



LEVEL UP

ANNUAL REPORT 2020

REX INTERNATIONAL HOLDING LIMITED



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SPONSOR STATEMENT

This Annual Report has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "**Sponsor**"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.

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

The contact person for the Sponsor is Mr Pong Chen Yih, Chief Operating Officer, at 9 Raffles Place, #17-05 Republic Plaza Tower 1, Singapore 048619, telephone (65) 6950 2188.

CORPORATE PROFILE

Rex International Holding's key differentiator from other exploration and production companies is its proprietary liquid hydrocarbon indicator Rex Virtual Drilling.

Rex International Holding Limited ("**Rex International Holding**", "**Rex**" or the "**Company**", and together with its subsidiaries, the "**Group**") is an oil exploration and production ("**E&P**") company listed on Singapore Exchange Securities Trading Limited's Catalist Board.

The Company de-risks its portfolio of exploration and development assets using its proprietary liquid hydrocarbon indicator Rex Virtual Drilling technology, which can pinpoint the location of oil reservoirs in the sub-surface using seismic data.

Since the Company's listing in July 2013, the Group has achieved four offshore discoveries, one in Oman and three in Norway. The Group also offers Rex Virtual Drilling screening services to other oil exploration companies as an additional tool to increase the success rate of finding oil.

VISION

Rex International Holding's vision is to be a leading independent energy company with an international portfolio of concessions and energy-related businesses driven by technology and scientific innovation.

VALUES

INNOVATION

Game-changing, environmentally-friendly technologies that will transform the energy industry.

INTEGRITY

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

ENTREPRENEURSHIP

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

GROUP STRUCTURE



All percentages represent effective equity interest in significant and core entities held by the Group as at 16 March 2021.

FINANCIAL HIGHLIGHTS

GROUP

US\$'000	FY2020	FY2019
Revenue	46,664	135
EBITDA	3,809	18,373
(Loss)/Profit for the year, net of tax	(15,212)	22,229
Total comprehensive (loss)/income for the year, net of tax	(14,882)	23,317
(Loss)/Earnings per share (US cents)	(1.09)	1.50

US\$'000	31 Dec 2020	31 Dec 2019
Non-current assets	112,167	95,570
Current assets	83,500	85,233
Total assets	195,667	180,803
Non-current liabilities	14,956	3,010
Current liabilities	40,485	23,397
Total liabilities	55,441	26,407
Net asset value ("NAV") *	140,226	154,396
Total equity	140,226	154,396
NAV per share (US cents)	10.77	11.87

*Net asset value as disclosed above includes non-controlling interests.

EBITDA: Earnings before interest, taxes, depreciation and amortisation.

LEVEL UP

STEPPING UP FROM OIL EXPLORATION TO PRODUCTION



"Against the backdrop of a tumultuous year, the Group stayed focused on its business strategy and achieved first oil in Oman, fundamentally changing the Group's profile from an oil explorer to that of an oil producer."

DEAR SHAREHOLDERS,

REX ENDED 2020 ON A STRONGER NOTE DESPITE IT BEING ONE OF ITS WORST YEARS FOR THE OIL & GAS INDUSTRY

While oil prices notched the biggest annual gain in three years to close at US\$66 a barrel for the decade in 2019¹, the oil & gas industry experienced one of its worst years in history in 2020. On 20 April 2020, the May 2020 contract futures price for West Texas Intermediate (WTI) plummeted from US\$18 a barrel to an unprecedented minus US\$37 a barrel. Brent crude oil prices also tumbled, closing at US\$9 a barrel on 21 April 2020, a far cry from the US\$70 a barrel crude oil fetched at the beginning of the year.²

¹ Reuters, Oil posts biggest yearly rise since 2016, 31 December 2019

² Investopedia, What Happened to Oil Prices in 2020, 9 January 2021

The oil price collapse was due to a confluence of factors: Concerns that the Covid-19 pandemic would stymie travel and world oil demand had already started in January 2020, but the price war between Saudi Arabia and Russia in March 2020 due to the collapse of the OPEC+ (the Organization of Petroleum Exporting Countries and its partners) agreement, and stoked by Saudi Arabia's efforts to flood the global market with crude so as to reclaim lost market share and to slow a booming upstream industry in the US³, left oil producers scrambling to find space to store the glut in crude oil.

In June 2020, Brent crude oil spot prices averaged US\$40 per barrel, an increase of US\$11 per barrel from May's average, as countries began to emerge from their respective lockdowns to curb the spread of Covid-19. OPEC also announced an extension of their deepest production cuts through the month of July.⁴ And in December 2020, OPEC and its partner countries announced they would voluntarily adjust production by 0.5 million barrels per day from 7.7 million barrels per day to 7.2 million barrels per day, starting January 2021.⁵ Brent oil prices closed the year at US\$51 per barrel.

That the oil & gas industry will continue to face headwinds and be subjected to downward pressure from global economic uncertainty in 2021 is to be expected, as the Covid-19 pandemic persists globally, reaching 100 million cases worldwide in January 2021, according to an AFP tally.⁶ At the same time, oil companies are under pressure to curb greenhouse gases. Several large oil firms have announced in 2021, their plans to pivot away from fossil fuel to renewables.

Notwithstanding the uncertainties ahead, OPEC remains hopeful that 2021 will be a year of oil price recovery on the back of robust oil demand growth in the People's Republic of China and India.⁷ With a tighter oil market owing to the delay in the restart of OPEC production and the demand boost from the Covid-19 vaccine rollout, Goldman Sachs pushed its forecast forward and now expects Brent crude to hit US\$75 a barrel in the third quarter of 2021.⁸ The Group is confident that oil will remain in demand for some time. There is still a lack of substitutes to power various transportation modes and supply of oil will be curtailed by the sharp cut in exploration investments in the short term.

STEPPING UP FROM OIL EXPLORER TO PRODUCER

Against the backdrop of a tumultuous year, the Group stayed focused on its business strategy and achieved first oil in Oman, fundamentally changing the Group's profile from an oil explorer to that of an oil producer. In Norway, the Group participated in another discovery during the year, and forged ahead with adding to its asset portfolio via farm-ins and participation in the Awards in Predefined Areas (APA) rounds.

For the financial year ended 31 December 2020 ("FY2020"), the Group recorded revenue of US\$46.66 million, compared to US\$0.14 million revenue generated by the Group for the financial year ended 31 December 2019 ("FY2019"), mainly due to oil sales in Oman starting from April 2020. The Group recorded total loss after tax of US\$15.21 million in FY2020, as compared to total profit after tax of US\$22.23 million in FY2019, due to high start-up production costs, low initial realised oil prices during the six-month period ended 30 June 2020 and depletion of oil and gas properties. EBITDA for FY2020 was a positive US\$3.81 million. As at 31 December 2020, the Group has US\$46.30 million in liquid assets comprising cash, cash equivalents and quoted investments.

