REX INTERNATIONAL HOLDING LIMITED

WE SEE OIL

ANNUAL REPORT 2014

REX
change the game

FRONT COVER

Rex Virtual Drilling is a direct hydrocarbon indicator. The proprietary technology analyses seismic data collected by shooting acoustic energy into the ground and listening to the responding sounds – sound waves.

SPONSOR STATEMENT

Rex International Holding Limited (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 31 July 2013. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor").

This Annual Report has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this Annual Report. The Sponsor has also not drawn on any specific technical expertise in its review of this Annual Report.

This Annual Report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Annual Report including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Annual Report.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

CONTENTS

GROUP **STRUCTURE**

REX INTERNATIONAL HOLDING LIMITED

TECHNOLOGY SERVICES

- **REX TECHNOLOGY MANAGEMENT LTD** – 100%
- **REXONIC AG** – 66.7%

EXPLORATION & PRODUCTION

NORWAY
- **LIME PETROLEUM NORWAY AS** – 65%
  15 offshore concessions*
- **NORTH ENERGY ASA** – 5.35%

OMAN
- **MASIRAH OIL LTD** – 41.6%
  1 offshore concession

TRINIDAD & TOBAGO
- **CARIBBEAN REX LTD** – 98.4%
  2 onshore concessions

UAE
- **LIME PETROLEUM PLC** – 65%
  1 onshore concession
  2 offshore concessions

ASIA-PACIFIC
- **HIREX PETROLEUM SDN BHD** – 41%

US
- **FRAM EXPLORATION ASA** – 30.3%
  2 onshore lease areas

* Interest in PL338C and the PL591 licences are pending authorities' approval.
All percentages represent effective equity interest held by the Group.

CORPORATE **PROFILE**

The Company has an international portfolio of concessions, selected using its game-changing and proprietary suite of Rex Technologies.

Listed on 31 July 2013, Rex International Holding is one of the largest companies on Singapore Exchange Securities Trading Limited's Catalist Board.

The oil exploration and production ("**E&P**") company owns a set of proprietary and innovative exploration technologies, Rex Technologies, developed by the Company's founders. These include the game-changing Rex Virtual Drilling technology, the world's first direct hydrocarbon indicator using seismic data, which literally enables the Group to 'see oil in the ground' by pinpointing the location of oil reservoirs in the sub-surface. Through the exploration accuracy of Rex Technologies, the oil discovery success rate is substantially higher than traditional methods.

Wholly-owned subsidiary Rex Technology Management Ltd provides Rex Virtual Drilling screening services to partners and clients for a fee, while Rex International Holding has been using the Rex Technologies to farm-in to assets at attractive terms and de-risk its portfolio of exploration and development assets.

The Company also owns the unique Rexonics ultrasound technology from Switzerland that is used for well-bore cleaning which allows for significantly increased oil production in wells that have issues with clogging and deposits. Both Rex International Holding and the joint venture for Rexonics stand to reap from cross-selling business opportunities.

Rex International Holding holds rights to explore oil and gas in the Middle East, Norway, the US and Trinidad & Tobago. It has stakes in more than 20 concessions covering an aggregate area of about 26,000 square kilometres in regions known for previous oil and gas discoveries. Located in politically stable countries with well-developed oil and gas infrastructure, Rex International Holding's portfolio of assets is geographically diversified and consists of both onshore and offshore concessions.

VALUES

INNOVATION
Game-changing, environmentally-friendly technologies that will transform oil E&P practices.

INTEGRITY
Trustworthy in both words and actions, in all business dealings.

ENTREPRENEURSHIP
Our forward-looking, agile and entrepreneurial team aims to create value for all stakeholders.

VISION

To be the leading E&P technology company in the world.

TECHNOLOGY DRIVEN, **FOCUSED AND DISCIPLINED**

DEAR SHAREHOLDERS,

It was a very eventful year for Rex International Holding Limited ("**Rex International Holding**") in 2014, marked by two noteworthy developments. The first was the Company's first oil discovery in Oman in early 2014, since its debut on the Singapore Exchange's Catalist board on 31 July 2013. The second, the Company's acquisition of Rex Technology Management Ltd ("**RTM**"), which owns the suite of Rex Technologies, the raison d'être of Rex International Holding.

The offshore discovery in Oman was significant as a validation of our proprietary Rex Virtual Drilling ("**RVD**") technology within our own portfolio, while the acquisition of RTM laid to rest investors' concerns and allowed us to have our key differentiator – the Rex Technologies comprising Rex Gravity, Rex Seepage and RVD – housed in the listed entity. The acquisition brings to the Group an added recurring revenue stream as a technology services provider, on top of our current portfolio of exploration and production ("**E&P**") assets, de-risked using RVD.

For the financial year ended 31 December 2014 ("**FY2014**"), the Group recorded a total comprehensive loss of US$62.32 million, compared to a total comprehensive loss of US$8.55 million in the financial year ended 31 December 2013 ("**FY2013**"). This loss was largely due to an impairment loss of US$39.72 million for Fram Exploration ASA ("**FRAM**"), as well as increased share of losses in jointly controlled entities and foreign exchange losses. All these losses were non-cash transactions.

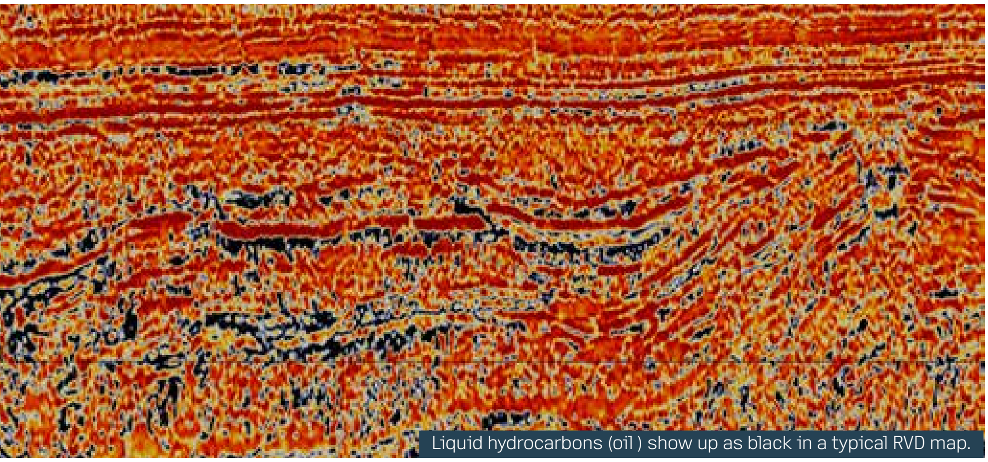
The Company raised gross proceeds of S$95.76 million in a private placement of 168 million new ordinary shares in 2014, which attracted strong interest from prominent institutional and accredited investors. Against the backdrop of ongoing pressure on global oil prices, the Company is in a strong position of being debt free, well capitalised and well-placed to weather the current downturn. Its drilling plans for 2015 are also fully funded.

TRANSFORMATIONAL TECHNOLOGY

With the ongoing volatility in oil prices, transformational technology such as RVD is expected to drive the E&P revolution. Most oil companies are cutting back on spending and higher hit rates with any new exploration drilling tool will help industry players save overall costs.

Rex International Holding is a first mover in using the RVD technology to look for oil,

Operationally, Rex International Holding was focused and active in its core markets of Oman, Norway and Trinidad & Tobago during the year.



Liquid hydrocarbons (oil) show up as black in a typical RVD map.

vis-à-vis using conventional geological and geophysical studies to look for structures, from the analysis of sound waves captured in seismic data. Since the inception of RVD in 2009, the technology has been refined to enable faster processing time and greater scalability. RVD was used to screen about 200 opportunities in 2014. Some very positive and encouraging test results from RVD had led to our taking up stakes in new concessions in 2014. RTM, which has existing contracts with an annual value of about US$10 million, will seek to grow its portfolio of third party clients for its RVD screening services.

RTM is also developing a second generation version of RVD with improved depth resolution in the analysis of seismic data, allowing for improved correlation with conventional geological studies in terms of identifying seals. Rex International Holding has started using this newly enhanced version of RVD on previously identified prospects to further validate initial findings before final drill location decisions are made.

FOCUS ON CORE AREAS OF EXPLORATION

Operationally, Rex International Holding was focused and active in its core markets of Oman, Norway and Trinidad & Tobago during the year.

In Oman, an oil discovery was made in the second exploration well that was drilled in the Block 50 Oman concession in early 2014. During a 48-hour test, hydrocarbons were flowed to the surface and the well achieved light oil flow rate of up to 3,000 stock tank barrels per day (stb/d) with no water production, at high and stable rates. The discovery is the first offshore discovery east of Oman, following more than 30 years of exploration activities in the area. Approval was also received for entry into the second phase of the Minimum Work Obligation starting from 23 March 2014 for the concession.

The Company decided not to farm-down its equity in Block 50 Oman, which will be about 31.2 per cent following the declaration of commerciality, given the favourable valuation outlook of the 17,000 square kilometre (sq km) concession. Extended well testing and early production, necessary steps for declaration of commerciality, are targeted for end 2015. A seismic survey was conducted in end 2014, to high-grade prospects for a multi-well exploration campaign with RVD starting in 2015.

In Norway, Lime Petroleum Norway AS (“**Lime Norway**”) was awarded five new offshore licences in the 2013 Awards in Predefined Areas (APA) announced on 21 January 2014. Lime Norway subsequently acquired stakes in three new licences from North Energy ASA ("**North Energy**") over the year. However, three licences were dropped, following assessment of reprocessed seismic data using conventional geological methods, RVD and electro-magnetics, bringing the total number of licences in Norway to 13 as at 31 December 2014. The Company subscribed to North Energy's private placement in February 2014, consistent with its objective of building up its portfolio of assets for oil exploration, resulting in a 5.35 per cent stake in the company.

The Group continued its focus on Norway into 2015, increasing its stake in three PL591 licences from five to 25 per cent and acquiring a 30 per cent stake in PL338C. The aforementioned acquisitions of an increased stake in the respective licences are pending regulatory approval.

In Trinidad, the Group completed the drilling of three wells in the South Erin Block. Oil-bearing sands were encountered in all wells, two of which are deemed to be commercial with substantial net pay sands. The Company will consider putting these two wells on production as soon as testing has been completed and approvals have been granted. Drilling of two wells in the Cory Moruga Block will be reported once concluded before the end of the third quarter in 2015. In FY2014, the Group increased its interest in the South Erin Block to 100 per cent and divested its entire interest in the entity that held the Incremental Production Service Contract (IPSC) in Inniss-Trinity. In February 2015, the Group increased its indirect working interest in the Cory Moruga Block from 20 per cent to 83.8 per cent.

STREAMLINING OF INVESTMENTS

As part of the restructuring of our shareholding arrangements in the US, our subsidiary divested its entire 49 per cent

Our focus for 2015 would be to prove up oil and validate RVD at the lowest possible risk and at the lowest possible cost.

interest in Loyz Rex Drilling Services LLC for a consideration of US$4.5 million, by way of US$1 million in cash and US$3.5 million in newly issued ordinary shares in the capital of Loyz Energy Ltd. In January 2015, we participated in a fund-raising round for FRAM to help resolve the company's financial issues. The investment was made after careful consideration of the potential of FRAM's assets. Nonetheless, the Group decided to take an impairment on the book value of its equity stake in FRAM, in view of the lower implied valuation of FRAM in the latest fund-raising round, the effect of the current downward trend of oil prices on the pay-back of the concessions and the increased difficulty in getting further investments in the short term, when a full drilling programme is being developed.

Our 41 per cent-owned joint venture HiRex Petroleum Sdn Bhd. ("**HIREX**"), through its wholly-owned subsidiary, exercised an option to acquire a 20 per cent interest in VIC/P57, Australia, from 3D Oil Limited on 17 November 2014, in exchange for use of the RVD technology to determine the best hydrocarbon prospects in the concession. While Rex International Holding has decided to opt out from participating in this concession, we are gratified that RVD was a key contributing factor to HIREX's foray into Australia.

At Rexonic, two oil veterans, Mr William Wright and Professor Herbert Hofstätter, were appointed to the board. The company also secured its first and ground-breaking contract with a reputed and large National Oil Company valued at approximately US$10 million if fully executed over a 24-month period.

SELECTIVE DRILLING PLAN

While the Company's current limited oil production levels also means that we are less affected by falling Brent and WTI oil prices, we will be prudent with our capital expenditure for drilling activities and are very selective when committing to projects. We intend to take advantage of the lower cost of drilling services, and have set in place an operational plan to participate in the drilling of about 10 wells, all screened with RVD, in 2015 in the core areas of Norway, Oman and Trinidad.

2015 STRATEGY

Our strategy has been consistent since the beginning, that is, to leverage on our proprietary technologies, to minimise capital outlay and barring other business considerations, to sell oil-in-the-ground, upon a declaration of discovery, at the best possible price. The Company has been very disciplined in the selection of opportunities, investing only in assets that have been scanned and de-risked with RVD, given that RVD will lower the risk of drilling dry wells. To this end, licences have already been dropped in Norway, Trinidad and Australia.

Our focus for 2015 would be to prove up oil and validate RVD at the lowest possible risk and at the lowest possible cost. Besides growing the client base of RTM, we will continue to build up our own portfolio of concessions, especially in the core areas of Norway, Oman and Trinidad. At current oil prices, there are still potentially good margins for produced oil in the various geographies. However, we will continue to exercise caution in every investment decision and will re-evaluate and adjust our strategies in accordance to the changing market conditions and volatile oil prices.

BOARD

We welcomed Dr Christopher Atkinson, an oil industry veteran formerly from Shell and ARCO, and who holds a PhD in Geology, to our Board as an Independent Non-Executive Director on 6 January 2015. Dr Karl Lidgren was re-designated as an Executive Director on 15 January 2015.

ACKNOWLEDGEMENTS

On behalf of the Board and Rex International Holding, we would like to thank our Directors for their guidance and contributions, and to our staff for their dedicated service over the past year. We would also like to thank our shareholders and business partners for their continual support.

Dan Broström
Executive Chairman

Måns Lidgren
Chief Executive Officer

23 March 2015

FINANCIAL **HIGHLIGHTS**

Listed in Singapore on 31 July 2013, Rex International Holding's market capitalisation stands at around S$430 million as at 10 March 2015 and is one of the largest companies on the Catalist board.

GROUP

US$'000	FY2014	FY2013
Revenue	334	–
Loss for the year	(62,671)	(8,508)
Total comprehensive loss for the year	(62,317)	(8,548)
Loss per share (US cents)	(5.48)	(1.20)

US$'000	31 Dec 2014	31 Dec 2013
Non-current assets	65,844	82,498
Current assets	128,659	94,860
Total assets	**194,503**	**177,358**
Current liabilities	5,026	529
Non-current liabilities	–	–
Total liabilities	**5,026**	**529**
Net assets	**189,477**	**176,829**
Total equity	**189,477**	**176,829**
NTA per share (US cents)	**14.33**	**16.15**

[1] NTA is defined as total tangible assets less total liabilities.

SHARE PRICE

Source: ShareInvestor

BOARD OF **DIRECTORS**

DAN BROSTRÖM

Chairman and Executive Director

Mr Dan Broström has been with the Group since 2011. He was appointed as an Executive Director on 11 January 2013 and re-elected to the Board on 30 April 2014. He is currently the Executive Chairman of the Board.

Prior to joining the Company, Mr Broström was a senior partner at MVI Holdings Ltd between 1993 and 2005, where as a consultant, he has assisted Swedish companies in setting up businesses in Singapore through fund-raising activities and sourcing for suitable business partners. From 1990 to 1993, Mr Broström was the chief executive officer at Hufvudstaden UK Ltd, a real estate company. Before Hufvudstaden UK Ltd, Mr Broström worked in the shipping industry, where he was based in London and held the position of chief executive officer of Brostrom UK Ltd for the period from 1980 to 1987.

Mr Broström has a degree in Economics from Stanford University in the United States of America, and a Bachelor of Arts in Economics from Gothenburg University in Sweden.

DR KARL LIDGREN

Non-Independent Executive Director

Dr Karl Lidgren was appointed as a Non-Independent Non-Executive Director on 1 May 2013 and re-elected to the Board on 30 April 2014. He was re-designated as a Non-Independent Executive Director on 15 January 2015. He is a member of the Nominating Committee.

Dr Lidgren founded Rex Partners with his brother, Mr Hans Lidgren, and Mr Svein Kjellesvik. Dr Lidgren and Mr Lidgren have, since the 1980s, utilised satellite altimeter data in oil exploration activities which enabled major oil and gas findings. Dr Lidgren represents the interests of Rex Partners on the Company's Board of Directors.

Dr Lidgren graduated from Lund University in Sweden in 1970 with a degree in Economics. Upon graduation, he taught in Lund University until 1972 before taking on the role of an investigator for the Swedish Government from 1972 to 1980. He concurrently obtained a Doctor of Philosophy from Lund University in 1976 in Economics. Dr Lidgren taught in Lund University as a Professor from 1980 until his retirement in 2000.

SIN BOON ANN PBM

Lead Independent Non-Executive Director

Mr Sin Boon Ann was appointed as an Independent Non-Executive Director on 26 June 2013 and was appointed as the Lead Independent Director on 24 February 2014. He was re-elected to the Board on 30 April 2014. Mr Sin is Chairman of the Nominating and Remuneration Committees and a member of the Audit Committee.

He received his Bachelor of Arts and Bachelor of Laws from the National University of Singapore in 1982 and 1986 respectively, and a Master of Laws from the University of London in 1988. Mr Sin was admitted to the Singapore Bar in 1987 and was a member of the teaching staff of the law faculty, National University of Singapore from 1987 to 1992.

Mr Sin joined Drew & Napier LLC in 1992 and has been there ever since. Mr Sin is currently the deputy managing director of their corporate and finance department. Mr Sin was a Member of Parliament, Tampines GRC from 1997 to 2011. Mr Sin was conferred with the May Day Award – "Friend of Labour" and the May Day Award – "Meritorious Service" by the National Trade Union Congress in 2003 and 2013 respectively, for his contributions and commitment to the labour movement in Singapore as a union adviser.

Mr Sin was also conferred the 2013 National Day Award – "The Pingat Bakti Masyarakat (PBM)" by the President of Singapore in 2013.

MUHAMMAD SAMEER YOUSUF KHAN

Independent Non-Executive Director

Mr Muhammad Sameer Yousuf Khan was appointed as an Independent Non-Executive Director on 26 June 2013 and re-elected to the Board on 30 April 2014. He is Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees.

Mr Khan has more than 40 years of experience in the fields of accounting, business and financial advisory. He began his career in 1972 at Ernst & Young's London office. Subsequently in 1983, he joined Drydocks World Group, a large maritime group based in the Middle East.

Mr Khan held various positions in Drydocks World Group and was Group CFO and Executive Director from 2007 to 2011. He was responsible for Drydocks World's acquisition of two SGX listed companies, namely, Pan United Marine and Labroy Marine. After leaving Drydocks, Mr Khan has been providing consultancy and advisory services in Singapore.

Mr Khan is a Fellow of the Institute of Chartered Accountants (England and Wales), and member of the Institute of Management Consultants (UK) and the Singapore Institute of Directors.

ABDERAHMANE FODIL

Independent Non-Executive Director

Mr Abderahmane Fodil was appointed as an Independent Non-Executive Director on 26 June 2013 and was re-elected to the Board on 30 April 2014. He is a nominee of White Global Investment Holdings Ltd, one of the Company's Pre-IPO Investors. He is a member of the Audit and Remuneration Committees.

Mr Fodil is the Chief Investment Officer of Global Investment Holding Co Ltd, where he manages investment activities, including private equity investments and joint ventures, for middle-eastern investors. Prior to this, Mr Fodil worked for several entities in Abu Dhabi, mostly the Emirates Investment Authority and the Abu Dhabi Investment Council. These entities are multi-billion sovereign wealth funds, and his responsibilities covered private equity investments and portfolio management. Prior to that, Mr Fodil was an investment professional with the International Finance Corporation (IFC), the private sector arm of the World Bank Group where he executed transactions across emerging markets. Before that, Mr Fodil worked as a management consultant for AT Kearney in Europe after starting his career with Société Générale, where he worked as an analyst in commodity financing out of Mexico City.

Mr Fodil earned a Master of Science from Ecole Centrale Paris and received a Master of Business Administration from INSEAD.

DR CHRISTOPHER ATKINSON

Independent Non-Executive Director

Dr Christopher Atkinson was appointed as an Independent Non-Executive Director on 6 January 2015.

Dr Christopher Atkinson is a professional geologist with over 30 years of experience in the upstream oil and gas sector. He is currently the founder and director of Worldwide Petroleum Services Pte Ltd and a director of Sonoro Energy Limited. Prior to this, Dr Atkinson was a founding investor in several exploration and production start-up ventures in Southeast Asia, the UK and Canada. He has also worked for Shell International Petroleum Company and was a 15-year career veteran with the Atlantic Richfield Company (ARCO), where his last held position was Vice President of Exploration, Europe/ North Africa.

Dr Atkinson holds a PhD in Geology and a BSc (Hons) Geology (1st Class) from the University of Wales, Swansea.

He has been a Fellow of the Geological Society of London since 1996 and is a Life Member of the Petroleum Exploration Society of Southeast Asia, where he served as President from 2002 to 2003.

SENIOR MANAGEMENT – HEADQUARTERS

MÅNS LIDGREN

Chief Executive Officer

Mr Måns Lidgren is the Chief Executive Officer and is responsible for overseeing the strategic positioning and business expansion of the Group, including making major business and finance decisions.

Prior to joining the Company in January 2013, Mr Lidgren was interim chief executive officer and director of Lime Petroleum Plc from August 2011 to December 2012 and chief financial officer of his family's business from August 2009 to August 2011. He has seven years of experience in financial structuring, mergers & acquisitions, investments and business development. From January 2008 to August 2009, Mr Lidgren was vice president of business development under the private banking division of Credit Suisse, where he managed his own client portfolio, acted as a broker for sourcing of new business and pre-screened business proposals. From 2002 to 2007, he joined his family business in private investments first as a business analyst in 2002, and subsequently a merger & acquisitions manager in 2003 and 2004. From 2005 to 2007, he assumed the position of senior investment manager in his family's business, and carried out portfolio management, liaison with partner banks and private equity transactions. Upon his graduation, Mr Lidgren also provided consultancy services to Global Responsibility, an organisation that seeks to promote responsible citizenship worldwide, where he helped companies communicate their efforts in environmental, health and safety issues.

Mr Lidgren graduated from Lund University in Sweden with a Bachelor of Science and a Master of Science, both in Business Administration and Economics in 1999 and 2000 respectively.

PER LIND

Chief Financial Officer

Mr Per Lind is the Chief Financial Officer overseeing the Group's finance, legal, administration and group structural matters. He also works with the CEO in business development.

Prior to joining the Company, from 2009 to 2013, he was Vice President, Investments at Tangerine Time, a Singapore-based investment company investing in real estate and financial services in Singapore, India and the UK. Mr Lind was an active group management member and Director of Investments at Raffles Residency, one of Tangerine Time's real estate portfolio companies. Before being Senior Vice President of Finance in AEP Investment Management, a Singapore-based investment management company with Al Rajhi Investment Group as majority shareholder in 2008, Mr Lind spent five years as Director of Finance & Corporate Development with 1st Software Corporation Ltd, a software company listed on the mainboard of the Singapore Exchange from 2003 to 2008. He had also worked for six years in the London and Singapore offices of Merchant Venture Investments, an international federation of private equity investors. A resident in Singapore since 2001, Mr Lind was raised and educated in Sweden, the UK and the US. Mr Lind holds a Master of Science in Business and Economics from the School of Economics and Commercial Law at the Gothenburg University in Sweden.

KRISTOFER SKANTZE

Chief Operating Officer

Mr Kristofer Skantze is the Chief Operating Officer and is responsible for the Group's overall operations, including the integration of new business development plans into the Group's operations.

Prior to joining the Company, he was the head of sales and marketing at textile chemical company HeiQ Materials AG from 2007 to 2012, where he forged partner alliances with well-known textile brands. From 2000 to 2007, Mr Skantze worked for Anoto Group AB, a Swedish high-tech company. He held various positions within the company's headquarters in Lund, Sweden from 2000 to 2005, and was business development manager of Anoto Inc. in Boston from 2005 to 2007, where he managed the partner network and was responsible for all new North American customers. During his stint in Anoto Group AB in Sweden, Mr Skantze also invented and filed for several patents, of which at least nine were granted.

Mr Skantze holds a Master's degree in Engineering Physics from the Faculty of Engineering of University of Lund in Sweden.

ROLF LETHENSTRÖM

Chief Investment Officer

Mr Rolf Lethenström is responsible for the Group's treasury activities and funding of its various investments overseas, as well as for risk management and internal audit.

Prior to joining the Group, Mr Lethenström was Executive Director of Roleco Pte Ltd., his own consultancy business in finance and contemporary art, which among other activities, represented Selector Management, a fund group domiciled in Luxembourg which had a portfolio of 10 investment funds for private banks and high net-worth individuals. Before that, Mr Lethenström was with Switzerland-based Tetra Pak Group for 30 years and did several assignments in finance and administration in Europe, Singapore, India, Hungary, USA, Hong Kong, Shanghai in China and Korea. His last held position was Finance and Administration Director of Tetra Pak Korea Ltd.

Mr Lethenström holds a Master of Business Administration and Economics from University of Lund, Sweden and is an alumni member of IMD Business School in Lausanne, Switzerland. He also has an International Diploma in Wealth Management from SMF Institute/City University of New York in Singapore.

MOK LAI SIONG

Group General Manager
Investor Relations & Communications

Ms Mok Lai Siong is Group General Manager, Investor Relations & Communications, and is responsible for the Group's strategic communications with shareholders, investors, analysts and the media, as well as for branding and marketing.

Ms Mok has over 20 years of experience in communications and investor relations in multinational mainboard listed firms in Singapore. Prior to joining the Company, she was Group General Manager, Corporate Communications & Investor Relations for the then Singapore-listed conglomerate WBL Corporation from 2010 to 2013. From 2007 to 2010, Ms Mok was with YTL Starhill REIT Management, the manager of Starhill Global Real Estate Investment Trust, where her last held position was Senior Vice President, Investor Relations & Corporate Communications. She has also held various positions in CapitaLand, Oversea-Chinese Banking Corporation, Overseas Union Bank, Pidemco Land and the National University of Singapore.

Ms Mok holds a Master in Business (International Marketing) from the Curtin University of Technology, Australia, and a Bachelor of Arts degree in English and Philosophy from the National University of Singapore.

SENIOR MANAGEMENT **– OPERATIONS**

HANS LIDGREN
Lime Petroleum Norway – Chairman
Masirah Oil – Chairman
Rex Technology Management – CEO

Mr Hans Lidgren is one of the founders of Rex Partners Ltd and has extensive experience in the oil and gas industry. Rex Partners Ltd holds 100 per cent of the share capital in Rex Commercial Ltd, a major shareholder of Rex International Holding Limited.

Since the start of the 1980s, Mr Lidgren has utilised satellite altimeter data in oil exploration activities which enabled major oil and gas findings. He made way for major findings such as the "Haltenbanken" area in Norway in the 1980s and the "Bukha" field in Oman.

Mr Lidgren also developed the Rex Technologies, comprising Rex Gravity, Rex Seepage and Rex Virtual Drilling; and most recently, Rex Gas Indicator.

SVEIN KJELLESVIK
West Indian Energy Group – Chairman
Rexonic – Board member

Starting as a Seismic Processing Geophysicist in Stavanger in 1975, Mr Svein Kjellesvik has held leading positions in Schlumberger's seismic division and corporate headquarters. He has also been the President of their Global Marine Seismic Division.

Mr Kjellesvik has played leading roles in key innovations in the seismic industry which includes multi-cable 3D seismic, 4 component seismic, and seismic 4D.

Since retiring from Schlumberger in 2002, Mr Kjellesvik has been an independent entrepreneur. Since 2008, he has been involved in the start-up of Rex Oil & Gas and Lime Petroleum Plc.

Mr Kjellesvik has a Master degree in Applied Geophysics from the Norwegian Institute of Technology (NTH) in Trondheim, Norway (received in 1973).

IVAR AARSETH
Lime Petroleum Norway
– General Manager

Mr Ivar Aarseth has almost 40 years of technical, operational and managerial experience in the Oil & Gas industry with independent or multi-national energy companies and governmental bodies, such as DNO, Conoco Norway, Total E&P Norway, the Norwegian Petroleum Directorate and the Norwegian Agency for International Development, mostly stationed in Norway, the Middle East and Africa.

Mr Aarseth became the General Manager of Lime Petroleum Norway in early 2012.

Mr Aarseth graduated in 1971 with a Master in Engineering Geology from the Technical University of Trondheim, Norway.

RUNE SKOGEN
Lime Petroleum Norway
– Chief Financial Officer

Mr Rune Skogen has more than 15 years of experience from finance, commercial, and management positions in the oil and gas industry with independent or multi-national oil companies such as Total and Dana Petroleum.

Mr Skogen joined Lime Petroleum Norway as CFO in October 2013.

Mr Skogen graduated with a Master of Science in Business and has additional studies at the Doctoral Level in Financial Economics.

TERJE HAGEVANG
Lime Petroleum Norway
– Chief Operating Officer

Mr Terje Hagevang has a long experience working as a professional and in managerial positions from Amerada Hess and Saga Petroleum. He was a founding partner of Sagex, heading the successful consultancy and subsequently the oil company. Mr Hagevang also has extensive international experience and in-depth knowledge of all areas of the Norwegian Continental Shelf.

He joined Lime Petroleum Norway as COO in March 2014, heading the operating activities, ensuring the building of a portfolio that is able to deliver exploration and production success.

Mr Hagevang holds a Master degree in Geology and Applied Geophysics from the University of Oslo in 1978.

GEOFFREY LEID
West Indian Energy Group
– Managing Director

Mr Geoffrey Leid is a corporate consultant/adviser with a particular focus on oil and gas development projects. His extensive experience in the acquisition and funding of resource projects in Trinidad spans 10 years.

An attorney by profession, Mr Leid has specialised in real estate, corporate mergers and acquisitions and he sits on numerous boards in the real estate, telecommunications and energy sectors throughout the Caribbean.

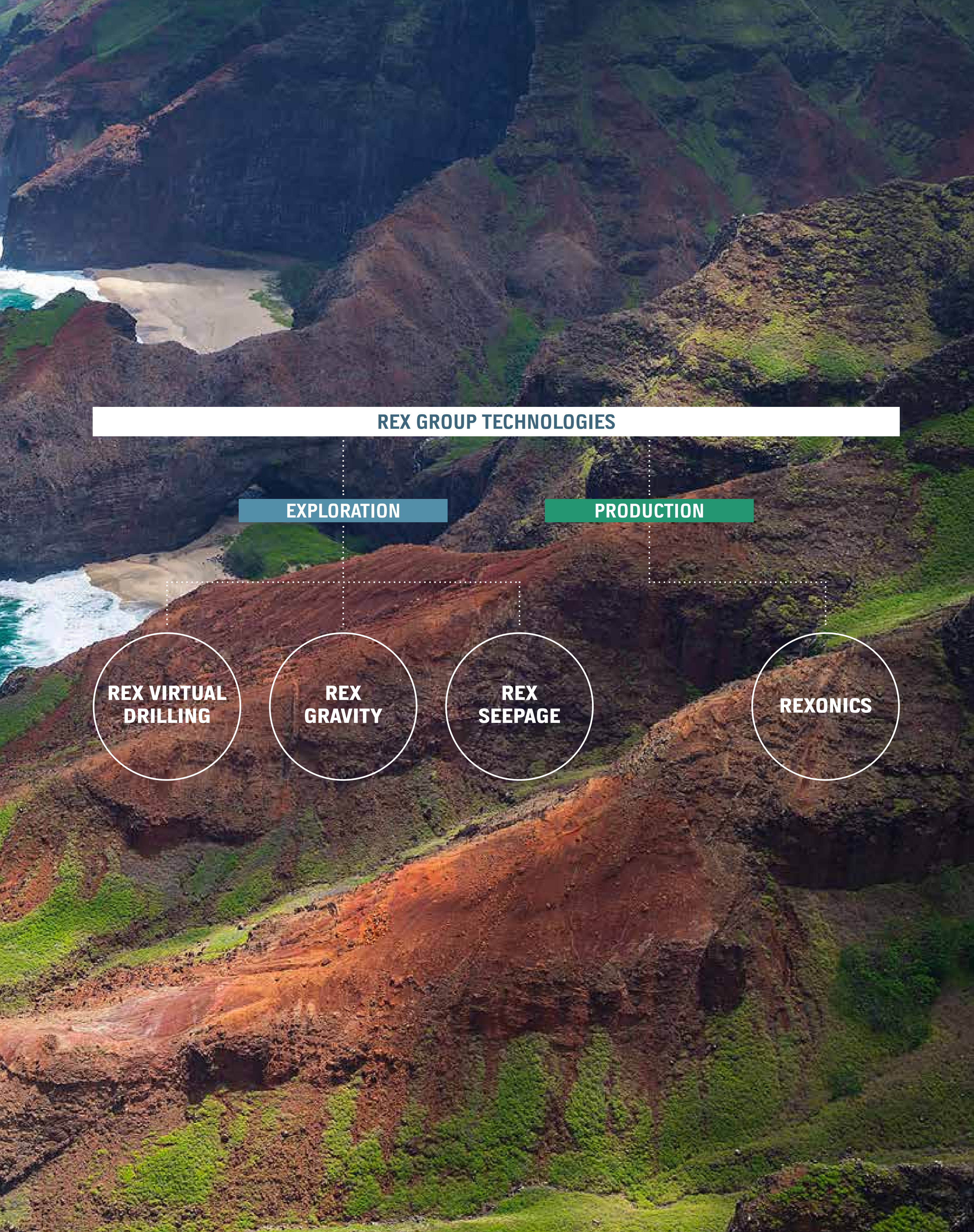
Mr Leid holds undergraduate degrees in Economics and Administrative Studies from York University, Canada and obtained his LLB in the UK. As a member of Grays Inn, he was called to the Bar in England.

