjustments for share options	<b>14,125,000</b>	16,975,000
Weighted average number of ordinary shares outstanding for diluted earnings/(losses) per share	<b>669,623,604</b>	644,873,932
<b>Basic earnings/(losses) per share (US cents)</b>	<b>0.389</b>	(0.186)
<b>Diluted earnings/(losses) per share (US cents)</b>	<b>0.381</b>	(0.186)*

\* As losses were recorded in the prior financial years, the dilutive potential shares from share options were anti-dilutive and no change has been made to the diluted losses per share.

For the purpose of calculating diluted earnings per share, weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised.

## 30. CAPITAL COMMITMENTS

The Group's capital commitments are in respect of the investments in the IPRCs in Myanmar and KP PSC in Indonesia. The capital expenditure for 2022 and 2021 are based on the work program and budgets approved by the respective local authorities. These include development and well drillings in Myanmar.

Capital expenditure contracted for at the reporting date but not recognised in the financial statements were as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$</b>	<b>US\$</b>
Not later than one year	<b>3,199,629</b>	2,616,378

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 31. CONTINGENT LIABILITIES

Contingent liabilities of which the probability of settlement is not remote at the reporting date are as follows:

### Company

The Company has provided letters of financial support to some of its subsidiary corporations to enable the subsidiary corporations to operate as going concerns and to meet their liabilities as and when they fall due.

### Group

The Myanmar Investment Commission ("MIC") resolved at its meeting in August 1994 that all projects established with the permission of the MIC shall be responsible for the preservation of the environment at and around the area of the project sites. The enterprises are entirely responsible for controlling pollution of air, water and land, and other environmental aspects and keeping the project site environmentally friendly. To meet the requirements of the MIC, the Group may incur costs in restoring the project sites. These potential costs are not estimated as the Group does not foresee any circumstances which require it to make provisions for such compliance with the MIC's requirements.

In late 2005, the Ministry of Finance and Revenue of Myanmar issued a notification stating that all capital gains arising from transactions in foreign currencies relating to the sale, exchange or transfer of shares, capital assets, ownership, or interest of companies doing business in the oil and gas sector in Myanmar are subject to tax. This change is to be applied retrospectively from 15 June 2000 onwards. In late 2002, the Group's subsidiary corporation, Goldwater, farmed out its 40% interest in the IPRCs to a joint venture partner. At that time, Goldwater informed MOGE that Goldwater's net cumulative investment was higher than the cash proceeds received from the farm-out and hence, Goldwater did not derive any capital gain. At this point in time, the Group is of the view that no tax provision in respect of this matter is required to be included in the financial statements. Furthermore, it is not possible to estimate the quantum of this amount which may eventually become payable.

The operations and earnings of the Group have been, and in the future may be, affected from time to time in varying degrees by political developments in Myanmar, and laws and regulations both in Myanmar and countries in responding to developments in Myanmar. These may include sanctions by other countries on trades with Myanmar, forced divestment of assets, expropriation of property, cancellation of contracts, restrictions on production, changes in tax rules and environmental regulations. The likelihood of such occurrences and their overall effects on the Group are not predictable.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 32. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk (including price risk, interest rate risk, country risk and currency risk), credit risk and liquidity risk arising in the normal course of business. The Group recognises the existence of the various risks and management of the Group constantly assesses the potential impacts to the Group. The Group also implements measures and strategies to minimise risk exposures. The Group does not hold or issue any derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in oil prices, interests and foreign exchange rates.

### (a) Market Risk

#### (i) Price Risk

The Group is exposed to crude oil price risk arising from crude petroleum production. The price of crude oil, which is a global commodity, is not set by the Group and is subject to fluctuations. The Group does not hedge against fluctuations in crude oil prices. The Group monitors the situation and manages the risk accordingly.

If crude oil price strengthened/weakened by 5% (2020: 5%) with all other variables including tax rate being held constant, the impact to the revenue and net profit of the Group would have been higher/lower by approximately US\$598,000 and US\$568,000 (2020: higher/lower by approximately US\$540,000 and US\$512,000) respectively.

#### (ii) Cash Flow and Fair Value Interest Rate Risks

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's interest rate risk mainly arises from short-term bank deposits and bank loans. As short-term bank deposits are placed in short-term money market with tenures mostly within the range of one month to three months, the Group's interest income is subject to fluctuation in interest rates. These fixed deposits are placed on a short-term basis according to the Group's cash flow requirements, and hence the Group does not hedge against short-term interest rate fluctuations. In addition, the bank loans obtained with tenures within one to three months are subject to changes in market borrowing interest rates.

The effective interest rates for short-term bank deposits ranged from 0.07% to 0.20% (2020: 0.08% to 0.19%) per annum. These deposits were staggered in varying periods and amounts in accordance with the cash requirements of the Group. The effective interest rates for bank loans ranged from 3.61% to 3.78% (2020: 3.65% to 4.68%) per annum. Any significant movement in the interest rates was not likely to be material to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 32. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market Risk (Continued)

#### (iii) Political and Regulatory Risks

The Group operates in countries where political, economic and social transitions are taking place or may occur from time to time. Developments in politics, laws and regulations can affect its operational performance and financial position. Potential developments include forced divestment of assets, limits on production or cost recovery, international sanctions, import and export restrictions, price controls, tax increases and other retroactive tax claims, expropriation of property, cancellation of contract rights, changes to environmental regulations, international conflicts such as war, civil unrest, acts of sabotage or terrorism, and local security concerns that threaten the safe operation of facilities. In countries which lack well developed legal systems or have yet adopted clear regulatory frameworks for petroleum industry, the Group's operations are exposed to increased risk of adverse or unpredictable actions by government officials and may face difficulty in enforcing contracts or delays in issuance of licences and permits. Please refer to Note 1 for further disclosure on management's assessment of political instability in Myanmar on the Group's operations and financial performance.