In Oman, the Group's subsidiary Masirah Oil Ltd ("MOL") completed the Yumna 1 well in mid-February 2020. The well tested at a production rate of 11,843 stock tank barrels of oil per day through a 1-inch choke, with a crude oil gravity of 42 degrees API. The Group's achievement of first oil and obtainment of approval for the Field Development Plan for the Yumna Field and Declaration of Commerciality in July 2020, marked its graduation from an oil explorer to a full-fledged offshore oil producer.

We persevered with oil production despite unprecedented lows in Brent oil prices, which were impacted by global lockdowns due to the Covid-19 pandemic. By December 2020, the Yumna 1 well had produced more than 2.12 million barrels of oil which were then sold.

³ Forbes, 2020 In Review: One Of The Oil And Gas Industry's Worst Years Approaches A Merciful End, 17 December 2020

⁴ U.S. Energy Information Administration, Short-Term Energy Outlook July 2020, July 2020

⁵ Organization of the Petroleum Exporting Countries, The 12th OPEC and non-OPEC Ministerial Meeting concludes, Accessed 7 January 2021

⁶ Straits Times, 100 million cases worldwide, as US seeks to reset its Covid-19 fight, 26 January 2021

⁷ Reuters, OPEC 'cautiously optimistic' oil market will recover in 2021, 19 January 2021

⁸ Oil Price, Goldman Sachs sees \$75 oil in Q3 2021, 22 February 2021



Planning for the drilling campaign to drill two more production wells and one exploration well in Block 50 Oman continued in earnest after achievement of Declaration of Commerciality. In November 2020, MOL awarded a drilling rig contract and by mid-December, drilling of Yumna 2 was started. Yumna 2 was completed in January 2021 and encountered 10 metres of Lower Aruma sandstone with a porosity of 21 per cent, proving that the good quality reservoir sand is extensive to the north of Yumna 1; the permeability is about 2,000 md. The third production well, Yumna 3, was spudded on 20 January 2021, targeting a crestal location in the field to the east and up-dip from the discovery well GAS 1. All three production wells in the Yumna Field are positioned to optimally drain the reservoir and maximise recovery.

Upgrading of the production facilities on the Yumna Mobile Offshore Production Unit (MOPU) to increase the liquid processing capacity to 30,000 bpd, so as to accommodate production from the three Yumna wells, is expected to be done by the end of the first quarter of 2021.

In Norway, the Group's subsidiary Lime Petroleum AS ("LPA") was awarded a 30 per cent interest in PL1062 Scrabble in the Norwegian Sea, in the 2019 Awards in Predefined Areas (APA) round and interests in four new licences - three in the Norwegian Sea and one in the North Sea - in the 2020 APA round announced in January 2021.

During the year, LPA farmed into four licences: namely, 15 per cent interests in each of the licences PL937/B Fat Canyon, and 20 per cent interests in each of the licences PL263D/E Apollonia, all located in the Norwegian Sea. LPA subsequently participated in the drilling of the Apollonia prospect in the licences PL263D/E, which resulted in a small gas discovery with estimated recoverable reserves of between three and 10 million barrels of oil equivalent. This is the third discovery for LPA, following discoveries in PL338C Rolvsnes (which was divested with related assets in 2019) and PL838 Shrek.

TARGETING FINANCIAL INDEPENDENCE FOR SUBSIDIARIES

As a business strategy, the Group has always strived to be long-term debt free and targeted for its subsidiaries to be financially independent. This philosophy has enabled the Group to weather various financial challenges over the years, including the oil price collapse in 2014 and the Covid-19 pandemic in 2020.

To this end, MOL raised US\$21.5 million from an Investment Round to fund its drilling activities of the appraisal well Yumna in Block 50 Oman, its continued operations, as well

as for general working capital requirements, the completion of which was announced at the beginning of 2020.

In late September 2020, a Nordic independent investment bank was appointed as financial adviser and intermediary to review non-dilutive financing options for MOL and to advise, among others, on the structure, timing and organisation of a possible bond financing.

Rex's direct wholly-owned subsidiary Rex International Investment Pte Ltd ("RII") also entered into options agreements with Trace Atlantic Oil Ltd ("Trace"), for Trace to have options to receive shares of proceeds of potential dividends from LPA due to RII if drilling activities of the Apollonia prospect in licences PL263D/E and the Fat Canyon prospect in licences PL937/B are successful respectively. Option fees totalling US\$1.1 million, comprising US\$550,000 for each well, will be used to fund part of LPA's participation in the exploration drilling of the two abovementioned prospects.

LEVELLING UP ON RESERVES AND RESOURCES

The Group levelled up on its reserves and resources with the achievement of first oil in Oman and added to its portfolio more discovery assets in Norway during FY2020.

In Oman, an independent Qualified Person's Report ("QPR") dated 26 October 2020 prepared by RPS Energy Consultants Ltd, placed 2P reserves in the Yumna Field at 9.6 MMstb as at 1 July 2020, after production of 1.05 MMstb up to 30 June 2020. The QPR covered only the Yumna Field and surrounding areas, over which a 1,500-square kilometre seismic study, or 9 per cent of the 16,903-square kilometre Block 50, had previously been conducted. Also included is an evaluation of prospective resources in 14 oil prospects identified within the area of the 3D seismic coverage, estimated to have 152.3 MMstb, an arithmetic sum of best estimate gross unrisks prospective resources for each prospect. A QPR done by Aker Geo and Pareto Asia dated 28 February 2012, had estimated the arithmetic sum of best estimate gross unrisks prospective resources in the entire Block 50 Oman to be over 4 billion barrels.

In Norway, the operator's preliminary estimates of the PL838 Shrek discovery, in which LPA has a 30 per cent interest, placed its size between 3 and 6 million standard cubic metres (Sm³) or about 19 and 38 million barrels (1 Sm³: 6.29 barrels) of recoverable oil equivalents; while an independent QPR by RPS Energy Consultants Ltd dated 20 March 2020 estimated contingent resources (2C) at 2.24 million standard cubic metres (Sm³) and 0.97 billion standard cubic metres of gas; or 23 million barrels

"The Group levelled up on its reserves and resources with the achievement of first oil in Oman and added to its portfolio more discovery assets in Norway during FY2020."