Mr Leid is a Certified Management Accountant and a member of the Chartered Professional Accountants in Canada.

REX TECHNOLOGIES

Rex International Holding owns Rex Technology Management, the firm set up by our founders Dr Karl Lidgren and Mr Hans Lidgren, which developed the proprietary suite of Rex Technologies – Rex Gravity, Rex Seepage and Rex Virtual Drilling.

Rex International Holding uses the Rex Technologies to de-risk its own international portfolio of licences. Meanwhile, Rex Technology Management is a technology services provider that helps oil & gas companies scan for hydrocarbons with the Rex Technologies, in particular, Rex Virtual Drilling.


REX GROUP TECHNOLOGIES
EXPLORATION
PRODUCTION
REX VIRTUAL DRILLING
REX GRAVITY
REX SEEPAGE
REXONICS

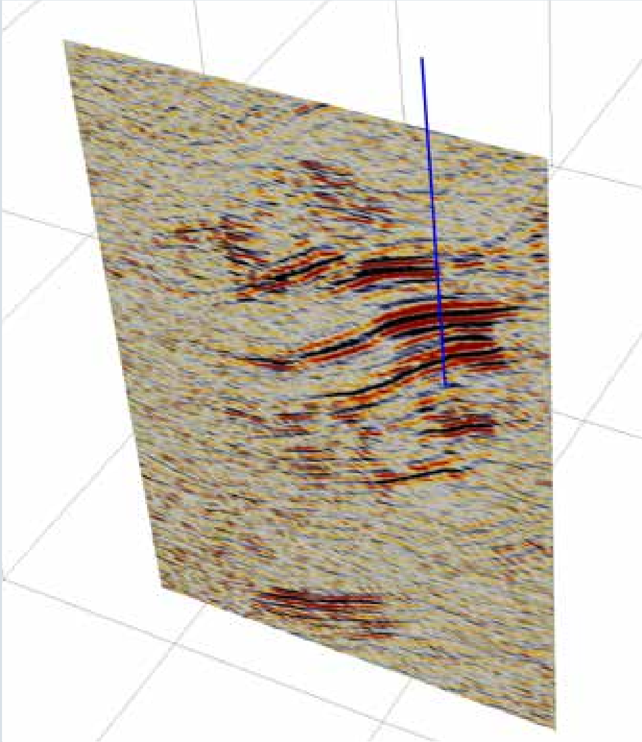


Image 1: Example of seismic line with well path (blue) of proposed well location added. The seismic line provides information about geological structures but does not provide direct information about the presence of hydrocarbons.

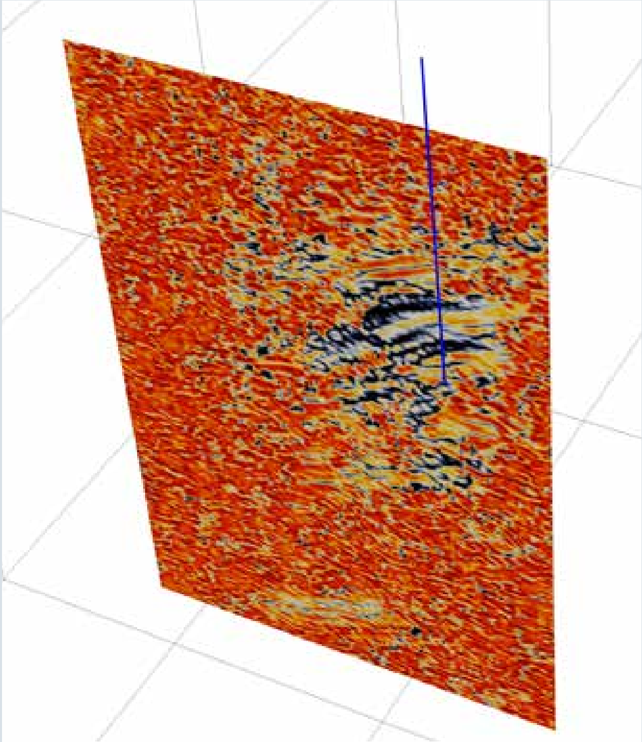


Image 2: Example of RVD results of the same seismic line as in Image 1. Black colouring indicates strong RVD response due to the presence of liquid hydrocarbons (oil). Red indicates no presence of oil.

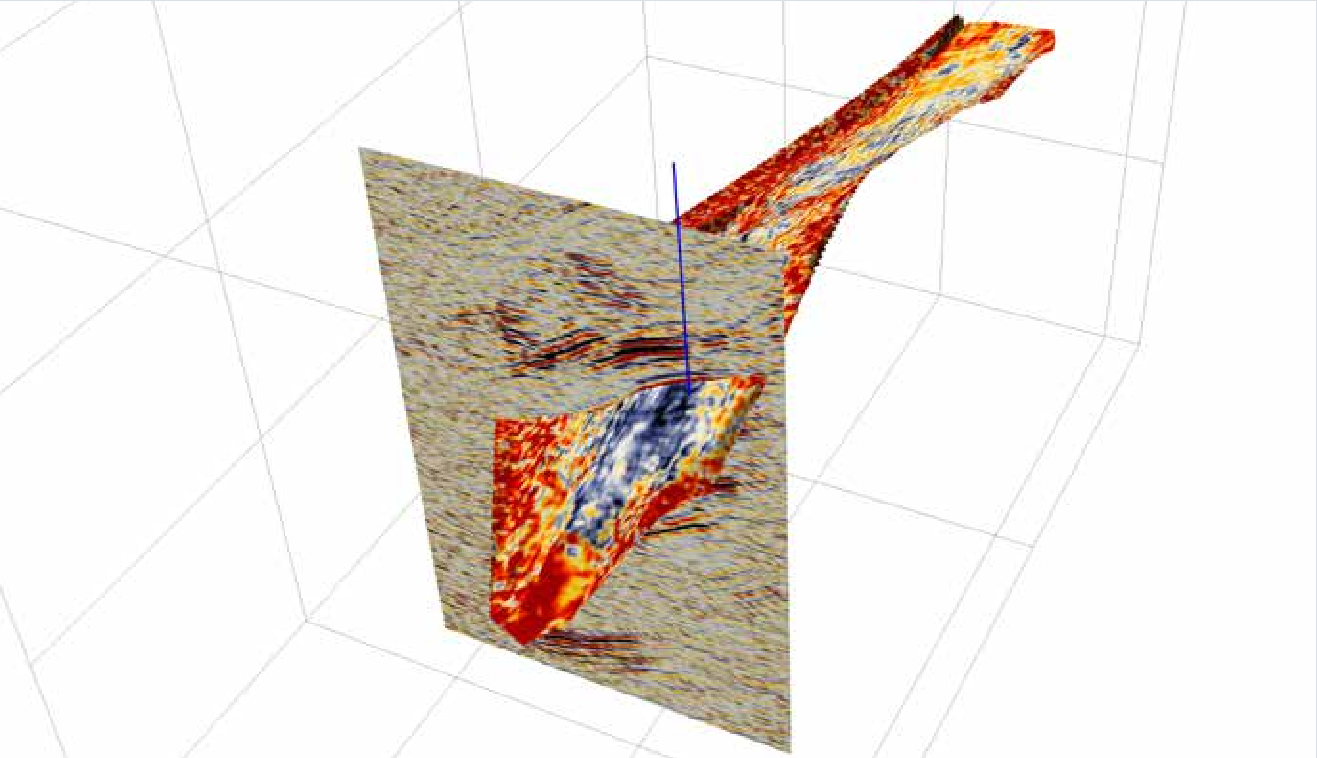


Image 3: Combined image of the seismic line with RVD results along a tracked horizon. The image shows the extent of the RVD anomaly in the sands along the selected horizon. The images help merge RVD results with conventional geological and geophysical interpretation for improved de-risking purposes.

EXPLORATION

REX VIRTUAL DRILLING

Traditionally, the oil industry uses seismic data to search for oil. So do we, but in a new way. Rex Virtual Drilling ("**RVD**") is a highly advanced, proprietary technology based on a set of computer algorithms that can extract information about liquid hydrocarbons from conventional seismic data. The technology does not require new methods of data collection nor costly machinery and technical equipment.

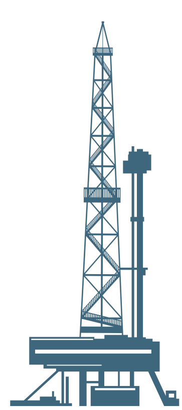
Seismic data is collected by shooting acoustic energy – sound waves – into the ground and listening to the responding sounds. Although seismic data has been the standard for the exploration industry for many decades, its use is typically limited to the identification of structures in the ground, such as faults and lithological changes. This is in line with the industry's focus on finding signs of source rocks, reservoir rocks and trapping mechanisms – all indirect support of pre-conditions for oil presence. This is the reason why the global average exploration hit rate today is estimated at only 10-15 per cent.

Seeing oil using seismic data has not been possible until now. RVD is a direct hydrocarbon indicator that gives us the power to literally see the oil in the ground: Where it is; how deep it lies; how much there is; and how it fits in a geological context. We may even see how the oil migrated to its current position. Using this technology, the exploration success rate can be significantly increased to over 50 per cent.

The efficacy of RVD has been tried and tested many times both through blind tests, live tests and actual drilling campaigns. As documented in our initial public offering document dated 22 July 2013, RVD achieved 100 per cent accuracy in 18 blind and live tests conducted in Norway, New Zealand, India, Ras al Khaimah and the US.

The efficacy of RVD was further validated in a series of live tests. In August 2013, North Energy, a listed independent E&P company in Norway, had matched the outcome of the drilling of 41 prospects it was monitoring with RVD predictions previously made on these same prospects, over a two-year period. Out of the 41 wells drilled, 35 predictions by RVD were spot-on. This translates to an overall 85 per cent success rate, with success rates of 96 per cent for dry-well predictions and 69 per cent for commercial oil find predictions.

Rex International Holding has incorporated the use of RVD together with conventional geological and geophysical studies in our work process to identify the locations of wells to drill. Within our own portfolio, a new graben play and offshore oil discovery was made in Block 50 Oman in March 2013 and two out of three successful wells were drilled in the South Erin Block in Trinidad in 2014.

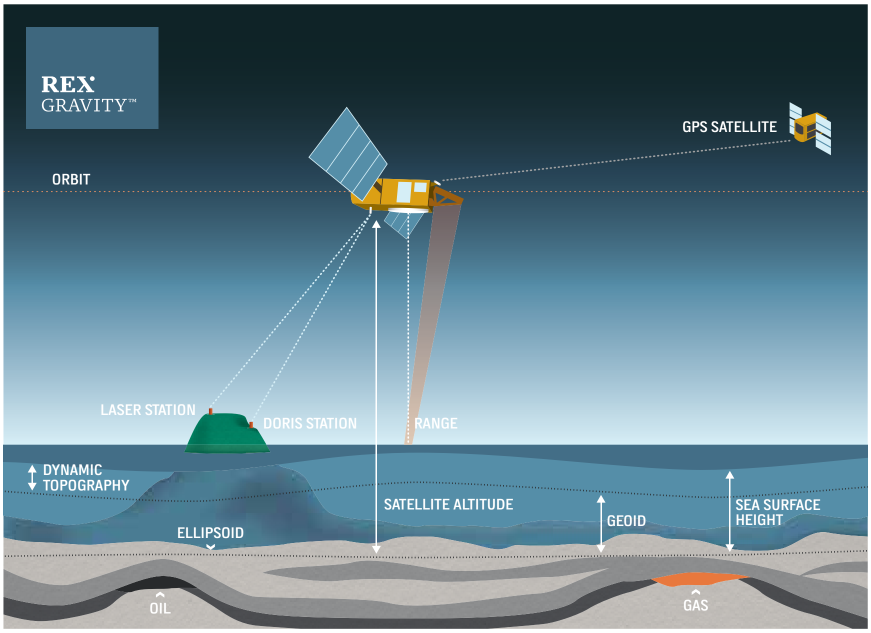


85%

overall success rate, with success rates of 96 per cent for dry-well predictions and 69 per cent for commercial oil find predictions.

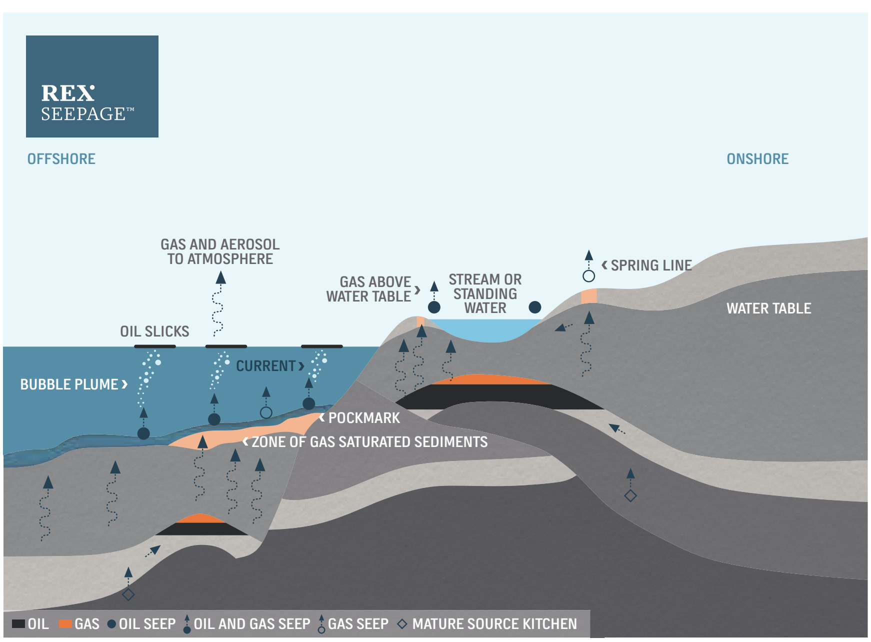
– based on actual drilling results of 41 prospects in Norway, matched against RVD predictions previously made, over a two-year period.

EXPLORATION



REX GRAVITY

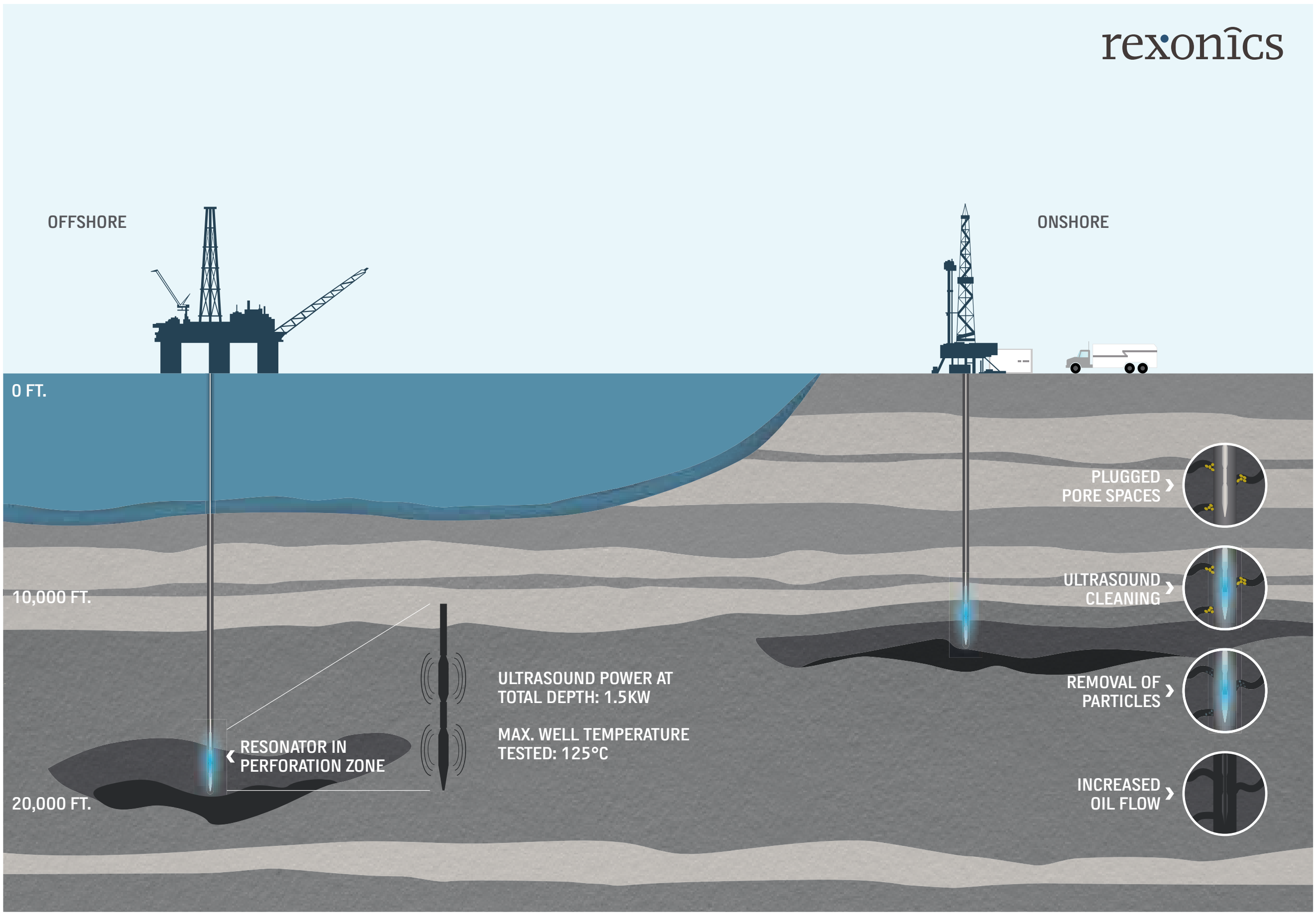
Rex Gravity is an exploration technology that finds areas with suitable geological conditions for hydrocarbon accumulations. Based on satellite gravity data, Rex Gravity measures water surface levels with the aim of finding gravity anomalies, which could indicate the presence of rocks which could contain hydrocarbons. Rex Gravity is a very cost effective way to screen large areas for hydrocarbons before a decision is made to acquire seismic data.



REX SEEPAGE

Working in tandem with Rex Gravity, Rex Seepage is a unique tool we have developed to spot offshore oil seepages in order to better understand the potential presence of oil reservoirs in the sub-terrain. Using thermal satellite imaging, the tool is able to provide high resolution information about oil seepages which would indicate the presence of a working hydrocarbon system. The result of this cost effective method is an increased probability of finding areas suitable for closer inspection with the acquisition of seismic data.

PRODUCTION



REXONICS

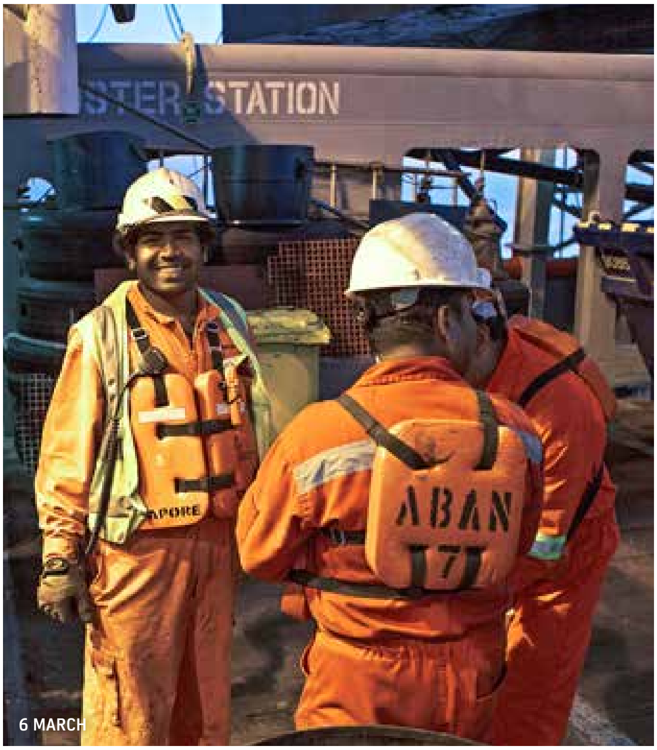
The Rexonics technology is the world's first environmentally-friendly, high-power ultrasound technology for commercial oil well stimulation that has been proven to increase oil production by between 30 per cent and up to 380 per cent both onshore and offshore. Based on acoustics science, the proprietary, patented technology is highly efficient in cleaning the production well bore from typical oil production inhibitors such as wax, paraffin and salt deposits, thereby significantly increasing the flow of oil into the well bore for wells with flow problems. The technology does not use any chemicals, and allows the well bores to continue oil production during the cleaning process.

The joint venture Rexonic AG operates on a service business model, providing production well bore cleaning services to both national oil companies and international oil production companies. This business model provides Rex International Holding with an additional stream of recurring income from the oil production phase, without intensive capital outlay.

The Rexonics technology is developed by our joint venture partners, Ogsonic AG, from Switzerland.

GEOGRAPHICAL **PRESENCE**

* Interest in PL338C and the PL591 licences are pending authorities' approval.



6 MARCH


21 JANUARY


5 MAY

MILESTONES

2014

7 JANUARY
Masirah Oil spuds second well in Oman.

9 JANUARY
Rex US Ltd enters into an agreement to divest its entire 49 per cent stake in Loyz Rex Drilling Services LLC as part of the restructuring of its holdings in US investments.

Shareholders of Lime Petroleum inject US$16 million of capital into Lime Norway, in proportion to their respective shareholdings, bringing the total amount of capital injected to US$23 million, which is sufficient to fund Lime Norway's activities into 2015.

21 JANUARY
Lime Norway awarded five new licences in Norway in 2013 Awards in Predefined Areas (APA).

4 FEBRUARY
Masirah Oil announces oil discovery in the second exploration well in Oman.

14 FEBRUARY
Rex International Holding subscribes to North Energy's private placement.

21 FEBRUARY
Lime Norway to acquire 20 per cent stake in 14th licence in Norway.

6 MARCH
Masirah Oil makes first offshore oil discovery east of Oman in 30 years; EPSA* for Block 50 Oman is renewed.

5 MAY
Caribbean Rex spuds its first onshore exploratory well in Trinidad, as part of a five-well campaign.

5 JUNE
Lime Norway to get stakes in two more licences from North Energy.

24 JULY
Lime Norway and partners drop three licences after detailed analysis.

13 AUGUST
Rex Technology Management (RTM) adds new technology – Rex Gas Indicator – to its strong portfolio.

* EPSA – Exploration and Production Sharing Agreement

REX
TECHNOLOGY
MANAGEMENT

3 SEPTEMBER

11 SEPTEMBER


2 OCTOBER


18 NOVEMBER

3 SEPTEMBER
Rex International Holding to acquire all rights to Rex Technologies: Rex Gravity, Rex Seepage and Rex Virtual Drilling.

Rex International Holding raises S$95.76 million in a private placement of 168 million new shares.

11 SEPTEMBER
Masirah Oil wins Offshore Discovery of the Year award for Block 50 Oman.

2 OCTOBER
Rexonic AG secures its first contract of about US$10 million with a National Oil Company.

18 NOVEMBER
Caribbean Rex signs agreement to divest its 100 per cent interest in Inniss-Trinity field for an increased stake in Caribbean Rex, from 64.17 per cent to about 98.36 per cent.

2 DECEMBER
Masirah Oil announces 3D seismic survey in Block 50 Oman.

12 DECEMBER
RTM's existing contracts with an annual value of about US$10 million to be consolidated into Rex Group's revenue from December 2014.

2015

21 JANUARY
Caribbean Rex drills two successful wells in South Erin Block.

Lime Norway awarded one new licence in Norway in 2014 APA.

17 FEBRUARY
Lime Norway to increase stake in PL591 licences from five to 25 per cent.

23 FEBRUARY
West Indian Energy Group increases interest in Cory Moruga Block in Trinidad & Tobago to 83.8 per cent.

24 FEBRUARY
Lime Norway participates in its first well in PL338C in Norway with Lundin Norway AS.

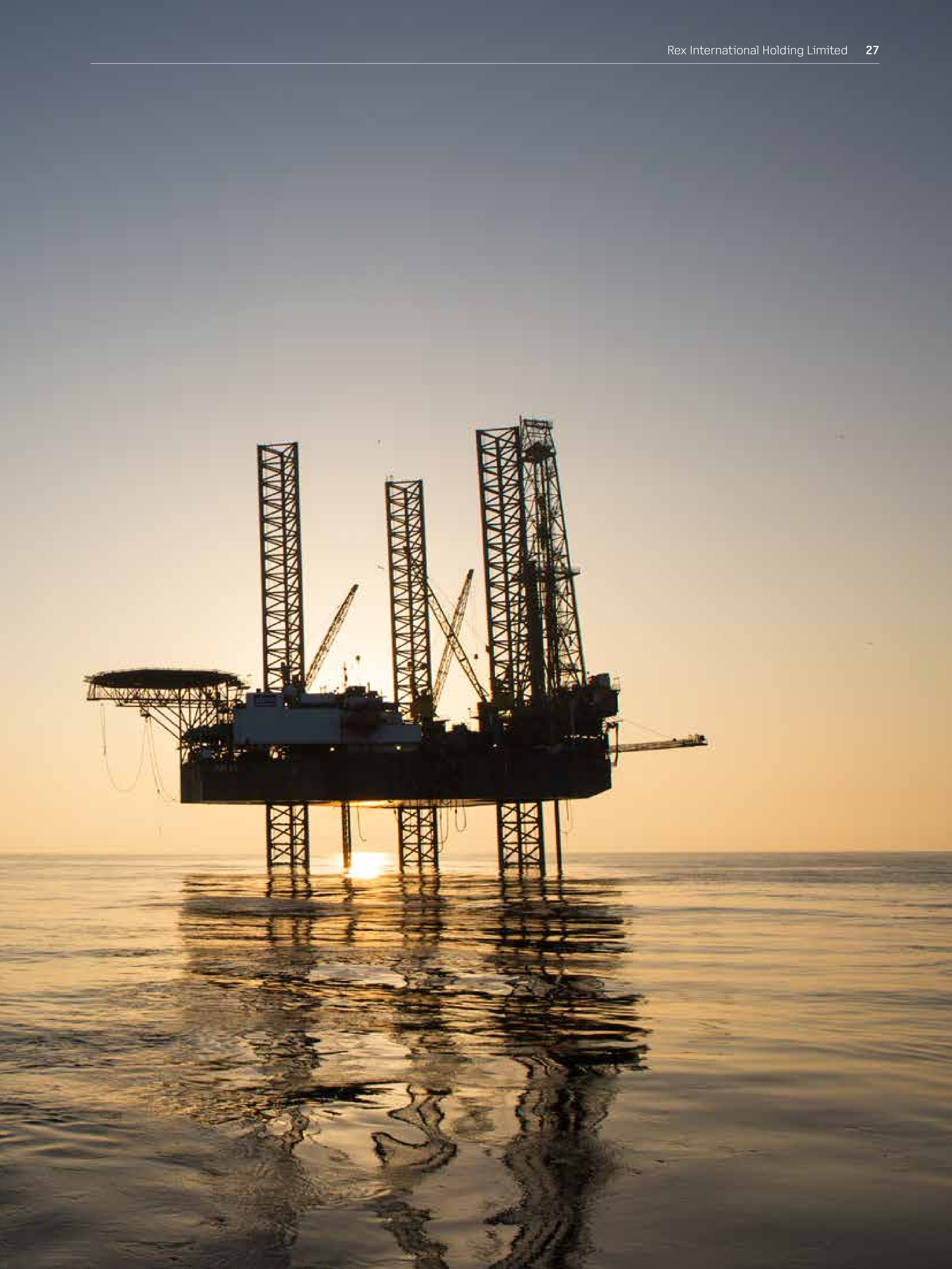
OPERATIONS **REVIEW**

The Company's assets are located in regions that are known to be oil-prolific, have established infrastructure and attractive fiscal policies for oil exploration and production.

Core areas of focus are Norway, Oman and Trinidad & Tobago. The Company also has interests in assets in the UAE and the US.

Rex Virtual Drilling is incorporated together with conventional geological and geophysical studies in the Company's work process to de-risk assets and to identify the locations of wells to drill.

The Company's general investment criteria for offshore concessions is a potential of about 50 million barrels of oil in each concession.



NORWAY

Norway is a core area of activity for the Company, given that it is a matured market with high activity, reputed operators, attractive fiscal policy and good quality seismic data suitable for analysis with Rex Virtual Drilling.

OVERVIEW

Norway, the largest holder of oil and natural gas reserves in Europe, provides much of the oil and natural gas consumed on the continent. The US Energy Information Administration (EIA) estimates that Norway was the third largest exporter of natural gas in the world after Russia and Qatar, and the 12th largest net exporter of oil in 2013.

According to the Oil & Gas Journal, Norway had 5.83 billion barrels of proven crude oil reserves as of 1 January 2014, the largest oil reserves in Western Europe. All of Norway's oil reserves are located offshore on the Norwegian Continental Shelf, which is divided into three sections: the North Sea, the Norwegian Sea and the Barents Sea. The bulk of Norway's oil production occurs in the North Sea, with smaller amounts in the Norwegian Sea. New exploration and production activity is occurring in the Barents Sea.

Activity was high in the Norwegian Continental Shelf in 2014. According to the Norwegian Petroleum Directorate (NPD), the number of spudded exploration wells in Norway was the third highest ever recorded. 56 exploration wells were spudded. Of these, 41 were wildcat wells and 15 were appraisal wells. 22 new discoveries were made – two more than the year before. Eight of these were in the North Sea, five in the Norwegian Sea and nine in the Barents Sea. The resources in these new discoveries amount to between 40–110 million standard cubic metres (Sm^3) of oil/condensate and 25–75 billion Sm^3 of recoverable gas.