#### (iv) Currency Risk

The Group operates mainly in Myanmar, Indonesia and Singapore. Entities of the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") such as Singapore Dollar ("SGD") and Indonesian Rupiah ("IDR").

Currency risk arises when transactions are denominated in foreign currencies. The Group currently does not seek to hedge against these exposures as such transactions constitute a small portion of the Group's operations.

In addition, the Group is exposed to currency translation risk on the net assets of its foreign operations. The Group's currency risks are predominantly in SGD and IDR. The Group currently does not seek to hedge against these exposures. As at the reporting date, the Group does not have any forward foreign currency contracts.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 32. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market Risk (Continued)

#### (iv) Currency Risk (Continued)

The Company's currency exposure was as follows:

	USD US\$	SGD US\$	Others US\$	Total US\$
<b>2021</b>				
<b>Financial assets</b>				
Cash and bank balances	291,661	57,717	118,112	467,490
Trade and other receivables	12,008,946	6,531	192	12,015,669
Other financial assets	-	22,708	-	22,708
	<u>12,300,607</u>	<u>86,956</u>	<u>118,304</u>	<u>12,505,867</u>
<b>Financial liabilities</b>				
Lease liabilities	-	(131,082)	-	(131,082)
Borrowings	(1,000,000)	-	-	(1,000,000)
Other financial liabilities	(10,901,810)	(359,549)	-	(11,261,359)
	<u>(11,901,810)</u>	<u>(490,631)</u>	<u>-</u>	<u>(12,392,441)</u>
<b>Net financial assets/ (liabilities)</b>	<b>398,797</b>	<b>(403,675)</b>	<b>118,304</b>	<b>113,426</b>
Add: Net non-financial assets	<u>19,074,993</u>	<u>178,609</u>	<u>-</u>	<u>19,253,602</u>
<b>Currency profile including non-financial assets/ (liabilities)</b>	<b><u>19,473,790</u></b>	<b><u>(225,066)</u></b>	<b><u>118,304</u></b>	<b><u>19,367,028</u></b>
<b>Currency exposure of financial (liabilities)/assets, net of those denominated in the Company's functional currency</b>	<b><u>-</u></b>	<b><u>(403,675)</u></b>	<b><u>118,304</u></b>	<b><u>(285,371)</u></b>
<b>2020</b>				
<b>Financial assets</b>				
Cash and bank balances	1,356,906	61,256	3,934	1,422,096
Trade and other receivables	11,697,594	5,307	1	11,702,902
Other financial assets	-	28,232	-	28,232
	<u>13,054,500</u>	<u>94,795</u>	<u>3,935</u>	<u>13,153,230</u>
<b>Financial liabilities</b>				
Lease liabilities	-	(79,395)	-	(79,395)
Borrowings	(1,000,000)	-	-	(1,000,000)
Other financial liabilities	(10,948,603)	(361,474)	-	(11,310,077)
	<u>(11,948,603)</u>	<u>(440,869)</u>	<u>-</u>	<u>(12,389,472)</u>
<b>Net financial assets/ (liabilities)</b>	<b>1,105,897</b>	<b>(346,074)</b>	<b>3,935</b>	<b>763,758</b>
Add: Net non-financial assets	<u>19,076,700</u>	<u>52,454</u>	<u>-</u>	<u>19,129,154</u>
<b>Currency profile including non-financial assets/ (liabilities)</b>	<b><u>20,182,597</u></b>	<b><u>(293,620)</u></b>	<b><u>3,935</u></b>	<b><u>19,892,912</u></b>
<b>Currency exposure of financial (liabilities)/assets, net of those denominated in the Company's functional currency</b>	<b><u>-</u></b>	<b><u>(346,074)</u></b>	<b><u>3,935</u></b>	<b><u>(342,139)</u></b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 32. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market Risk (Continued)

#### (iv) Currency Risk (Continued)

The Group's currency exposure was as follows:

	USD US\$	SGD US\$	IDR US\$	Others US\$	Total US\$
<b>2021</b>					
<b>Financial assets</b>					
Cash and bank balances	5,227,579	86,216	162,511	12,001	5,488,307
Trade and other receivables	8,593,129	6,531	417,463	-	9,017,123
Other financial assets	8,535	22,708	-	-	31,243
	<u>13,829,243</u>	<u>115,455</u>	<u>579,974</u>	<u>12,001</u>	<u>14,536,673</u>
<b>Financial liabilities</b>					
Lease liabilities	(126,454)	(131,082)	-	-	(257,536)
Borrowings	(1,000,000)	-	-	-	(1,000,000)
Other financial liabilities	(5,865,853)	(418,938)	(387,028)	(70,775)	(6,742,594)
	<u>(6,992,307)</u>	<u>(550,020)</u>	<u>(387,028)</u>	<u>(70,775)</u>	<u>(8,000,130)</u>
<b>Net financial assets/(liabilities)</b>	<b>6,836,936</b>	<b>(434,565)</b>	<b>192,946</b>	<b>(58,774)</b>	<b>6,536,543</b>
Add: Net non-financial assets/ (liabilities)	<u>26,601,878</u>	<u>123,420</u>	<u>(4,912)</u>	<u>418</u>	<u>26,720,804</u>
<b>Currency profile including non-financial assets/ (liabilities)</b>	<b><u>33,438,814</u></b>	<b><u>(311,145)</u></b>	<b><u>188,034</u></b>	<b><u>(58,356)</u></b>	<b><u>33,257,347</u></b>
<b>Currency exposure of financial liabilities, net of those denominated in the respective entities' functional currencies</b>	<b>-</b>	<b><u>(434,565)</u></b>	<b><u>192,946</u></b>	<b><u>(58,774)</u></b>	<b><u>(300,393)</u></b>
<b>2020</b>					
<b>Financial assets</b>					
Cash and bank balances	4,038,095	89,756	47,202	43,146	4,218,199
Trade and other receivables	6,538,262	5,307	411,917	-	6,955,486
Other financial assets	8,400	28,232	-	-	36,632
	<u>10,584,757</u>	<u>123,295</u>	<u>459,119</u>	<u>43,146</u>	<u>11,210,317</u>
<b>Financial liabilities</b>					
Lease liabilities	(227,278)	(79,395)	-	-	(306,673)
Borrowings	(1,000,000)	-	-	-	(1,000,000)
Other financial liabilities	(4,153,724)	(402,974)	(424,145)	(17,169)	(4,998,012)
	<u>(5,381,002)</u>	<u>(482,369)</u>	<u>(424,145)</u>	<u>(17,169)</u>	<u>(6,304,685)</u>
<b>Net financial assets/(liabilities)</b>	<b>5,203,755</b>	<b>(359,074)</b>	<b>34,974</b>	<b>25,977</b>	<b>4,905,632</b>
Add: Net non-financial assets	<u>25,864,301</u>	<u>52,100</u>	<u>(6,438)</u>	<u>755</u>	<u>25,910,718</u>
<b>Currency profile including non-financial assets/ (liabilities)</b>	<b><u>31,068,056</u></b>	<b><u>(306,974)</u></b>	<b><u>28,536</u></b>	<b><u>26,732</u></b>	<b><u>30,816,350</u></b>
<b>Currency exposure of financial (liabilities)/assets, net of those denominated in the respective entities' functional currencies</b>	<b>-</b>	<b><u>(359,074)</u></b>	<b><u>34,974</u></b>	<b><u>25,977</u></b>	<b><u>(298,123)</u></b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 32. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market Risk (Continued)