The Tenacious rig in the Yumna Field, Oman

(1 Sm³ oil: 6.29 barrels) of recoverable oil equivalents. The discovery would be assessed as a possible tie-back to the Skarv Floating Production Storage and Offloading (FPSO) facility and is progressing towards a development decision. The operator and its partners are furthering their economic analysis of the discovery with different development scenarios to refine and optimise the development plan.

The PL263D/E Apollonia discovery, made in 2020, is estimated to have recoverable reserves of between three and 10 million barrels of oil equivalent.

LOOKING AHEAD

In Oman, the drilling of Yumna 3 in Block 50 Oman was completed in February 2021 and production commenced on 18 February 2021. The well has been tested at a rate of 12,984 stb/d of oil on natural flow through an 80/64" choke. The three Yumna production wells will present economies of scale opportunities for cost reduction and increase the estimated value for the area considerably. A sustained run-up of Brent oil prices would bode well for recurrent oil sales revenue for FY2021.

In Norway, LPA is slated to participate in the exploration drilling of the PL937/B Fat Canyon prospect in the second half of 2021. A discovery there would boost LPA's trio of discovery assets – PL838 Shrek, PL263D/E Apollonia and PL1125 Falk/Linerle – with potential for possible commercial field development in the near future. LPA now has stakes in 13 licences in its portfolio and will continue to actively seek farm-in opportunities with near-term exploration drilling.

ACKNOWLEDGEMENTS

We would like to thank our Directors for their commitment, guidance and counsel during a difficult but significant year, and to our colleagues for their enduring dedication amid work disruptions caused by the Covid-19 pandemic. We would like to express our sincere appreciation to our shareholders for their understanding and continual support during these unprecedented times.

Dan Broström
Executive Chairman

Måns Lidgren
Chief Executive Officer

16 March 2021

CORPORATE DATA

DIRECTORS

Dan Broström, Executive Chairman
Dr Karl Lidgren, Executive Director
Sin Boon Ann, Lead Independent Director
Muhammad Sameer Yousuf Khan, 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
Dan Broström

Audit Committee

Muhammad Sameer Yousuf Khan, Chairman
Sin Boon Ann
Dan Broström

COMPANY SECRETARIES

Kong Wei Fung
Cheok Hui Yee

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AUDITORS

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Singapore 048581

Audit Partner: Ronald Tay Ser Teck
(Appointed in 2018)

SHARE REGISTRAR

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Singapore 068898
Telephone: (65) 6236 3333

PRINCIPAL BANKERS

Barclays Bank PLC
National Bank of Oman
Skandinaviska Enskilda Banken AB
UBS AG
Union Bancaire Privée (Europe) S.A.
United Overseas Bank Limited

BOARD OF DIRECTORS



DAN BROSTRÖM

Chairman and Executive Director
Member, Remuneration and
Audit Committees

Mr Dan Broström, 77, 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 26 April 2019.

Prior to joining the Company, Mr Broström was a senior partner at MVI Holdings Ltd between 1993 and 2005, where as a consultant, he assisted Swedish companies in setting up businesses in Singapore through fundraising 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
Member, Nominating Committee

Dr Karl Lidgren, 74, was appointed as a Non-Independent Non-Executive Director on 1 May 2013 and was re-designated as a Non-Independent Executive Director on 15 January 2015. He was last re-elected to the Board on 26 April 2019.

Dr Lidgren and his brother, Mr Hans Lidgren, have since the 1980s, utilised satellite altimeter data in oil exploration activities which enabled major oil and gas findings. A founder of Rex International Holding, Dr Lidgren represents the interests of Limea Ltd 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 in Economics from Lund University in 1976. Dr Lidgren taught in Lund University as a Professor from 1980 until his retirement in 2000.


SIN BOON ANN BBM, PBM

Lead Independent Non-Executive Director
Chairman, Nominating and Remuneration
Committees
Member, Audit Committee

Mr Sin Boon Ann, 63, 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 27 April 2018.

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. He was the Deputy Managing Director of Drew & Napier's Corporate and Finance Department and the Co-head of the Capital Markets Practice before he retired to be a consultant with the firm in March 2018.

Mr Sin was a Member of Parliament for Tampines GRC from 1996 to 2011. In appreciation of his valuable public services rendered to the Ministry of Home Affairs, Mr Sin was conferred the Singapore National Day Award - "The Public Service Star (Bintang Bakti Masyarakat)" in 2018 and "The Public Service Medal (Pingat Bakti Masyarakat)" in 2013 by the President of Singapore. Additionally, in recognition of his constant support and contributions to the Labour Movement, Mr Sin received the NTUC May Day Award - "Distinguished Service Award" in 2018, "Meritorious Service Award" in 2013 and "Friends of Labour Award" in 2003.


MUHAMMAD SAMEER YOUSUF KHAN

Independent Non-Executive Director
Chairman, Audit Committee
Member, Nominating and Remuneration
Committees

Mr Muhammad Sameer Yousuf Khan, 68, was appointed as an Independent Non-Executive Director on 26 June 2013 and re-elected to the Board on 21 May 2020.

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 Chief Financial Officer 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 World Group, 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 a member of the Institute of Management Consultants (UK) and the Singapore Institute of Directors.



DR CHRISTOPHER ATKINSON

Independent Non-Executive Director

Dr Christopher Atkinson, 64, was appointed as an Independent Non-Executive Director on 6 January 2015 and was re-elected to the Board on 21 May 2020.

He is also an independent Board member of Masirah Oil Ltd and of Lime Petroleum AS, subsidiaries of the Group. Dr 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 Doctor of Philosophy in Geology and a Bachelor of Science (1st Class Honours) in Geology 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 - CORPORATE



MÅNS LIDGREN

Chief Executive Officer ("CEO")

Mr Måns Lidgren is the Chief Executive Officer and is responsible for overseeing the strategic positioning and business expansion of the Group.

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 and 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 holds a Bachelor of Science and a Master of Science, both in Business Administration and Economics, from Lund University, Sweden.



SVEIN KJELLESVIK

Chief Operating Officer

Mr Svein Kjellesvik is the Chief Operating Officer and Executive Chairman of the Group's subsidiary, Lime Petroleum AS. He 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, Mr Kjellesvik has been an independent entrepreneur and he has been involved in the start-up of Rex Middle East Ltd (formerly known as Rex Oil & Gas Ltd) and Lime Petroleum Plc. Before retiring from Schlumberger in 2002, Mr 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.

Mr Kjellesvik holds a Master degree in Applied Geophysics from the Norwegian Institute of Technology (NTH) in Trondheim and is a member of the Society of Exploration Geophysicists, the European Association of Petroleum Geoscientists and the American Association of Petroleum Geoscientists.