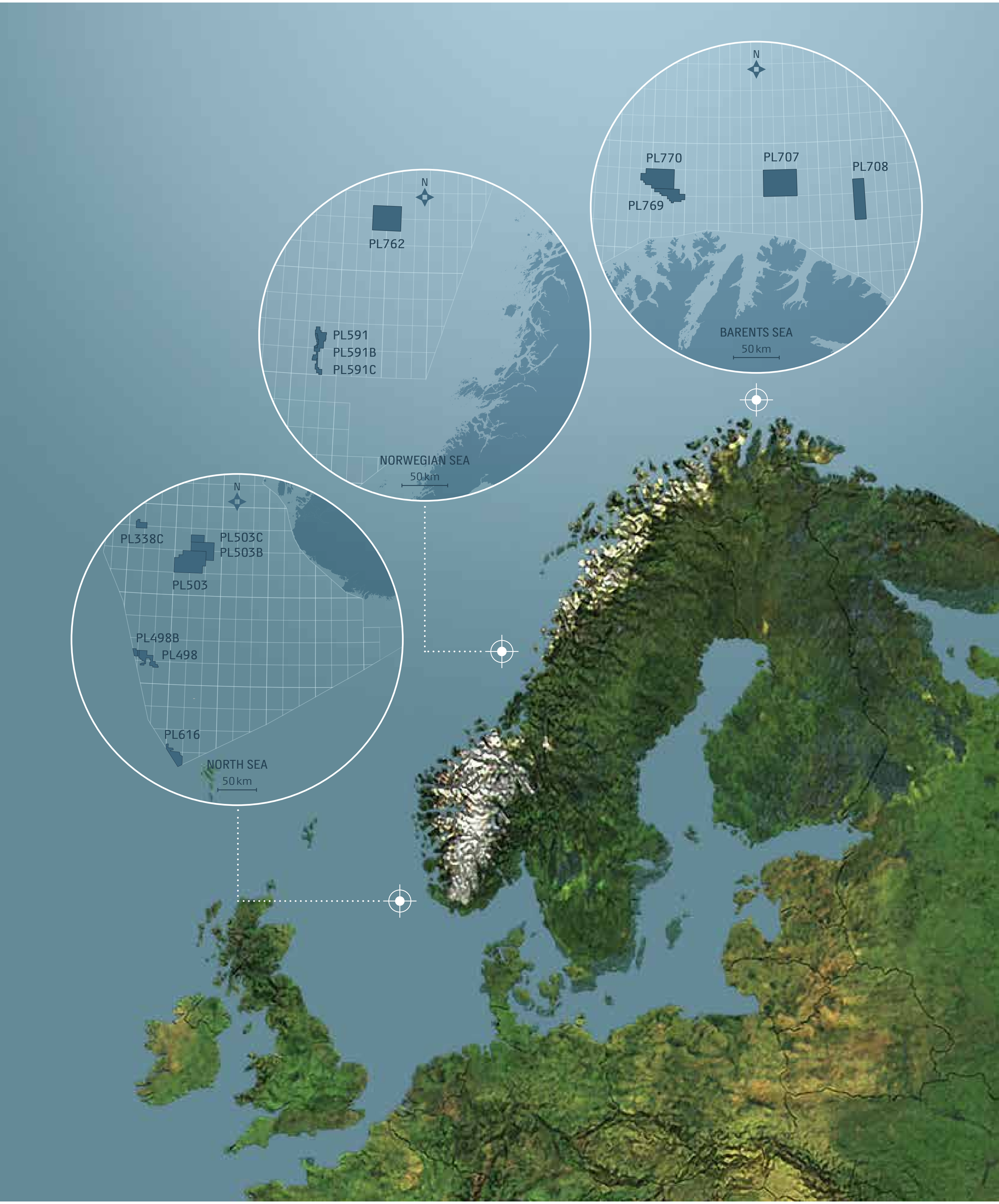
Preliminary figures from the NPD showed that NOK172 billion was invested in the petroleum activities on the Norwegian shelf last year. Investments are projected to drop around 15 per cent from 2014 to 2015 and by an additional eight per cent to 2017, and will then plateau with a moderate increase from 2018.[1]

STRATEGY

Norway is a core area of activity for the Company, given that it is a matured market with high activity, reputed operators, attractive fiscal policy and good quality seismic data suitable for analysis with Rex Virtual Drilling.

Assets in Norway fit into the Company's basic monetisation strategy; that is, barring other business considerations, to sell oil-in-the-ground, upon a declaration of discovery, at the best possible price.

[1] Sources: NPD website: http://www.npd.no/
US Energy Information Administration (EIA) Norway Analysis Brief, 28 April 2014


N
PL770
PL707
PL708
PL769
BARENTS SEA
50 km
N
PL762
PL591
PL591B
PL591C
NORWEGIAN SEA
50 km
N
PL338C
PL503C
PL503B
PL503
PL498B
PL498
PL616
NORTH SEA
50 km

FIRM WELLS FOR 2015

PL591/B/C – ZUMBA PROSPECT	
Location	Norwegian Sea
Area	281 sq km
Water depth	250 m
Operator	Tullow Oil Norge AS (60%)
Partners	North Energy ASA (15%) Lime Petroleum Norway AS (25%)*
Expected drilling	Mid 2015
Gross mean unrisked	256 mmboe (North Energy ASA, 12 Feb 2015)
Reservoir	Upper Jurassic and Devonian sands @ 4,000 m Upper Jurassic Rogn Fm equivalent turbidite sandstones embedded in Spekk shale
Trap	Stratigraphic
GCoS	26%
RVD	Strong anomalies

PL616 – HARIBO PROSPECT	
Location	North Sea
Area	333 sq km
Water depth	70 m
Operator	Edison Norge AS (25%)
Partners	Concedo ASA (20%) Noreco Norway AS (20%) Skagen44 AS (15%) North Energy ASA (15%) Lime Petroleum Norway AS (5%)
Expected drilling	Mid 2015
Gross mean unrisked	159 mmboe (North Energy ASA, 12 Feb 2015)
Reservoir	Upper Jurassic and Devonian sands at 4,000 m
Trap	Stratigraphic
GCoS	25%
RVD	Strong anomalies

PL338C – ROLVSNES PROSPECT	
Location	North Sea
Area	122 sq km
Water depth	TBD
Operator	Lundin Norway AS (50%)*
Partners	OMV (Norge) AS (20%) Lime Petroleum Norway AS (30%)*
Expected drilling	3Q/4Q 2015
Gross mean unrisked	118 mmboe (Lundin Norway AS, 17 Nov 2014)
Reservoir	Faulted/fractured granitic basement beneath a thin, Early Cretaceous conglomerate
Trap	-
GCoS	-
RVD	Strong anomalies

PL708 – ØRNEN PROSPECT	
Location	Barents Sea
Area	507 sq km
Water depth	370 m
Operator	Lundin Norway AS (40%)
Partners	Edison Norge AS (20%) LUKOIL Overseas North Shelf AS (20%) North Energy ASA (10%) Lime Petroleum Norway AS (10%)
Expected drilling	4Q 2015
Gross mean unrisked	316 mmboe (North Energy ASA, 12 Feb 2015)
Reservoir	Permian spiculites at 1,900 m
Trap	Stratigraphic
GCoS	20%
RVD	Strong anomalies

Source: North Energy ASA, Lundin Norway AS, Norwegian Petroleum Directorate
GCoS: Geographical Change of Success   mmboe: million barrels of oil equivalent   TBD: to be determined
* Pending government approval

CONCESSIONS

As at March 2015, the Group has interests in 15 concessions in Norway – seven are located in the North Sea, four in the Norwegian Sea and four in the Barents Sea – totalling 5,728 sq km.

Rex International Holding holds an indirect 65 per cent stake in Lime Petroleum Plc ("**Lime**") while Hibiscus Petroleum Berhad indirectly holds the remaining 35 per cent stake. Lime holds a 100 per cent stake in Lime Petroleum Norway AS. Lime Petroleum Norway AS holds five to 30 per cent interests in the various Norwegian licences.

15*

concessions in Norway as at March 2015; seven are located in the North Sea, four in the Norwegian Sea and four in the Barents Sea.

2014 OPERATIONS UPDATE

- Awarded five new licences in the Norwegian 2013 Awards in Predefined Areas (APA) in January 2014.
- Announced the acquisition of 20 per cent stake in a new licence, PL509CS on 21 February 2014.
- Announced acquisition of five per cent stakes in PL591 and 591B from North Energy on 5 June 2014.
- Dropped three licences – PL509S, PL509BS and PL509CS – after detailed analysis of seismic data.

2015 NEW DEVELOPMENTS

- Awarded one new licence – PL591C – in the Norwegian APA 2014 in January 2015.
- Announced increase in stake in three PL591 licences from five to 25 per cent.
- Announced 30 per cent farm-in to PL338C, operated by Lundin Norway AS.

GOING FORWARD

- On top of participation in PL338C (Gemini) which has already been spudded, three other firm wells – PL591, PL616, PL708 – will be drilled in 2015.
- Looking for other farm-in opportunities with upcoming drilling activities.

DRILLING PROGRAMME

CONCESSION	EFFECTIVE INTEREST	OPERATOR	ONSHORE/ OFFSHORE	GROSS MEAN UNRISKED PROSPECTIVE RESOURCES	2015 2Q	2015 3Q	2015 4Q	2016 1Q	2016 2Q
PL591/591B/PL591C	RIH: 16.3%*	Tullow Oil Norge AS	Offshore	256 mmboe; (GCoS 27) (North Energy ASA, 12 Feb 2015)					
PL616	RIH: 3.3%	Edison Norge AS	Offshore	159 mmboe, (GCoS 25) (North Energy ASA, 12 Feb 2015)					
PL707	RIH: 6.5%	Edison Norge AS	Offshore						
PL338C	RIH: 19.5%*	Lundin Norway AS	Offshore	Rolvsnes prospect: 118 mmboe (Lundin Norway AS, 17 Nov 2014)					
Farm-in-licence	RIH: TBC	TBC	Offshore						
PL503/PL503B/PL503C	RIH: 8.1%	Lotos E&P Norge AS	Offshore						
PL708	RIH: 6.5%	Lundin Norway AS	Offshore	316 mmboe (North Energy ASA, 12 Feb 2015)					
PL498/PL498B	RIH: 16.3%	Lotos E&P Norge AS	Offshore	75 mmboe; P(50) (North Energy ASA, 9 Feb 2012)					
PL769	RIH: 13%	OMV (Norge) AS	Offshore						
PL770	RIH: 13%	Edison Norge AS	Offshore						

Firm wells Drill or drop decision RIH: Rex International Holding DOC: Declaration of Commerciality
mmboe: million barrels of oil equivalent GCoS: Geological chance of success TBC: to be confirmed
* Interest in PL338C and the PL591 licences are pending authorities' approval.
Drilling plan is subject to availability of suitable rigs, agreement and contribution of funding by concession partners and operators, regulatory approval and other factors.

OMAN

The oil discovery in Block 50 Oman is significant as it is the first offshore discovery east of Oman, after 30 years of exploration activity in the area.

OVERVIEW

Located on the Arabian Peninsula, Oman's proximity to the Arabian Sea, Gulf of Oman, and Persian Gulf grant it access to some of the most important energy corridors in the world, enhancing Oman's position in the global supply chain.

The Omani Ministry of Oil and Gas (MOG) shared on its website that geological reconnaissance was conducted in Oman as early as in 1925, but the first oil discovery in the Sultanate was achieved only in 1956. However, this discovery was not considered commercial. In 1962, Petroleum Development Oman's exploration activities culminated in achieving commercial discovery of oil in the Yibal field, followed by giant discoveries in Natih and Fahud fields in 1963 and 1964 respectively, marking the starting point to the birth of an oil-producing country. In 2013, a total of 16 companies were working in oil and gas exploration and production on 30 concession areas in Oman.

According to the US Energy Information Administration (EIA), Oman is the largest oil producer in the Middle East that is not a member of the Organisation of the Petroleum Exploring Countries (OPEC). The Oil & Gas Journal stated that Oman had 5.5 billion barrels of estimated proved oil reserves as of January 2014. Oman's 5.5 billion barrels of proved oil reserves rank seventh in the Middle East, and 23rd in the world.[1]

STRATEGY

Block 50 Oman is one of the first concessions secured by the founders of Rex International Holding before the Company's IPO. The Company's founders were involved in Lundin Petroleum's (then known as International Petroleum Corporation (IPC)) commercial oil discovery in the Bukha field, offshore Oman in 1986. The oil discovery in Block 50 Oman is significant as it is the first offshore discovery east of Oman, after 30 years of exploration activity in the area.

The Company's strategy for its stake in the concession is in line with its business model, that is, to prove up value through extended well testing (EWT) and to use proceeds from early production to cover future exploration expenses in the concession. The concession is very large in size and is roughly 24 times the size of Singapore. The area explored so far (where the previous two drillings were made) is only a couple of hundred square kilometres. Hence, the Company believes there to be promising remaining potential in the block. As such, the Company does not intend in the short term to reduce its equity, given the

[1] Sources: US Energy Information Administration (EIA) Analysis Brief on Oman, 5 December 2014; Ministry of Oil and Gas, Oman website

favourable valuation outlook of the concession. The Company's net equity is expected to be 31.2 per cent (following declaration of commerciality).

BLOCK 50 OMAN

The approximately 17,000 sq km offshore concession is located in Gulf of Masirah, east of Oman.

Rex International Holding holds an indirect 65 per cent stake in Lime while Hibiscus Petroleum Berhad indirectly holds the remaining 35 per cent stake. Lime holds a 64 per cent stake in Masirah Oil Ltd ("**Masirah**") while Petroci, the National Oil Company of the Ivory Coast (also known as Côte d`Ivoire), has a 36 per cent participating interest in Masirah. Masirah holds 100 per cent of the Block 50 Oman concession.

2014 OPERATIONS UPDATE

- Announced spudding of second exploration well on 30 December 2013.
- Completed drilling which reached the final depth of >3,000 metres into the Cambrian formation and oil discovery was made.
- During a 48-hour test, hydrocarbons were flowed to the surface and the well achieved light oil flow rate of up to 3,000 stock tank barrels per day (stb/d) with no water production.
- Exploration and Production Sharing Agreement (EPSA) for Block 50 Oman was renewed.
- Won 'Offshore Discovery of the Year' award, one of six awards presented in conjunction with the launch of the Oil & Gas Year Oman 2014 energy report, produced by publisher Wildcat International, in partnership with the Ministry of Oil and Gas and OPAL (Oman Society for Petroleum Services).
- Completed 3D seismic survey in Block 50 Oman at a lower cost and over a bigger area than previously budgeted.

GOING FORWARD

- Data processing of the seismic data, including analysis with Rex Virtual Drilling, is underway.
- Plan to carry out exploration drilling before end 2015.
- In light of the current lower oil prices and as such, lower cost of oil drilling services, review of earlier proposed extended well testing (EWT) and early production solution of the second offshore exploration well is in progress so that a new, more cost effective EWT solution can be sought and proposed.

TRINIDAD & TOBAGO

Trinidad & Tobago is the largest oil and natural gas producer in the Caribbean. With increased stakes in Caribbean Rex Limited and in the Cory Moruga Block, the Group will now have greater operational control to further focus on assets that can leverage on our Rex Virtual Drilling technology.

OVERVIEW

Trinidad & Tobago is the largest oil and natural gas producer in the Caribbean. According to the Oil & Gas Journal, Trinidad & Tobago had 728 million barrels of proven crude oil reserves as of 2014.

Oil production in Trinidad & Tobago peaked at 179,000 barrels per day ("**bpd**") in 2006. However, it has declined overall since then because of maturing oilfields and operational challenges, according to IHS Global Insight.

The country produced 118,000 bpd of petroleum and other liquids in 2013, of which 81,000 bpd was crude oil including lease condensates, and the remainder consisted mostly of Natural Gas Liquids. Petrotrin, the state-owned oil and gas company and largest crude oil producer in the country, is looking to identify oil and gas deposits for further exploration and finished a 197-square mile seismic survey in May 2014.[1]

STRATEGY

Onshore production levels are typically lower than offshore wells, but drilling of onshore wells costs substantially less than that of offshore wells. At current oil prices, there is potentially still a good margin for produced oil in Trinidad.

With increased stakes in Caribbean Rex Limited and in the Cory Moruga Block, the Group will now have greater operational control to further focus on assets that can leverage on our Rex Virtual Drilling technology in the short term. More revenue can also be booked when a previously locked-in discovery well in the Cory Moruga Block is put on production.

CONCESSIONS

The Group's 98.36 per cent-owned licence-holding company Caribbean Rex

[1] Source: US Energy Information Administration (EIA) Country Analysis Note, Trinidad & Tobago, October 2014.

Limited holds two onshore licences: 100 per cent working interest in the South Erin Block and 83.8 per cent working interest in the Cory Moruga Block.

The South Erin Block currently has a production average of about 50 bpd of oil from four shallow wells. Under new tax legislation in Trinidad & Tobago effective from January 2014, all revenue generated from oil production can be 100 per cent offset against exploration expenses.

2014 OPERATIONS UPDATE

- Spudded first well on 30 April 2014, as part of a multi-well campaign in the South Erin Block and the Cory Moruga Block.
- Divested 100 per cent interest in Inniss-Trinity field for an increased stake in Caribbean Rex from 64.1 per cent to 98.36 per cent.
- Completed drilling of three wells in the South Erin Block, of which two were deemed to be commercial with substantial net pay sands.

2015 NEW DEVELOPMENTS

- Acquired all the issued and outstanding shares of Parex Resources (Trinidad) Limited ("**Parex Trinidad**"), whose main material asset is a 63.8 per cent working interest in the Cory Moruga Block, for an aggregate consideration of US$1.5 million in cash and the working capital of Parex Trinidad as at 31 January 2015, amounting to approximately US$200,000. As a result, Rex International Holding's indirect working interest in the Cory Moruga Block has increased from 20 per cent to 83.8 per cent.

GOING FORWARD

- Drilling of two wells in the Cory Moruga Block to be completed by the third quarter of 2015.

The Group's 98.36 per cent-owned licence-holding company Caribbean Rex Limited holds two onshore licences: 100 per cent working interest in the South Erin Block and 83.8 per cent working interest in the Cory Moruga Block.

UNITED ARAB EMIRATES

Continued efforts are being made to farm-out the Company's stakes in the three concessions in the UAE. The farming-out process is expectedly difficult given the current market sentiment. Drilling plans are contingent on successful farm-outs.

OVERVIEW

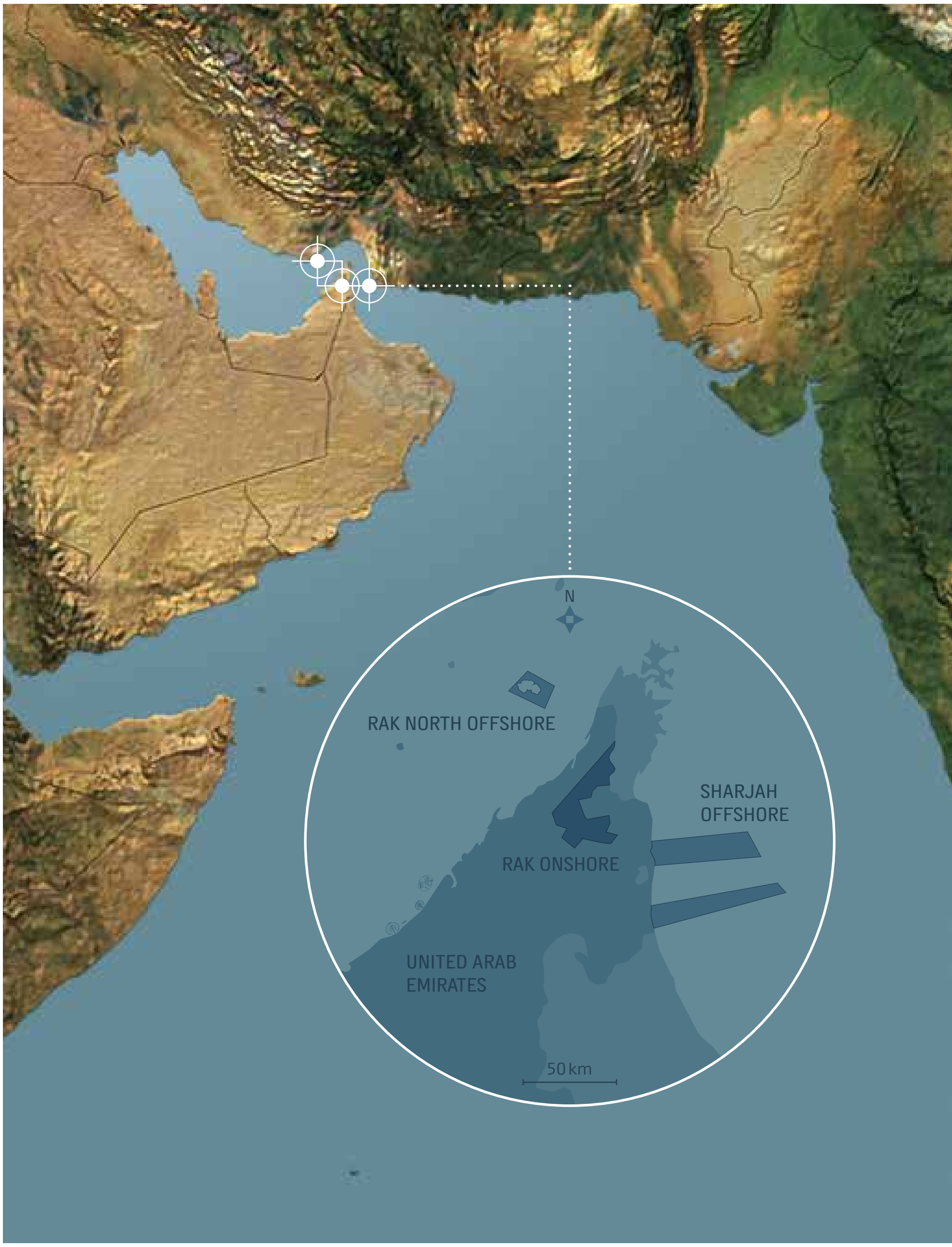
The United Arab Emirates (UAE) comprises a federation of the seven emirates: Abu Dhabi, Ajman, Al Fujayrah, Dubai, Ras al Khaimah, Sharjah, and Umm al Qaywayn. A member of OPEC and the Gas Exporting Countries Forum (GECF), the UAE is one of the 10 largest oil and natural gas producers in the world.

The UAE has relied on its large oil and natural gas resources to support its economy. According to the International Monetary Fund (IMF), hydrocarbon export revenues were US$118 billion in 2012, up from approximately US$75 billion in 2010. Overall, the hydrocarbon economy accounts for approximately 80 per cent of government revenues and more than half of the country's goods exports.[1]

STRATEGY

Like Block 50 Oman, the concessions in the UAE are the first concessions secured by the founders of Rex International Holding. Continued efforts are being made to farm-out the Company's stakes in the three concessions in the UAE. The farming-out process is expectedly difficult given the current market sentiment. Drilling plans are contingent on successful farm-outs.

[1] Source: US Energy Information Administration (EIA) Analysis Brief on the UAE, 5 December 2013



RAS AL KHAIMAH

RAK NORTH OFFSHORE

The 1,200 sq km offshore concession is located in the Strait of Hormuz.

The concession is covered with coarse 2D seismic and 3D seismic data on select parts and has been de-risked with Rex Virtual Drilling.

Rex International Holding holds an indirect 65 per cent stake in Lime. Lime holds a 59 per cent stake in Dahan Petroleum Ltd. Dahan Petroleum Ltd holds 100 per cent of the RAK North Offshore concession.

RAK ONSHORE

The approximately 900 sq km onshore concession is located in Baqal, south of Ras al Khaimah. The asset is part of the Company's legacy portfolio and was a pre-requisite for the completion of the transaction relating to Hibiscus Petroleum's investment in Lime.

As there is no seismic data available, the minimum work programme involves the acquisition of 3D seismic data.

Lime holds a 100 per cent stake in Baqal Petroleum Ltd. Baqal Petroleum Ltd holds 100 per cent of the RAK Onshore concession.

SHARJAH

The 1,600 sq km offshore concession is located in the Gulf of Oman.

The concession is covered with high quality 3D seismic data and has been de-risked with Rex Virtual Drilling.

The government of Sharjah has granted an extension to commence engineering and procurement activities leading to the drilling of an exploration well by the third quarter of 2015 for the concession.

Lime holds a 100 per cent stake in Zubara Petroleum Ltd. Zubara Petroleum Ltd holds 100 per cent of the RAK Onshore concession.

3,686

sq km – the total acreage of the Group's onshore and offshore concessions in Ras al Khaimah and Sharjah in the UAE.

UNITED STATES

Following the streamlining of its investments in the US in 2013 and 2014, the Company now holds a 30.29 per cent stake in Fram Exploration ASA.

OVERVIEW

Fram Exploration ASA ("**FRAM**") is an international E&P company with onshore oil and gas assets in the states of Colorado and North Dakota in the US.

Before its listing in 2013, Rex International Holding had acquired an indirect 20 per cent interest in FRAM's US concessions and a 24 per cent direct stake in FRAM. In 2013 and 2014, the Company restructured its holdings in the US. As at February 2015, the Company holds a 30.29 per cent stake in FRAM through its wholly-owned subsidiary, Rex US Ltd. ("**Rex US**") and no direct interest in the concessions.

COLORADO

Colorado's vast fossil fuel resources include the Niobrara Shale, with resource estimates running as high as two billion barrels of oil. From 2007 to 2013, crude oil production in Colorado rose 146 per cent; marketed natural gas production rose 38 per cent between 2007 and 2012.

NORTH DAKOTA

In 2013, North Dakota was the second largest crude oil-producing state in the nation and accounted for over 11.5 per cent of total US crude oil production; a 177 per cent increase in production from 2010 to 2013 was primarily driven by horizontal drilling and hydraulic fracturing in the Bakken formation.[1]

2014 OPERATIONS UPDATE

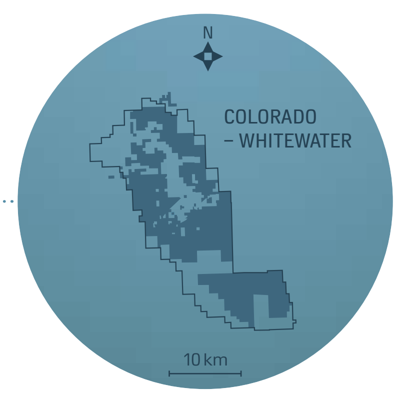
- Rex US divested its entire 49 per cent stake in Loyz Rex Drilling Services LLC, as part of the restructuring of the Group's holdings in US investments.

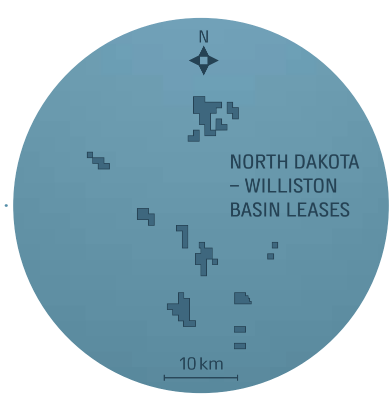
2015 NEW DEVELOPMENTS

- In January 2015, Rex International Holding subscribed for NOK13.7 million (approximately US$1.8 million based on the exchange rate of NOK1:US$0.13) of FRAM's fund-raising round of NOK28.6 million (approximately US$3.7 million).
- As a prudent measure, Rex International Holding recorded an impairment of US$39.72 million on the book value of its equity stake in FRAM in FY2014 financial statements.

GOING FORWARD

- Work-overs to be carried out in Whitewater, Colorado to further confirm the validity of newly identified play types.
- A seismic survey to be conducted in Williston Basin, North Dakota, where Rex Virtual Drilling will be subsequently applied to further de-risk the asset.
- Any further investment by the Company is contingent upon inter alia, positive results of Rex Virtual Drilling analysis, positive technical analysis of new play types and participation by other shareholders in future capital fund-raising rounds.





[1] Source: US Energy Information Administration (EIA), State profile and energy estimates, Colorado, 21 August 2014 and North Dakota, 18 December 2014

LICENCE SUMMARY

COUNTRY	LICENCE	LOCATION	AREA (SQ KM)	ON/OFFSHORE	LICENCE TYPE	LICENCE HOLDING ENTITY
NORWAY	PL338C	North Sea	122	Offshore	Exploration	Lime Petroleum Norway AS
	PL498	North Sea	278	Offshore	Exploration	Lime Petroleum Norway AS
	PL498B	North Sea	15	Offshore	Exploration	Lime Petroleum Norway AS
	PL503	North Sea	978	Offshore	Exploration	Lime Petroleum Norway AS
	PL503B	North Sea	433	Offshore	Exploration	Lime Petroleum Norway AS
	PL503C	North Sea	180	Offshore	Exploration	Lime Petroleum Norway AS
	PL616	North Sea	333	Offshore	Exploration	Lime Petroleum Norway AS
	PL591	Norwegian Sea	207	Offshore	Exploration	Lime Petroleum Norway AS
	PL591B	Norwegian Sea	27	Offshore	Exploration	Lime Petroleum Norway AS
	PL591C	Norwegian Sea	47	Offshore	Exploration	Lime Petroleum Norway AS
	PL762	Norwegian Sea	772	Offshore	Exploration	Lime Petroleum Norway AS
	PL707	Barents Sea	982	Offshore	Exploration	Lime Petroleum Norway AS
	PL708	Barents Sea	507	Offshore	Exploration	Lime Petroleum Norway AS
	PL769	Barents Sea	269	Offshore	Exploration	Lime Petroleum Norway AS
	PL770	Barents Sea	625	Offshore	Exploration	Lime Petroleum Norway AS
OMAN	Block 50 Oman	Gulf of Masirah	16,903	Offshore	Exploration	Masirah Oil Ltd
TRINIDAD & TOBAGO	Cory Moruga	Southern basin, Trinidad	30	Onshore	Development and Exploration	Caribbean Rex Ltd
	South Erin Block	Southern basin, Trinidad	5.5	Onshore	Development, Exploration and Production	Jasmin Oil and Gas Ltd
UAE	RAK Onshore	Ras al Khaimah	886	Onshore	Exploration	Baqal Petroleum Ltd
	RAK North Offshore	Strait of Hormuz	1,200	Offshore	Exploration	Dahan Petroleum Ltd
	Sharjah	Gulf of Oman	1,600	Offshore	Exploration	Zubara Petroleum Ltd
US	(Held through 30.29% direct stake in Fram Exploration USA)					
	Colorado Whitewater	Colorado	c. 204	Onshore	Production and Exploration	Fram Exploration ASA
	North Dakota Williston	North Dakota	c. 39	Onshore	Production and Exploration	Fram Exploration ASA

* Interest in PL338C and the PL591 licences are pending authorities' approval.

DRILLING PROGRAMME

1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016
PL338C (Gemini)	PL591/B/C	PL707	PL503/B/C	PL498/B
	PL616	PL338C (Rolvsnes)	PL708	PL769
	Cory Moruga	New Farm-in (Norway)	Cory Moruga	PL770
			Oman	Oman

Firm wells   Drill or drop

LICENCE HOLDING ENTITY'S STAKE	REX'S EFFECTIVE STAKE IN LICENCE HOLDING ENTITY	OPERATOR	OTHER PARTNERS	GROSS MEAN UNRISKED PROSPECTIVE RESOURCES
30%	19.5%*	Lundin Norway AS	OMV (Norge) AS	Rolvsnes prospect: 118 mmboe (Lundin Norway AS, 17 Nov 2014)
25%	16.3%	Lotos Exploration and Production Norge AS	Edison Norge AS; Skagen44 AS	75 mmboe P(50) (North Energy ASA, 9 Feb 2012)
25%	16.3%	Lotos Exploration and Production Norge AS	Edison Norge AS; Skagen44 AS	
12.5%	8.1%	Lotos Exploration and Production Norge AS	Edison Norge AS; Skagen44 AS North Energy ASA	
12.5%	8.1%	Lotos Exploration and Production Norge AS	Edison Norge AS; Skagen44 AS North Energy ASA	
12.5%	8.1%	Lotos Exploration and Production Norge AS	Edison Norge AS; Skagen44 AS North Energy ASA	
5%	3.3%	Edison Norge AS	Noreco Norway AS; Concedo ASA; Skagen44 AS; North Energy ASA	159 mmboe (GCoS 25) (North Energy ASA, 12 Feb 2015)
25%	16.3%*	Tullow Oil Norge AS	North Energy ASA	256 mmboe (GCoS 27) (North Energy ASA, 12 Feb 2015)
25%	16.3%*	Tullow Oil Norge AS	North Energy ASA	
25%	16.3%*	Tullow Oil Norge AS	North Energy ASA	
20%	13.0%	Noreco Norway AS	North Energy ASA; Fortis Petroleum Norway AS; Petoro AS	
10%	6.5%	Edison Norge AS	PGNiG Upstream International AS; North Energy ASA	
10%	6.5%	Lundin Norway AS	LUKOIL Overseas North Shelf AS; Edison Norge AS; North Energy ASA	316 mmboe (North Energy ASA, 12 Feb 2015)
20%	13.0%	OMV (Norge) AS	Concedo ASA; North Energy ASA	
20%	13.0%	Edison Norge AS	North Energy ASA	
100%	41.6%	Masirah Oil Ltd	Hibiscus Petroleum Bhd; Petroci	4,743 mmboe (Hibiscus Petroleum Bhd; Aker Geo and Pareto Asia, 28 Feb 2012)
83.8%	82.4%	Caribbean Rex Ltd	Touchstone Oil and Gas	
100%	98.4%	Jasmin Oil and Gas Ltd	–	3P gross reserves: 0.49 mmboe
100%	65.0%	Baqal Petroleum Ltd	–	
59%	38.4%	Dahan Petroleum Ltd	Schroder & Co Banque SA; Right Ally Ltd	
100%	65.0%	Zubara Petroleum Ltd	–	426 mmboe (Hibiscus Petroleum Bhd; Aker Geo and Pareto Asia, 28 Feb 2012)
100%	30.3%	Fram Operating LLC	–	
100%	30.3%	Fram Operating LLC	–	

mmboe: million barrels of oil equivalent   **GCoS:** Geological Chance of Success

OTHER JOINTLY CONTROLLED ENTITIES

HiRex Petroleum is focused on sourcing exploration opportunities in the Asia-Pacific region, while Rexonic AG provides commercial oil well stimulation services to oil production and oil service companies with its proprietary environmentally-friendly and highly effectively ultrasound technology.