#### (iv) Currency Risk (Continued)

As at 31 December 2021, if SGD had strengthened/weakened by 5% (2020: 5%) against USD with other variables including tax rate being held constant, the Company's and the Group's profit/(loss) after tax would have been higher/lower by approximately US\$11,000 and US\$15,000 (2020: higher/lower by approximately US\$14,000 and US\$15,000) respectively, as a result of currency translation gains/(losses) on SGD denominated financial instruments.

As at 31 December 2021, if IDR had strengthened/weakened by 5% (2020: 5%) against USD with other variables including tax rate being held constant, the Group's profit/(loss) after tax would have been higher/lower by approximately US\$9,000 (2020: higher/lower by approximately US\$1,000), as a result of currency translation gains/(losses) on IDR denominated financial instruments.

### (b) Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Company and of the Group are cash and cash equivalents (Note 15), trade receivables, loan to non-related parties and loan to associated companies (Note 13). For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Cash and cash equivalents that are neither past due nor impaired are mainly deposits with banks of high credit-ratings assigned by international credit-rating agencies.

As the Company and the Group do not hold collaterals, the maximum exposure to credit risk for each class of financial assets is the carrying amount of that financial assets presented on the statement of financial position.

The Group currently sells all the crude oil produced to MOGE, and therefore has a significant concentration of credit risk. The Group does not foresee its exposure to MOGE to be significant as payments have been regular and there are no balances which are long over-due. The trade receivables from MOGE represented 100% (2020: 100%) of the Group's total trade receivables respectively.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

Trade receivables are written-off when there is no reasonable expectation of recovery. The Group considers a trade receivable as default if the counterparty fails to make contractual payments within 120 days when they fall due, which are derived based on the Group's historical information. Where trade receivables have been written-off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

As at 31 December 2021, trade receivables were not past due and were not subject to any material credit losses.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 32. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit Risk (Continued)

As at 31 December 2021, the carrying amounts of the loan extended to subsidiary corporations, non-related parties and associated companies from the Company and the Group for the purpose of short-term funding requirements are US\$12,008,945, US\$4,784,907 and nil (2020: US\$11,656,742, US\$4,510,464 and US\$40,812) respectively. The Group assesses the credit risk rating of these receivables based on qualitative and quantitative (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections, and available press information, if available, and applying expected credit judgement). Based on the assessment, these receivables are considered to have low credit risk except for loans to certain subsidiary corporations which had been fully impaired in prior financial years as the subsidiary corporations ceased to have active operations and did not generate any revenue and results. During the financial year ended 31 December 2021, the Company recognised additional loss allowances of US\$2,082 and US\$5,702 (2020: US\$2,691 and US\$6,184) respectively on the advances made to Interra Resources (Australia) Pte. Ltd. and Goldwater TMT Pte. Ltd. In prior financial year ended 31 December 2020, the Company already recognised a loss allowance of US\$7,895,885 on the advances made to Goldwater Indonesia Inc. based on lifetime expected credit loss model (Note 13).

The movements in credit loss allowance were as follows:

	Company		Group	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
<b>Opening balance</b>	<b>18,040,823</b>	18,031,948	<b>624,130</b>	624,130
Loss allowances/(reversal)	<b>7,784</b>	8,875	<b>(95,735)</b>	–
<b>Closing balance</b>	<b>18,048,607</b>	18,040,823	<b>528,395</b>	624,130

### (c) Capital Risk

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In light of the present economic conditions in the industry and various stages of development of its assets, the Group will endeavour to manage its capital structure and make adjustment to it, in order to achieve its objectives.

In view of the Group's assets at different stages of development, the Group will be actively seeking to raise debt financing or issue new shares in order to generate maximum returns, and at the same time attain an optimal capital structure through close monitoring of its gearing ratio.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 32. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Capital Risk (Continued)

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings, lease liabilities plus trade and other payables less cash and bank balances. Total capital is calculated as total equity plus net debt.

	Company		Group	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Net debt	<b>11,924,951</b>	10,967,376	<b>2,511,823</b>	2,086,486
Total equity	<b>19,367,028</b>	19,892,912	<b>33,257,347</b>	30,816,350
Total capital	<b>31,291,979</b>	30,860,288	<b>35,769,170</b>	32,902,836
<b>Gearing ratio</b>	<b>38%</b>	36%	<b>7%</b>	6%

The Company and the Group have no externally imposed capital requirements for the financial years ended 31 December 2021 and 2020.