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. He is also a board member of Masirah Oil Ltd and of Rex Technology Management Ltd, subsidiaries of the Group, and a member of the Joint Management Committee of Block 50 Oman.

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. Before being Senior Vice President of Finance in AEP Investment Management, a Singapore-based investment management company 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.

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 Commercial Officer

Mr Kristofer Skantze is the Chief Commercial Officer and manages business development for the Group, including for Rex Technology Management Ltd.

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 August 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.

**LINA BERNTSEN**

Chief Technology Officer

Mrs Lina Berntsen is the Chief Technology Officer and co-ordinates the use of Rex Technologies for the Group. Mrs Berntsen re-joined the Group in 2012 as the Rex Virtual Drilling Specialist to Lime Petroleum Norway AS (now known as Lime Petroleum AS). Prior to this from 2011 to 2012, she provided consultancy services to the Group as a Technology Specialist at Equus Consulting AB, a business providing advanced mathematical analysis. From 2010 to 2011, Mrs Berntsen was the Rex Virtual Drilling Specialist for Rex Oil & Gas Ltd. and oversaw the operations and coordinated analyses in relation to the use of Rex Virtual Drilling.

Prior to this, Mrs Berntsen was Development Engineer in Gambro Lundia AB, a global medical technology company, where she was responsible for product development and design control relating to dialysis technology. She was previously the Marketing Coordinator in biotechnology company Chemel AB, where she also worked on product development.

Mrs Berntsen holds a Master of Science in Chemical Engineering from the University of Lund, Sweden.

**MOK LAI SIONG**

Chief Communications Officer

Ms Mok Lai Siong is the Chief Communications Officer, and is responsible for the Group's strategic communications with shareholders, potential investors, analysts and the media, as well as for sustainability reporting, branding and marketing.

Ms Mok has over 25 years of experience in communications and investor relations in multinational listed firms. Prior to joining the Company, she was Group General Manager, Corporate Communications & Investor Relations for the then Singapore mainboard-listed conglomerate WBL Corporation from 2010 to 2013. From 2007 to 2010, Ms Mok worked in YTL Starhill REIT Management, the manager of Starhill Global REIT, where her last held position was Senior Vice President, Investor Relations & Corporate Communications. She has also held 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) degree 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

Masirah Oil Ltd – Chairman

Mr Hans Lidgren is one of the founders of the Rex Group. Limea Ltd, in which Mr Lidgren has a 50 per cent interest, is a majority shareholder of Rex International Holding Limited.

Mr Lidgren has extensive experience in the oil and gas industry. Since the early 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 and the Bukha field in Oman. The Haltenbanken area was only discovered in the 1980s after Mr Lidgren's surveys showed positive satellite altimetry results as to the presence of oil and gas.

Mr Lidgren also developed the Rex Technologies, comprising Rex Gravity, Rex Seepage, Rex Gas Indicator and Rex Virtual Drilling, the Rex Group's proprietary liquid hydrocarbon indicator.



JOHN PRINGLE

Masirah Oil Ltd - General Manager

Mr John Pringle has over 35 years of experience in oil exploration & production (E&P) engineering and projects in the UK, the Middle East, Norway and Southeast Asia. He started his career in the E&P industry in 1985 as Petroleum Engineer with BP in the Hague and then in Aberdeen. From 1990 to 1994, Mr Pringle held various petroleum engineering and production technology positions in oil majors Total, Conoco and Shell in Abu Dhabi and Norway. From 1994 to 2005, he was with independent oil companies Petroleum Experts, Dome and Landmark, as well as national oil company Petro-Canada. In these companies, he was responsible for marketing, operations, training, development of accounting systems and field development plans for projects in the Middle East, including in Dubai, Iraq, Saudi Arabia and Libya; as well as in Algeria. From 2005 to 2012, Mr Pringle held various engineering positions in Petronas Carigali, Malaysia and in Coastal Energy, Thailand. In 2012, he set up Coastal Energy KBM in Malaysia and delivered the only profitable and successful Risk Service Project there. Before joining Masirah Oil Ltd in 2019, Mr Pringle was Managing Director of Bluefin Petroleum in Malaysia, a company focused on exploration, development and production operations in 'fast track' projects.

Mr Pringle holds a Master of Science in Petroleum Engineering from Heriot-Watt University, UK and a Bachelor of Science in Civil and Structural Engineering from the University of Edinburgh, UK.



SVEIN KJELLESVIK

Lime Petroleum AS
- Chairman

Mr Svein Kjellesvik was appointed Chairman of Lime Petroleum AS (“**LPA**”) on 19 April 2016. He was appointed Executive Chairman of LPA on 1 June 2017.

Please refer to page 14 for more details.