HIREX PETROLEUM SDN BHD

HiRex Petroleum Sdn Bhd ("**HIREX**") is a 41:41:15:3 jointly controlled entity between Rex International Holding, Hibiscus Petroleum Sdn Bhd, Triax Ventures Corp and HIREX's management respectively, for exploration opportunities in the Asia-Pacific region, covering 11 countries including Australia, Brunei, Cambodia, Indonesia, Malaysia, Myanmar, New Zealand, Papua New Guinea, Thailand, the Philippines and Vietnam.

HIREX aims to identify and pursue equity stakes of 10 to 30 per cent in high-impact and low entry cost exploration opportunities, assisted by the use of Rex Virtual Drilling ("**RVD**").

2014 OPERATIONS UPDATE

- In November 2014, HIREX, through its wholly-owned subsidiary, exercised an option to acquire a 20 per cent interest in VIC/P57 in Australia from 3D Oil, in exchange for use of the RVD technology to determine the best hydrocarbon prospects in the concession.

2015 NEW DEVELOPMENTS

- In February 2015, Rex International Holding shared that its final investment decisions had taken into consideration, inter alia, criteria such as size of indications of hydrocarbon accumulations from RVD analyses and correlation of RVD findings with conventional geological and geophysical studies. It announced its decision to opt out from participation in any further activity in VIC/P57.

GOING FORWARD

- Rex International Holding, through Rex Technology Management, will continue to lend its full support to HIREX in the provision of the RVD technology in HIREX's active sourcing of stakes in exploratory concessions in the Asia-Pacific region.

REXONIC AG

Rexonic AG ("**Rexonic**") is a 66.7:33.3 joint venture between Rex International Holding and Ogsonic AG from Switzerland.

Rexonic owns the world's first environmentally-friendly, high-power ultrasound technology for commercial oil well stimulation that has shown to increase oil production by between 30 per cent and up to 380 per cent both onshore and offshore. The proprietary, patented technology, developed by Ogsonic AG's founders, is highly efficient in cleaning production well bores from typical oil production inhibitors such as wax, paraffin and salt deposits, thereby significantly increasing the flow of oil into the well bores at lower cost.

Rexonic's operating business models will include the servicing and licensing of the technology to oil production companies and oil service companies.

2014 OPERATIONS UPDATE

- In May 2014, Rexonic AG appointed industry veterans Mr William Wright and Professor Herbert Hofstätter as independent directors to its board.
- In October 2014, Rexonic AG's wholly-owned subsidiary secured its first and ground-breaking contract with a reputed and large National Oil Company (name has been withheld at the request of the client) with a contract value of approximately US$10 million if fully executed over 24 months.

GOING FORWARD

- Rexonic will continue to build up its technical team and work towards securing contracts, beyond its initial foothold in Central and South America.

SUSTAINABILITY

Rex International Holding's commitment to sustainability ties back to the Rex Technologies and extends beyond the impact of its business operations on the environment to its efforts in employee engagement and corporate social responsibility.

ADVOCACY FOR SUSTAINABILITY

Our founder Dr Karl Lidgren, started the Foundation TEM (Technique, Environment and Economics) in Sweden in the late 1970s/early 1980s and was the foundation's first director. In 1994, he established the International Institute for Industrial Environmental Economics (IIIEE), where he served as its founding director until 2000, with support of the Swedish Government.

Our CEO Mr Måns Lidgren had upon his graduation from Lund University in 2000, provided consultancy services to Global Responsibility, an organisation that seeks to promote responsible citizenship worldwide, helping companies communicate their efforts in environmental, health and safety issues.

ENVIRONMENTALLY-FRIENDLY TECHNOLOGIES

The creators of the Rex Technologies, Dr Karl Lidgren and his brother, Mr Hans Lidgren, were among the first to use satellite altimeter data in oil exploration activities. Their technology has enabled major oil and gas findings since the 1980s.

Rex Gravity and Rex Seepage, which uses satellite information to hone in on specific areas for further oil exploration; and Rex Virtual Drilling, the direct hydrocarbon indicator based on analysis of seismic data, empower Rex International Holding to have a higher chance of success in finding oil, and in turn, minimises the use of resources and the adverse impact on the environment as fewer dry wells will be drilled.

Rexonics, the world's first environmentally-friendly, high-power ultrasound technology for commercial oil well stimulation, has shown to increase oil production by between 30 per cent and up to 380 per cent both onshore and offshore.
The technology does not involve any chemicals, reduces water waste, causes no pollution in sea, air or land and minimises health hazards for human resources.

ENVIRONMENT, HEALTH, SAFETY & SECURITY (EHSS)

Rex International Holding is committed to ensuring the highest level of safety and quality in carrying out our operations. We strive for an injury-free and safe working environment for all our employees. Our safety procedures and standards, as well as training, are in line with industry standards and are subject to regular review.

We manage the risks associated with our operations through the implementation of our Operations Risk Management System ("**ORMS**"). The ORMS will be adapted to the local rules and regulations in each jurisdiction where we have operations. Each of our employees and contractors accept safety as a requirement and necessity and maintain strict compliance to our safety procedures. In addition, our contractors are subject to prequalification where we evaluate their safety performance as a key criterion.

- At the Block 50 Oman concession, more than 111,000 man-hours were clocked with no critical incidents.
- Over in Trinidad & Tobago, our wholly-owned subsidiary Caribbean Rex obtained STOW (Safe TO Work) certification for operating according to superior EHSS principles. Drilling of three wells in the South Erin Block was completed in 2014 with no significant incidents.

EMPLOYEE ENGAGEMENT

Besides engaging our employees in regular social events, in-house workshops have been organised to provide non-operational staff with better industry and technical knowledge on oil exploration and production. Staff from various functions also attended external seminars on their own areas of expertise to further their learning and development objectives.

CORPORATE SOCIAL RESPONSIBILITY

As a young company, we aspire to do good in the communities we operate in, be it to have minimal impact on the environment in our operations, or in helping the underprivileged. In 2014, Rex International Holding's Singapore office contributed to the "Gifts of Joy" initiative by its landlord to buy Christmas presents for underprivileged children at Beyond Social Services.

Rex International Holding is committed to ensuring the highest level of safety and quality in carrying out our operations. We strive for an injury-free and safe working environment for all our employees and our safety procedures and standards are in line with industry standards and are subject to regular review.

INVESTOR RELATIONS **& COMMUNICATIONS**

Rex International Holding aims to communicate to all stakeholders in a regular, consistent, transparent and timely manner. Communication platforms such as announcements, press releases, investor presentations, annual reports and the corporate website were extensively employed to provide clear and succinct information on Rex International Holding's business activities.

In 2014, Rex International Holding issued more than 70 announcements and press releases. Management conducted more than 120 one-on-one and group meetings, as well as conference calls, with local and foreign investors or analysts. During the year, the Company also participated in equity forums, conferences and investor roadshows in Singapore, Malaysia and the UK. These meetings provide a forum for Management to share the Group's strategy, operations status and financial performance, as well as solicit from investors and analysts, their perceptions of the Company.

Mr Måns Lidgren, CEO of Rex International Holding, was also an invited speaker at two regional industry conferences held in Singapore, namely, the 20th Asian Oil Week: Asia Upstream and the OSEA 2014 (Offshore Oil & Gas) International Conference.

The Company was Runner-up of the Most Transparent Company Award 2014 (Catalist) in the 15th SIAS Investors' Choice Awards and was one of three finalists for the Best Investor Relations for an IPO Award in the IR Magazine Awards and Conference Southeast Asia 2014.

We continue to work closely with our partners and the relevant authorities in the various jurisdictions where our concessions are located, to share accurate and timely information, with the objective of addressing concerns and strengthening relationships with shareholders, potential investors and analysts.

2014 INVESTOR RELATIONS ACTIVITIES

1Q 2014
- DBS Pulse of Asia Conference, Singapore
- Credit Suisse Exploration & Production and Offshore & Marine Corporate Day, Singapore
- Release of FY2013 financial results
- RHB-OSK Oil & Gas Corporate Day, Kuala Lumpur
- UOB KayHian Oil & Gas Conference, Singapore

2Q 2014
- Release of 1Q 2014 financial results
- Annual General Meeting and Extraordinary General Meeting
- DBS Pulse of Asia Conference, London

3Q 2014
- Release of 2Q 2014 financial results
- Group analyst briefing
- Commencement of trading of 168 million new private placement shares
- 20th Asian Oil Week: Asia Upstream, Singapore

4Q 2014
- Release of 3Q 2014 financial results
- OSEA 2014 (Offshore Oil & Gas) International Conference, Singapore

CONTACT US

If you have any enquiries or would like to find out more about Rex International Holding, please contact:

SHAREHOLDER ENQUIRIES

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Fax: +65 6535 0775
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Website: www.cdp.com.sg

FINANCIAL REVIEW

REVENUE

Subsequent to the acquisition of RTM, the Group recorded revenue of US$0.33 million in FY2014, which arose from technical services rendered to clients by RTM. No revenue was recorded in FY2013, as the Group was primarily involved in exploration and drilling activities.

ADMINISTRATIVE EXPENSES

Total administrative expenses increased from US$5.27 million in FY2013 to US$8.08 million in FY2014. The increase was primarily due to 1) expansion of the Group's operations; 2) increase in professional and consultancy fees incurred in relation to the Group's business; and 3) additions to headcount in the Singapore office.

Finance income of US$1.14 million recorded in FY2014 arose from interest income on funds invested, including debt securities.

Net foreign exchange loss of US$5.29 million recorded in FY2014 was due to the weakening of the Singapore dollar against the United States dollar.

OTHER EXPENSES

Subsequent to the acquisition of an additional equity interest of 34.19 per cent in Caribbean Rex, the Group recorded a loss of US$4.35 million on re-measurement to fair value of its pre-existing interest in the jointly controlled entity and a gain of US$2.42 million from the step acquisition in FY2014.

The Group obtained control over Caribbean Rex's financial and operating policies upon completion of the acquisition of the additional equity interest in Caribbean Rex, and had therefore ceased equity accounting for the results of Caribbean Rex. As at 31 December 2014, the Group held a 98.36 per cent interest in Caribbean Rex and had consolidated its results with the Group's results.

Following the annual assessment of impairment of financial assets, the Company had taken the prudent step to address the impairment of its available-for-sale investment, FRAM. The Company had updated the market on its concern of FRAM's financial position on several occasions since 5 March 2014. The decision for the impairment was taken after the Company and other FRAM shareholders were approached to help resolve FRAM's financial issues to allow it to fulfil its on-going obligations. In addition, with the effect of the current downward trend of oil prices on the pay-back of the concessions, and the increased difficulty in getting further investments in the short term, an impairment loss of US$39.72 million was recorded in FY2014 for FRAM.

Net change in the fair value of an available-for-sale investment, North Energy of US$1.43 million had been reclassified from equity to profit or loss in FY2014 due to the significant decline in the market value. This is in line with prudent step taken to address impairment of financial assets.

SHARE OF LOSS OF JOINTLY CONTROLLED ENTITIES

Total share of loss of jointly controlled entitles increased from US$5.16 million in FY2013 to US$7.60 million in FY2014.

The aforementioned total share of loss of jointly controlled entities of US$7.60 million in FY2014 was attributable to 1) Caribbean Rex with share of loss of US$0.43 million, prior to the completion of the acquisition of the additional equity interest in Caribbean Rex; 2) HIREX with share of loss of US$1.36 million; 3) Rexonic with share of loss of US$3.15 million; and 4) Lime with share of loss of US$2.66 million.

The share of loss in relation to Caribbean Rex, HIREX, Rexonic and Lime in FY2014 were predominantly due to expenses incurred in relation to exploration and drilling activities and the development of the well stimulation business.

Overall, the Group registered total comprehensive loss of US$62.32 million in FY2014 as compared to US$8.55 million in FY2013.

NON-CURRENT ASSETS

Non-current assets decreased to US$65.84 million as at 31 December 2014, from US$82.50 million as at 31 December 2013. The decrease was largely due to 1) impairment of an available-for-sale investment of US$39.72 million; and 2) reclassification of Caribbean Rex from a jointly controlled entity to a subsidiary, subsequent to the acquisition of additional equity interest in Caribbean Rex. The decrease in non-current asset is partially offset by acquisition of intangible asset of US$8.47 million and exploration and evaluation assets of US$13.07 million, which arose from the consolidation of Caribbean Rex and RTM's results.

CURRENT ASSETS

The Group recorded inventories of US$0.99 million as at 31 December 2014, which arose from the consolidation of Caribbean Rex's results.

Quoted investments increased to US$30.73 million as at 31 December 2014, from US$7.52 million as at 31 December 2013, due to the purchase of debt securities.

Trade and other receivables increased to US$9.81 million as at 31 December 2014, from US$5.07 million as at 31 December 2013. The increase was due to the consolidation of Caribbean Rex and RTM's results, partially offset by consideration received in relation to the disposal of a 49 per cent equity interest in Loyz Rex Drilling Services LLC in FY2013.

Share capital increased to US$253.71 million as at 31 December 2014, from US$179.52 million as at 31 December 2013, due to US$74.19 million (after deducting placement fees and expenses of US$1.67 million) of net proceeds raised from the share placement exercise which was completed on 17 September 2014 (the "**2014 Placement**").

The Group recorded trade and other payables of US$5.03 million as at 31 December 2014, largely due to the consolidation of Caribbean Rex and RTM's results.

The Group had net current assets of US$123.63 million as at 31 December 2014, as compared to net current assets of US$94.33 million as at 31 December 2013, an increase of US$29.30 million. The increase in net current assets was largely due to net proceeds raised from the 2014 Placement and the consolidation of Caribbean Rex and RTM's results.

CASH FLOWS

The Group reported a net cash outflow of US$15.70 million in FY2014 from its operating activities, after accounting for movements in working capital. This was primarily due to administrative and operational expenses incurred in the Singapore office, as well as consultancy and professional fees incurred in relation to the Group's business.

Net cash used in investing activities of US$53.48 million in FY2014 was mainly attributable to 1) capital injections into jointly controlled entities of US$25.55 million; 2) purchase of quoted investments of US$23.52 million; 3) purchase of an available-for-sale investment in North Energy of US$3.84 million; and 4) acquisition of subsidiaries of US$6.15 million. Cash outflow from investing activities was partially offset by proceeds from disposal of quoted investments of US$3.50 million, proceeds from disposal of jointly controlled entity of US$1.00 million and interest received of US$1.14 million from quoted investments.

Net cash generated from financing activities for FY2014 of US$74.04 million was largely due to US$74.19 million of net proceeds raised from the 2014 Placement.

Cash placed in quoted investments increased by US$23.52 million in FY2014. The Group recorded an overall net increase in cash and cash equivalents of US$4.86 million in FY2014. Cash and cash equivalents stood at US$87.12 million as at 31 December 2014 as compared to US$82.27 million as at 31 December 2013.

RESERVES AND **RESOURCES**

The following reserves table has been extracted from the qualified person's report dated 20 March 2015 ("**QPR**"), as prepared by the independent qualified person, RPS Energy Consultants Limited.

Please also refer to the enclosed CD attached at the back of this Annual Report for the QPR.

FIELD	GROSS RESERVES (Mstb)[1]			RIH NET WI RESERVES (Mstb)[1,2]			RIH NET RESERVES ENTITLEMENT (Mstb)[1,2,3]		
	1P	2P	3P	1P	2P	3P	1P	2P	3P
Developed	48.0	82.4	158.9	47.2	81.0	156.3	31.2	54.2	104.1
Developed plus Undeveloped	172.7	336.1	492.8	169.9	330.6	484.7	116.6	229.0	337.9

1. 1P cases have negative Net Present Value at 10% discount rate (NPV10).
2. RIH owns 98.36% of REX which is 100% owner of Jasmin Oil and Gas Limited.
3. RIH Net Reserves Entitlement is RIH's WI share of Reserves after the deduction of Government Royalty and Petrotrin Over-riding Royalty.

RIH: Rex International Holding Limited REX: Caribbean Rex Ltd

CATEGORY	GROSS ATTRIBUTABLE TO LICENCE (Mstb)	NET ATTRIBUTABLE TO RIH [1,2](Mstb)	CHANGE FROM PREVIOUS UPDATE	REMARKS
RESERVES				
	OIL RESERVES			
1P	170	117	+2.6%	1P Reserves are uneconomic. Includes Undeveloped Reserves
2P	331	229	-11.2%	Includes Undeveloped Reserves
3P	485	338	-24.6%	Includes Undeveloped Reserves

1. Net Attributable is the net share of Reserves after the deduction of Government Royalty and Petrotrin Over-riding Royalty.
2. Rex International Holding Ltd has 98.36% ownership of Caribbean Rex Ltd which has 100% ownership of Jasmin Oil and Gas Limited.
3. South Erin Farm-out Block (Sub-Licence) acquired in 2013.

In FY2014, certain exploration and evaluation expenditure had been capitalised as a result of the acquisition of additional equity interest in Caribbean Rex.

The Group's exploration work is an ongoing process. The exploration activities fulfilled in FY2014 included virtual drilling and actual drillings in Trinidad & Tobago. The Group did not account for any new production activities in FY2014.

CORPORATE **DATA**

DIRECTORS
Dan Broström, Executive Chairman
Dr Karl Lidgren, Executive Director
Sin Boon Ann, Lead Independent Director
Muhammad Sameer Yousuf Khan, Independent Director
Abderahmane Fodil, Independent Director
Dr Christopher Atkinson, Independent Director

BOARD COMMITTEES

NOMINATING COMMITTEE
Sin Boon Ann, Chairman
Dr Karl Lidgren
Muhammad Sameer Yousuf Khan

REMUNERATION COMMITTEE
Sin Boon Ann, Chairman
Muhammad Sameer Yousuf Khan
Abderahmane Fodil

AUDIT COMMITTEE
Muhammad Sameer Yousuf Khan, Chairman
Sin Boon Ann
Abderahmane Fodil

COMPANY SECRETARIES
Teo Meng Keong
Tan Siew Hua

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Audit Partner: Chiang Yong Torng
(Appointed in 2013)

SHARE REGISTRAR
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Telephone: (65) 6236 3333

PRINCIPAL BANKERS
Skandinaviska Enskilda Banken AB
UBS AG
United Overseas Bank Limited

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**") of Rex International Holding Limited (the "**Company**" and together with its subsidiaries, the "**Group**") are committed to achieving and maintaining high standards of corporate governance principles and processes in managing its business and affairs, so as to improve the performance, accountability, and transparency of the Group.

During the financial year under review, the Board of Directors of the Company (the "**Board**" or the "**Directors**") has reviewed its corporate governance practices and ensured that they are in compliance with the applicable provisions of the Code of Corporate Governance 2012 (the "**Code**") issued by the Monetary Authority of Singapore and the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**"). Where applicable, deviations from the Code have been explained.

This corporate governance report sets out how the Company has applied the principles of good corporate governance in a disclosure-based regime where the accountability of the Board to the Company's shareholders and the Management to the Board provides a framework for achieving a mutually beneficial tripartite relationship aimed at creating, enhancing and growing sustainable shareholders' value.

GUIDELINE

General

Compliance to the Code

The Company has complied with the principles and guidelines as set out in the Code and the disclosure guide developed by the SGX-ST in January 2015 (the "**Guide**"), where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

1.1

Role Of The Board

Composition of the Board	
Name of Director	**Designation**
Mr Dan Broström	Executive Chairman
Dr Karl Lidgren	Executive Director [1]
Mr Sin Boon Ann	Lead Independent Non-Executive Director
Mr Muhammad Sameer Yousuf Khan	Independent Non-Executive Director
Mr Abderahmane Fodil	Independent Non-Executive Director
Dr Christopher Atkinson	Independent Non-Executive Director

[1] Dr Karl Lidgren was re-designated as Executive Director of the Company on 15 January 2015.

CORPORATE GOVERNANCE REPORT

The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board's principle functions are:

- Setting the corporate strategies of the Group and directions and goals for Management;
- Supervising Management and monitoring the Management's performance against the goals set to enhance shareholders' value; and
- Overseeing the overall corporate governance of the Group.

1.3 ***Delegation by the Board***

The Board has delegated certain responsibilities to the Audit Committee (the "**AC**"), the Remuneration Committee (the "**RC**") and the Nominating Committee (the "**NC**") (collectively, the "**Board Committees**"). The compositions of the Board Committees are as follows:

Composition of the Board Committees			
	AC	**NC**	**RC**
Chairman	Muhammad Sameer Yousuf Khan	Sin Boon Ann	Sin Boon Ann
Member	Abderahmane Fodil	Muhammad Sameer Yousuf Khan	Muhammad Sameer Yousuf Khan
Member	Sin Boon Ann	Dr Karl Lidgren	Abderahmane Fodil

1.4 ***Board Meetings and Attendance***

The Board meets on a quarterly basis, and as and when circumstances require. In FY2014, the number of Board and Board Committee meetings held and the attendance of each Board member are shown below.

Board and Board Committee Meetings in FY2014				
	Board	**AC**	**NC**	**RC**
Number of Meetings Held	4	4	1	3
Name of Director	**Number of Meetings Attended**			
Dan Broström	4	-	-	-
Dr Karl Lidgren	4	-	1	-
Sin Boon Ann	4	4	1	3
Muhammad Sameer Yousuf Khan	4	4	1	3
Abderahmane Fodil	4	4	-	3
Dr Christopher Atkinson	0[1]	-	-	-

[1] Dr Christopher Atkinson was appointed as a Director of the Company on 6 January 2015.

To ensure meetings are held regularly with maximum Directors' participation, the Company's Articles of Association (the "**Articles**") allow for meetings to be held through telephone conference.

Regular meetings are held by the Board to deliberate the strategic policies of the Company including significant acquisitions and disposals, review and approve annual budgets, review the performance of the business and approve the public release of periodic financial results. The Board will also convene additional meetings for particular matters as and when they are deemed necessary.

While the Board considers Directors' attendance at Board meetings to be important, it is not the only criterion which the Board uses to measure Directors' contributions. The Board also takes into account the contributions by Board members in other forms, including periodical reviews, provision of guidance and advice on various matters relating to the Group.

The responsibility of day-to-day management, administration and operation of the Group are delegated to the Executive Chairman, the Executive Director and the Chief Executive Officer of the Group (the "**CEO**"). The CEO does not sit on the Board. The CEO has accumulated sufficient and valuable experience to hold his position in order to ensure that his fiduciary duties can be carried out in an effective and efficient manner.

1.5 *Material Transactions Requiring Board Approval*

Matters that require the Board's approval include, amongst others, the following:
- Overall Group business and budget strategy;
- Capital expenditure, investments or divestments exceeding certain material limits;
- All capital-related matters including capital issuance;
- Significant policies governing the operations of the Company;
- Corporate strategic development and restructuring;
- Material interested person transactions; and
- Risk management strategies.

1.6 *Board Induction and Training*

All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of a director of a listed company. To get a better understanding of the Group's business, the Director will also be given the opportunity to visit the Group's operational facilities and meet with Management, whenever possible.

Except for Mr Sin Boon Ann and Mr Muhammad Sameer Yousuf Khan, the rest of the Directors of the Company do not have prior experience as a Director of public listed companies in Singapore. Mr Dan Broström, Dr Karl Lidgren and Mr Abderahmane Fodil had completed the Listed Company Director courses conducted by the Singapore Institute of Directors (the "**SID**") to prepare and familiarise themselves with the roles and responsibilities of Directors of a listed company in 2013.

The Company is responsible for arranging and funding the training of Directors. Directors are regularly updated with the latest professional developments in relation to the Catalist Rules and other applicable regulatory updates or amendments to relevant laws, rules and regulations to ensure the compliance of the same by all Directors.

In 2014, Mr Muhammad Sameer Yousuf Khan attended the "Revised Guidebook for Audit Committees in Singapore: What every AC member needs to know" conference organised by KPMG LLP.

CORPORATE GOVERNANCE REPORT

1.7 **Formal Appointment Letter to Each Director**

For future appointments, the Company will also provide each newly appointed Director with a formal letter of appointment setting out the Director's duties and obligations.

Board Composition and Balance

Principle 2 ***There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.***

2.1
2.2
3.3

Independent Directors

In view that the Executive Chairman is part of the management team and is not an independent director, Guideline 2.2 of the Code is met as the Independent Directors make up two-thirds of the Board. Mr Sin Boon Ann has also been appointed as the Lead Independent Director of the Company and makes himself available to shareholders at the Company's general meetings.

2.3
4.3

Review of Directors' Independence

The NC has reviewed and confirmed the independence of the Independent Directors in accordance with the Code. The Independent Directors have also confirmed their independence in accordance with the Code.

There is no Director who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.

2.4 ***Duration of Independent Directors' Tenure***

There is no Independent Director who has served beyond nine years since the date of his first appointment.

2.5
2.6

Board Diversity

The Board comprises six directors: One Executive Chairman, one Executive Director and four Independent Non-Executive Directors, who have the appropriate mix of core competencies and diversity of experience, to direct and lead the Company. There is a good balance between the Executive and Non-Executive Directors, with a strong and independent element on the Board.

The composition of the Board will be reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.

The Board is of the view that the current board size is appropriate to effectively facilitate decision making in relation to the operations of the Group, taking into account the nature and scope of the Group's operations. The Board believes that the current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group. The NC is also of the view that the current Board members comprise persons with a broad range of expertise and experience in diverse areas including accounting, finance, legal, business and management, technology, oil and gas, strategic planning and regional business experience. However, there is no gender diversity in the Board yet and the Board will enhance the gender diversity of the Board if it encounters suitable candidates.

The Board has taken the following steps to maintain or enhance its balance and diversity:

- Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.

2.7 *Non-Executive Director Meetings in Absence of Management*

2.8

The Independent Non-Executive Directors should constructively challenge and help develop proposals on strategies. From time to time, the Non-Executive Directors have met in the absence of Management in FY2014.

Chairman and Chief Executive Officer

Principle 3 ***There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.***

3.1 *Segregation of the Role of the Chairman and the CEO*

3.2

The roles of the Executive Chairman and the CEO are separate to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision making. The Executive Chairman is not related to the CEO.

The Executive Chairman leads the Board discussions and ensures that Board meetings are convened when necessary. He sets the Board's meeting agenda and ensures the quality, quantity and timeliness of the flow of information between the Board and Management to facilitate efficient decision making. He chairs the Board meetings and encourages the Board members to present their views on topics under discussion at the meetings. He also assists in ensuring compliance with the Group's guidelines on corporate governance.

CORPORATE GOVERNANCE REPORT

The CEO is responsible for the business management and day-to-day operations of the Group. He takes a leading role in developing and expanding the businesses of the Group, including making major business and finance decisions. He also oversees the execution of the Group's business and corporate strategy as set out by the Board and ensures that the Directors are kept updated and informed of the Group's businesses.

The Executive Chairman's performance and appointment to the Board were reviewed by the NC. The Executive Chairman and CEO's remuneration packages were reviewed by the RC. As the roles of the Executive Chairman and the CEO are separate, and the AC, NC and RC comprise a majority of Independent Directors of the Company, the Board believes that there are adequate safeguards in place to ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

3.3 ***Lead Independent Director***

The appointment of Mr Sin Boon Ann as the Lead Independent Director where the Executive Chairman is part of the management team and is not an independent director is in line with the recommendation under Guideline 3.3 of the Code.

3.4 ***Independent Director Meetings in Absence of Management***

To facilitate well-balanced viewpoints on the Board, the Lead Independent Director will, where necessary, chair meetings with the Independent Directors without the involvement of other Directors, and the Lead Independent Director will provide feedback to the Executive Chairman after such meetings.

Board Membership

Principle 4 ***There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.***

4.1 ***Nominating Committee***

The Board has established an NC which comprises three members, a majority of whom including the chairman, are Independent Directors. The members of the NC are as follows:

Mr Sin Boon Ann	Chairman	Lead Independent Non-Executive Director
Mr Muhammad Sameer Yousuf Khan	Member	Independent Non-Executive Director
Dr Karl Lidgren	Member	Executive Director

The NC is guided by key terms of reference as follows:

(a) recommending to the Board on all board appointments, including re-nominations of existing Directors for re-election in accordance with the Articles, having regard to the Director's contribution and performance (for example, attendance, preparedness, participation and candour) including, if applicable, as an Independent Non-Executive Director. All Directors shall be required to submit themselves for re-nomination and re-election at regular intervals and at least once every three years;

(b) reviewing and approving any new employment of related persons and their proposed terms of employment;

(c) reviewing and recommending to the Board succession plans for the Company's Directors, in particular, for the Executive Chairman and the CEO;

(d) determining annually, and as and when circumstances require, whether or not a Director is independent;

(e) reviewing and deciding whether or not a Director who has multiple board representations on various companies is able to and has been adequately carrying out his/her duties as Director, having regard to the competing time commitments that are faced when serving on multiple boards and discharging his/her duties towards other principal commitments;

(f) deciding whether or not a Director of the Company is able to and has been adequately carrying out his/her duties as a Director; and

(g) developing a process for evaluation of the performance of the Board, the Board Committees and Directors and proposing objective performance criteria, as approved by the Board that allows comparison with its industry peers, and addressing how the Board has enhanced long-term shareholders' value.

4.4 *Board Representations*

The Board has not capped the maximum number of listed company board representations each Director may hold.

The NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions, after taking into account his other listed company board directorships and other principal commitments. The NC also believes that it is for each Director to assess his own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. The NC does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.

The considerations in assessing the capacity of Directors include the following:
- Expected and/or competing time commitments of Directors;
- Geographical location of Directors;
- Size and composition of the Board; and
- Nature and scope of the Group's operations and size.

The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, and is satisfied that all Directors have discharged their duties adequately for FY2014.

4.5 *Alternate Directors*

The Company does not have any alternate directors.

4.6 *Board Nomination Process*

The Board has adopted the following nomination process for the Company in the last financial year for selecting and appointing new directors and re-electing incumbent directors.

CORPORATE GOVERNANCE REPORT

Process for the Selection and Appointment of New Directors			
1.	Determination of selection criteria	•	The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills, experience, knowledge and gender to complement and strengthen the Board and increase its diversity.
2.	Search for suitable candidates	•	The NC would consider candidates drawn from the contacts and networks of existing Directors and may approach relevant institutions such as the Singapore Institute of Directors, professional organisations or business federations to source for a suitable candidate.
3.	Assessment of shortlisted candidates	•	The NC would meet and interview the shortlisted candidates to assess their suitability.
4.	Appointment of director	•	The NC would recommend the selected candidate to the Board for consideration and approval.

Process for the Re-election of Incumbent Directors			
1.	Assessment of director	•	The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and
		•	The NC would also consider the current needs of the Board.
2.	Re-appointment of director	•	Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.

The Articles require that at least one-third of the Board (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting ("**AGM**"). A retiring Director is eligible for re-election by the shareholders at the AGM. Accordingly, the Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years.

The NC has recommended to the Board that Dr Karl Lidgren and Mr Muhammad Sameer Yousuf Khan, who are due to retire pursuant to the aforesaid provision, be re-elected at the forthcoming AGM. Dr Karl Lidgren will, upon re-election as Director, remain as an Executive Director and a member of the NC. Mr Muhammad Sameer Yousuf Khan will, upon re-election as Director, remain as an Independent Non-Executive Director, Chairman of the AC and a member of the NC and RC. Mr Muhammad Sameer Yousuf Khan will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

The Articles further provide that any Director appointed to fill a casual vacancy shall hold office only until the next AGM of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting. The NC has recommended to the Board that Dr Christopher Atkinson, who is due to retire pursuant to the aforesaid provision, be re-elected at the forthcoming AGM. Dr Christopher Atkinson will, upon re-election as Director, remain as an Independent Non-Executive Director.

Pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), a person of or over the age of 70 years may, by an ordinary resolution passed at an annual general meeting of a company be appointed or re-appointed as a director of the company to hold office or be authorised to continue in office as a director of the company, until the next annual general meeting of the company. Mr Dan Broström, who is over 70 years of age, has offered himself for re-appointment as a Director of the Company. The NC has recommended the re-appointment of Mr Dan Broström as a Director of the Company at the forthcoming AGM. Mr Dan Broström will, upon re-appointment as a Director of the Company, remain as the Executive Chairman of the Board.

Each member of the NC has abstained from voting on any resolutions and making recommendation and/or participating in respect of matters in which he has an interest.

4.7 *Directors' Key Information*

Key information regarding the Directors, including their present and past three year's directorship in other listed companies and other principal commitments are set out below:

Director	Position	Date of Initial Appointment	Date of Last Re-election / Re-appointment	Current Directorships In Other Listed Companies Current / Principal Commitments	Directorships In Other Listed Companies Over The Past Three Years
Dan Broström	Executive Chairman	11 January 2013	30 April 2014	NA	NA
Dr Karl Lidgren	Executive Director	1 May 2013	30 April 2014	NA	NA
Sin Boon Ann	Lead Independent Non-Executive Director	26 June 2013	30 April 2014	- OSIM International Ltd - OUE Limited - Transview Holding Limited - CSE Global Limited	- Courage Marine Group Limited - MFS Technology Ltd - Swee Hong Limited
Muhammad Sameer Yousuf Khan	Independent Non-Executive Director	26 June 2013	30 April 2014	NA	NA
Abderahmane Fodil	Independent Non-Executive Director	26 June 2013	30 April 2014	NA	NA
Dr Christopher Atkinson	Independent Non-Executive Director	6 January 2015	NA	- Sonoro Energy Limited [1]	NA

[1] Listed on TSX Venture Exchange.