### (d) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and obtaining credit facilities when the needs arise. The Group's financing activities are managed centrally by maintaining an adequate level of cash and cash equivalents to finance the Group's operations. The Group's surplus funds are also managed centrally by placing them on short-term deposits with reputable financial institutions.

	Company		Group	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
<u>Less than one year</u>				
Trade and other payables	<b>11,261,359</b>	11,310,077	<b>5,323,277</b>	3,704,201
Lease liabilities	<b>92,537</b>	75,931	<b>185,266</b>	237,163
Borrowings	<b>1,000,000</b>	1,000,000	<b>1,000,000</b>	1,000,000
	<b>12,353,896</b>	12,386,008	<b>6,508,543</b>	4,941,364
<u>More than one year</u>				
Other payables	-	-	<b>1,419,317</b>	1,293,811
Lease liabilities	<b>46,413</b>	6,664	<b>81,667</b>	80,584
	<b>46,413</b>	6,664	<b>1,500,984</b>	1,374,395

### (e) Fair Value Measurements

The fair values of current financial assets and liabilities carried at amortised costs are assumed to approximate their carrying amounts.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 32. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (f) Financial Instruments by Category

The carrying amounts of the different categories of financial instruments were as follows:

	Company		Group	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Financial assets at amortised cost	<b>12,505,867</b>	13,153,230	<b>14,536,673</b>	11,210,317
Financial liabilities at amortised cost	<b>12,392,441</b>	12,389,472	<b>8,000,130</b>	6,304,685

## 33. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors ("BOD") that are used to make strategic decisions, allocate resources, and assess performance.

The Group operates primarily in two geographical areas, namely Indonesia and Myanmar. The Group has one reportable business segments, namely the exploration and operation of oil fields for crude petroleum production.

Other services within Singapore include investment holding and the provision of management services, but these are not included within the reportable operating segments, as they are not included in the segment reports provided to the BOD. The results of these operations are included under "All Other Segments".

There is no inter-segment revenue. The revenue from external customers reported to the BOD is measured in a manner consistent with that in the statement of comprehensive income. The BOD assesses the performance of the operating segments based on a measure of earnings before interest, income tax, depreciation and amortisation ("adjusted EBITDA"). This measurement basis excludes the effects of expenditure from the operating segments such as impairment and reversal of impairment that is not expected to recur regularly in every period and are separately analysed. Interest income and finance expenses are not allocated to the segments as this type of activity is managed centrally.

The segment information provided to the BOD for the reportable segments for the financial years ended 31 December 2021 and 2020 were as follows:

	Indonesia US\$	Myanmar US\$	All Other Segments US\$	Total US\$
<b>2021</b>				
<b>Revenue</b>				
Sales to external customers	-	<b>11,958,505</b>	-	<b>11,958,505</b>
<b>Adjusted EBITDA</b>	<b>(89,429)</b>	<b>5,902,321</b>	<b>(1,560,427)</b>	<b>4,252,465</b>
Amortisation and depreciation	-	<b>2,020,485</b>	<b>123,933</b>	<b>2,144,418</b>
<b>Total assets</b>	<b>18,805,350</b>	<b>25,396,535</b>	<b>721,081</b>	<b>44,922,966</b>
<b>Total assets include:</b>				
Capital expenditures (tangible and intangible assets)	<b>42,210</b>	<b>2,275,639</b>	<b>72,282</b>	<b>2,390,131</b>
<b>Total liabilities</b>	<b>(1,321,352)</b>	<b>(5,181,530)</b>	<b>(1,497,248)</b>	<b>(8,000,130)</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 33. SEGMENT INFORMATION (CONTINUED)

<b>2020</b>	<b>Indonesia US\$</b>	<b>Myanmar US\$</b>	<b>All Other Segments US\$</b>	<b>Total US\$</b>
<b>Revenue</b>				
Sales to external customers	–	10,796,345	–	10,796,345
<b>Adjusted EBITDA</b>	(161,252)	3,616,040	(1,736,947)	1,717,841
Amortisation and depreciation	–	2,618,605	141,223	2,759,828
<b>Total assets</b>	18,498,420	21,115,788	1,591,178	41,205,386
<b>Total assets include:</b>				
Capital expenditures (tangible and intangible assets)	236,772	2,115,353	–	2,352,125
<b>Total liabilities</b>	(1,357,011)	(3,500,224)	(1,447,450)	(6,304,685)

### (a) Reconciliations

#### (i) Segment Profits

A reconciliation of adjusted EBITDA to profit/(loss) before income tax was as follows:

	<b>Group</b>	
	<b>2021 US\$</b>	<b>2020 US\$</b>
Adjusted EBITDA for reportable segments	<b>5,812,892</b>	3,454,788
Adjusted EBITDA for other segments	<b>(1,560,427)</b>	(1,736,947)
Total adjusted EBITDA	<b>4,252,465</b>	1,717,841
Amortisation and depreciation	<b>(2,144,418)</b>	(2,759,828)
Finance expenses	<b>(116,055)</b>	(126,410)
Amortised cost adjustment for interest-free non-current payables	<b>64,948</b>	64,948
Fair value gain on FVPL	<b>444,827</b>	–
Interest income	<b>239,879</b>	288,144
Net gain on disposal of FVPL	<b>48,938</b>	–
<b>Profit/(Loss) before income tax</b>	<b>2,790,584</b>	(815,305)

#### (ii) Segment Assets

The amounts provided to the BOD with respect to the total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment. All assets are allocated to the reportable segments short-term bank deposits, financial assets at FVPL and other investments at amortised cost.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 33. SEGMENT INFORMATION (CONTINUED)

### (a) Reconciliations (Continued)

#### (ii) Segment Assets (Continued)

Segment assets were reconciled to total assets as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$</b>	<b>US\$</b>
Segment assets for reportable segments	<b>44,201,885</b>	39,614,208
Other segment assets	<b>721,081</b>	1,591,178
Total segment assets	<b>44,922,966</b>	41,205,386

#### (iii) Segment Liabilities

The amounts provided to the BOD with respect to the total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than current income tax liabilities and borrowings (excluding lease liabilities).