LARS HÜBERT

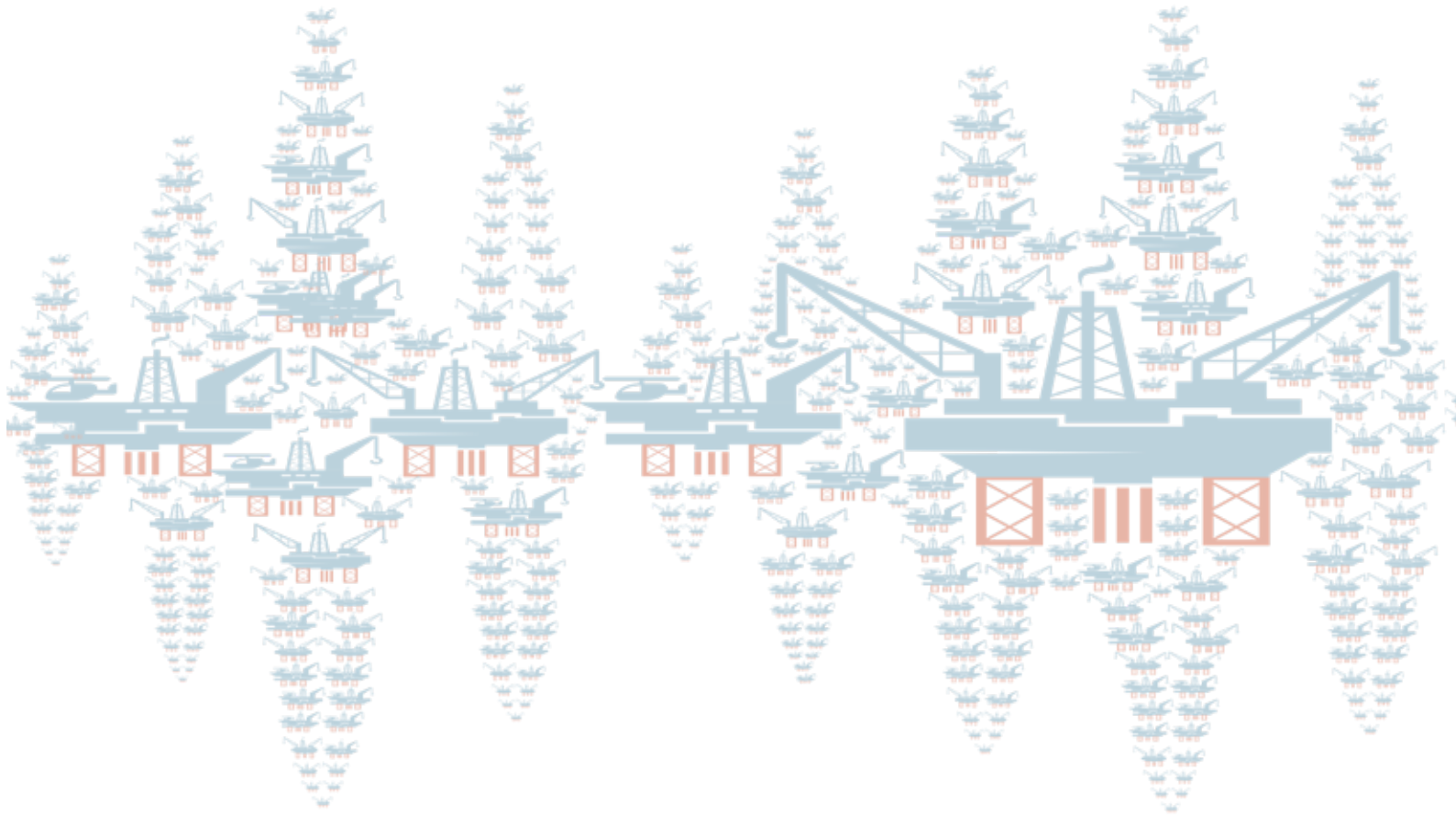
Lime Petroleum AS
- Chief Executive Officer

Mr Hüberr has some 25 years’ extensive experience in the oil industry, with a focus on the Norwegian Continental Shelf, ranging from rank exploration to production and operations.

He joined LPA in 2015 as Chief Geologist, and was appointed Exploration Manager in 2018. Prior to joining LPA, Mr Hüberr was Exploration Manager for San Leon Energy in Warsaw, Poland. He started his career with Exxon in New Orleans, and was responsible for Exxon’s first horizontal well in the Gulf of Mexico. Mr Hüberr has also held various positions in Halliburton, Rock Solid Images and Legends Exploration.

Mr Hüberr holds a Bachelor of Science from the University of Oslo, Norway, a Master of Science in Geology from the University of Wyoming, US, and a Master of Business Administration from Heriot-Watt University, UK.

REX VIRTUAL DRILLING



Rex Virtual Drilling, the Group's proprietary liquid hydrocarbon indicator, was developed by Rex Technology Management, a company set up by two of our founders, Dr Karl Lidgren and Mr Hans Lidgren. Rex Technology Management is now an indirect wholly-owned subsidiary of Rex International Holding.

Previously used mainly on the Group's own assets, Rex Virtual Drilling is now offered as a de-risking tool for offshore oil exploration companies around the world.

REX VIRTUAL DRILLING

REX
VIRTUAL
DRILLING™

Rex Virtual Drilling ("**RVD**") is a proprietary technology that can extract information about the presence of reservoir rock and liquid hydrocarbons from conventional seismic data. Seismic data is used by the oil industry to image the subsurface and is collected by shooting acoustic energy – sound pulses – into the ground and listening to the responding sounds as the sound pulses interact with rock layers. RVD works on abundant, conventional seismic data and does not require new methods of seismic data collection. Although seismic data has been used by the exploration industry for almost a century, identifying reservoir rock and liquid types remains very difficult. This is also the reason why the global average oil exploration hit rate of today is estimated at only 10-15 per cent.

With the liquid hydrocarbon indicator RVD, the exploration success rate can be increased. RVD processes and extracts information from seismic data using unique algorithms that create 3D maps that show any correlation with the presence of oil in the ground: where it is; how deep it lies; and how it fits in a geological setting.

The efficiency of RVD has been extensively tested in blind tests, live tests and actual drilling campaigns. As documented in the Company's 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 onshore US. In 2013, North Energy, a listed independent exploration & production company in Norway, 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 correct. 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.

The Group has achieved four commercial oil discoveries in Oman and Norway over the last few years with the support of RVD – the Yumna (previously known as GAS 1) discovery in Block 50 Oman in 2014, the Rølvsnæs discovery in the

Norwegian North Sea licence PL338C in 2015, in the Shrek discovery in the Norwegian Sea licence PL838 in 2019, and in the Apollonia gas discovery in the Norwegian Sea licences PL263D/E. Over the years, the Group has been using the RVD technology extensively to de-risk farm-in opportunities and to select licences to apply for in Norway's Awards in Predefined Areas (APA) rounds. The technology has allowed the Lime Petroleum AS ("**LPA**") team of exploration geoscientists to focus on licences with RVD support and discard areas without such support, building up a portfolio of both discoveries and high potential prospects. In January 2021, LPA was awarded four licences, including PL263F Apollonia, a significant add-on to LPA's existing 20 per cent interests in the PL263D/E Apollonia licences and the Falk/Linerle discovery in PL1125, which have potential for possible commercial field development in the near future. The Yumna 2 well drilled in early 2021 was the sixth successful well in a row drilled by the Rex Group.

The technology has also proven to be highly accurate in predicting dry wells. By incorporating RVD into existing de-risking processes, oil exploration companies can increase the chances of finding oil whilst saving millions of dollars in futile capital expenditure drilling dry wells.

RVD has undergone continuous research and development ("**R&D**") over the years. In 2015, RVD was improved to allow for better depth control (vertical resolution) and more precise reservoir extent (lateral resolution). In 2016, a multi-attribute version was developed, for greater independence from geological estimates on porosity and permeability. In 2017, the technology was further enhanced for improved accuracy and data processing optimisation, allowing the Group to scale up on the number of licences to be analysed at any one time. In 2018, dispersion analysis was incorporated to further assess the potential presence of oil. In 2019, processing speed and results resolution were improved, while thorough theoretical and empirical work on RVD was done in 2020. The integration of RVD with traditional geological models and geophysics attributes continues to be a core R&D effort.