NA – Not applicable

CORPORATE GOVERNANCE REPORT

Board Performance

Principle 5 ***There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.***

5.1
5.2
5.3

Performance Criteria

The Board has established processes including taking into consideration the attendance record at the meetings of the Board and the Board Committees for monitoring and evaluating the performance of the Board as a whole and effectiveness and contribution of individual directors. At the same time, the processes also identify weaker areas where improvements can be made. The Board and individual directors can direct more effort in those areas for achieving better performance of the Board and better effectiveness of individual directors.

The NC has been tasked to evaluate the Board's performance covering areas that includes, *inter alia*, size and composition of the Board, Board's access into information, Board processes, strategic planning and accountability.

The NC shall also review the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole. The Board is of the opinion that a separate assessment on the effectiveness of the Board Committees is not necessary as the Board Committees share common members.

The review of the performance of the Board is conducted by the NC annually. The review of the performance of each Director is also conducted at least annually and when the individual Director is due for re-election.

For FY2014, the review process was as follows:
1. All Directors individually completed a board evaluation questionnaire on the effectiveness of the Board based on criteria disclosed;
2. The Company Secretary collated and submitted the questionnaire results to the NC Chairman in the form of a report;
3. The NC discussed the report and concluded the performance results during the NC meeting; and
4. Each individual Director was also requested to send a duly completed confidential individual director self-assessment checklist to the NC chairman for review.

All NC members have abstained from the voting or review process of any matters in connection with the assessment of their individual performance.

The assessment criteria include, *inter alia*, Director's attendance, commitment of time, candour, participation, knowledge and abilities, teamwork, and overall effectiveness.

The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole, is of the view that the performance of the Board has been satisfactory in FY2014 and that the Board has met its performance objectives in FY2014.

Access to Information

Principle 6 ***In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.***

6.1
6.2

Provision of Information

All Directors are furnished on an on-going basis with complete, adequate and timely information concerning the Company to enable them to be fully cognisant of the decisions and actions of the Company's Management. Information provided to the Board include board papers, copies of disclosure documents, budgets, forecasts and internal financial statements. The Board has unrestricted access to the Company's records and information.

The Board has separate and independent access to Management and the Company Secretary at all times. Management is available to provide explanatory information in the form of briefings to the Directors or formal presentations in attendance at Board meetings, or such information can also be provided by external consultants engaged on specific projects.

Management will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.

Meetings with subsidiaries, partners and consultants through overseas trips are also arranged, whenever possible. Frequent information updates are provided by the Chairman through emails, telephone conferences and informal meetings.

6.3
6.4

Company Secretary

The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, is as follows:

- Ensuring that Board procedures are observed and that the Company' memorandum and the Articles, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act and the Catalist Rules, are complied with;
- Assisting the Executive Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhancing long-term shareholder value;
- Assisting the Executive Chairman to ensure good information flow within the Board and its committees and Management;
- Facilitating orientation and assisting with professional development as required;
- Training, designing and implementing a framework for Management compliance with the Catalist Rules, including timely disclosure of material information;
- Attending and preparing minutes for all Board meetings;
- Assisting to ensure coordination and liaison between the Board, the Board Committees and Management, in its capacity as secretary to all other Board Committees;
- Assisting the Executive Chairman, the Chairman of each Board Committee and Management in the development of the agenda for the various Board and Board Committee meetings.

CORPORATE GOVERNANCE REPORT

6.5 **Independent Professional Advice**

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7 ***There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.***

7.1
7.2 ***Remuneration Committee***

To effect the best corporate governance, the Company has established an RC. The RC comprises three members, all of whom are Independent Non-Executive Directors:

Sin Boon Ann	Chairman	Lead Independent Non-Executive Director
Abderahmane Fodil	Member	Independent Non-Executive Director
Muhammad Sameer Yousuf Khan	Member	Independent Non-Executive Director

The RC recommends to the Board a framework of remuneration for the Directors and key management personnel, and determines specific remuneration packages for each Executive Director as well as for the key management personnel. The recommendations will be submitted for endorsement by the Board.

All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits in kind, will be covered by the RC. The RC will also review annually the remuneration of employees related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC will also review and approve any bonuses, pay increases and/or promotions for these employees. Each RC member will abstain from participating in the deliberations of and voting on any resolution in respect of his remuneration package or that of employees related to him.

The RC is guided by key terms of reference as follows:

(a) Review and recommend to the Board a general framework of remuneration and specific remuneration packages for each Director and key management personnel;

(b) Review and recommend to the Board the service contracts of Executive Directors and key management personnel and ensure that such service contracts are fair and not excessively long or with onerous renewal/termination clauses; and

(c) in respect of such long-term incentive schemes (if any) including share schemes as may be implemented, to consider whether directors should be eligible for benefits under such long-term incentive schemes.

7.3 ***Remuneration Consultant***

The RC may from time to time, where necessary or required, seek advice from external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management, so that the Group remains competitive in this regard.

During FY2014, the Company engaged an independent remuneration consultant firm, Freshwater Advisers, for professional advice on the share awards to be granted under the Rex International performance share plan (the "**Plan**") and the CEO participation in the Plan, as well as the options to be granted under the Rex International Employee Share Option Scheme (the "**ESOS**"). The remuneration paid to the independent consultant firm was S$40,000.

The Company does not have any relationship with the consultant which would affect its independence and objectivity.

Level and Mix of Remuneration

Principle 8 ***The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) the key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.***

8.1
8.3 ***Remuneration Structure***

In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and in comparable companies. The RC also seeks to ensure that the structure of remuneration packages for the Executive Chairman, the Executive Director and key management personnel are appropriate in linking rewards with performance and that is aligned with the interests of shareholders and promote the long-term success of the Group. The remuneration of the Independent Directors is also reviewed by the RC to ensure that the remuneration is commensurate with the contribution and responsibilities of the Independent Directors.

The Company has entered into a service agreement with the Executive Chairman, Mr Dan Boström, which commenced on 1 January 2013. The service agreements with key management personnel, namely, Mr Måns Lidgren, Mr Kristofer Skantze, Mr Per Lind, Mr Rolf Lethenström and Ms Mok Lai Siong commenced on 1 August 2013, 30 May 2013, 27 November 2013, 1 April 2014 and 1 August 2013 respectively. A service agreement was entered into with Executive Director, Dr Karl Lidgren on 15 January 2015. The aforesaid service agreements shall collectively be referred to as "Service Agreements".

The Service Agreements are for an initial period of three (3) years with automatic renewal annually for such annual period thereafter unless otherwise agreed in writing between the Company and the executive or terminated in accordance with the terms of the Service Agreements. There is no service contract with the Independent Directors and the term of their appointment is not fixed.

The Company will submit the quantum of Directors' fees of each financial year to the shareholders for approval at each AGM.

CORPORATE GOVERNANCE REPORT

8.4 ***Contractual Provisions***

The present Service Agreements do not include the contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company will consider to include this provision for future new service agreements and renewal of service agreements.

Disclosure on Remuneration

Principle 9 ***Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.***

9.1
9.2 ***Directors' Remuneration***

The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market.

The breakdown for the remuneration of the Directors and the CEO for FY2014 is as follows:

Name of Director/CEO	Salary %	Benefits %	Bonus %	Directors' Fee %(1)	Total %
More than S$1,000,000					
Måns Lidgren	38	22	40	–	100
S$500,000 to S$750,000					
Dan Broström	74	6	-	20	100
Below S$150,000					
Abderahmane Fodil	-	-	-	100	100
Dr Karl Lidgren	-	-	-	100	100
Muhammad Sameer Yousuf Khan	-	-	-	100	100
Sin Boon Ann	-	-	-	100	100
Dr Christopher Atkinson (2)	-	-	-	-	-

(1) Shareholders' approval will be sought for the proposed Directors' fees at the forthcoming AGM.
(2) Dr Christopher Atkinson was appointed as a Director of the Company on 6 January 2015 and will not be receiving any Director's Fee for FY2014.

There were no termination, retirement, post-employment benefits granted to the Directors and the CEO in FY2014.

The Company does not disclose the remuneration of each individual director and the CEO to the nearest thousand dollars in accordance with Principle 9.2 of the Code, as the Board of Directors believes that it is not in the best interest of the Company to fully disclose such information, given the highly competitive nature of the oil and gas industry.

9.3 ***Key Management Personnel's Remuneration***

The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO) for FY2014 is as follows:

Name of Key Management	Salary %	Benefits %	Bonus %	Total %
S$250,000 to below S$500,000				
Per Lind	74	-	26	100
Kristofer Skantze	50	32	18	100
Rolf Lethenström	74	-	26	100
Mok Lai Siong	75	-	25	100
Below S$250,000				
Åke Knutsson	100	-	-	100

The annual aggregate remuneration paid to the top five key management personnel of the Company (excluding the CEO) for FY2014 was S$1,719,000. Mr Per Lind took over the position as CFO as from 8 May 2014 after the resignation of Mr Åke Knutsson as CFO on 8 May 2014.

There were no termination, retirement, post-employment benefits granted to the top five key management personnel in FY2014.

9.4 ***Parties Related to a Director or the CEO***

The CEO is the son of the executive director, Dr Karl Lidgren. The details of the remuneration to the CEO is disclosed in the table on Directors' and CEO's remuneration.

Mr Hans Lidgren, an Executive Director of Rex Technology Management Ltd, is the brother of Dr Karl Lidgren. Mr Hans Lidgren's remuneration for the period from 12 December 2014 (date of acquisition of Rex Technology Management Ltd) to the year ended 31 December 2014 did not exceed S$50,000.

Save for the aforementioned, there is no other employee of the Company, who is an immediate family member of a Director and/or the CEO, whose remuneration exceeded S$50,000 during FY2014.

9.5 ***Employee Share Schemes***

Rex International Employee Share Option Scheme ("ESOS")

The Company has an ESOS which was approved and adopted by the members of the Company at an Extraordinary General Meeting on 24 June 2013. The ESOS is designed to reward valuable and outstanding employees or Non-Executive Directors (including Independent Directors), and incentivise them to continue contributing to the long-term growth and success of the Group.

The ESOS allows for participation by employees or Non-Executive Directors (including Independent Directors) of the Group who have attained the age of 21 years and above on or before the date of grant of the option, provided that none of them is a discharged bankrupt. Controlling shareholders and their associates will not be eligible to participate in the ESOS.

CORPORATE GOVERNANCE REPORT

The ESOS is administered by the RC in consultation with the CEO. The total number of new shares over which options may be granted pursuant to the ESOS, when added to the number of shares issued and issuable in respect of all options granted under the ESOS and all awards granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed 15 per cent of the number of all issued Shares of the Company (excluding treasury shares), on the day preceding the date of the relevant grant.

Other salient information regarding the ESOS is set out below:

Exercise Price of Options

The exercise price of options shall be determined at the discretion of the RC on the date which the options are granted and may be set at:

- a price equal to the average of the last dealt prices for the Company's shares on SGX-ST over the five consecutive trading days immediately preceding the date that option was granted, as determined by the RC by reference to the daily official list or any other publication published by the SGX-ST, rounded to the nearest whole cent in the event of fractional prices (the "**Market Price**"); or
- a discount to the Market Price not exceeding 20 per cent of the Market Price (or such other percentage or amount as may be determined by the RC) in respect of options granted at the time of grant, provided that shareholders in general meeting have authorised, in a separate resolution, the making of offers and grants of options under the ESOS at a discount not exceeding the maximum discount as aforesaid.

For the options granted with exercise price set at Market Price, they can be exercised one year from the date of the grant and will expire five years from the date of the grant.

For the options granted with exercise price set at a discount to Market Price, they can be exercised two years from the date of the grant and will expire five years from the date of the grant.

Duration of the ESOS

The ESOS shall be in force for a maximum of 10 years from the date on which the ESOS was adopted. Upon obtaining the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may be required, the ESOS may continue beyond 10 years from the date it was adopted.

At the end of the financial year, details of the options granted under the ESOS on the unissued ordinary shares of the Company, are as follows:

Date of Grant of Options	Exercise Price of Options	Options Outstanding at 1 Jan 2014	Options Granted During FY2014	Options Exercised During FY2014	Options Forfeited/ Expired During FY2014	Options Outstanding as at 31 Dec 2014	Number Of Option Holders as at 31 Dec 2014	Exercise Period
	S$							
29 Nov 2013	0.65[(1)]	2,125,000	–	–	100,000	2,025,000	9	29 Nov 2014 – 28 Nov 2018
29 Nov 2013	0.52[(2)]	1,062,500	–	–	50,000	1,012,500	9	29 Nov 2015 – 28 Nov 2018
		3,187,500	–	–	150,000[(3)]	3,037,500		

(1) Market Price

(2) 20 per cent discount to the Market Price

(3) Total of 150,000 Options were forfeited due to the cessation of service of one middle management personnel.

Details of options granted to directors and key management personnel of the Company under the ESOS are as follows:

Name of Directors and Key Management Personnel	Options Granted for Financial Year Ended 31 Dec 2014	Aggregate Options Granted Since Commencement of ESOS to 31 Dec 2014	Aggregate Options Exercised Since Commencement of ESOS to 31 Dec 2014	Aggregate Options Outstanding as at 31 Dec 2014
Muhammad Sameer Yousuf Khan	–	375,000*	–	375,000
Abderahmane Fodil	–	375,000*	–	375,000
Sin Boon Ann	–	375,000*	–	375,000
Kristofer Skantze	–	375,000*	–	375,000
Per Lind	–	375,000*	–	375,000
Rolf Lethenström	–	375,000*	–	375,000
Mok Lai Siong	–	375,000*	–	375,000
Åke Knutsson	–	375,000*	–	375,000
Total	–	2,625,000	–	2,625,000

* Comprising 250,000 options with exercise price set at Market Price and 125,000 options with exercise price set at a 20 per cent discount to Market Price.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

No options were granted by the Company during the financial year ended 31 December 2014.

As at 31 December 2014, all options granted have yet to be exercised. Further details on the ESOS were set out in the Company's Offer Document dated 22 July 2013.

Rex International Performance Share Plan

The Company has a performance share plan under the Rex International Performance Share Plan (the "**Plan**") which was adopted by the Company on 24 June 2013 and amended with shareholders' approval at an Extraordinary General Meeting of the Company on 30 April 2014. The objective of the Plan is to promote higher performance goals and recognise the achievements of employees or Non-Executive Directors (including Independent Directors) ("**Participants**") by motivating and aligning their interests to the Group's pre-determined goals. The Plan is administered by the RC in consultation with the CEO.

The Plan contemplates the award of fully-paid Shares, free of charge, ("**Awards**") to Participants after certain pre-determined benchmarks have been met. Awards granted under the Plan may be time-based or performance-related. Performance targets set are based on short to medium-terms corporate objectives including market competitiveness, quality of returns, business growth and productivity growth. These performance targets include targets set based on criteria such as shareholders' return, return on equity and earnings per share.

CORPORATE GOVERNANCE REPORT

No minimum vesting periods are prescribed under the Plan for Awards and the length of the vesting period in respect of each Award will be determined on a case-by-case basis by the RC.

As at 31 December 2014, no Awards have been granted under the Plan. Further details on the Plan were set out in the Company's Circular dated 8 April 2014.

9.6 ***Performance Criteria for Remuneration***

The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2014. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.

The Company has established a yearly balance score card performance plan with performance targets to determine the Executive Directors and key management personnel's entitlement under the short-term and long-term incentive schemes. The balance score card includes three main perspectives, including financial performance, business development and business process. A total of 17 measures are included. Not all measures were met for FY2014. The main reasons were due to the market conditions where oil price was drastically reduced and the delays in production in wells.

The remuneration of the Executive Chairman includes a per hour rate with a cap and a variable performance related bonus, which is designed to align the interests of the Executive Chairman with those of shareholders.

The Independent Non-Executive Directors receive Directors' fees based on their responsibilities, effort and time spent. The Directors' fees are recommended by the RC and endorsed by the Board for approval by the shareholders of the Company at the Annual General Meeting.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10 ***The Board should present a balanced and understandable assessment of the company's performance, position and prospects.***

10.1
10.2 ***Assessment of company's performance, position and prospects***

The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to shareholders in compliance with statutory requirements and the Catalist Rules.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within regulatory prescribed periods.

Management provides the Board with updates covering operational performance, financial results, marketing and business development and other relevant information on a regular basis as the Board may require from time to time, enabling the Board to make a balanced and informed assessment of the Group's performance, position and prospect.

The Board also acknowledges its responsibility in relation to the preparation of the financial statements of the Group. The Board ensures that the preparation of the financial statements of the Group is in accordance with statutory requirements and applicable accounting standards. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in "The Independent Auditor's Report" section on pages 89 to 154 of this annual report.

10.3 ***Monthly Reporting to Board***

Management does not provide all members of the Board with management accounts and such explanation and information on a monthly basis. Instead, quarterly financial statements are presented to the Directors of the Board. As an exploration company with limited revenue activities, the Board is always informed of all investments on a regular basis. The Board is of the opinion that sufficient information is provided to the Board with the current level of Group activities and will review when there are any changes.

Risk Management and Internal Controls

Principle 11 ***The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objective.***

11.1
11.2 ***Risk Management and Internal Controls***

The Board, with the assistance from the AC and the Risk Management Committee ("**RMC**"), is responsible for risk governance and ensuring that Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the Company's assets. The Board appreciates that risk management is an on-going process in which Management continuously participate to evaluate, monitor and report to the Board and the AC on significant risks. The RMC, which was formed in October 2013, consists of the following members: Mr Måns Lidgren (CEO), Mr Kristofer Skantze (COO) and Mr Rolf Lethenström (CIO).

Since FY2013, the Company engaged an independent third party, KPMG Services Pte. Ltd. ("**KPMG**") to develop and establish a Board Assurance Framework ("**BAF**"). The BAF which includes an enterprise risk management framework was utilised by the Company to identify and manage the significant and material risks it faces, the potential impact and likelihood of those risks occurring, the control effectiveness and action plans being taken to mitigate those risks. The risks identified include strategic, financial, operational, compliance and information technology risks. The Company has also defined and documented clear roles and responsibilities for the Board and Management in risk mitigation, monitoring and reporting.

CORPORATE GOVERNANCE REPORT

The Company has established risk appetite statements with tolerance limits to monitor shifts in its significant risks and to proactively manage them within acceptable levels. These appetite statements have been reviewed and approved by the Board and will be monitored on a quarterly basis.

The Company has appointed an independent third party, Ernst and Young Advisory Pte Ltd ("**EY**") as the Internal Auditors ("**IA**") to perform internal audit reviews and will highlight all significant matters to Management and the AC.

11.3 ***Adequacy and effectiveness of Internal Controls***

The Board is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2014.

The bases for the Board's view are as follows:

1. Assurance has been received from the CEO, the CFO and the IA;
2. An internal audit has been done by the IA and significant matters highlighted to the AC and Management were appropriately addressed;
3. Management regularly evaluates, monitors and reports to the AC and RMC on material risks;
4. Discussions were held between the AC and auditors in the absence of Management to review and address any potential concerns;
5. An enterprise risk management framework was in place to identify, manage and mitigate significant risks; and
6. Risk appetite statements with tolerance limits have been approved by the Board to contain risks within acceptable levels and are monitored on a quarterly basis.

The AC is responsible for making the necessary recommendations to the Board regarding the adequacy and effectiveness of the risk management and internal control systems of the Company. In this regard, the AC is assisted by the RMC.

The Board has obtained the following assurance from the CEO and the CFO in respect of FY2014:

i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

ii) the Company's risk management and internal control systems are effective.

The Board has relied on the independent auditors' report as set out in this Annual Report as assurance that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances.

The Board has additionally relied on the IA's reports in respect of the BAF issued to the Company since FY2013 as assurances that the Company's risk management and internal control systems are effective.

In relation to sustainability, the Group, as a young company, aspires to do good in the communities it operates in, be it to have minimal impact on the environment in its operations, or in helping the underprivileged.

Audit Committee

Principle 12 ***The Board should establish an Audit Committee with written terms of reference, which clearly set out its authority and duties.***

12.1
12.4

Audit Committee

The Company has established the AC comprising the following three members, all of whom are Independent Non-Executive Directors:

Muhammad Sameer Yousuf Khan	Chairman	Independent Non-Executive Director
Abderahmane Fodil	Member	Independent Non-Executive Director
Sin Boon Ann	Member	Lead Independent Non-Executive Director

The AC is guided by the following key terms of reference:

(a) Assisting the Board of Directors in the discharge of its responsibilities on financial reporting matters;

(b) Reviewing, with the Company's IA and External Auditors ("**EA**"), the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and Management's response, and results of the audits compiled by the IA and EA;

(c) Reviewing the quarterly financial statements and results announcements before submission to the Board of Directors for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements;

(d) Reviewing the effectiveness and adequacy of the Group's internal control and procedures, including accounting and financial controls and procedures and ensuring co-ordination between the IA, the EA and Management, reviewing the assistance given by Management to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of Management where necessary);

(e) Reviewing the scope and results of the external audit, and the independence and objectivity of the EA;

(f) Reviewing and discussing with the EA any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and Management's response;

(g) Making recommendations to the Board of Directors on the proposals to the shareholders on the appointment, re-appointment and removal of the EA, and approving the remuneration and terms of engagement of the EA;

(h) Reviewing significant financial reporting issues and judgments with the CFO and the EA so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board of Directors;

(i) Reviewing and reporting to the Board of Directors at least annually, the adequacy and effectiveness of the Group's material internal controls including financial, operation, compliance and information technology controls via reviews carried out by the internal auditors;

CORPORATE GOVERNANCE REPORT

(j) Reviewing and approving transactions falling within the scope of Chapters 9 and 10 of the Catalist Rules (if any);

(k) Reviewing any potential conflicts of interest;

(l) Reviewing and approving all hedging policies and instruments (if any) to be implemented by the Group;

(m) Undertaking such other reviews and projects as may be requested by the Board of Directors and reporting to the Board of Directors its findings from time to time on matters arising and requiring the attention of the AC;

(n) Reviewing and establishing procedures for receipt, retention and treatment of complaints received by the Group, *inter alia*, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and

(o) Generally undertaking such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

12.2 ***Qualifications of AC***

All the members of the AC have had many years of experience in accounting, business and financial advisory, corporate and finance, investment, and senior management positions in different sectors. The Board is of the view that the members of the AC have sufficient management and/or financial expertise and experience to discharge the AC's functions.

12.3 ***Authority of AC***

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. Each member of the AC will abstain from participating in the deliberations of and voting in respect of matters in which he is interested.

The AC has the power to conduct or authorise investigations into any matters within the AC's terms of reference. The AC has full access to and co-operation of the Management and has full discretion to invite any Director or executive officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC is authorised to obtain independent professional advice as it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

12.5 ***Meeting between Audit Committee and Auditors***

The AC has met with the IA and the EA once in the absence of Management in FY2014.

12.6 ***Independence of External Auditor***

The AC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA, and has recommended the re-appointment of the EA at the forthcoming AGM.

Fees Paid/Payable to the EA for FY2014		
	S$	% of total
Audit fees	185,000	63
Non-audit fees		
- Tax advice advisory	11,180	4
- Enterprise risk management	70,000	24
- Due diligence	25,050	9
Total	**291,230**	**100**

Notwithstanding the substantial volume of non-audit services rendered to the Company, the AC is satisfied that the EA remains independent after considering the following:

- that all relationships and/or arrangements between the audit firm and the Company that may reasonably be thought to affect the EA's objectivity and as disclosed by the audit engagement partner did not impair the independence and objectivity of the EA; and
- the audit engagement partner has confirmed that, in his professional judgement, the audit firm is independent.

The AC also periodically receives updates on changes in accounting standards and treatment prepared by the EA and circulated to members of AC.

There is no disagreement between the Board and AC regarding the selection, appointment, resignation or dismissal of the EA.

12.7 *Whistle-Blowing Policy*

The Company has in place a whistle-blowing policy. The Company's staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting to the AC a whistle blowing report to whistleblowing@rexih.com via http://www.rexih.com/investor-relations.html.

The AC has ensured that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. The details of the policy have been disseminated and made available to all parties concerned in the Company's code of conduct.

12.8 *Audit Committee Activities*

In line with the terms of reference of the AC, the following activities were carried out by the AC during FY2014 in the discharge of its functions and duties including the deliberation and review of:

- the unaudited quarterly financial results of the Group and announcements prior to submission to the Board for approval and release on the SGXNET;
- the internal and external audit plans in terms of their scope of audit prior to their commencement of their annual audit;
- the EA's report in relation to audit and accounting issues arising from the audit;
- the system of risk management and internal controls;

CORPORATE GOVERNANCE REPORT

- the full year financial results of the Group and related announcements prior to submission to the Board of Directors for consideration and approval;
- the external audit and internal audit fees for the FY2014 and recommendation to the Board for approval;
- the independence and re-appointment of the EA and recommendation to the Board for approval; and
- interested person transactions falling within the scope of Chapters 9 and 10 of the Catalist Rules and any potential conflicts of interests.

Internal Audit

Principle 13 ***The Company should establish an internal audit function that is adequately resourced and independent of the activities it audits.***

13.1-5 ***Internal Audit***

The Company's IA function is outsourced to Ernst & Young Advisory Pte Ltd ("**EY**") that reports directly to the AC and administratively to the CEO. The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The AC is satisfied that EY is adequately qualified (given, *inter alia*, its adherence to standards set by relevant local or internationally recognised professional bodies) and resourced, and has the appropriate standing in the Company to discharge its duties effectively.

The primary functions of the IA are to:

(a) assess if adequate systems of internal controls are in place to protect the funds and assets of the Group and to ensure control procedures are complied with;

(b) conduct regular in-depth audits of high-risk areas; and

(c) identify and recommend improvements to internal control procedures, where required.

The AC has reviewed the report submitted by EY on internal procedures, the EA's report and the internal controls in place, and is satisfied that there are adequate internal controls in the Company.

The AC meets with the IA without the presence of the Management at least once a year, and this has been done in FY2014.

The IA have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The AC will review on an annual basis the adequacy and effectiveness of the IA function.

The AC had reviewed and is of the view that the IA function is adequate and effective in FY2014.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14 ***Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update governance arrangement.***

14.1
14.3

Shareholder Rights

The Company treats all shareholders fairly and equitably, and recognise, protect and facilitate the exercise of shareholders' rights and continually review and update such governance arrangement.

The Company is committed to making timely, full and accurate disclosure to the shareholders and the public. All information on the Company's new initiatives which would be likely to materially affect the price or value of the Company's shares will be promptly disseminated via SGXNET to ensure fair communication with shareholders.

The Company's Articles do not have the provision allowing a corporation which provides nominee or custodial services to appoint more than two proxies. The Companies (Amendment) Bill 2014 was passed in the Singapore Parliament on 8 October 2014 and the Bill sets out a wide range of amendments to the Companies Act which may require changes to be made to the Articles of the Company. The Company will review the Articles of the Company upon the effective date of the amendments to the Companies Act and seek shareholder approval for amendments to the Articles of the Company, if any.

Communication with Shareholders

Principle 15 ***Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communications with shareholders.***

15.2-4

Communication with Shareholders

The Company solicits feedback from and addresses the concerns of shareholders via the following:

- One-on-one and group meetings;
- Investor/analyst briefings;
- Conferences and roadshows;
- Annual General Meetings and Extraordinary General Meetings; and
- Responses to email queries.

In 2014, the Company issued more than 70 announcements and press releases and conducted more than 120 one-on-one and group meetings, as well as conference calls, with local and foreign investors or analysts. The Company also participated in equity forums, conferences and investor roadshows in Singapore, Malaysia and the UK.

Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at http://www.rexih.com and its investor relations webpage at http://www.rexih.com/investor-relations.html.

The Company has a dedicated investor relations team to facilitate communications with shareholders.

CORPORATE GOVERNANCE REPORT

15.5 ***Dividend Policy***

The Company does not have a fixed dividend policy. Nonetheless, Management will review, *inter alia*, the Group's performance in the relevant financial period, projected capital needs and working capital requirements and make appropriate recommendations to the Board on dividend declaration.

The Board has not declared or recommended dividends for FY2014, as the Company was not profitable in FY2014.

Conduct of Shareholder Meetings

Principle 16 ***Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.***

16.1-5 ***Conduct of Shareholder Meetings***

Shareholders are encouraged to attend the AGM/EGM to ensure a high level of accountability and to stay apprised of the Group's strategy and goals. Shareholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions to be passed. Notice of the General Meetings will be advertised in newspapers and announced on SGXNET.

The Company's Articles allow for abstentia voting. A shareholder is entitled to attend and vote or to appoint not more than two proxies who need not be a shareholder of the Company, to attend and vote at the meetings on his behalf.

The Company ensures that there are separate resolutions at general meetings on each distinct issue.

The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless in cases of exigencies. The EA is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.

All minutes of general meetings will made available to shareholders upon their request within one month after the general meeting.

All resolutions are put to vote by poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting.

COMPLIANCE WITH APPLICABLE CATALIST RULES

Catalist Rule

712
715

Appointment of Auditors

The Company confirms its compliance to the Catalist Rules 712 and 715. Foreign subsidiary Rex Technology Management Ltd is a registered BVI company that has ongoing operational activities in FY2014 and Caribbean Rex Ltd is a registered company in Trinidad & Tobago with full operational activities. Both Rex Technology Management Ltd and Caribbean Rex Ltd were audited in FY2014. Other foreign subsidiaries are registered BVI companies that have no operational activities in FY2014.

1204(8)

Material Contracts

From 1 January 2014 to 12 December 2014, the Company had a major contract with Rex Technology Management Ltd for the exclusive licence of Rex Virtual Drilling. The Company completed the acquisition of 100 per cent of the shareholding interest in Rex Technology Management Ltd on 12 December 2014.

Save for the aforementioned, there were no material contracts entered into by the Group involving the interest of the CEO, any Directors, or controlling shareholders which are either still subsisting at the end of FY2014 or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2013.

1204(10)

Confirmation of Adequacy of Internal Controls

The Board and the AC are of the opinion that the internal controls are adequate to address the financial, operational and compliance risks based on the following:

- Assurance has been received from the CEO, the CFO and the IA;
- An internal audit has been done by the IA and significant matters highlighted to the AC and Management were appropriately addressed;
- Management regularly evaluates, monitors and reports to the AC and RMC on material risks;
- Discussions were held between the AC and auditors in the absence of Management to review and address any potential concerns;
- An enterprise risk management framework was in place to identify, manage and mitigate significant risks; and
- Risk appetite statements with tolerance limits have been approved by the Board to contain risks within acceptable levels and are monitored on a quarterly basis.

CORPORATE GOVERNANCE REPORT

1204(17)

Interested Persons Transaction ("IPT")

The Company has adopted an internal policy in respect of any transactions with an interested person (as defined in the Catalist Rules) and has established procedures for the review and approval of all IPTs entered into by the Group. The AC has reviewed the rationale and terms of the Group's IPTs and is of the view that the IPTs are on normal commercial terms and are not prejudicial to the interests of its minority shareholders.

The following IPTs with value of more than S$100,000 were transacted during FY2014.

Name of Interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Rex Technology Management Ltd ("RTM")	US$ 598,918[1]	NA

NA – Not applicable

[1] The aggregate value recorded is for period from 1 January 2014 to 12 December 2014. The Company completed the acquisition of 100 per cent of the shareholding interest in RTM on 12 December 2014. Prior to the acquisition, RTM was an associate of Rex Commercial Ltd, a controlling shareholder of the Company, and therefore was an interested person pursuant to Chapter 9 of the Catalist Rules. The Company does not have an IPT Mandate.

1204(19)

Dealing in Securities

The Company has adopted an internal policy which prohibits the Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information.

The Company, its Directors and officers are also discouraged from dealing in the Company's securities on short-term considerations and are prohibited from dealing in the Company's securities during the period beginning two weeks before the announcement of the Company's quarterly financial statements and one month before the announcement of the Company's full-year financial statements, and ending on the date of the announcement of the relevant results.

1204(21)

Non-Sponsor Fees

For FY2014, the Company paid to its sponsor, PrimePartners Corporate Finance Pte. Ltd. non-sponsor fees of approximately S$749,869.

1204(22)

Use of IPO Proceeds and Proceeds Raised from Placement Exercises

The Company had raised gross proceeds amounting to S$85.25 million from the IPO on the Catalist Board of the SGX-ST on 31 July 2013.