Segment liabilities were reconciled to total liabilities as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$</b>	<b>US\$</b>
Segment liabilities for reportable segments	<b>6,502,882</b>	4,857,235
Other segment liabilities	<b>1,497,248</b>	1,447,450
Total segment liabilities	<b>8,000,130</b>	6,304,685
Unallocated:		
Current income tax liabilities	<b>3,665,489</b>	4,084,351
Total liabilities	<b>11,665,619</b>	10,389,036

### (b) Revenue from Major Customers

The Group derived its revenues from the sale of crude petroleum to one major external customer for the financial year ended 31 December 2021 amounting to US\$11,958,505 (2020: US\$10,796,345). These revenues were attributable to oil and gas segment.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 33. SEGMENT INFORMATION (CONTINUED)

### (c) Geographical Information

Revenue and non-current assets of the Group based on the location of customers and assets respectively were as follows:

	Revenue		Non-Current Assets	
	2021 US\$	2020 US\$	2021 US\$	2020 US\$
Indonesia	-	-	<b>13,776,795</b>	13,734,585
Myanmar	<b>11,958,505</b>	10,796,345	<b>12,919,107</b>	12,672,573
Other countries	-	-	<b>194,414</b>	73,007
	<b>11,958,505</b>	<b>10,796,345</b>	<b>26,890,316</b>	<b>26,480,165</b>

Non-current assets consist of property, plant and equipment, right-of-use assets, producing oil and gas properties, exploration and evaluation assets and intangible assets.

## 34. RELATED PARTIES AND SIGNIFICANT RELATED PARTIES TRANSACTIONS

Related parties comprise mainly companies that are controlled or significantly influenced by the Group's key management personnel and their close family members.

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions took place between the Group and the related parties as per the terms agreed between the parties.

### (a) Purchases of Drilling Equipment and Services Received from Related Parties

	Group	
	2021 US\$	2020 US\$
Purchases of drilling equipment	<b>43,070</b>	36,361
Geological and geophysics study services	<b>150,000</b>	270,000
	<b>193,070</b>	<b>306,361</b>

North Petroleum International Company Limited is also the common shareholders of China North Vehicle Corporation Ltd. and Chengdu North Petroleum Exploration and Development Technology Co., Ltd. During the financial year ended 31 December 2021, the Group purchased drilling equipment and received geological and geophysics study services at terms agreed between both parties. The outstanding balances due to related parties as at 31 December 2021 was US\$150,000 (2020: US\$378,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 34. RELATED PARTIES AND SIGNIFICANT RELATED PARTIES TRANSACTIONS (CONTINUED)

### (b) Key Management's Remuneration

The key management's remuneration included fees, salary, bonus, commission and other emoluments (including benefits-in-kind) computed based on the costs incurred by the Group, and where the Group did not incur any costs, the fair value of the benefits. The key management's remuneration was as follows:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$</b>	<b>US\$</b>
Directors' fees	<b>81,416</b>	164,991
Wages and salaries	<b>801,368</b>	765,525
Other benefits	<b>48,264</b>	135,452
Employer's contribution to defined contribution plan	<b>11,805</b>	12,537
<b>Total costs incurred by the Group</b>	<b>942,853</b>	1,078,505
Costs are incurred for the following categories of key management:		
– Directors of the Company (Note 27)	<b>385,524</b>	446,802
– Other key management personnel	<b>557,329</b>	631,703
<b>Total costs incurred by the Group</b>	<b>942,853</b>	1,078,505

## 35. SUBSEQUENT EVENTS

Subsequent to financial year ended 31 December 2021, the Group received approved letter from Satuan Kerja Khusus Pelaksana Kegiatan Usaha Hulu Minyak Dan Gas Bumi ("SKKMIGAS") that extended the exploration period of KP PSC with PT Mentari Pambuang Internasional ("MPI") to 25 January 2023. The Group has a 67.5% working interest in KP PSC through MPI.

## 36. NEW OR REVISED SFRS(I) AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2022 and which the Group has not early adopted.

### (i) Amendments to SFRS(I) 1-1 *Presentation of Financial Statements: Classification of liabilities as Current or Non-Current* (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 *Presentation of Financial Statements* clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the "settlement" of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 36. NEW OR REVISED SFRS(I) AND INTERPRETATIONS (CONTINUED)

### (ii) **Amendments to SFRS(I) 1-16 *Property, Plant and Equipment: Proceeds before Intended Use* (effective for annual periods beginning on or after 1 January 2022)**

The amendment to SFRS(I) 1-16 *Property, Plant and Equipment ("PPE")* prohibits an entity from deducting from the cost an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is "testing whether the asset is functioning properly" when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

### (iii) **Amendments to SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract* (effective for annual periods beginning on or after 1 January 2022)**

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

The Group does not expect any significant impact arising from applying these amendments.

## 37. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 25 March 2022.

# APPENDIX



25 March 2022

Mr Marcel Tjia  
Chief Executive Officer  
Interra Resources Limited  
1 Grange Road, #05-04 Orchard Building, Singapore 239693

Dear Mr Tjia,

## Summary of the Reserves, Contingent Resources and Prospective Resources Extracted from the Qualified Person's Reports for Interra Resources Limited Assets in Myanmar and Indonesia

In response to your request, ERC Equipoise Pte Ltd ("ERCE") has carried out an evaluation of the hydrocarbon Reserves and Resources owned by Interra Resources Limited ("Interra") in Myanmar and Indonesia, with Reserves calculated as at 1<sup>st</sup> January 2022.

We have prepared the Reserves estimates in line with the requirements of the Singapore Exchange ("SGX") and the June 2018 SPE/WPC/AAPG/SPEE Petroleum Resources Management System ("PRMS") as the standard for classification and reporting of Proved, Probable and Possible Reserves together with Contingent Resources and Prospective Resources.