REX VIRTUAL DRILLING

Rex Virtual Drilling is a multi-attribute seismic analytical tool which studies dispersion events in the seismic data utilising its unique spectral decomposition engine. The RVD software uses an in-house developed spectral decomposition process to identify frequencies in the seismic data with high accuracy, permitting detailed spectral analysis and dispersion calculations. Dispersion is an indicator of the presence of reservoir rock and a positive dispersion signal may provide information about the presence of the fluid type such as liquid hydrocarbons (oil). A lack of dispersion indications at a target location may correlate with a tight rock, i.e. a rock without any moveable liquid.

RVD is used for de-risking in all steps of the E&P value chain, from exploration de-risking and appraisal planning, and all the way to reservoir control, including optimal water injection management for producing fields.

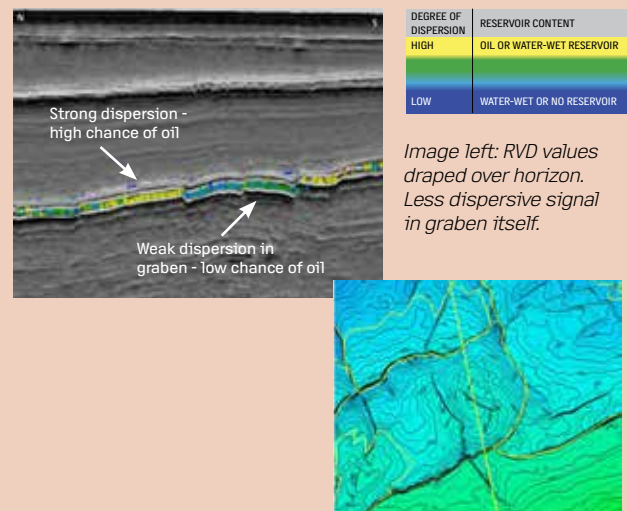
In recent years, the Group has actively promoted RVD internationally, including with presentations made at various major oil & gas events such as the Society of Exploration Geophysicists (SEG) workshop in Oman and the Society of Petroleum Engineers' Abu Dhabi International Petroleum Exhibition & Conference (SPE ADIPEC). A paper on RVD, written for the SPE ADIPEC, is available on www.onepetro.org.

The Group has in recent years, added to its RVD clientele, and is in active discussions with several National Oil Companies (NOCs) and Independent Oil Companies (IOCs) for more technology services contracts, as well as with oil services companies on collaborative partnerships.

REFERENCE CASES

The RVD software provides valuable information to help in the search for oil. The example section below from the Norwegian Barents Sea illustrates its usefulness in oil exploration. The graben area in the centre of the picture in green/blue indicates less dispersion and therefore less chance of finding oil. The adjacent areas in yellow indicate strong dispersion and therefore strong correlation with a presence of oil.

In a next step, the indications are assessed for congruence in a geological context. In this case, one interpretation suggests oil is migrating up towards the boundaries of the graben area and still in place there. However, the graben reservoir is less likely to contain oil either due to oil arriving after the development of the graben, or because the seal above the graben has allowed oil to escape.



In another example from the Norwegian North Sea, we see how RVD can help with assessing potential fluid content and how it may correlate with up-dip pinch-outs:

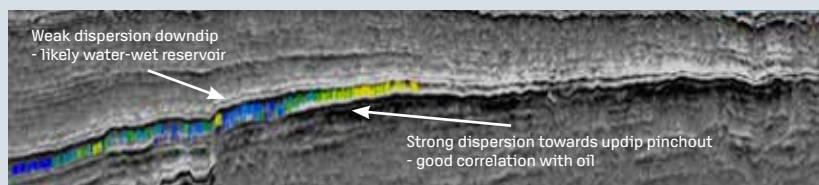


Image: RVD results demonstrating increased values of dispersion higher up in structure, towards pinch-out. High chance of oil at the structural high and water further downdip. Possible approximate oil-water contact identified.

Here, the RVD results indicate higher likelihood of hydrocarbons higher up in the structure. The results corroborate the common situation of oil migrating upwards in a structure. The reflectors suggest a pinch-out and therefore an explanation why oil could be located as is suggested by RVD. Further downdip, the RVD indications for oil are weaker (green/blue), which correlate with a lack of oil

and instead a presence of water in the reservoir. A potential oil-water contact point can be identified.

These examples show the value of applying RVD analysis for the purpose of de-risking assets prior to drilling, to save costs and to invest where there is a higher chance of financial return.

MILESTONES



2020

16 January

Lime Petroleum AS ("**LPA**") is awarded a 30 per cent interest in PL1062 Scrabble in the Norwegian Sea, in the 2019 Awards in Predefined Areas (APA) round.

17 January

Masirah Oil Ltd ("**MOL**") announces the completion of its Investment Round, raising a total of US\$21.5 million, to fund its drilling activities of the appraisal well Yumna in Block 50 Oman, its continued operations, as well as for general working capital requirements. Pursuant to this, Rex's indirect stake in MOL becomes 86.37 per cent.

12 February

MOL completes the Yumna 1 well in Oman and first oil is flowed into the Aframax tanker. The Yumna 1 well has tested at a production rate of 11,843 stock tank barrels of oil per day through a 1-inch choke, with a crude oil gravity of 42 degrees API.

20 March

An independent summary qualified person's report ("**QPR**") in respect of the Shrek discovery by RPS Energy Consultants Ltd is issued. The QPR is for the asset PL838 in Norway, where the Shrek discovery was made in 2019. LPA, the Company's 90 per cent subsidiary, holds a 30 per cent working interest in the asset.

LPA signs an agreement with INEOS E&P Norge AS to acquire 15 per cent interests in each of the licences PL937 and PL937B in the Norwegian Sea. Exploration drilling on the licences is expected in mid 2021, with the planned well targeting a large prospect called Fat Canyon.



Yumna Mobile Offshore Production Unit by night

8 April

LPA signs an agreement with Equinor Energy AS to acquire 20 per cent interests in each of the licences PL263D and PL263E in the Norwegian Sea, where a large prospect called Apollonia is located.

29 May

LPA's acquisition of 15 per cent interests in each of the licences PL937 and PL937B in the Norwegian Sea from INEOS E&P Norge AS is completed.

12 July

The Ministry of Oil and Gas in Oman approves the Field Development Plan for the Yumna Field and awarded Declaration of Commerciality ("DOC"). The Yumna 1 well has produced more than one million barrels of oil by then and the first three cargoes of Masirah crude sold in April, May and June 2020, following successful completion of liftings from the first offshore ship-to-ship transfers in Oman.

31 August

LPA's acquisition of 20% interests in each of the licences PL263D and PL263E in the Norwegian Sea from Equinor Energy AS is completed.