The details of the utilisation of the net IPO proceeds as at the date of this report are as shown below:

Use of IPO Proceeds	Amount Allocated S$'000	Amount Redeployed S$'000	Amount Utilised S$'000	Balance S$'000
Investment in new oil and gas opportunities	15,690	2,282[1]	(17,972)	-
Drilling in Middle East concessions	12,383	(2,282)[1]	(8,581)	1,520
Drilling in Norwegian licences	23,637	–	(13,206)	10,431
Repayment of loan to Rex Partners	2,354	–	(2,354)	-
General working capital	25,886	(1,704)[2]	(12,934)[3]	11,248
Listing expenses to be borne by the Company	5,300	1,704[2]	(7,004)	-
Total	**85,250**	**–**	**(62,051)**	**23,199**

Note:

(1) S$2.28 million has been redeployed in 3Q FY2014 to investment in new oil and gas opportunities for the concessions in Trinidad & Tobago.

(2) S$1.70 million has been redeployed to listing expenses to be borne by the Company.

(3) S$12.93 million has been used for Singapore's office staff cost and operational expenses, consultancy and professional fees.

CORPORATE GOVERNANCE REPORT

The Company had on 6 November 2013 completed a placement of 70 million new ordinary shares at an issue price of S$0.755 per share (the "**2013 Placement**"), raising net proceeds of S$50.87 million (after deducting placement expenses of S$1.98 million).

As at the date of this report, the status on the use of net proceeds from the 2013 Placement in Singapore dollars is as follows:

Use of Net Proceeds from 2013 Placement	Amount Allocated S$'000	Amount Redeployed S$'000	Amount Utilised S$'000	Balance S$'000
Exploration and drilling activities in new opportunities in the Asia-Pacific region	17,856	-	-	17,856
Exploration and drilling activities in new opportunities in geographical regions including the Middle East, Norway and Western Europe	16,787	-	(10,519)	6,268
Invest in and expand the business in the oil services sector using well stimulation technology	16,228	-	(12,400)	3,828
Total	**50,871**	-	**(22,919)**	**27,952**

The Company had on 17 September 2014 completed a placement of 168 million new ordinary shares at an issue price of S$0.57 per share (the "**2014 Placement**"), raising net proceeds of S$93.67 million (after deducting placement expenses of S$2.09 million).

As at the date of this report, the status on the use of net proceeds from the 2014 Placement in Singapore dollars is as follows:

Use of Net Proceeds from 2014 Placement	Amount Allocated S$'000	Amount Redeployed S$'000	Amount Utilised S$'000	Balance S$'000
Settlement of liabilities of RTM and injection of working capital into RTM to increase capabilities and activities	18,735	-	(15,239)	3,496
- Further field development in Oman - Funding of the drilling of one well in Sharjah in the UAE - Further growth and development of the Group's existing sizeable licence portfolio in Norway	56,206	-	-	56,206
Existing and potential new business opportunities	18,735	-	(6,246)	12,489
Total	**93,676**	-	**(21,485)**	**72,191**

DIRECTORS' REPORT

We submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2014. The consolidated financial statements have been presented on the basis described in Note 2 to the consolidated financial statements.

DIRECTORS

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

Dan Broström (Executive Chairman)
Dr Karl Lidgren
Muhammad Sameer Yousuf Khan
Sin Boon Ann
Abderahmane Fodil
Dr Christopher Atkinson (Appointed on 6 January 2015)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "**Act**"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

	Holdings registered in the name of director		Holdings in which a director is deemed to have an interest	
Name of director and corporation in which interests are held	**At beginning of the year**	**At end of the year**	**At beginning of the year**	**At end of the year**
The Company				
Ordinary shares				
Dr Karl Lidgren	–	–	556,921,960	556,921,960

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Dr Karl Lidgren is also deemed to have interests in all the related corporations of the Company.

There were no changes in any of the abovementioned interest in the Company between the end of the financial year and 21 January 2015.

Except as disclosed under the 'Share Option' section of this report, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose object is, 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.

DIRECTORS' REPORT

Except as disclosed in Note 24 to the financial statements, since the end of the last financial period, no director 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

The Employee Share Option Scheme (the "**ESOS**") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 24 June 2013. The ESOS is administered by the Company's Remuneration Committee, comprising three directors, Sin Boon Ann, Muhammad Sameer Yousuf Khan and Abderahmane Fodil.

Other information regarding the ESOS is set out below:

- The exercise price of the options can be set at a discount to the Market Price[1] not exceeding 20% of the Market Price at the date on which the options are granted.
- For the options granted with exercise price set at Market Price, they can be exercised 1 year from the date of the grant and will expire 5 years from the date on which the options are granted.
- For the options granted with exercise price set at a discount to the Market Price, they can be exercised 2 years from the date of the grant and will expire 5 years from the date on which the options are granted.

[1] The Market Price is calculated based on the average of the last dealt prices for the Company's shares on the Catalist of the SGX-ST over the 5 consecutive trading days immediately preceding the date on which the options are granted.

At the end of the financial year, details of the options granted under the ESOS on the unissued ordinary shares of the Company, are as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1 January 2014	Options granted	Options exercised	Options forfeited/ expired	Options outstanding at 31 December 2014	Number of option holders at 31 December 2014	Exercise period
29.11.2013	S$0.65	2,125,000	-	-	(100,000)	2,025,000	9	29.11.2014 – 28.11.2018
29.11.2013	S$0.52	1,062,500	-	-	(50,000)	1,012,500	9	29.11.2015 – 28.11.2018
		3,187,500	-	-	(150,000)	3,037,500		

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

Details of options granted to directors of the Company under the ESOS are as follows:

Name of director	Options granted for financial year ended 31 December 2014	Aggregate options granted since commencement of ESOS to 31 December 2014	Aggregate options exercised since commencement of ESOS to 31 December 2014	Aggregate options outstanding as at 31 December 2014
Muhammad Sameer Yousuf Khan	-	375,000	-	375,000
Abderahmane Fodil	-	375,000	-	375,000
Sin Boon Ann	-	375,000	-	375,000
	-	1,125,000	-	1,125,000

Other than those disclosed above, details of options granted to key management personnel of the Company under the ESOS are as follows:

Name of key management personnel	Options granted for financial year ended 31 December 2014	Aggregate options granted since commencement of ESOS to 31 December 2014	Aggregate options exercised since commencement of ESOS to 31 December 2014	Aggregate options outstanding as at 31 December 2014
Per Lind	-	375,000	-	375,000
Kristofer Skantze	-	375,000	-	375,000
Rolf Lethenström	-	375,000	-	375,000
Åke Knutsson	-	375,000	-	375,000
Mok Lai Siong	-	375,000	-	375,000
	-	1,875,000	-	1,875,000

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

DIRECTORS' REPORT

AUDIT COMMITTEE

The members of the Audit Committee during the year and at the date of this report are:

• Muhammad Sameer Yousuf Khan (Chairman)	Independent Non-Executive director
• Sin Boon Ann	Lead Independent Non-Executive director
• Abderahmane Fodil	Independent Non-Executive director

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last director's report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and their evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of Rex International Holding Limited and its subsidiaries ("**the Group**") and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to Management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting ("**AGM**") of the Company.

In appointing our auditors for the Company and subsidiaries, the Board of Directors have complied with Rules 712 and 715 of the SGX Listing Manual.

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Dan Broström
Director

Muhammad Sameer Yousuf Khan
Director

23 March 2015

STATEMENT BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 91 to 154 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2014, and changes in equity of the Group and the Company, and the results and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Dan Broström
Director

Muhammad Sameer Yousuf Khan
Director

23 March 2015

INDEPENDENT AUDITORS' REPORT MEMBERS OF THE COMPANY REX INTERNATIONAL HOLDING LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Rex International Holding Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2014, the statement of changes in equity of the Group and the Company, the consolidated statement of comprehensive income, and the consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 91 to 154.

Management's responsibility 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 Singapore Companies Act, Chapter 50 (the "**Act**") and Singapore Financial Reporting Standards, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the changes in equity of the Group and of the Company, the results and cash flows of the Group for the year ended on that date.

INDEPENDENT AUDITORS' REPORT MEMBERS OF THE COMPANY REX INTERNATIONAL HOLDING 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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore

23 March 2015

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	Group		Company	
		2014	2013	2014	2013
		US$'000	US$'000	US$'000	US$'000
Assets					
Exploration and evaluation assets	4	13,066	–	–	–
Plant and equipment	5	218	81	93	81
Intangible assets	6	8,465	–	–	–
Subsidiaries	7	–	–	71,352	37,303
Jointly controlled entities	9	41,685	42,700	–	–
Available-for-sale investments	10	2,410	39,717	2,410	40,525
Non-current assets		65,844	82,498	73,855	77,909
Inventories	11	989	–	–	–
Trade and other receivables	12	9,814	5,069	6,266	5,189
Quoted investments	13	30,725	7,520	30,725	7,520
Cash and cash equivalents	14	87,131	82,271	83,375	82,271
Current assets		128,659	94,860	120,366	94,980
Total assets		194,503	177,358	194,221	172,889
Equity					
Share capital	15	253,713	179,519	253,713	179,519
Reserves	16	5,928	5,229	910	565
Accumulated losses		(70,590)	(7,919)	(61,723)	(7,724)
Total equity attributable to owners of the Company		189,051	176,829	192,900	172,360
Non-controlling interests	8	426	–	–	–
Total equity		189,477	176,829	192,900	172,360
Liabilities					
Trade and other payables	18	5,026	529	1,321	529
Current liabilities		5,026	529	1,321	529
Total equity and liabilities		194,503	177,358	194,221	172,889

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31 DECEMBER 2014

	Note	Group 2014 US$'000	Group 2013 US$'000
Revenue	19	334	–
Administration expenses		(8,081)	(5,268)
Other income		67	–
Other expenses		–	(2,520)
Results from operating activities		(7,680)	(7,788)
Finance income		1,142	130
Foreign exchange loss		(5,291)	(230)
Finance costs		(158)	(29)
Net finance costs	20	(4,307)	(129)
Loss on re-measurement to fair value of pre-existing interest in a jointly controlled entity	26	(4,352)	–
Gain on step acquisition of a jointly controlled entity	26	2,416	–
Impairment of available-for-sale investments	10	(41,147)	–
Gain on disposal of jointly controlled operation and jointly controlled entity (net)	9, 10	–	574
Gain on dilution of interest in a jointly controlled entity	9	–	3,999
Share of equity-accounted losses for associate and jointly controlled entities, net of tax	9	(7,601)	(5,164)
Loss before tax	21	(62,671)	(8,508)
Tax expense	22	–	–
Loss for the year, after tax		(62,671)	(8,508)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Net change in fair value of available-for-sale investments	10, 16	(1,430)	–
Realisation of translation reserve on re-measurement of pre-existing interest in a jointly controlled entity		4	–
Impairment loss on an available-for-sale investment reclassified to profit or loss	10, 16	1,430	–
Foreign currency translation differences from foreign operations		350	(40)
Other comprehensive income/(loss) for the year, net of tax		354	(40)
Total comprehensive loss for the year		(62,317)	(8,548)
Loss per share			
Basic loss per share (cents)	23	(5.48)	(1.20)
Diluted loss per share (cents)	23	(5.48)	(1.20)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 DECEMBER 2014

Group	Note	Share capital US$'000	Merger reserve US$'000	Capital reserve US$'000	Fair value reserve US$'000	Share option reserve US$'000	Translation reserve US$'000	Accumulated profit/ (losses) US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
		Attributable to owners of the Company									
At 1 January 2013		1	4,129	409	–	–	–	589	5,128	–	5,128
Total comprehensive loss for the year											
Loss for the year		–	–	–	–	–	–	(8,508)	(8,508)	–	(8,508)
Other comprehensive loss											
Foreign currency translation differences		–	–	–	-	–	(40)	–	(40)	–	(40)
Total comprehensive loss for the year		–	–	–	–	–	(40)	(8,508)	(8,548)	–	(8,548)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Issuance of shares	15	186,409	–	9	–	–	–	–	186,418	–	186,418
Listing expenses	15	(6,891)	–	–	–	–	–	–	(6,891)	–	(6,891)
Share-based payment transactions											
- employee share option scheme	17	–	–	–	–	60	–	–	60	–	60
Loans forgiven by equity holders		–	–	662	–	–	–	–	662	–	662
Total transactions with owners		179,518	–	671	–	60	–	–	180,249	–	180,249
At 31 December 2013		179,519	4,129	1,080	–	60	(40)	(7,919)	176,829	–	176,829

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 DECEMBER 2014

		Attributable to owners of the Company									
Group	Note	Share Capital US$'000	Merger reserve US$'000	Capital reserve US$'000	Fair value reserve US$'000	Share option reserve US$'000	Translation reserve US$'000	Accumulated profit/ (losses) US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2014		179,519	4,129	1,080	–	60	(40)	(7,919)	176,829	–	176,829
Total comprehensive loss for the year											
Loss for the year		–	–	–	–	–	–	(62,671)	(62,671)	–	(62,671)
Other comprehensive loss											
Realisation of translation reserve on re-measurement of pre-existing interest in a jointly controlled entity		–	–	–	–	–	4	–	4	–	4
Net change in fair value of an available-for-sale investment	10	–	–	–	(1,430)	–	–	–	(1,430)	–	(1,430)
Foreign currency translation differences		–	–	–	–	–	350	–	350	–	350
Impairment loss on an available-for-sale investment reclassified to profit or loss	10	–	–	–	1,430	–	–	–	1,430	–	1,430
Total comprehensive loss for the year		–	–	–	–	–	354	(62,671)	(62,317)	–	(62,317)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Issuance of shares	15	75,867	–	–	–	–	–	–	75,867	–	75,867
Placement expenses	15	(1,673)	–	–	–	–	–	–	(1,673)	–	(1,673)
Share-based payment transactions											
- employee share option scheme	17	–	–	–	–	345	–	–	345	–	345
Total contribution by and distributions with owners		74,194	–	–	–	345	–	–	74,539	–	74,539
Changes in ownership interests in subsidiaries											
Acquisition of subsidiary with non-controlling interests	8, 26	–	–	–	–	–	–	–	–	426	426
Total transaction with owners		74,194	–	–	–	345	–	–	74,539	426	74,965
At 31 December 2014		253,713	4,129	1,080	–	405	314	(70,590)	189,051	426	189,477

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2014

	Note	Share capital US$'000	Merger reserve US$'000	Capital reserve US$'000	Fair value reserve US$'000	Share option reserve US$'000	Accumulated losses US$'000	Total equity US$'000
Company								
At 1 January 2013		1	–	–	–	–	–	1
Total comprehensive loss for the year								
Loss for the year, representing total comprehensive loss for the year		–	–	–	–	–	(7,724)	(7,724)
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Issuance of shares	15	186,409	–	9	–	–	–	186,418
Listing expenses	15	(6,891)	–	–	–	–	–	(6,891)
Loans forgiven by equity holders		–	–	496	–	–	–	496
Share-based payment transactions - employee share option scheme	17	–	–	–	–	60	–	60
Total transactions with shareholders		179,518	–	505	–	60	–	180,083
At 31 December 2013		179,519	–	505	–	60	(7,724)	172,360

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 DECEMBER 2014

	Note	Share capital US$'000	Merger reserve US$'000	Capital reserve US$'000	Fair value reserve US$'000	Share option reserve US$'000	Accumulated losses US$'000	Total equity US$'000
Company								
At 1 January 2014		179,519	–	505	–	60	(7,724)	172,360
Total comprehensive loss for the year								
Loss for the year		–	–	–	–	–	(53,999)	(53,999)
Other comprehensive loss								
Net change in fair value of an available-for-sale investment		–	–	–	(1,430)	–	–	(1,430)
Impairment loss on an available-for-sale investment reclassified to profit or loss		–	–	–	1,430	–	–	1,430
Total comprehensive loss for the year		–	–	–	–	–	(53,999)	(53,999)
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Issuance of shares	15	75,867	–	–	–	–	–	75,867
Placement expenses	15	(1,673)	–	–	–	–	–	(1,673)
Share-based payment transactions - employee share option scheme	17	–	–	–	–	345	–	345
Total transactions with shareholders		74,194	–	–	–	345	–	74,539
At 31 December 2014		253,713	–	505	–	405	(61,723)	192,900

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

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2014

	Note	Group 2014 US$'000	Group 2013 US$'000
Cash flows from operating activities			
Loss for the year		(62,671)	(8,508)
Adjustments for:			
Depreciation		40	10
Amortisation of intangible assets		35	–
Net finance income		(984)	(101)
Loss on re-measurement to fair value of pre-existing interest in a jointly controlled entity	26	4,352	–
Gain on step acquisition of a jointly controlled entity	26	(2,416)	–
Impairment loss on available-for-sale investments	10	41,147	–
Share of equity-accounted losses from associate and jointly controlled entities, net of tax		7,601	5,164
Gain on dilution of interest in jointly controlled entity	9	–	(3,999)
Gain on disposal of jointly controlled operation and jointly controlled entity (net)	9, 10	–	(574)
Equity settled share-based payment transactions		345	60
Change in fair value of quoted investments		215	40
Loss on disposal of quoted investments		98	–
Loss on disposal of plant and equipment		19	–
		(12,219)	(7,908)
Changes in working capital:			
- Trade and other receivables		(1,303)	(339)
- Trade and other payables		(2,174)	204
Net cash used in operating activities		(15,696)	(8,043)

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

CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED 31 DECEMBER 2014

	Note	Group	
		2014	2013
		US$'000	US$'000
Cash flows from investing activities			
Interest received		1,142	130
Acquisition of subsidiaries, net of cash acquired	26	(6,145)	–
Purchase of available-for-sale investment	10	(3,840)	(7,000)
Acquisitions of jointly controlled entities	9	–	(19,000)
Investments in jointly controlled entities	9	(25,548)	(4,870)
Proceeds from disposal of a jointly controlled entity	9	1,000	–
Purchase of quoted investments	13	(23,518)	(7,560)
Proceeds from disposal of quoted investments	12	3,500	-
Purchase of plant and equipment	5	(71)	(91)
Exploration and evaluation expenditure		–	(2,839)
Net cash used in investing activities		(53,480)	(41,230)
Cash flows from financing activities			
Interest paid		(158)	(29)
Proceeds from issuance of shares		75,867	139,933
Placement expenses		(1,673)	–
Listing expenses		–	(6,891)
Repayment of loan to a related corporation		–	(1,901)
Cash contribution from shareholders		–	662
Net cash from financing activities		74,036	131,774
Net increase in cash and cash equivalents		4,860	82,501
Cash and cash equivalents at 1 January		82,271	–
Effect of exchange rate fluctuations on cash held		–	(230)
Cash and cash equivalents at 31 December	14	87,131	82,271

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

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 23 March 2015.

1 DOMICILE AND ACTIVITIES

Rex International Holding Limited (the "**Company**") is a company incorporated in Singapore. The address of its registered office at 80 Robinson Road, #02-00, Singapore 068898.

The financial statements of the Group as at and for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "**Group**" and individually as "**Group entities**") and the Group's interest in equity-accounted investees.

The principal activities of the Company are those relating to investment holding. The principal activities of its subsidiaries are set out in Note 7 to the financial statements.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("**FRSs**").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise disclosed in the accounting policies below.

2.3 Functional and presentation currency

These financial statements are presented in United States ("**US**") dollars, which is the Company's functional currency. All financial information presented in US dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION – CONTINUED

2.4 Use of estimates and judgements – Continued

Measurement of fair values– Continued

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(i) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Valuation of investments in subsidiaries and jointly controlled entities

The Management reviews the carrying amount of the Group's investments in subsidiaries and jointly controlled entities whenever there are indications that the carrying amount may exceed the recoverable amount of the investment. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flows. This determination requires significant judgement.

Where there is objective evidence of impairment for fixed assets, the difference between the cost and recoverable value is recognised as impairment loss in profit or loss. The recoverable value is the higher of value in use and fair value less cost to sell. Estimating the value in use requires the group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows, which represents an estimation uncertainty risk in the future.

Available-for-sale investments

The Group and Company assesses at each balance sheet date whether there is any objective evidence that its available-for-sale investments are impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as liquidity and financial difficulties or adverse changes in the market prices of crude oil.

When there is objective evidence of impairment, management must estimate if there are any expected future cash inflows from the available-for-sale investment. Further details of the impairment in available-for-sale investments are disclosed in Note 10 to the financial statements.

2 BASIS OF PREPARATION – CONTINUED

2.4 Use of estimates and judgements – Continued

Measurement of fair values– Continued

(i) Key sources of estimation uncertainty – Continued

Valuation of intangible assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. Management judgement is critical in assessing whether events or changes in circumstances have occurred that may indicate that the carrying value of such assets may no longer be recoverable.

Intangible assets were acquired in December 2014 (Note 26) and the allocation of the purchase price had been provided which incorporates the estimate of fair value of these intangible assets. Management estimates that the fair value of the intangible assets at acquisition date would not be significantly different at the reporting date and therefore has not performed an assessment for impairment.

Amortisation of technology assets

Technology assets are amortised on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future amortisation charges could be revised.

Amortisation of exploration and evaluation assets

Exploration and evaluation assets are amortised over the estimated life of the relevant areas of interest according to the rate of depletion of the economically recoverable reserves the life of the area. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward cost in relation to that area of interest.

The production period is based on management's judgement of when it will no longer be commercially viable to extract more oil or gas, which is highly dependent of the future oil price, production costs, and the technical feasibility for extraction.

(ii) Critical judgements made in applying accounting policies

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are discussed below.

Classification of investments

During the year, the Group assessed the terms and conditions of the shareholders' agreement of subsidiaries that are not wholly-owned by the Group, jointly controlled entities and available-for-sale investments. Information about critical judgements in applying accounting policies in assessing the classification of investments is included in Note 7, Note 9, and Note 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION – CONTINUED

2.4 Use of estimates and judgements – Continued

Measurement of fair values– Continued

(ii) Critical judgements made in applying accounting policies – Continued

Applicable for the Group's 2015 financial statements

The following areas are expected to require significant judgements, estimates and assumptions in future periods.

Exploration and evaluation expenditures

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether it is likely that future economic benefits are likely, from future either exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Group defers exploration and evaluation expenditure.

The deferral policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in profit or loss in the period when the new information becomes available.

Hydrocarbon reserves

Hydrocarbon reserves are estimates of the amount of oil that can be economically and legally extracted by the Group in approved fields. For the purpose of estimating reserves, several factors are considered, among others, such as: geological, technical and economic, production techniques, recovery rates, production costs, transportation costs, demand and prices for commodities and exchange rates. Estimating the quantity and grade of reserves requires determining the size, shape and depth of the reservoirs or fields to be determined by analysing geological data and drilling samples. This process may require interpreting complex and difficult geological judgements. Because the economic assumptions change from period to period and the Group are still generating additional geological data during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the recovery of the carrying amount of oil properties due to changes in estimated future cash flows and the cost of depreciation recorded in profit or loss as it is given in terms of units of production based in total proven reserves.

2 BASIS OF PREPARATION – CONTINUED

2.5 Change in accounting policies

(i) Disclosure of interests in other entities

From 1 January 2014, as a result of FRS 112 *Disclosure of Interests in Other Entities*, the Group has expanded its disclosures about its interests in jointly controlled entities (Note 9) and non-controlling interests (Note 8).

(ii) Subsidiaries

FRS 110 *Consolidated Financial Statements* changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power with the investee. FRS 110 introduces a single control model with a series of indicators to assess control. FRS 110 also adds additional context, explanation and application guidance based on the principle of control.

The adoption of the amendments to FRS 110 has no impact on the measurement of the Group's assets and liabilities.

(iii) Joint Arrangements

FRS 111 *Joint Arrangements* establishes the principles for classification and accounting of joint arrangements. The Group has considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

The Group has re-evaluated its involvement in its joint arrangements and continues to recognise the investments by applying the equity method. There has been no impact on the recognised assets, liabilities and comprehensive income of the Group.

(iv) Offsetting financial assets and financial liabilities

Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, which clarifies the existing criteria for net presentation on the face of the statements of financial position.

Under the amendments, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event, and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The application of the standard had no impact to the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in Note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination, are expensed as incurred.

(ii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.1 Basis of consolidation – Continued

(iii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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 financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(v) Investments in associates and joint ventures (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and jointly controlled entities are accounted for using the equity method and are recognised initially at cost. The cost of the investments includes transaction costs.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.1 Basis of consolidation – Continued

(vi) Joint operations

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

(vii) Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. The adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(ix) Subsidiaries, associates and jointly controlled entities in the separate financial statements

Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which are recognised in other comprehensive income except on impairment in which case the foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.3 Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to US dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to US dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the end of the reporting period.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or jointly controlled entity that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.4 Exploration and evaluation assets

Exploration and evaluation activity involves the search for oil and gas resources, the determination of technical feasibility and the assessment of the commercial viability of an identified resource. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in profit or loss.

Exploration and evaluation costs are capitalised in respect of each area of interest for which the rights to tenure are current and where:

(i) the exploration and evaluation costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or

(ii) exploration and evaluation activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.4 Exploration and evaluation assets – Continued

Exploration and evaluation assets comprise, among others, costs that are directly attributable to researching and analysing existing exploration data, gathering exploration data through topographical, geochemical and geophysical studies, exploratory drilling, trenching and sampling, determining and examining the volume and grade of the resource, examining and testing extraction and treatment methods, surveying transportation and infrastructure requirements, compiling pre-feasibility and feasibility studies and/or gaining access to areas of interest including occupancy and relocation compensation and other directly attributable costs of exploration and appraisal including technical and administrative costs.

General and administrative costs are allocated to, and included in, the cost of exploration and evaluation asset only to the extent that those costs can be related directly to operational activities in the area of interest to which the exploration and evaluation asset relates. In all other cases, these costs are expensed as incurred.

Exploration and evaluation assets are transferred to development costs, a component of exploration and evaluation assets, when the technical feasibility and commercial viability of extracting the resource are demonstrable and sanctioned by Management.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. Where a potential impairment is indicated, assessment is performed for each area of interest in conjunction with the group of operating assets (representing a cash-generating unit) to which the exploration and evaluation is attributable. To the extent that capitalised exploration and evaluation is not expected to be recovered, it is charged to profit or loss.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward cost in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the cost of that stage. Site restoration costs include the dismantling and removal of drilling facilities, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the concession permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes to the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within 1 year of abandoning the concession site.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.5 Plant and equipment

Recognition and measurement

Items of plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment is determined by comparing the net proceeds from disposal with the carrying amount of plant and equipment, and is recognised net within other income in profit or loss.

Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Furniture and fittings	5 to 10 years
Office equipment	5 years
Office computers	3 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.6 Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of equity-accounted investees is measured at the acquisition date and represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Subsequent measurement

In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

(ii) Other intangible assets

Other intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated based on the cost of asset, less its residual value. Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date on which the assets are available for use.

The estimated useful lives are as follows:

Technology	10 years
Customer contracts	10 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.7 Inventories

Inventories comprised crude oil and raw materials and are stated at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.8 Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or designated as such since initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any interest income and dividend income, are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise debt securities.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and fixed deposits. Short term deposits include money market instruments with maturities of 3 months or less from the acquisition date that are subject to an insignificant risk of change in their fair values are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.8 Financial instruments – Continued

(i) Non-derivative financial assets – Continued

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Where an investment in equity securities classified as available for sale does not have a quoted market price in an active market and other methods of determining fair value do not result in a reasonable estimate, the investment is measured at cost less impairment losses.

Available-for-sale financial assets comprise quoted and unquoted equity securities.

(ii) Non-derivative financial liabilities

The Group initially recognises subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.9 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group considers a decline of 20% to be significant and a period of 9 months to be prolonged.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for Management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in OCI.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.9 Impairment – Continued

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an equity-accounted investment is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of an equity-accounted investment is tested for impairment as a single asset when there is objective evidence that the equity-accounted investment may be impaired.

Associates and joint ventures

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.9 Impairment – Continued

(iii) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.10 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

3.11 Leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3.12 Revenue

Rendering of services

Revenue from the Rex Virtual Drilling ("**RVD**") technology is recognised in profit or loss over the period where services are rendered.

Sale of oil and gas

Revenue from sale of oil and gas is recognised when the significant risks and rewards of ownership have been transferred, which is considered to occur when the title passes to the customer. This generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.13 Finance income and finance costs

Finance income comprises interest income on funds invested, including debt securities. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance cost comprises bank charges which are inclusive of cash management and processing fee.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.14 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.15 Earnings per share

The Group presents basic and diluted earnings per share ("**EPS**") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3.17 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. Those new standards, amendments to standards and interpretations that may have a significant effect on the financial statements of the Group and the Company in future periods and which the Group does not plan to early adopt are set out below.

Applicable for the Group's 2015 financial statements

The amendment to FRS 102 *Share-based Payment* clarifies the definition of vesting condition and separately defines 'performance condition' and 'service condition'. The Group will apply this amendment from 1 January 2015, but this is not expected to have any significant impact on the financial statements of the Group.

The amendment to FRS 103 *Business Combinations* clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in FRS 32 *Financial instruments: Presentation*. The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit or loss.

The standard is also amended to clarify that FRS 103 does not apply to the accounting for the formation of any joint arrangement under FRS 111. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself. The Group will apply this amendment for business combinations taking place on or after 1 January 2015.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.17 New standards and interpretations not adopted – Continued

Applicable for the Group's 2015 financial statements – Continued

The amendment to FRS 108 *Operating Segments* requires disclosure of the judgements made by Management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

The amendment to FRS 113 *Fair Value Measurement* clarifies that the portfolio exception in FRS 113, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of FRS 39. This amendment is not expected to have any significant impact on the financial statements of the Group.

The amendment to FRS 16 *Property, Plant and Equipment* clarifies how the gross carrying amount and the accumulated depreciation are treated where an entity use the revaluation model. The carrying amount of the asset is restated to the revalued amount. The split between gross carrying amount and accumulated depreciation is treated in one of the following ways:

- either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or

- the accumulated depreciation is eliminated against the gross carrying amount of the asset.

This amendment is not expected to have any significant impact on the financial statements of the Group.

The amendment to FRS 24 *Related Party Disclosures* now includes, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'). The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided. This amendment will not result in any changes to the Group's accounting policies but will require more disclosures in the financial statements.

4 EXPLORATION AND EVALUATION ASSETS

	Group 2014 US$'000	Group 2013 US$'000
At 1 January	–	–
Acquisition through business combination (Note 26)	13,066	–
At 31 December	13,066	–

Exploration and evaluation assets represent cost incurred with respect to the exploration and evaluation of hydrocarbons in South-west Trinidad and the Southern basin located in Trinidad & Tobago. No amortisation was recorded for the year as the assets were acquired at year end.