The evaluation and its results have been reported in full in separate ERCE Qualified Person's Reports ("QPRs"), one for each asset, dated March 2022. The following summary information has been extracted from the QPRs. ERCE confirmed that the information below has been fully and accurately extracted from the QPRs. Further details can be found in the QPRs, which are available for inspection by Interra's shareholders at Interra's office in Singapore.

The assets for which ERCE conducted the Reserves, Contingent Resources and Prospective Resources evaluations are listed in **Table 1**.

**Table 1: Summary of Interra's Assets**

Country	Block / Licence	Field	Operator	Interra Working Interest (%)	Licence		Current Area (km <sup>2</sup> )	Outstanding Commitments
					Start of Current Phase	End of Current Phase		
Myanmar	Chauk IPRC	Chauk	GJOC	60.00	04/04/2017	03/04/2028	955.0	None
Myanmar	Yenangyaung IPRC	Yenangyaung	GJOC	60.00	04/04/2017	03/04/2028	845.0	None
Indonesia	Kuala Pambuang PSC	(Exploration)	Interra	67.50	19/12/2011	25/01/2023	1,630.7	1 Expl Wells & 200 km Seismic

# APPENDIX

## ERCE

ERCE reviewed the reservoir and production engineering data provided by Interra of the respective blocks and generated independent production forecasts. ERCE also independently reviewed the CAPEX and OPEX presented by Interra and in accordance with reporting requirements, conducted Economic Limit Tests (“ELTs”) on the volumes. The Reserves volumes calculated are based on ERCE’s 2022 Q1 Price Deck and the cost and fiscal assumptions are detailed in the respective QPRs. ERCE’s estimates of the oil Reserves, as at 1<sup>st</sup> January 2022 are summarised for each asset in **Table 2**.

**Table 2: Summary of Oil Reserves for Interra’s Assets in Myanmar**

Country	Licence	Sub-Classification		Oil Reserves (Mstb)		
				1P	2P	3P
Myanmar	CHK IPRC	On Production	Gross (100%)	2,142	2,535	2,988
			Company Working Interest (60%)	1,285	1,521	1,793
			Company Net Entitlement	518	618	731
Myanmar	YNG IPRC	On Production	Gross (100%)	723	2,537	3,053
			Company Working Interest (60%)	434	1,522	1,832
			Company Net Entitlement	92	404	606

**Notes:**

1. Gross Reserves represent 100% of the estimated commercially recoverable oil within the IPRC period. Gross Reserves include volumes attributable to third parties and government, including the agreed contract baseline production, and thus contain volumes which are not attributable to Interra.
2. Company Working Interest Reserves are based on the working interest share of the field Gross Reserves and are used under the terms of the IPRC to ascertain Company Net Entitlement Reserves.
3. Company Net Entitlement Reserves are based on Company share of total Cost and Profit Revenues after the terms of the IPRC have been applied.
4. Infill wells and workovers conducted by GJOC are not considered in the YNG 1P Reserves case as they are uneconomic. The resulting incremental production and costs are removed from the evaluation.

In the case of the two Myanmar Improved Petroleum Recovery Contracts (“IPRCs”), volumes which are still economically recoverable beyond the expiry of the current contracts are classified as Contingent Resources. The two Myanmar contracts are due to expire in April 2028. Under the current IPRC terms, if in the opinion of the Myanmar Oil and Gas Enterprise (“MOGE”) and GoldPetrol Joint Operating Company (“GJOC”) that (1) in the course of a waterflood pilot test or (2) after results of the new pool appraisal, commercial production can occur, then the GJOC may propose that the IPRC is extended for such further period and such terms to make commercial production economically feasible. Contingent Resources are reported for these contracts assuming extensions are granted with no reduction in equity and are sub-classified as Development on Hold. ERCE’s estimates of the oil Contingent Resources in the Myanmar assets as at 1<sup>st</sup> January 2021 are presented in **Table 3**.

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**Table 3: Summary of Oil Contingent Resources for Interra's Assets in Myanmar**

Country	Licence	Sub-Classification	Risk Factor		Oil Contingent Resources (Mstb)		
					1C	2C	3C
Myanmar	Chauk IPRC	Development on Hold (IPRC Extension)	80%	Gross (100%)	684	1,909	2,849
				Company Working Interest (60%)	411	1,146	1,709
Myanmar	YNG IPRC	Development on Hold (IPRC Extension)	80%	Gross (100%)	0	1,050	3,673
				Company Working Interest (60%)	0	630	2,204

**Notes:**

1. Gross Contingent Resources represent 100% of the estimated technically recoverable oil.
2. Company Working Interest Contingent Resources are based on the working interest share of the field Gross Contingent Resources.
3. Company Net Entitlement Contingent Resources require a full economic evaluation which has not been done as part of this QPR and hence are not presented.
4. Volumes presented are "unrisked" in the sense that no adjustment has been made for the risk that the project may not be developed in the form envisaged or may not go ahead at all (i.e. no "Chance of Development" factor has been applied).
5. The "Risk Factor" shown in the table is equivalent to the Chance of Development (COD) factor associated with the Contingent Resources. This is the chance that the Contingent Resources will become commercially recoverable. Quantifying the COD requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing. As many of these factors are out-with the knowledge of ERCE they must be used with caution.
6. Contingent Resources should not be aggregated with Reserves because of the different levels of risk involved and the different basis on which volumes are determined.

In December 2019, Interra drilled Well KP-1 to a total depth of 3,771 ft measured depth in the Kuala Pambuang PSC. The well targeted a four-way dip closure on the PR-1 prospect and is interpreted to have encountered net pay in carbonate reservoir intervals within the Berai Formation. Skim oil was recovered to surface during openhole swabbing over the interval of 2,043 – 3,771 ft measured depth. The well was cased and temporarily suspended awaiting a well test. During the well test the reservoir interval is expected to be stimulated by fracturing and/or acid.