9 September

Rex's direct wholly-owned subsidiary Rex International Investment Pte Ltd ("RII") enters into options agreements with Trace Atlantic Oil Ltd ("Trace"), for Trace to have options to receive shares of proceeds of potential dividends from LPA due to RII if drilling activities of the Apollonia prospect in licences PL263D/E and the Fat Canyon prospect in licences PL937/B are successful respectively. RII has a 90 per cent interest in LPA. Option fees totalling US\$1.1 million, comprising US\$550,000 for each well, will be used to fund part of LPA's participation in the exploration drilling of the two abovementioned prospects.

MILESTONES



22 September

LPA participates in Equinor Energy AS's drilling of an exploration well targeting the Apollonia prospect in the Norwegian Sea licences PL263D/E, in which LPA has 20 per cent interests.

29 September

Rex appoints Nordic independent investment bank ABG Sundal Collier ASA ("**ABGSC**") as financial adviser and intermediary to review non-dilutive financing options for Rex's subsidiary MOL. ABGSC will advise, among others, on the structure, timing and organisation of a possible bond financing.

26 October

An independent QPR by RPS Energy Consultants Ltd for the Yumna Field in Block 50 Oman is issued. The QPR placed 2P reserves in the Yumna Field at 9.6 MMstb as at 1 July 2020, after production of 1.05 MMstb up to 30 June 2020. The QPR covers only the Yumna Field and surrounding areas, over which a 1,500-square kilometre seismic study, or 9 per cent of the 16,903-square kilometre Block 50 Oman, had previously been conducted. Also included is an evaluation of prospective resources in 14 oil prospects identified within the area of the 3D seismic coverage, estimated to have 152.3 MMstb, an arithmetic sum of best estimate gross unrisksed prospective resources for each prospect.

2 November

Exploration drilling of the Apollonia prospect in the licences PL263D/E, in which LPA has 20 per cent interests, is completed with a gas discovery with estimated recoverable reserves of between three and 10 million barrels of oil equivalent. This discovery will be evaluated together with other discoveries and prospects in the vicinity for further exploration and commerciality.

25 November

MOL awards drilling rig contract to Shelf Drilling, to utilise the Tenacious jackup rig, to drill two development wells and one exploration well in Block 50 Oman, starting from December 2020.



Yumna Mobile Offshore Production Unit by day

2021

14 December

MOL announces the spudding of a second development well in the Yumna Field. A third development well will be drilled back-to-back with Yumna 2. The three production wells in the Yumna Field have been positioned to optimally drain the reservoir and maximise recovery. A wildcat exploration well is also planned during the drilling campaign to evaluate one of the nearby lookalike prospects.

20 January

LPA is awarded participating interests in four new offshore licences, including one with a discovery for development, in the 2020 APA round in Norway. Three of the licences are in the Norwegian Sea, while one is in the North Sea.

23 January

Yumna 2 in the Yumna Field, Oman, commences production. The well has been producing at a stabilised rate of 9,000 stb/d of oil.

Upgrade of the production facilities on the Yumna Mobile Production Unit to increase the liquid processing capacity to up to 30,000 bpd commences.

18 February

Yumna 3 in the Yumna Field, Oman, commences production. The well has been tested at a rate of 12,984 stb/d of oil on natural flow through an 80/64" choke.

21 February

The Zakhera exploration well, located about 12 km to the south of the Yumna Field in Oman, is spudded.

5 March

A summary QPR for the Yumna Field in Block 50 Oman is issued. The Yumna Field has produced 2.12 MMstb up to 31 December 2020.

OPERATIONS REVIEW

In 2020, the Group stepped up from oil exploration to the next level, becoming a full-fledged oil exploration and production (E&P) company, as it achieved first oil in Oman. Despite challenges, including depressed oil prices caused by the Covid-19 pandemic, the Group stayed focused on its business strategy and achieved several milestones during the year. Declaration of commerciality was achieved in Oman, and two discovery assets with development potential were added to the Norway portfolio.





OMAN



In 2020, the Group produced its first oil from the Yumna Field, moving from a purely exploration company to an exploration and production operating company. First oil was achieved in Block 50 Oman in February, and shortly after in July, the Exploration and Production Sharing Agreement was formally extended from the Exploration Phase into the Production Phase.

OVERVIEW

Oman is the largest oil and natural gas producer in the Middle East outside the Organization of the Petroleum Exporting Countries (OPEC), producing about 1 million barrels of oil equivalent per day, with the vast majority of production coming from onshore fields. Oil and gas activities are Oman's principal revenue source, accounting for about 76 per cent of government revenue in 2019. As at end-2019, Oman's crude and condensate reserves were estimated at 4.8 billion barrels of oil equivalent, allowing for 25 to 30 years of crude production at 2019 levels.¹

The Omani National Centre for Statistics and Information (NCSI) reported that Oman's oil production, including condensates, stood at 318.62 million barrels until the end of November 2020. Oman produced 354.3 million barrels of oil in 2019.²

It was reported in June 2020, that Oman Tank Terminal Co. has almost finished constructing eight tanks to store crude for the new Ras Markaz Crude Oil Park³, a new refinery located approximately 70km south of the Port of Duqm on the Arabian Sea. The Ras Markaz Crude Oil Park could provide an alternative for energy traders and exporters to avoid the Strait of Hormuz.

¹ S&P Global Platts, Oman says may struggle to grow oil reserves and production, 19 October 2020

² Times of Oman, Oman's oil production reaches 318.62 million barrels, 28 December 2020

³ Arabian Business, Oman steps up plan to build Middle East's biggest oil-tank farm, 18 June 2020



BLOCK 50 OMAN

Block 50 Oman is an offshore concession, approximately 17,000 sq km, located in Gulf of Masirah, east of Oman.

Masirah Oil Ltd (“**MOL**”) holds 100 per cent of the Block 50 Oman concession. Rex International Holding holds an effective interest of 86.37 per cent in MOL through the indirect wholly-owned subsidiary Rex Oman Ltd. The other shareholders of MOL are Schroder & Co Banque S.A. at 8.82 per cent, PETROCI, the National Oil Company of the Ivory Coast at 1.83 per cent, and other shareholders including MOL management at 2.98 per cent.

2020 Operations Update

- Completed Investment Round, raising a total of US\$21.5 million, to fund MOL’s drilling and development activities of the Yumna Field in Block 50 Oman, its continued operations, as well as for general working capital requirements.