5 PLANT AND EQUIPMENT

	Furniture and fittings US$'000	Office equipment US$'000	Office computers US$'000	Total US$'000
Group				
Cost				
At 1 January 2013	–	–	–	–
Additions	8	16	67	91
At 31 December 2013	8	16	67	91
Additions	18	–	53	71
Acquisition through business combination (Note 26)	45	39	41	125
Disposals	(8)	(16)	–	(24)
At 31 December 2014	63	39	161	263
Accumulated depreciation and impairment loss				
At 1 January 2013	–	–	–	–
Depreciation	1	3	6	10
At 31 December 2013	1	3	6	10
Depreciation	4	1	35	40
Disposal	(1)	(4)	–	(5)
At 31 December 2014	4	–	41	45
Carrying amounts				
At 1 January 2013	–	–	–	–
At 31 December 2013	7	13	61	81
At 31 December 2014	59	39	120	218

NOTES TO THE FINANCIAL STATEMENTS

5 PLANT AND EQUIPMENT – CONTINUED

	Furniture and fittings US$'000	Office equipment US$'000	Office computers US$'000	Total US$'000
Company				
Cost				
At 1 January 2013	–	–	–	–
Additions	8	16	67	91
At 31 December 2013	8	16	67	91
Additions	18	–	53	71
Disposals	(8)	(16)	–	(24)
At 31 December 2014	18	–	120	138
Accumulated depreciation and impairment loss				
At 1 January 2013	–	–	–	–
Depreciation	1	3	6	10
At 31 December 2013	1	3	6	10
Depreciation	4	1	35	40
Disposal	(1)	(4)	–	(5)
At 31 December 2014	4	–	41	45
Carrying amounts				
At 1 January 2013	–	–	–	–
At 31 December 2013	7	13	61	81
At 31 December 2014	14	–	79	93

6 INTANGIBLE ASSETS

	Technology US$'000	Customer Contracts US$'000	Total US$'000
Group			
Cost			
At 1 January 2013 and 1 January 2014	–	–	–
Acquisition through business combination (Note 26)	4,700	3,800	8,500
At 31 December 2014	4,700	3,800	8,500
Accumulated depreciation and impairment loss			
At 1 January 2013 and 1 January 2014	–	–	–
Amortisation	19	16	35
At 31 December 2014	19	16	35
Carrying amounts			
At 1 January 2013 and 31 December 2013	–	–	–
At 31 December 2014	4,681	3,784	8,465

7 SUBSIDIARIES

	Company	
	2014 US$'000	2013 US$'000
Equity investments, at cost	793	793
Loan to a subsidiary, at cost [1]	70,559	36,510
	71,352	37,303

[1] The loan to a subsidiary is unsecured and interest-free. The settlement of the loan is neither planned nor likely to occur in the foreseeable future. This loan is, in substance, a part of the Company's net investment in the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

7 SUBSIDIARIES – CONTINUED

The details of subsidiaries are as follows:

Name of subsidiary	Principal activity	Country of incorporation	Effective equity interest held by the Group	
			2014	2013
			%	%
Held by the Company				
Rex International Investments Pte Ltd [a]	Investment holding	Singapore	100	100
Held by Rex International Investments Pte Ltd				
Rex International Holding Ltd, (BVI) [b]	Investment holding	British Virgin Islands	100	100
Rex Technology Management Ltd [c]	Oil exploration technology	British Virgin Islands	100	–
Resonance Capital Ltd [d]	Investment Holding	British Virgin Islands	100	100
Held by Rex International Holding Ltd, (BVI)				
Rex Caribbean Holding Ltd [e]	Investment holding	British Virgin Islands	100	100
Rex Middle East Ltd[f]	Investment holding	British Virgin Islands	100	100
Rex South East Asia Ltd [g]	Investment holding	British Virgin Islands	100	100
Rex Norway Ltd [h]	Investment holding	British Virgin Islands	100	100
Rex Oman Ltd (formally known as Rexonic International Ltd) [i]	Investment holding	British Virgin Islands	100	100
Rex US Ltd [j]	Investment holding	British Virgin Islands	100	100
Held by Rex Caribbean Holding Ltd				
Caribbean Rex Ltd [k]	Oil and gas exploration	Trinidad & Tobago	98.36[##]	–
Held by Rex US Ltd				
Rex US Ventures LLC [l]	Oil and gas exploration	USA	100	100

(a) Incorporated on 13 March 2013. Audited by KPMG LLP, Singapore.
(b) Incorporated on 24 September 2012. Not required to be audited under the laws in the country of incorporation.
(c) Acquired on 12 December 2014 (Note 26). Not required to be audited under the laws in the country of incorporation.
(d) Incorporated on 7 October 2013. Not required to be audited under the laws in the country of incorporation.
(e) Incorporated on 9 August 2013. Not required to be audited under the laws in the country of incorporation.
(f) Incorporated on 24 September 2008. Not required to be audited under the laws in the country of incorporation.
(g) Incorporated on 19 March 2013. Not required to be audited under the laws in the country of incorporation.
(h) Incorporated on 9 August 2013. Not required to be audited under the laws in the country of incorporation.
(i) Incorporated on 4 June 2013. Not required to be audited under the laws in the country of incorporation.
(j) Incorporated on 24 September 2012. Not required to be audited under the laws in the country of incorporation.
(k) Acquired on 18 December 2014 (Note 26). Audited by KPMG, Trinidad & Tobago.
(l) Incorporated on 25 October 2012. Not required to be audited under the laws in the country of incorporation.
(##) The Group acquired an additional 34.19% of the shares in the Caribbean Rex Ltd on 18 December 2014. As a result, the Group's equity interest in Caribbean Rex Ltd increased from 64.17% to 98.36% and management control was obtained (Note 26).

8 NON-CONTROLLING INTERESTS

The following subsidiary has a material NCI.

Name	Principal place of business/ Country of incorporation	Operating segment	Ownership interest held by NCI	
			2014	2013
			%	%
Caribbean Rex Ltd	Trinidad & Tobago	Oil and Gas	1.64	–

The following summarises the financial information of the Group's subsidiary with material NCI, based on their respective financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The final allocation of the purchase price to the identifiable assets acquired and liabilities assumed in the business combination is currently being determined and has not been finalised (Note 26).

Caribbean Rex Ltd was acquired on 18 December 2014 and consolidated from 31 December 2014 as the contributions to consolidated revenue and net profit for the period from 18 December 2014 to 31 December 2014 are not material.

	2014 US$'000
Non-current assets	20,832
Current assets	7,925
Non-current liabilities	–
Current liabilities	(2,797)
Net assets	25,960
Net assets attributable to NCI	426
Intra-group elimination	–
Net assets attributable to NCI	426

9 JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Unquoted equity shares, at cost	50,133	44,653	–	–
Share of post-acquisition losses	(8,448)	(1,953)	–	–
	41,685	42,700	–	–

NOTES TO THE FINANCIAL STATEMENTS

9 JOINTLY CONTROLLED ENTITIES – CONTINUED

Details of the jointly-controlled entities are as follows:

Name of jointly controlled entity	Principal activity	Country of incorporation	Effective equity interest held by the Group	
			2014	2013
			%	%
Lime Petroleum Plc ("**Lime Group**") [(a)]	Oil and gas exploration	Isle of Man	65	65
Loyz Rex Drilling Services LLC ("**LRDS**")	Oil and gas exploration	United States of America	–	– [(ii)]
HIREX Petroleum Sdn. Bhd. ("**HIREX**") [(b)]	Oil and gas exploration	Malaysia	41	41[(iii)]
Caribbean Rex Ltd [(c)]	Oil and gas exploration	Trinidad & Tobago	–	64.17 [(i)]
Rexonic AG ("**Rexonic Group**")[(d)]	Oil exploration technology	Switzerland	66.67	66.67

(a) Audited by PricewaterhouseCoopers LLC, Kuala Lumpur
(b) Incorporated on 21 March 2013. Audited by PricewaterhouseCoopers, Malaysia
(c) Audited by KPMG, Trinidad & Tobago
(d) Audited by Rototen Treuhand AG, Switzerland

(i) On 18 December 2014, the Group acquired an additional 34.19% of the shares and voting interests in Caribbean Rex Ltd. As a result, the Group's equity interest in Caribbean Rex Ltd increased from 64.17% to 98.36%, and obtained management control of Caribbean Rex Ltd (Note 26).

(ii) In 2013, the Group disposed its 49% equity interest in LRDS for a consideration of US$4,500,000 by way of US$1,000,000 in cash and US$3,500,000 in ordinary shares of Loyz Energy Ltd which was received in 2014. A gain of US$924,000 was recognised in profit or loss in the prior year arising from the disposal.

(iii) In 2013, the Group's interest in HIREX has been diluted from 49% to 41%, resulting in a gain on dilution of US$3,999,000 that has been recognised in profit or loss. The Group has assessed that it continues to have joint control over HIREX as it continues to participate jointly in the strategic financial and operating decisions.

9 JOINTLY CONTROLLED ENTITIES – CONTINUED

In 2013, the Group completed the following acquisitions:

Name of jointly controlled entity	Effective interest acquired %	Consideration paid	US$'000	Fair value of net identifiable assets acquired and liabilities assumed US$'000	Goodwill recognised on acquisition US$'000
Caribbean Rex Ltd	64.17	(a) Shares of the Company	3,005	7,242##	4,763
		(b) Cash consideration	9,000		
Rexonic Group	66.67	(a) Shares of the Company	9,945	14,852	5,093
		(b) Cash consideration	10,000		
			31,950	22,094	9,856

A claim was filed against the subsidiary of Caribbean Rex Ltd by a third party regarding the repayment of an unguaranteed capital of US$4,265,000 previously invested for the purpose of oil exploration in Trinidad & Tobago and entitlement to a share of revenue from the oil produced. No provision has been recognised on the claim at the date of acquisition as the Group has assessed that it is not probable for the claim to succeed.

During the year, a Deed of Settlement was signed with claimants, and US$2,500,000 was paid as the final settlement.

NOTES TO THE FINANCIAL STATEMENTS

9 JOINTLY CONTROLLED ENTITIES – CONTINUED

The following table summarises the information of each of the Group's material joint ventures, adjusted for any differences in accounting policies and reconciles the carrying amount of the Group's interest in joint ventures and the share of profit and other comprehensive income of equity-accounted investment (net of tax). The summarised financial information is not adjusted for the percentage ownership held by the Group.

	Lime Group[(i)(ii)] US$'000	Rexonic Group[(ii)] US$'000	HIREX[(ii)] US$'000	Total US$'000
2014				
Revenue	183	–	–	
Loss from continuing operations and total comprehensive income	(2,092)	(4,727)	(3,625)	
Non-current assets	69,724	23,159	159	
Current assets	31,666	2,070	5,947	
Non-current liabilities		(1,358)	(11)	
Current liabilities	(23,862)	(177)	(1,402)	
Net assets	77,528	23,694	4,693	
Group's interest in net assets of investee at beginning of year	8,310	19,641	3,404	31,355
Group's share of loss from continuing operations and total comprehensive income	(2,656)	(3,844)	(1,480)	(7,980)
Group's contributions during the year	17,143	–	–	17,143
Elimination of unrealised currency gains and losses	–	948	219	1,167
Carrying amount of interest in investee at end of the year	22,797	16,745	2,143	41,685

(i) Based on the shareholders' agreement of Lime Petroleum Plc, the Group and the joint venture partner shall be entitled to their injected capital of US$25,692,488 (2013: US$8,550,000) and US$61,680,571 (2013: US$52,450,000) respectively prior to the distribution of any surplus assets and profits of Lime Petroleum Plc in proportion to their shareholdings in the event of winding up and sale of Lime Petroleum Plc.

(ii) Based on to the shareholders' agreement of Lime Petroleum Plc, Rexonic, HIREX and Caribbean Rex, key decisions over operational and financial matters have to be approved jointly by the shareholders of these joint ventures without taking into consideration the board representations or shareholdings held by each joint venture partner. The Chairman on the board of these joint ventures also has no over-riding casting vote. As such, these investments have been accounted as joint ventures.

9 JOINTLY CONTROLLED ENTITIES – CONTINUED

	Lime Group US$'000	Caribbean Rex Ltd US$'000	Rexonic Group US$'000	HIREX US$'000	Total US$'000
2013					
Revenue	–	751	–	–	
Loss from continuing operations and total comprehensive income	(3,647)	(595)	(979)	(1,408)	
Attributable to non-controlling interest	–	(107)	–	–	
Attributable to investee's shareholders	–	(488)	–	–	
Non-current assets	61,341	32,153	22,080	173	
Current assets	4,371	9,391	8,507	8,223	
Non-current liabilities	–	(20,886)	(1,358)	–	
Current liabilities	(6,421)	(2,438)	(293)	(175)	
Net assets	59,291	18,220	28,936	8,221	
Group's interest in net assets of investee at beginning of year	5,248	–	–	–	5,248
Acquisitions during the year	–	12,005	19,945	3,948	35,898
Group's share of loss from continuing operations and total comprehensive income	(1,488)	(313)	(653)	(577)	(3,031)
Group's contributions during the year	4,550	–	–	–	4,550
Elimination of unrealised currency gains and losses	–	(347)	349	33	35
Carrying amount of interest in investee at end of the year	8,310	11,345	19,641	3,404	42,700

In 2014, the Group did not receive any dividend from its investments in jointly controlled entities (2013: Nil).

In 2014, an impairment assessment was performed over the Group's investments in Lime Group and Rexonic Group due to declining oil prices and delays in execution of business plans respectively. Based on the impairment assessment performed, the recoverable amounts were determined to be in excess of the carrying value of these joint ventures, and no impairment loss was recognised.

NOTES TO THE FINANCIAL STATEMENTS

9 JOINTLY CONTROLLED ENTITIES – CONTINUED

The recoverable amounts of these joint ventures are determined based on value-in-use calculations using cash flow projections derived from the final budgets approved by the board of the joint ventures. The key assumptions used in the calculation of recoverable amounts are as follows:

Lime Group

- Long-term oil price	US$85/bbl

P50 resources estimated based on geology report furnished by Aker Geo, a professional geologist firm, and adjusted for 60% probability of commercialising the reserves discovered.

Rexonic Group

- Discount rate	16%
- Sales growth rate (average of next 5 years)	41%
- Sales growth rate (average over subsequent 10 years)	10%

No sensitivity analysis was disclosed as the Group believes that any reasonable possible change in the key assumptions is not likely to materially cause the recoverable amount to be lower than its carrying amount.

10 AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2014	2013	2014	2013
	US$'000	US$'000	US$'000	US$'000
Quoted equity shares, at fair value, net of impairment (i)	2,410	–	2,410	–
Unquoted equity shares, at cost, net of impairment (ii)	–	39,717	–	40,525
	2,410	39,717	2,410	40,525

(i) On 20 January 2014, the Group acquired 6,000,000 shares in North Energy ASA ("**North Energy**") for a cash consideration of US$3,840,000. The shares acquired constitute 5.35% of the total issued share capital of North Energy. The investment in North Energy was written down by US$1,430,000 during the year owing to the significant decline in North Energy's quoted share price resulting from the current downward trend in oil prices.

(ii) On 21 March 2013, the Company entered into a share purchase offer and acceptance agreement to purchase 5,802,909 of shares in Fram Exploration ASA ("**FRAM**"). The shares acquired constitute 24.06% of the total issued share capital of FRAM.

Subsequent to the initial acquisition, the Group entered into an agreement with the other shareholders of FRAM to restructure its interest in the US concessions through disposing its interest in a jointly controlled operation (Participation and Exploration Agreement with FRAM and Loyz Oil Pte Ltd), and acquiring an additional 3.8% interest in FRAM for a cash consideration of US$7,000,000. The exploration and evaluation expenditure of US$2,839,000 incurred on the US concessions was written off as part of the loss of US$350,000 recognised in profit or loss in 2013.

In 2013, the Group re-assessed its involvement in FRAM and concluded that it no longer had significant influence as it can no longer participate in FRAM's financial and operating decisions. The Group ceased equity accounting for the results of FRAM from the point where significant influence was lost and reclassified the carrying value from investment in associate to available-for-sale investment in 2013.

In 2014, the Group's interest in FRAM was further diluted from 27.87% as at 31 December 2013 to 22.29% as at 31 December 2014 as a result of another investor's subscription of 6,288,238 new shares in FRAM.

As at 31 December 2014, the Group has fully impaired its investment in FRAM due to the effect of the current downward trend of oil prices on the pay-back of the concessions, and the increased liquidity and financial difficulty faced by FRAM in securing further funds to fulfil its drilling programme.

NOTES TO THE FINANCIAL STATEMENTS

11 INVENTORIES

	Group	
	2014	2013
	US$'000	US$'000
Crude oil	17	–
Raw materials	972	–
Total inventories	989	–

12 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	US$'000	US$'000	US$'000	US$'000
Trade receivables	5,559	–	–	–
Amounts due from related corporation, trade	1,408	–	–	–
	6,967	–	–	–
Amounts due from related parties, non-trade	–	–	3,476	4,620
Deposits	129	158	129	158
Interest receivables	272	104	272	104
Prepayments	357	131	300	131
Consideration receivables (i)	–	4,500	–	–
Other receivables (ii)	2,089	176	2,089	176
	9,814	5,069	6,266	5,189

Trade and other receivables are neither past due nor impaired. Amounts due from related parties are unsecured and interest-free.

(i) Relates to consideration receivable from Loyz Energy Ltd, comprising US$1,000,000 cash consideration and US$3,500,000 of ordinary shares in Loyz Energy Ltd as described in Note 9. On 7 February 2014, 12,260,217 ordinary shares in Loyz Energy Ltd were issued to the Company. These shares were subsequently disposed in 2014.

(ii) Includes an amount receivable from a third party of US$2,000,000 which relates to an agreement entered into by the Company on 27 June 2014 to purchase 8,500,000 ordinary shares in Loyz Energy Ltd at US$2,000,000. On 21 October 2014, the Company exercised its right to sell back the 8,500,000 ordinary shares of Loyz Energy Ltd to the third party at US$2,000,000. The amount was fully received subsequent to the year end.

13 QUOTED INVESTMENTS

	Group and Company	
	2014	2013
	US$'000	US$'000
Debt securities, at fair value through profit or loss	30,725	7,520

Debt securities classified at fair value through profit or loss of the Group and Company bear interest at fixed rates ranging from 2.65% to 6.85% (2013: 2.95% to 4.88%) per annum and mature between 1 to 7 years (2013: 1 to 4 years) from the balance sheet date.

The Group's exposure to interest rate risks and fair value information related to the investments are set out in Note 27 to the financial statements.

14 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	2014	2013
	US$'000	US$'000	US$'000	US$'000
Cash at bank and on hand	62,295	20,625	58,539	20,625
Fixed deposits	18,921	47,420	18,921	47,420
Money market funds	5,915	14,226	5,915	14,226
	87,131	82,271	83,375	82,271

Details of interest rates at which the deposits reprice are set out in Note 27.

The Company invests in Singapore dollar ("**SGD**") denominated cash in money market funds. The investment guidelines of the money market funds require that purchased investments must be high-quality and of investment grade (rated Aa3 by Moody's or A by S&P's or A by Fitch). The money market funds' investment policies require investments to be highly liquid and flexible. The interest rates reprice on a daily basis.

NOTES TO THE FINANCIAL STATEMENTS

15 SHARE CAPITAL

	Group and Company			
	2014 Number of shares '000	2014 US$'000	2013 Number of shares '000	2013 US$'000
Fully paid ordinary shares, with no par value:				
In issue at 1 January	1,094,957	179,519	1	1
Issuance of shares pursuant to the Restructuring Exercise prior to the IPO	–	–	828,683	61,650
Issuance of shares pursuant to the IPO	–	–	175,999	69,300
Listing expenses	–	–	–	(6,891)
Issuance of shares by private placement	168,000	75,867	70,000	42,509
Placement expenses	–	(1,673)	–	–
Issuance of shares directly to acquire jointly controlled entities	–	–	20,274	12,950
At 31 December	1,262,957	253,713	1,094,957	179,519

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management policy

The Board defines capital as share capital and accumulated losses.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return of capital, which the Group defines as net operating income divided by total shareholders' equity. The Board also monitors the level of dividends to ordinary shareholders.

The Group monitors the capital position of the Group to ensure a sufficiently strong capital base so as to maintain investor, creditor and market confidence. This is also a platform to sustain the existing business and for future growth. There has been no change in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

16 RESERVES

Merger reserve
Merger reserve relates to reserve arising from certain acquisitions of businesses under common control accounted for under the merger accounting method.

Capital reserve
Capital reserve relates to capital contribution arising from loans forgiven by equity holders and differences between purchase consideration (of investments) and fair value of the shares issued.

Fair value reserve
The fair value reserve represents the accumulative net change in the fair value of available-for-sale investments until the investments are derecognised.

Share option reserve
Share option reserve relates to the ESOS established by the Company to compensate its key management personnel and employees.

Translation reserve
Translation reserve relates to foreign currency translation differences arising from the translation of the financial statements of foreign operations.

17 SHARE-BASED PAYMENT ARRANGEMENTS

Description of the share-based payment arrangements
At 31 December 2014, the Group and Company have the following share-based payment arrangement:

Employee Share Option Scheme ("ESOS") (equity-settled)
The ESOS of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 24 June 2013.

Information regarding ESOS is as follows:

- The exercise price of the options can be set at a discount to the Market Price [(1)] not exceeding 20% of the Market Price at the date on which the options are granted.

- For the options granted with exercise price set at Market Price, they can be exercised 1 year from the date of the grant and will expire 5 years from the date on which the options are granted.

- For the options granted with exercise price set at a discount to the Market Price, they can be exercised 2 years from the date of the grant and will expire 5 years from the date on which the options are granted.

[(1)] The Market Price is calculated based on the average of the last dealt prices for the Company's shares on the Catalist of the SGX-ST over the 5 consecutive trading days immediately preceding the date on which the options are granted.

NOTES TO THE FINANCIAL STATEMENTS

17 SHARE-BASED PAYMENT ARRANGEMENTS – CONTINUED

Description of the share-based payment arrangements – Continued

Employee Share Option Scheme ("ESOS") (equity-settled) – Continued

Grant date/employees entitled	No. of options issued	Vesting conditions	Exercise period
Tranche 1 share option grant to employees on 29 November 2013	2,125,000	Exercisable 1 year from date of grant	29.11.2014 – 28.11.2018
Tranche 2 share option grant to employees on 29 November 2013	1,062,500	Exercisable 2 years from date of grant	29.11.2015 – 28.11.2018
	3,187,500		

Measurement of fair values

The fair value of the share-based payment plan was measured based on the Black-Scholes formula. The expected volatilities are based on the average historical volatilities of comparable companies operating within the same industry over the previous 3 – 3.5 years immediately preceding the grant date. The expected term used in the model is based on the acceptance date and the end of the performance year.

	Share option programme	
	Tranche 1	Tranche 2
Date of grant	29 Nov 2013	29 Nov 2013
Prevailing share price at date of grant (in SGD)	0.61 – 0.65	0.61 – 0.65
Exercise price (in SGD)	0.65	0.52
Expected volatility (weighted average)	39.73%	50.04%
Expected life (weighted average)	3 years	3.5 years
Risk-free interest rate (based on government bonds)	0.49% – 0.62%	0.54% – 0.72%

Employee expenses

	2014 US$'000	2013 US$'000
Equity-settled share-based payment transactions		
Total expense recognised for equity-settled share-based payment	345	60

17 SHARE-BASED PAYMENT ARRANGEMENTS – CONTINUED

Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under share option programme, replacement awards and share purchase plan is as follows:

	Number of options	
	2014	2013
Outstanding at 1 January	3,187,500	–
Exercised during the year	–	–
Granted during the year	–	3,187,500
Forfeited/ expired during the year	(150,000)	–
Outstanding at 31 December	3,037,500	3,187,500
Exercisable at 31 December	2,125,000	–

18 TRADE AND OTHER PAYABLES

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Trade payables	2,653	–	–	–
Advances from customers	703	–	–	–
Accruals	1,670	529	1,321	529
	5,026	529	1,321	529

The contractual undiscounted cash outflows of trade and other payables are due in the next 12 months.

19 REVENUE

	Group	
	2014 US$'000	2013 US$'000
Rendering of services	334	–

NOTES TO THE FINANCIAL STATEMENTS

20 FINANCE INCOME AND EXPENSES

	Group	
	2014	2013
	US$'000	US$'000
Interest income:		
- bank deposits	239	60
- debt securities	903	51
- others	–	19
Finance income	1,142	130
Bank charges	(158)	(29)
Net foreign exchange loss	(5,291)	(230)
Finance costs	(5,449)	(259)
Net finance costs recognised in profit or loss	(4,307)	(129)

21 LOSS BEFORE TAX

The following items have been included in arriving at loss before income tax:

	Group	
	2014	2013
	US$'000	US$'000
Depreciation of plant and equipment	40	10
Amortisation of intangible assets, included in administrative expenses	35	–
Directors' fees	463	108
Audit fees paid to:		
- auditors of the Company	176	192
- other auditors	27	45
Non-audit fees paid to:		
- auditors of the Company	80	377*
- other auditors	34	127
Fair value loss on quoted investments	215	40
Operating lease expenses	431	236
Staff costs	3,413	2,236
Contributions to defined contribution plans ("CPF") included in staff costs	57	12

* Includes audit fee for the Company's IPO

22 TAX EXPENSE

	Group	
	2014	2013
	US$'000	US$'000
Current tax expense		
Current year	–	–

Reconciliation of effective tax rate

	Group	
	2014	2013
	US$'000	US$'000
Loss for the year	(62,671)	(8,508)
Income tax using the Singapore tax rate at 17%	(10,654)	(1,446)
Effects of results of associate and jointly controlled entities presented net of tax	881	101
Non-deductible expenses	7,747	430
Non-taxable income	(194)	(22)
Current year losses for which no deferred tax asset was recognised	2,220	937
	–	–

Deferred tax assets on tax losses of US$13,059,000 (2013: US$5,500,000) have not been recognised because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

The use of the potential tax benefits is also subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the Group operates.

23 LOSS PER SHARE

	Group	
	2014	2013
	US$'000	US$'000
Calculation of basic loss per share is based on:		
Net loss attributable to ordinary shareholders	(62,671)	(8,508)

	No. of shares	
	2014	2013
Issued ordinary shares at 31 December	1,262,957,263	1,094,957,263
Weighted average number of ordinary shares (basic)	1,143,746,304	707,846,635

NOTES TO THE FINANCIAL STATEMENTS

23 LOSS PER SHARE – CONTINUED

	Group	
	2014	2013
	US$'000	US$'000
Calculation of diluted loss per share is based on:		
Net loss attributable to ordinary shareholders	(62,671)	(8,508)

	No. of shares	
	2014	2013
Issued ordinary shares at 31 December	1,262,957,263	1,094,957,263
Weighted average number of ordinary shares (basic)	1,143,746,304	707,846,635
Effect of share options on issue	98,277	15,931
Weighted average number of ordinary shares (diluted during the year)	1,143,844,581	707,862,566

At 31 December 2014, 2,025,000 options (2013: 2,125,000 options) were excluded from the diluted weighted number of ordinary shares calculation as their effect would have been anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was S$0.573, based on quoted market prices for the period during which the options were outstanding.

24 RELATED PARTIES

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors and certain key executives of the management team are considered as key management of the Group.

Transactions with directors and other key management personnel

Key management personnel compensation comprised remuneration of directors and other key executives as follows:

	Group and Company	
	2014	2013
	US$'000	US$'000
Short-term employment benefits		
- directors	813	266
- key executives	2,539	2,122
Post-employment benefits (including CPF)	18	4
Share-based payment	315	56
	3,685	2,448

24 RELATED PARTIES – CONTINUED

Other significant related party transactions

Other than disclosed elsewhere in the financial statements, the following significant transactions were carried out by the Group with its related parties.

	Group	
	2014	2013
	US$'000	US$'000
Licence fee paid to a related company of a substantial shareholder	625	313

Transactions with companies in which directors are shareholders

	Group	
	2014	2013
	US$'000	US$'000
Expenses paid on behalf	99	108
Consultancy fee	–	512
	99	620

25 OPERATING SEGMENTS

The Group's reportable segments as described below are the Group's strategic business units. The Management has determined the reportable segments based on the reports reviewed by the Group's Executive Chairman, CEO and senior management that are used to make strategic decisions. Performance is measured based on segment results as included in the internal management reports that are reviewed by the Group's Executive Chairman, CEO and senior management.

The Group has three reportable segments: Oil and gas exploration and production; Non-oil and gas (oil exploration technology); and Corporate.

The following summary describes the operations of each of the Group's reportable segments:

- Oil and gas exploration and production: involved in oil and gas exploration and production with concessions located in Oman and the United Arab Emirates ("**UAE**"), Norway, the United States of America and Trinidad & Tobago.

- Non-Oil and gas: pertains to technology segment. Rexonic owns the world's first environmentally-friendly, high-power ultrasound technology for commercial oil well stimulation that has been proven to increase oil production by between 30 per cent and up to 380 per cent both onshore and offshore. RTM owns the RVD technology to look for oil, vis-à-vis using conventional geological and geophysical studies to look for structures, from the analysis of sound waves captured in seismic data.

- Corporate: pertains to corporate functions

NOTES TO THE FINANCIAL STATEMENTS

25 OPERATING SEGMENTS – CONTINUED

Information regarding the results of each reportable segment is as below:

Group	Oil and Gas US$'000	Non-Oil and Gas US$'000	Corporate US$'000	Total US$'000
2014				
Total revenue for reportable segments	–	360	–	360
Elimination of inter-segment revenue	–	(26)	–	(26)
Consolidated revenue	–	334	–	334
Other income	–	–	67	67
Segment expense	–	(94)	(7,912)	(8,006)
Finance income	–	–	1,142	1,142
Foreign exchange loss	–	–	(5,291)	(5,291)
Finance costs	–	(3)	(155)	(158)
Depreciation	–	–	(40)	(40)
Amortisation of intangible assets	–	(35)	–	(35)
Share of loss of jointly controlled entities	(4,450)	(3,151)	–	(7,601)
Other material non-cash items:				
- Loss on re-measurement to fair value of pre-existing interest in a jointly controlled entity	(4,352)	–	–	(4,352)
- Gain on step acquisition of a jointly controlled entity	2,416	–	–	2,416
- Impairment of available-for-sale investments	(41,147)	–	–	(41,147)
Reportable segment loss before tax	(47,533)	(2,949)	(12,189)	(62,671)
Reportable segment assets	47,953	29,415	117,135	194,503
Investment in jointly controlled entities	24,940	16,745	–	41,685
Additions to:				
- Plant and equipment	–	–	71	71
Reportable segment liabilities	(2,797)	(908)	(1,321)	(5,026)

25 OPERATING SEGMENTS – CONTINUED

Group	Oil and Gas US$'000	Non-Oil and Gas US$'000	Corporate US$'000	Total US$'000
2013				
Segment expense	–	–	(7,778)	(7,778)
Finance income	–	–	130	130
Foreign exchange loss	–	–	(230)	(230)
Finance costs	–	–	(29)	(29)
Depreciation	–	–	(10)	(10)
Reportable segment loss before tax	(653)	–	(529)	(1,182)
Share of loss of associate and jointly controlled entities	(4,512)	(652)	–	(5,164)
Other material non-cash items:				
- Net gain on disposal of jointly controlled operations and jointly controlled entity	574	–	–	574
- Gain on dilution of interest in a jointly controlled entity	3,999	–	–	3,999
Reportable segment profit/(loss) before tax	61	(652)	(7,917)	(8,508)
Reportable segment assets	62,776	19,641	94,941	177,358
Investment in jointly controlled entities	23,059	19,641	–	42,700
Additions to:				
- Plant and equipment	–	–	91	91
Reportable segment liabilities	–	–	(529)	(529)

NOTES TO THE FINANCIAL STATEMENTS

25 OPERATING SEGMENTS – CONTINUED

The Oil and Gas, Non-Oil and Gas and Corporate segments are managed on a worldwide basis, but operate primarily in Norway, Malaysia, Oman, the UAE, Switzerland, Singapore, the United States of America, Trinidad & Tobago and the British Virgin Islands.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Geographical information

	Group	
	2014	2013
	US$'000	US$'000
Revenue		
Norway	207	–
Malaysia	104	–
Oman	10	–
Switzerland	13	–
	334	–
Non-current assets		
Singapore	93	81
Malaysia	2,143	3,404
United States of America	–	39,717
Trinidad & Tobago	13,191	11,345
Oman	11,981	8,310
UAE	1,966	–
Switzerland	16,745	19,641
British Virgin Islands	8,465	–
Norway	11,260	–
	65,844	82,498

26 ACQUISITIONS OF SUBSIDIARY

i) *Acquisition of Rex Technology Management Ltd*

On 12 December 2014, the Group acquired 100% of the shares and voting interests in Rex Technology Management Ltd ("RTM") for a nominal cash consideration of US$1, and a loan repayment of US$8,500,000.

The Group incurred acquisition-related costs of US$19,000 on legal fees and due diligence costs. These costs have been included in administration expenses.

Taking control of RTM will enable the Group to have complete control over the use of the proprietary Rex Technologies, and preserve the strict confidentiality of how the technologies work.

From the date of acquisition to 31 December 2014, RTM contributed revenue of US$334,000 and profit of US$264,000. If the acquisition had occurred on 1 January 2014, Management estimates that the contributions to consolidated revenue and net profit would have been US$9,500,000 and US$4,300,000 respectively. In determining these amounts, Management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2014.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	US$'000
Intangible assets	8,500
Trade and other receivables	3,859
Cash and cash equivalents	16
Trade and other payables	(3,875)
Total net identifiable assets	8,500

Effect on cash flows of the Group

	US$'000
Total consideration transferred	(8,500)
Add: cash and cash equivalents of subsidiary acquired	16
Net cash outflow on acquisition of subsidiary	(8,484)

NOTES TO THE FINANCIAL STATEMENTS

26 ACQUISITIONS OF SUBSIDIARY – CONTINUED

i) Acquisition of Rex Technology Management Ltd – Continued

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Intangible assets	*Relief-from-royalty method and multi-period excess earnings method*: The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as result of the patents or trademarks being owned. The multi-period excess earnings method considers the present value of net cash flows related to contributory assets.

Trade and other receivables are not impaired nor past due, and together with trade and other payables approximate their fair values.

The trade receivables comprise gross contractual amounts due of US$3,859,000 which was expected to be collectible at the acquisition date.

ii) Acquisition of Caribbean Rex Ltd

On 18 December 2014, the Group acquired an additional 34.19% of the shares and voting interests in Caribbean Rex. As a result, the Group's equity interest in Caribbean Rex increased from 64.17% to 98.36%, and obtained management control of Caribbean Rex. This additional investment is accounted for as an acquisition of a subsidiary.

The Group incurred acquisition-related costs of US$7,500 on legal fees and due diligence costs. These costs have been included in administration expenses.

Taking control of the Caribbean Rex Ltd will enable the Group to have greater operational control to further focus on assets that can leverage on its Rex Technologies.

If the acquisition had occurred on 1 January 2014, Management estimates that the contributions to consolidated revenue and net loss would have been US$2,504,000 and US$682,000 respectively. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2014.