ERCE's evaluation of the resources within the Kuala Pambuang PSC has not been updated for Well KP-1 results. Any update is pending the results of the well test and other analyses carried out by Interra. A summary of the Unrisked Prospective Resources of oil for each individual prospect is shown in **Table 4**. A summary of the total Unrisked Prospective Resources of oil in the Kuala Pambuang PSC is presented in **Table 5**. Prospective Resources are reported at the 1U, 2U and 3U levels of confidence (as per PRMS 2018) which correspond with P90, P50 and P10 values respectively.

# APPENDIX



**Table 4: Summary of Unrisked Prospective Resources for Individual Prospects for Interra’s Kuala Pambuang PSC, Indonesia**

Block / Licence	Prospect		Oil Prospective Resources (MMstb)			Sub-Classification	Risk Factor
			1U	2U	3U		
Kuala Pambuang PSC	PR1	Gross Volumes (100.0% field)	14	81	430	Prospect	29%
		Company Working Interest (67.5%)	10	55	291		
Kuala Pambuang PSC	PR2	Gross Volumes (100.0% field)	19	70	247	Prospect	9%
		Company Working Interest (67.5%)	13	48	167		
Kuala Pambuang PSC	PR3	Gross Volumes (100.0% field)	18	81	346	Prospect	7%
		Company Working Interest (67.5%)	12	54	234		
Kuala Pambuang PSC	W1	Gross Volumes (100.0% field)	11	49	194	Prospect	9%
		Company Working Interest (67.5%)	7	33	131		
Kuala Pambuang PSC	W2	Gross Volumes (100.0% field)	2	8	22	Prospect	9%
		Company Working Interest (67.5%)	2	5	15		
Kuala Pambuang PSC	W3	Gross Volumes (100.0% field)	2	8	22	Prospect	9%
		Company Working Interest (67.5%)	1	5	15		
Kuala Pambuang PSC	W4	Gross Volumes (100.0% field)	2	8	27	Prospect	9%
		Company Working Interest (67.5%)	1	5	18		

**Notes:**

- 1) Gross Prospective Resources represent a 100% total of estimated technically recoverable oil. Gross volumes include volumes attributable to third parties and government and thus contain volumes which are not attributable to Interra.
- 2) Company Working Interest Prospective Resources represent the fraction of Gross Prospective Resources allocated to Interra, based on their working interest in the Contractor group.
- 3) Volumes reported here are “unrisked” in the sense that no adjustment has been made for the risk that the accumulation(s) may not be discovered (i.e. no Chance of Geological Success factor has been applied).
- 4) The “Risk Factor” shown in the far-right column of the table is equivalent to the Geological Chance of Success factor associated with the Prospective Resources. This is the chance that exploration activities will confirm the existence of a significant accumulation of potentially recoverable petroleum.

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**Table 5: Summary of Unrisked Prospective Resources for Interra's Kuala Pambuang PSC, Indonesia**

Country	Block / Licence		Oil Prospective Resources (MMstb)			Sub-Classification	Risk Factor
			1U	2U	3U		
Indonesia	Kuala Pambuang PSC	Gross Volumes (100.0% field)	68	305	1,288	Prospect	15%
		Company Working Interest (67.5%)	46	206	871		

**Notes:**

- 1) Prospective Resources reported here are the arithmetic sum of the individual prospects (i.e. 1U + 1U + 1U... etc.). Totals summed from Table 4 may be different due to rounding.
- 2) Gross Prospective Resources represent a 100% total of estimated technically recoverable oil. Gross volumes include volumes attributable to third parties and government and thus contain volumes which are not attributable to Interra.
- 3) Company Working Interest Prospective Resources represent the fraction of Gross Prospective Resources allocated to Interra, based on their working interest in the Contractor group.
- 4) Volumes reported here are "unrisked" in the sense that no adjustment has been made for the risk that the accumulation(s) may not be discovered (i.e. no Chance of Geological Success factor has been applied).
- 5) The "Risk Factor" shown in the far-right column of the table is equivalent to the Geological Chance of Success factor associated with the Prospective Resources. This is the chance that exploration activities will confirm the existence of a significant accumulation of potentially recoverable petroleum.
- 6) The Risk Factor for the arithmetically summed Prospective Resources has been calculated based on the summed mean unrisked and risked Prospective Resources.

**Basis of Opinion**

This document reflects ERCE's informed professional judgement based on accepted standards of professional investigation and, as applicable, the data and information provided by Interra, the scope of engagement, and the time permitted to conduct the evaluation.

ERCE has used standard petroleum evaluation techniques in the generation of this report. These techniques combine geophysical and geological knowledge with assessments of porosity and permeability distributions, fluid characteristics, production performance and reservoir pressure. There is uncertainty in the measurement and interpretation of basic data. ERCE has estimated the degree of this uncertainty and determined the range of petroleum initially in place and recoverable hydrocarbon volumes. In applying these procedures and tests, nothing came to the attention of ERCE that would suggest that information provided by Interra was not complete and accurate. ERCE reserves the right to review all calculations referred to or included in this report and to revise the estimates in light of erroneous data supplied or information existing but not made available which becomes known subsequent to the preparation of this QPR.

ERCE has carried out this work in accordance with the June 2018 SPE/WPC/AAPG/SPEE/SEG/SPWLA/EAGE Petroleum Resources Management System (PRMS) as the standard for classification and reporting. A summary of the PRMS is found in Appendix 2 of the report. The full text can be downloaded from:-



# APPENDIX

## ERCE

[https://secure.spee.org/sites/spee.org/files/prmgmtsystem\\_final\\_2018.pdf](https://secure.spee.org/sites/spee.org/files/prmgmtsystem_final_2018.pdf).

The accuracy of any Reserves, Contingent Resources, Prospective Resources and production estimates is a function of the quality and quantity of available data and of engineering interpretation and judgment. While Reserves, Contingent Resources, Prospective Resources and production estimates presented herein are considered reasonable, the estimates should be accepted with the understanding that reservoir performance subsequent to the date of the estimate may justify revision, either upward or downward.