The fair value of the identifiable assets acquired and liabilities assumed in the business combination has been determined provisionally based on information obtained from a qualified persons report prepared by RPS Energy Consultants Limited. In the meantime, a provisional gain on step acquisition of US$2,416,000 was recognised in profit or loss as a result of the difference between consideration transferred and the adjusted carrying amount of the assets acquired and liabilities assumed.

26 ACQUISITIONS OF SUBSIDIARY – CONTINUED

ii) Acquisition of Caribbean Rex Ltd – Continued

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	US$'000
Exploration and evaluation assets	13,066
Plant and equipment	125
Inventories	989
Trade and other receivables	4,084
Cash and cash equivalents	2,339
Trade and other payables	(2,797)
Total net identifiable assets	17,806

Gain on step acquisition

Gain on step acquisition has been recognised as follows:

	US$'000
Total consideration transferred	3,209
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	426
Pre-existing interest in the acquiree	11,755
Less: Total identifiable net assets	(17,806)
Gain on step acquisition recognised in profit or loss	(2,416)

The re-measurement to fair value of the Group's existing 64.17% interest in Caribbean Rex resulted in a loss of US$4,352,000, recognised in the profit or loss.

Effect on cash flows of the Group

	US$'000
Total consideration transferred	3,209
Less: Non-cash consideration	
- Fair value of concession	(3,209)
Consideration settled in cash	–
Add: cash and cash equivalents of subsidiary acquired	2,339
Net cash inflow on acquisition of subsidiary	2,339

NOTES TO THE FINANCIAL STATEMENTS

26 ACQUISITIONS OF SUBSIDIARY – CONTINUED

ii) Acquisition of Caribbean Rex Ltd – Continued

The fair value of the non-cash consideration, which represents the value of the concession (Inniss-Trinity) given up, amounted to US$3,209,000 and was measured based on a recent offer price for Inniss-Trinity concession on an arm's length basis at the acquisition date. The fair value of the Group's share is based on the Group's existing 64.17% interest in Caribbean Rex.

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Exploration and evaluation assets	*Market approach technique:* The valuation model considers market prices for similar items when available and estimated by looking at comparables which consists of transactions of reserves with similar characteristics that are located within a close geographic proximity to the oil reserve being valued.

Trade and other receivables are not impaired nor past due and together with trade and other payables approximate their fair values.

The trade receivables comprise gross contractual amounts due of US$4,084,000 which was expected to be collectible at the acquisition date.

27 FINANCIAL INSTRUMENTS

Risk management is integral to the whole business of the Group. The Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how Management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Enterprise Risk Management Framework provides the principal policy and guidance to the Group and its businesses on the risk management methodology and reporting of risks. It sets out a systematic and ongoing process for identifying, evaluating, controlling and reporting risks. These processes are put in place to manage and monitor the Group's risk management activities on a regular and timely basis. The Group's risk management efforts covers operational, financial and strategic areas.

Credit risk

Credit risk is the risk of financial loss resulting from failure of a customer or counterparty to meet its financial and contractual obligation to the Group, as and when the obligations fall due. The Group's primary exposure to credit risk arises from its financial assets.

27 FINANCIAL INSTRUMENTS – CONTINUED

Credit risk - Continued

Concentrations of credit risk exist when economic or industry factors similarly affect a group of counterparties, and when the aggregate amount of this exposure is significant in relation to the Group's total credit exposure. The Group currently has no significant concentration of credit risk as at balance sheet date.

Revenue from three customers of the Group's Non-Oil and Gas segment represents approximately US$311,000 (2013: Nil) of the Group's total revenue.

The Group does not require collateral in respect of its trade and other receivables. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

Cash, fixed deposits and money market funds are placed with reputable financial institutions which are regulated. These surplus funds are placed on short-term deposits (usually within the range of 1 day to 3 months) according to the Group's cash flow requirement. The Group does not hedge against long-term fluctuations in interest rates.

At the reporting date, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Investments

Quoted debt securities are entered into with financial institutions, which have rating of A2 – Baa3 by Moody's, or the equivalent by a reputable credit rating agency.

The Group holds available-for-sale investment in FRAM who owns oil and gas concessions in the US. The Group's Management monitors the underlying investment in FRAM on a periodic basis. As at balance sheet date, the carrying value of FRAM represents its maximum credit exposure in this asset.

The Group also holds available-for-sale investment in North Energy, which is traded on the Oslo stock exchange. Management actively monitors the underlying investment in North Energy. As at balance sheet date, the carrying value of North Energy represents its maximum credit exposure in this asset.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. Short-term funding is obtained from bank borrowings, when necessary. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities.

Working capital management

The Group and the Company manage their working capital requirements with the view to ensure smooth operations and optimise interest cost.

NOTES TO THE FINANCIAL STATEMENTS

27 FINANCIAL INSTRUMENTS – CONTINUED

Market risk

Market risk is the risk that changes in market prices, such as crude oil, interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The Group operates internationally and may in future become exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk may arise from future commercial transactions, but in the current period all transactions entered into by the Group have been US dollar denominated and paid out of its US dollar bank accounts, thereby mitigating the Group's exposure to foreign exchange risk.

The Group's exposure to foreign currency risk is mainly denominated in Singapore dollar ("**SGD**") and Trinidad & Tobago dollar ("**TTD**"). The Group does not have a formal hedging policy to govern this currency risk exposure as the Group monitors the exposure to currency risks on an ongoing basis and endeavours to keep the net exposures at an acceptable level.

The Group's exposure to foreign currency risk is as follows:

	2014		2013	
	SGD	TTD	SGD	TTD
	US$'000	US$'000	US$'000	US$'000
Group				
Cash and cash equivalents	78,646	285	81,919	–
Quoted investments	26,516	–	6,689	–
Trade receivables	–	4,027	–	–
Trade payables	–	(2,653)	–	–
Net exposure	105,162	1,659	88,608	–

	2014	2013
	SGD	SGD
	US$'000	US$'000
Company		
Cash and cash equivalents	78,646	81,919
Quoted investments	26,516	6,689
Net exposure	105,162	88,608

27 FINANCIAL INSTRUMENTS – CONTINUED

Foreign currency risk – Continued

Sensitivity analysis

A strengthening/(weakening) of SGD and TTD against the US$ at 31 December would have increased/(decreased) profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2013, as indicated below:

	Group	Company
	Loss before tax US$'000	Loss before tax US$'000
31 December 2014		
SGD (2% strengthening)	2,083	2,083
TTD (2% strengthening)	33	–
31 December 2013		
SGD (2% strengthening)	1,722	1,722

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to its short-term interest bearing deposits. As short-term bank deposits are placed in short-term money market with tenures mostly within the range of 1 day to 3 months, the Group's interest income is subject to fluctuation in interest rates. Interest rate risk is managed by the Group on an ongoing basis and placed on a short-term basis according to the Group's cash flow requirements with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The effective interest rates for fixed deposits is 0.74% (2013: 0.12% to 0.42%) per annum in 2014.

	Group and Company	
	Nominal amount	
	2014 US$'000	2013 US$'000
Fixed rate instruments		
Fixed deposits	18,921	47,420
Quoted investments	21,176	7,320
	40,097	54,740
Variable rate instruments		
Money market funds	5,915	14,226

An increase of 100 basis points in interest rates would have decreased loss before taxation by approximately US$264,000 (2013: US$154,000) for the Group and the Company respectively. Correspondingly, a decrease of 100 basis points in interest rates would have increased loss before taxation by US$264,000 (2013: US$154,000) for the Group and the Company respectively.

NOTES TO THE FINANCIAL STATEMENTS

27 FINANCIAL INSTRUMENTS – CONTINUED

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

(a) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(c) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

Group	Note	Quoted prices in active markets for identical instruments (Level 1) US$'000	Significant other observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
2014					
Quoted investments					
- Debt securities	13	30,725	–	–	30,725
- Available-for-sale investments	10	2,410	–	–	2,410
2013					
Investments					
- Quoted debt securities	13	7,520	–	–	7,520
- Unquoted available-for-sale investment	10	–	–	39,717	39,717

27 FINANCIAL INSTRUMENTS – CONTINUED

Fair value hierarchy – Continued

Company	Note	Quoted prices in active markets for identical instruments (Level 1) US$'000	Significant other observable inputs US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
2014					
Quoted investments					
- Debt securities	13	30,725	–	–	30,725
- Available-for-sale investments	10	2,410	–	–	2,410
2013					
Investments					
- Quoted debt securities	13	7,520	–	–	7,520
- Unquoted available-for-sale investment	10	–	–	40,525	40,525

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Company.

Available-for-sale investments

In 2014, the Group and Company acquired 5.35% of the common shares of North Energy ASA (Note 10). The fair value of the quoted shares is determined by reference to their quoted closing bid price in an active market at the measurement date. The unquoted equity shares relating to the investment in FRAM (Note 10) is recorded at cost as there is no quoted market price for the investment and as the Company was not granted access to FRAM's financial and operating information subsequent to the restructuring and partial disposal of its interests in 2013.

Debt securities

The fair values of investments in debt securities are determined by reference to their quoted closing bid price in an active market at the measurement date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than 1 year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity or repricing.

NOTES TO THE FINANCIAL STATEMENTS

27 FINANCIAL INSTRUMENTS – CONTINUED

Estimation of fair values – Continued

Accounting classifications and fair values

	Note	Designated at fair value through profit or loss US$'000	Loans and receivables US$'000	Available-for-sale US$'000	Liabilities at amortised cost US$'000	Total carrying amount US$'000	Fair value US$'000
Group							
31 December 2014							
Available-for-sale investments	10	–	–	2,410	–	2,410	2,410
Trade and other receivables*	12	–	9,457	–	–	9,457	9,457
Quoted securities	13	30,725	–	–	–	30,725	30,725
Cash and cash equivalents	14	–	87,131	–	–	87,131	87,131
		30,725	96,588	2,410	–	129,723	129,723
Trade and other payables	18	–	–	–	(5,026)	(5,026)	(5,026)
31 December 2013							
Available-for-sale investment	10	–	–	39,717	–	39,717	39,717
Other receivables*	12	–	4,938	–	–	4,938	4,938
Quoted securities	13	7,520	–	–	–	7,520	7,520
Cash and cash equivalents	14	–	82,271	–	–	82,271	82,271
		7,520	87,209	39,717	–	134,446	134,446
Trade and other payables	18	–	–	–	(529)	(529)	(529)

* Excludes prepayments

27 FINANCIAL INSTRUMENTS – CONTINUED

Estimation of fair values – Continued

Accounting classifications and fair values – Continued

	Note	Designated at fair value through profit or loss US$'000	Loans and receivables US$'000	Available-for-sale US$'000	Liabilities at amortised cost US$'000	Total carrying amount US$'000	Fair value US$'000
Company							
31 December 2014							
Available-for-sale investments	10	–	–	2,410	–	2,410	2,410
Other receivables*	12	–	5,966	–	–	5,966	5,966
Debt securities	13	30,725	–	–	–	30,725	30,725
Cash and cash equivalents	14	–	83,375	–	–	83,375	83,375
		30,725	89,341	2,410		122,476	122,476
Other payables	18	–	–	–	(1,321)	(1,321)	(1,321)
31 December 2013							
Available-for-sale investment	10	–	–	40,525	–	40,525	40,525
Other receivables*	12	–	5,058	–	–	5,058	5,058
Debt securities	13	7,520	–	–	–	7,520	7,520
Cash and cash equivalents	14	–	82,271	–	–	82,271	82,271
		7,520	87,329	40,525	–	135,374	135,374
Other payables	18	–	–	–	(529)	(529)	(529)

* Excludes prepayments

NOTES TO THE FINANCIAL STATEMENTS

28 OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group and Company	
	2014	2013
	US$'000	US$'000
Within 1 year	423	591
Between 2 to 5 years	238	700
	661	1,291

The Group has several operating lease agreements for office premises, apartments and motor vehicles. The leases have varying terms from 1 year to 3 years, with no escalation clauses nor renewal rights. The lease terms do not contain restrictions on the activities concerning dividends, additional debt or further leasing. These leases do not contain any contingent rentals.

29 COMMITMENTS

Certain jointly controlled entities and one of our subsidiaries have firm capital commitments where the Group is required to participate in minimum exploration activities. The Group's estimated minimum exploration commitment is approximately US$19,180,000 (2013: Nil). At the reporting date, the Group's outstanding minimum exploration commitments will fall due within one year.

30 SUBSEQUENT EVENTS

(i) On 13 January 2015, the Company issued 1,200,000 new ordinary shares, at S$0.39 to Cyrus Corporation Pte Ltd, as remuneration for strategic investor relations consultancy services to be rendered to the Company for the period 1 January 2015 to 31 December 2015 by Cyrus Capital Consulting.

Pursuant to the allotment and issuance of the 1,200,000 new ordinary shares, the Company's issued and paid-up share capital has increased to 1,264,157,263 shares.

(ii) On 21 January 2015, the Group subscribed to an additional 6,850,000 shares in FRAM for cash consideration of NOK 13,700,000 (US$1,800,000), resulting in an increase in the equity interest in FRAM to 30.29% from 22.29%.

(iii) On 11 February 2015, the Group injected cash of US$1,500,000 in its subsidiary, Caribbean Rex Ltd.

(iv) On 23 February 2015, the Company proposed to grant an award of 3,264,300 Performance Shares, with vesting period at one year, under the Performance Share Plan to eligible employees.

STATISTICS OF SHAREHOLDINGS AS AT 10 MARCH 2015

Issued and fully paid-up capital	:	S$329,865,345
Number of issued shares	:	1,264,157,263
Number of treasury shares	:	Nil
Class of shares	:	Ordinary Shares of equal voting right
Voting rights	:	One vote per Ordinary Share

SHAREHOLDING HELD IN THE HANDS OF THE PUBLIC

Based on information available to the Company as at 10 March 2015, approximately 42.78% of the issued ordinary shares of the Company were held by the public and therefore, Rule 723 of the Listing Manual, Section B: Catalist Rules of the Singapore Exchange Securities Trading Limited, is complied with.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 10 MARCH 2015

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	3	0.08	60	0.00
100 - 1,000	452	12.05	451,344	0.04
1,001 - 10,000	1,283	34.20	9,826,785	0.78
10,001 - 1,000,000	1,974	52.63	131,184,409	10.37
1,000,001 and above	39	1.04	1,122,694,665	88.81
TOTAL	**3,751**	**100.00**	**1,264,157,263**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 10 MARCH 2015

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHARES
1	REX COMMERICAL LTD.	554,421,960	43.86
2	RAFFLES NOMINEES (PTE) LTD	151,128,891	11.95
3	HSBC (SINGAPORE) NOMINEES PTE LTD	117,823,288	9.32
4	CITIBANK NOMINEES SINGAPORE PTE LTD	64,792,748	5.13
5	DBS NOMINEES PTE LTD	62,358,115	4.93
6	UOB KAY HIAN PTE LTD	31,052,119	2.46
7	DBSN SERVICES PTE LTD	28,928,900	2.29
8	MAYBANK KIM ENG SECURITIES PTE LTD	13,490,368	1.07
9	LAM PO FOON	12,200,000	0.97
10	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	7,211,640	0.57
11	WHANG HWEE YONG	6,287,500	0.50
12	LIM GUAN TECK	5,706,250	0.45
13	SEE LOP FU JAMES @ SHI LAP FU JAMES	5,350,000	0.42
14	PHILLIP SECURITIES PTE LTD	4,864,500	0.38
15	OCBC SECURITIES PRIVATE LTD	4,711,000	0.37
16	ESTATES OF LIM CHEE NEO LUCY @ CAROL LIM, DECEASED	4,118,000	0.33
17	CIMB SECURITIES (SINGAPORE) PTE LTD	3,730,069	0.30
18	BANK OF SINGAPORE NOMINEES PTE LTD	3,319,000	0.26
19	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,317,300	0.26
20	LIM & TAN SECURITIES PTE LTD	3,042,000	0.24
	TOTAL:	**1,087,853,648**	**86.06**

STATISTICS OF SHAREHOLDINGS AS AT 10 MARCH 2015

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 10 MARCH 2015

		Direct Interest		Deemed Interest	
No.	Name	No. of shares held as Direct	%	No. of shares held as Deemed	%
1	Rex Commercial Ltd. (1)	556,921,960	44.05	-	-
2	Rex Partners Ltd. (2)	-	-	556,921,960	44.05
3	Limea Ltd. (3)	-	-	556,921,960	44.05
4	Dr Karl Lidgren (4)	-	-	556,921,960	44.05
5	Mr Hans Lidgren (4)	-	-	556,921,960	44.05
6	Mr Svein Kjellesvik (5)	-	-	556,921,960	44.05
7	FIL Limited	-	-	101,678,500	8.04
8	Wang Yu Huei	64,375,000	5.09	-	-

(1) Of the 556,921,960 shares, 2,500,000 shares are held in the name of HSBC (Singapore) nominees Pte Ltd.

(2) Rex Partners Ltd. is deemed interested in 556,921,960 shares held by Rex Commercial Ltd. by virtue of its 100% ownership in Rex Commercial Ltd.

(3) Limea Ltd., the holding company of Rex Partners Ltd., is deemed interested in 556,921,960 shares held through Rex Commercial Ltd., a wholly-owned subsidiary of Rex Partners Ltd.

(4) Dr Karl Lidgren and Mr Hans Lidgren, each a 50% shareholder of Limea Ltd., are deemed interested in 556,921,960 shares held through Rex Commercial Ltd., a wholly-owned subsidiary of Rex Partners Ltd., which in turn is 80% controlled by Limea Ltd.

(5) Mr Svein Kjellesvik is deemed interested in 556,921,960 shares held by Rex Commercial Ltd., a wholly-owned subsidiary of Rex Partners Ltd, by virtue of his controlling interest of 20% in Rex Partners Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Rex International Holding Limited will be held at the Ballroom, Section A, Swissotel Merchant Court, 20 Merchant Road, Singapore 058281 on Thursday, 30 April 2015 at 3.00 p.m. (the "**AGM**") for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements of the Company for the financial year ended 31 December 2014 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of S$633,790/- for the financial year ending 31 December 2015, payable quarterly in arrears. **(Resolution 2)**
   (See Explanatory Note 1)

3. To re-appoint Mr Dan Broström who is retiring pursuant to Section 153(6) of the Companies Act Cap. 50. of Singapore. **(Resolution 3)**

4. To re-elect Dr Karl Lidgren who is retiring pursuant to Article 93 of the Company's Articles of Association. **(Resolution 4)**

5. To re-elect Mr Muhammad Sameer Yousuf Khan who is retiring pursuant to Article 93 of the Company's Articles of Association. **(Resolution 5)**

   *Mr Muhammad Sameer Yousuf Khan will, upon re-election as a Director of the Company, remain as an Independent Non-Executive Director, the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. The Board considers him to be independent for the purpose of Rule 704(7) of the Listing Manual Section B: Catalist Rules of the Singapore Exchange Securities Limited (the **"SGX-ST"**) (the **"Catalist Rules"**).*

6. To re-elect Dr Christopher Atkinson who is retiring pursuant to Article 99 of the Company's Articles of Association. **(Resolution 6)**

   Dr Christopher Atkinson will, upon re-election as a Director of the Company, remain as an Independent Non-Executive Director.

7. To re-appoint KPMG LLP as the Company's auditors for the financial year ending 31 December 2015 and to authorise the Directors to fix their remuneration. **(Resolution 7)**

8. To transact any other ordinary business which may be properly transacted at the AGM.

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

9. Authority to allot and issue shares

"THAT pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Act**") and Rule 806 of the Catalist Rules, the Directors of the Company be authorised and empowered to:

(I) (a) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(b) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures, or other instruments convertible into Shares;

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(II) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(a) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments, made or granted pursuant to this Resolution), shall not exceed one hundred per cent (100%) of the total number of issued Shares in the capital of the Company (excluding treasury shares) (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be issued other than on a *pro-rata* basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (b) below) or such other limit as may be prescribed by the Catalist Rules as at the date of this Resolution is passed;

(b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) that may be issued under sub-paragraph (a) above, the percentage of the issued Shares shall be based on the total number of issued Shares (excluding treasury shares) at the time this Resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities;

(ii) new Shares arising from exercising of share options or vesting of share awards which are outstanding and/or subsisting at the time of the passing of this Resolution, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(iii) any subsequent bonus issue, consolidation or subdivision of Shares;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), and all applicable legal requirements under the Act and the Articles of Association for the time being of the Company; and

(d) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the Company's next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

(See Explanatory Note 2) **(Resolution 8)**

10. Authority to allot and issue Shares under the Rex International Employee Share Option Scheme ("**Share Option Scheme**")

"That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, authority be and is hereby given to the Directors of the Company to offer and grant options ("**Options**") in accordance with the provisions of the Share Option Scheme and to allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the exercise of Options, provided always that the aggregate number of Shares to be allotted and issued pursuant to the Share Option Scheme, when added to the number of Shares issued and issuable in respect of all Options granted under the Share Option Scheme, and including the Performance Share Plan (as defined therein), and any other share option schemes of the Company, shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares) on the day preceding that date of the relevant grant of an Option."

(See Explanatory Note 3) **(Resolution 9)**

11. Authority to allot and issue Shares under the Rex International Performance Share Plan ("**Performance Share Plan**")

"That pursuant to Section 161 Companies Act, Chapter 50 of Singapore, authority be and is hereby given to the Directors of the Company to grant awards ("**Awards**") in accordance with the provisions of the Performance Share Plan and to allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the Awards granted under the Performance Share Plan, provided always that the aggregate number of Shares to be allotted and issued pursuant to the Performance Share Plan, and where applicable, the total number of existing Shares which may be purchased from the market for delivery pursuant to the Awards granted under the Performance Share Plan, when added to the number of Shares issued and issuable in respect of all Awards granted under the Performance Share Plan, and including the Share Option Scheme and any other share option schemes of the Company, shall not exceed fifteen per cent (15%) of the total issued Shares (excluding treasury shares) on the day preceding that date of grant of the relevant Awards."

(See Explanatory Note 4) **(Resolution 10)**

NOTICE OF ANNUAL GENERAL MEETING

12. Proposed Grant of an Award to Mr Måns Lidgren, an Associate of a Controlling Shareholder of the Company under the Performance Share Plan

“That:

the proposed grant of an Award to Mr Måns Lidgren, an associate of a controlling shareholder of the Company, in accordance with the terms under the Performance Share Plan and on the following terms is hereby approved:

Number of Shares comprised in the proposed Award	Up to a maximum of 1,161,600 Shares for the financial year ending 31 December 2015.
Vesting period of the proposed Award:	The Shares to be issued pursuant to the proposed Award would be subject to certain performance condition(s) to be decided by the committee administering the Performance Share Plan (the “Committee”). The proposed Award shall only be fully released in one (1) tranche as soon as reasonably practicable after the end of the relevant performance period which is to be determined by the Committee on the date of grant of the proposed Award.

(See Explanatory Note 5) **(Resolution 11)**

By Order of the Board

Teo Meng Keong
Company Secretary
Singapore

9 April 2015

NOTES:

1. A member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote instead of the member. A proxy need not be a member of the Company.

2. Where a member appoints more than one proxy, the appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy in the instrument appointing the proxies.

3. If the member is a corporation, the instrument appointing the proxy must be given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.

4. The instrument appointing a proxy, duly executed, must be deposited at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898 not less than 48 hours before the time appointed for holding the AGM.

EXPLANATORY NOTES:

(1) The Resolution 2 in item 2 above, if passed, will facilitate the payment of Directors' fees of S$633,790/- for the financial year ending 31 December 2015 on a quarterly basis in arrears. The amount of Directors' fees is computed based on the anticipated number of Board and Board Committee meetings for the financial year ending 31 December 2015, including attendances and the positions held by the Non-Executive Directors in various board committees, and assuming that all Non-Executive Directors will hold office for the full financial year. In the event the amount of Directors' fees proposed is insufficient, for example, in the event of unscheduled Board meetings or enlarged board sizes, approval will be sought at next year's annual general meeting for additional fees before payments are made to Directors to meet the shortfall.

(2) The Resolution 8 in item 9 above, if passed, will empower the Directors of the Company, from the date of the AGM until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares, make or grant Instruments and to issue Shares pursuant to such Instruments, without seeking any further approval from shareholders in general meeting but within the limitation imposed by this Resolution, for such purposes as the Directors of the Company may consider would be in the best interests of the Company. The aggregate number of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) to be allotted and issued would not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) at the time of passing of this Resolution. For issue of Shares (including Shares to be made in pursuance of instruments made or granted pursuant to this Resolution) other than on a *pro-rata* basis to all shareholders shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) at the time of the passing of this Resolution.

(3) The Resolution 9 in item 10 above, if passed, will empower the Directors, from the date of the AGM until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied and revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares pursuant to the exercise of Options granted or to be granted under the Share Option Scheme and such other share-based incentive scheme or share plan up to a number not exceeding, in total, fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares) on the day preceding that date of the relevant grant.

NOTICE OF ANNUAL GENERAL MEETING

(4) The Resolution 10 in item 11, if passed, will empower the Directors, from the date of the AGM until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares pursuant to the vesting of Awards under the Performance Share Plan and such other share-based incentive scheme or share plan (including the total number of existing Shares which may be purchased from the market for delivery pursuant to the Awards granted) up to a number not exceeding, in total, fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares) on the day preceding that date of the relevant grant.

(5) The Shareholders had in an Extraordinary General Meeting held on 30 April 2014 approved the participation of Mr Måns Lidgren in the Performance Share Plan. The Resolution 11 in item 12, if passed, will empower the Directors to grant to Mr Måns Lidgren, an associate of a controlling shareholder of the Company, an Award of up to a maximum of 1,161,600 Shares for the financial year ending 31 December 2015.

Performance targets set are based on short to medium-term corporate objectives including market competitiveness, quality of returns, business growth and productivity growth.

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

REX INTERNATIONAL HOLDING LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 201301242M)

ANNUAL GENERAL MEETING PROXY FORM

IMPORTANT:
1. This Annual Report is also forwarded to investors who have used their CPF monies to buy shares in the Company at the request of their CPF Approved Nominees, and is sent solely for their information only.
2. The Proxy Form is, therefore, not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting as observers have to submit their requests through their respective Agent Banks so that their Agent Banks may register with the Company Secretary of Rex International Holding Limited.

I/We, ______________________________ (Name) ____________________ (NRIC No./Passport No./Company Registration No.) ____________________ of ______________________________ (Address)
being a member/members of REX INTERNATIONAL HOLDING LIMITED (the "**Company**"), hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

* and/or

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her/they, the Chairman of the Annual General Meeting ("**AGM**"), as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf at the AGM of the Company to be held at the Ballroom, Section A, Swissotel Merchant Court, 20 Merchant Road, Singapore 058281 on Thursday, 30 April 2015 at 3.00 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specified directions as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as he/they will on any other matter arising at the AGM.

No.	Resolutions		
	ORDINARY BUSINESS	For[1]	Against[1]
1.	To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2014 together with the Auditors' Report thereon.		
2.	To approve the payment of Directors' fees of S$633,790/- for the financial year ending 31 December 2015, payable quarterly in arrears.		
3.	To re-appoint Mr Dan Broström as a Director, who is retiring under Section 153(6) of the Companies Act Cap. 50. of Singapore.		
4.	To re-elect Dr Karl Lidgren as a Director, who is retiring under Article 93 of the Company's Articles of Association.		
5.	To re-elect Mr Muhammad Sameer Yousuf Khan as a Director, who is retiring under Article 93 of the Company's Articles of Association.		
6.	To re-elect Dr Christopher Atkinson as a Director, who is retiring under Article 99 of the Company's Articles of Association.		
7.	To re-appoint KPMG LLP as auditors of the Company for the financial year ending 31 December 2015 and to authorise the Directors to fix their remuneration.		
	SPECIAL BUSINESS		
8.	To approve the authority to allot and issue shares.		
9.	To approve the authority to allot and issue shares under the Rex International Employee Share Option Scheme.		
10.	To approve the authority to allot and issue shares under the Rex International Performance Share Plan.		
11.	To approve the proposed grant of an Award to Mr Måns Lidgren, an Associate of a Controlling Shareholder of the Company, under the Rex International Performance Share Plan.		

[1] *If you wish to exercise all your votes "For" or "Against", please tick "V" within the box provided. Alternatively, please indiciate the number of votes as appropriate.*

Dated this __________ day of ______________ 2015

Total No. of Shares in	**No. of Shares**
CDP Register	
Register of Members	

____
Signature of Member(s) or Common Seal

** Delete accordingly*

IMPORTANT: PLEASE READ NOTES FOR THIS PROXY FORM.

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company.

3. Where a member appoints two proxies, the member must specify the proportion of shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry one hundred per cent (100%) of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer of the corporation or attorney duly authorised.

5. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

6. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, either by hand at 80 Robinson Road, #11-02, Singapore 068898 or by post at 80 Robinson Road, #02-00, Singapore 068898 not less than 48 hours before the time appointed for holding the AGM. If a shareholder submits a proxy form and subsequently attends the meeting in person and votes, the appointments of the proxy should be revoked.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with section 179 of the Companies Act, Chapter 50 of Singapore.

GENERAL:

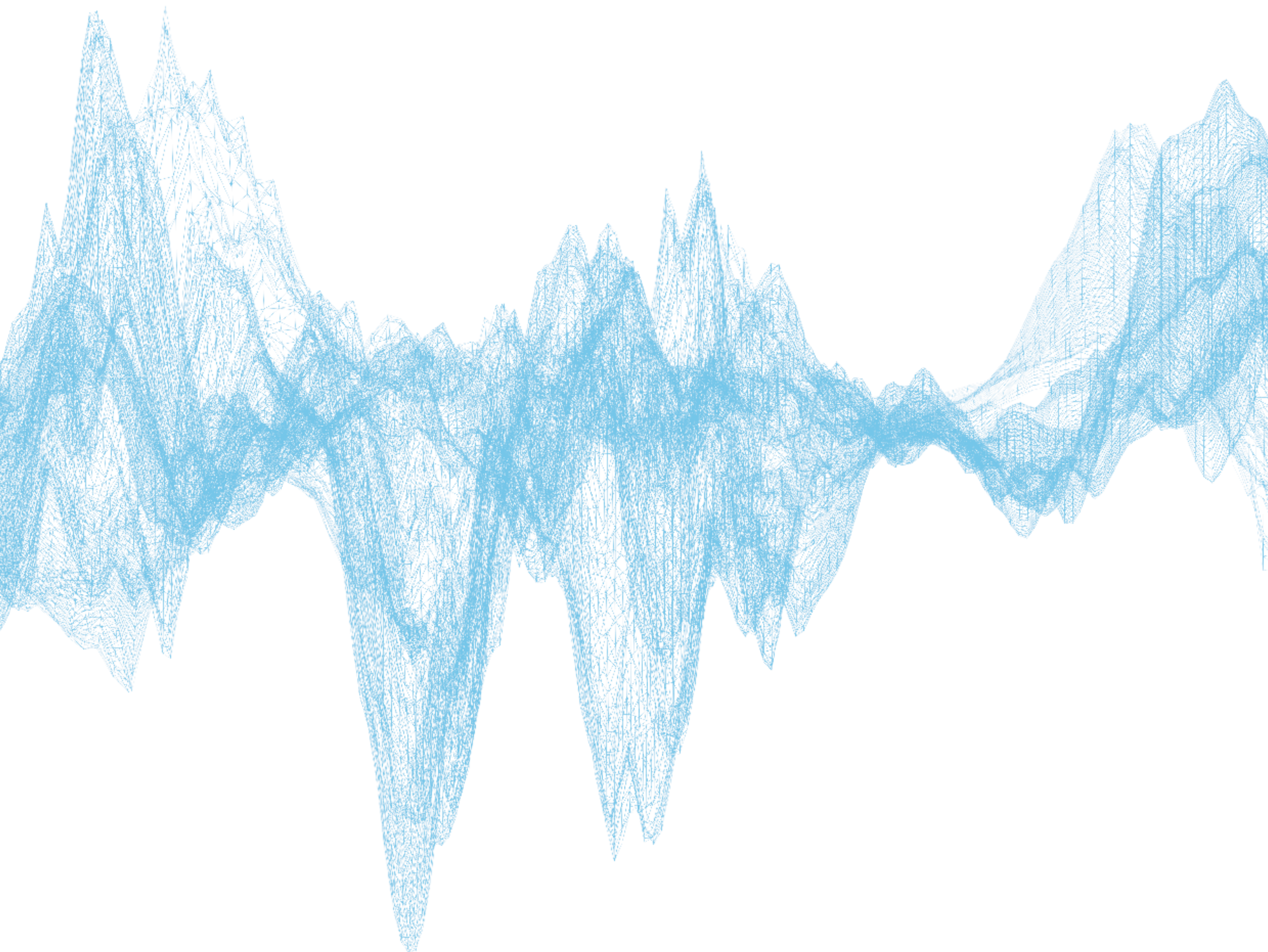
The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

DISCLAIMER

This Annual Report to Shareholders may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcome and results may differ materially from those express in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management of future events.



REX
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