Oil volumes are reported in thousands (Mstb) and millions (MMstb) of barrels at stock tank conditions. Stock tank conditions are defined as 14.7 psia and 60°F.

ERCE has relied upon data and information made available by Interra. These data comprise details of Interra's licence interests, seismic data, basic exploration and engineering data (including well logs, core, PVT and test data), technical reports, interpreted data, production and injection data and the field development plans. ERCE has reviewed data made available through to 31 December 2019. No site visit was undertaken in the generation of this report.

No site visit was undertaken in the preparation of the QPRs.

### Definition of Reserves and Resources

The PRMS presents the following definitions of Reserves and Resources.

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by development and production status.

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by their economic status.

Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.

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**ERCE**

## Professional Qualifications

ERCE is an independent consultancy specialising in geoscience evaluation, engineering and economic assessment. ERCE will receive a fee for the preparation of this report in accordance with normal professional consulting practices. This fee is not dependent on the findings of this QPR and ERCE will receive no other benefit for the preparation of this QPR.

Neither ERCE nor the Qualified Person who is responsible for authoring this QPR, nor any Directors of ERCE have at the date of this report, nor have had within the previous two years, any shareholding in Interra. Consequently, ERCE, the Qualified Person and the Directors of ERCE consider themselves to be independent of the Company, its directors and senior management.

ERCE has the relevant and appropriate qualifications, experience and technical knowledge to appraise professionally and independently the assets.

Yours faithfully,



Stewart Easton

Director

ERC Equipoise Pte Ltd

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Edwin Soeryadjaya**  
Chairman (Non-Executive)

**Marcel Han Liong Tjia**  
Executive Director &  
Chief Executive Officer

**Ng Soon Kai**  
Non-Executive Director

**Zhang Jing**  
Non-Executive Director

**Low Siew Sie Bob**  
Lead Independent Director  
(Non-Executive)

**Allan Charles Buckler**  
Independent Director  
(Non-Executive)

**Lany Djuwita Wong**  
Alternate Director to  
Edwin Soeryadjaya

## COMPANY SECRETARY

**Adrian Chan Pengee**

## AUDIT COMMITTEE

**Low Siew Sie Bob**  
Chairman  
(Lead Independent Director)

**Allan Charles Buckler**  
(Independent Director)

**Ng Soon Kai**  
(Non-Executive Director)

## NOMINATING COMMITTEE

**Allan Charles Buckler**  
Chairman (Independent Director)

**Low Siew Sie Bob**  
(Lead Independent Director)

**Ng Soon Kai**  
(Non-Executive Director)

## REMUNERATION COMMITTEE

**Allan Charles Buckler**  
Chairman (Independent Director)

**Low Siew Sie Bob**  
(Lead Independent Director)

**Ng Soon Kai**  
(Non-Executive Director)

## INDEPENDENT AUDITOR

Nexia TS Public Accounting Corporation  
80 Robinson Road #25-00  
Singapore 068898  
Director-in-charge: Lee Look Ling  
(Appointment effective from FY2021)

## REGISTERED OFFICE

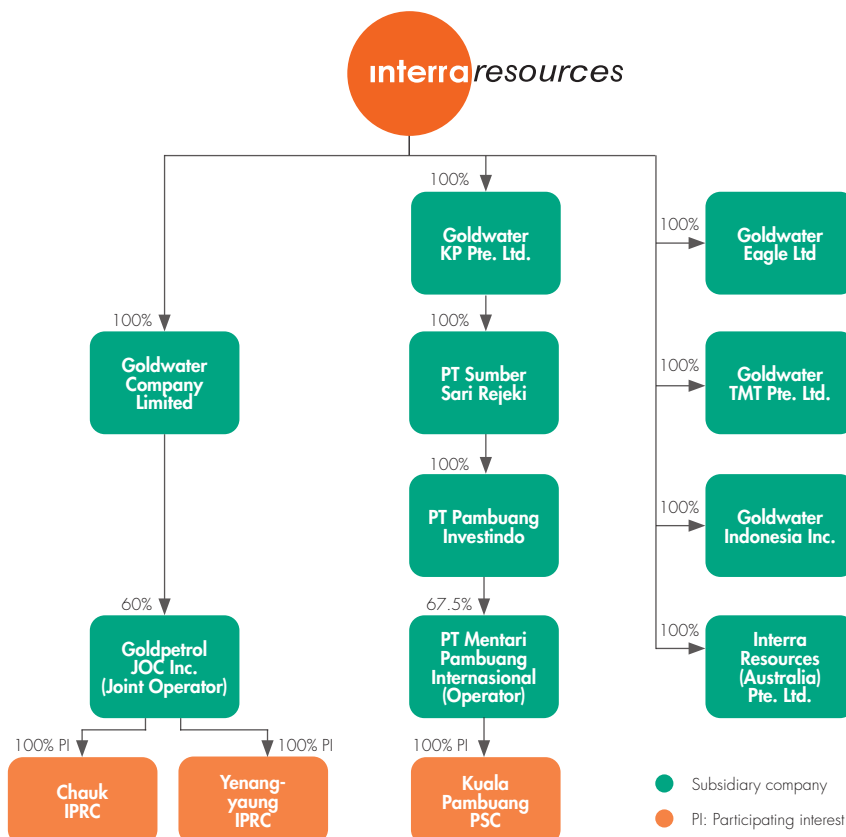
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Tel: +65 6732 1711  
Fax: +65 6738 1170  
Website: [www.interraresources.com](http://www.interraresources.com)

## STOCK EXCHANGE LISTING

Singapore Exchange (SGX) – Mainboard  
Trading Code: 5GI

## SHARE REGISTRAR

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112 Robinson Road #05-01  
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Fax: +65 6225 1452



● Subsidiary company

● PI: Participating interest

## **INTERRA RESOURCES LIMITED**

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