- Completed the Yumna 1 well in Oman and first oil flowed into a spread moored Aframax tanker. The Yumna 1 well has tested at a production rate of 11,843 stock tank barrels of oil per day through a 1-inch choke, with a crude oil gravity of 42 degrees API.
- Obtained approval for the Field Development Plan for the Yumna Field and was awarded Declaration of Commerciality (“**DOC**”), triggering the extension of the Exploration and Production Sharing agreement for the entire block.
- Produced more than one million barrels of oil by June 2020 and sold the first three cargoes of Masirah crude in April, May and June 2020, following successful completion of liftings from the first offshore ship-to-ship transfers in Oman.

* API refers to American Petroleum Institute gravity, a measure of how heavy or light the oil is compared to water. If API degree is greater than 10, the oil is lighter and floats on water; if less than 10, it is heavier and sinks.

- Issued an independent qualified person's report ("QPR") by RPS Energy Consultants Ltd for the Yumna Field. The QPR placed 2P reserves in the Yumna Field at 9.6 MMstb as at 1 July 2020, after production of 1.05 MMstb up to 30 June 2020. The QPR covered only the Yumna Field and surrounding areas, over which a 1,500-square kilometre seismic study, or 9 per cent of the 16,903-square kilometre Block 50 Oman, had previously been conducted. Also included was an evaluation of prospective resources in 14 oil prospects identified within the area of the 3D seismic coverage, estimated to have 152.3 MMstb, an arithmetic sum of best estimate gross unrisks prospective resources for each prospect.
- Awarded drilling rig contract to Shelf Drilling, to utilise the Tenacious jackup rig, to drill two development wells and one exploration well in Block 50 Oman, starting from December 2020.
- Spudded a second development well in the Yumna Field.

2021 Operations Update

- Commenced production at Yumna 2. The well has been producing at a stabilised rate of 9,000 stb/d of oil. The rate is constrained by the size of the downhole Electrical Submersible Pump installed in the well. Yumna 2 encountered 10 metres of Lower Aruma sandstone with a porosity of 21 per cent, proving that the good quality

reservoir sand is extensive to the north of Yumna 1; the permeability is about 2,000 md. The reservoir pressure depletion over the first year of production is around 100 psi, confirming that excellent pressure support is provided by a strong aquifer.

- Commenced production from Yumna 3. The well has been tested at a rate of 12,984 stb/d of oil on natural flow through an 80/64" choke. Yumna 3 encountered hydrocarbons in 10.4 metres of Lower Aruma sandstone with a very good porosity of 23.4 per cent, proving that the good quality reservoir sand is extensive to the South East of Yumna 1, with exceptional permeability of about 2,000 md. The reservoir pressure depletion over the first year of production is around 100 psi.
- Upgraded the production facilities on the Yumna Mobile Offshore Production Unit (MOPU) to increase the liquid processing capacity to 30,000 bpd, to accommodate production from the three Yumna wells.

Going forward

- The three production wells in the Yumna Field have been positioned to optimally drain the reservoir and maximise recovery.
- Drilling of the Zakhera prospect, which is located about 12 km to the south of the Yumna Field. This exploration well is targeting a structure that looks similar to the Yumna Field.

Block 50: Prospective resources and reserves with significant untapped potential

Report (release year)	Area investigated	Unrisks prospective resources (P50)	Oil reserves
Aker Geo (2012)	Entire block, ~ 17,000 sq km	~4 billion barrels	Not applicable (report made before discovery)
RPS (2020)	Seismic area ~1,500 sq km	152.3 MMstb	9.6 MMstb (Yumna field) 1.05 MMstb already produced (as at 30 June 2020)
Rex (2021)	Seismic area ~1,500 sq km	No update from previous reports	8.6 MMstb (Yumna field) 2.12 MMstb already produced (as at 31 December 2020)

MMstb: Million stock tank barrels
 stb/d: stock tank barrels per day
 md: millidarcy (unit of rock permeability)
 psi: pound-force per square inch (unit of pressure)
 bpd: barrels per day

ABOUT THE YUMNA FIELD

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.

On 4 February 2014, an oil discovery was announced in Block 50 Oman. The second exploration well that was drilled in the concession had successfully reached the well target depth of more than 3,000 metres into the Cambrian formation. Hydrocarbons were discovered in several formations with good oil sample extracted.

The oil discovery is significant as it is the first offshore discovery east of Oman, after 30 years of exploration activity in the area and won the 'Offshore Discovery of the Year' award.

During a 48-hour test, hydrocarbons were flowed to the surface and the well achieved flow rate of 3,500 stock tank barrels per day (stb/d) of light oil with no water production.

In 2017, the Karamah 1 well which was drilled identified a 5-metre oil bearing interval on the wireline logs and found hydrocarbon shows in several stratigraphic zones, confirming the presence of a working petroleum system in the block.

In July 2020, the Ministry of Oil and Gas in Oman approved the Field Development Plan for the Yumna Field and awarded Declaration of Commerciality. The Yumna 1 well had produced more than one million barrels of oil by then and the first three cargoes of Masirah crude were sold in April, May and June 2020, following successful completion of liftings from the first offshore ship-to-ship transfers in Oman.

In November 2020, MOL awarded a drilling rig contract to Shelf Drilling, to utilise the Tenacious jackup rig, to drill two development wells and one exploration well in Block 50 Oman, starting from December 2020. In December 2020, a second development well in the Yumna Field was spudded.

Yumna 2 encountered 10 metres of Lower Aruma sandstone with a porosity of 21 per cent, proving that the good quality reservoir sand is extensive to the north of Yumna 1. The permeability is about 2,000 md. The reservoir pressure depletion over the first year of production is around 100 psi, confirming that excellent pressure support is provided by a strong aquifer. Production at Yumna 2 started on 23 January 2021. The well has been producing at a stabilised rate of 9,000 stb/d of dry oil.

Yumna 3, the third production well, targeting a crestal location in the field to the east and up-dip from the discovery well GAS 1, was drilled back-to-back from Yumna 2 in January 2021, even as the production facilities on the Yumna Mobile Offshore Production Unit (MOPU) were being upgraded to increase the liquid processing capacity to 30,000 bpd, to accommodate production from the three Yumna wells.

Production at Yumna 3 commenced on 18 February 2021. The well has been tested at a rate of 12,984 stb/d of oil on natural flow through an 80/64" choke. Yumna 3 encountered hydrocarbons in 10.4 metres of Lower Aruma sandstone with a very good porosity of 23.4 per cent, proving that the good quality reservoir sand is extensive to the South East of Yumna 1, with exceptional permeability of about 2,000 md. The reservoir pressure depletion over the first year of production is around 100 psi, confirming that excellent pressure support is provided by a strong aquifer.

The Zakhera exploration well, located about 12 km to the south of the Yumna Field, was spudded in February 2021.

NORWAY



In 2020, subsidiary Lime Petroleum AS participated in the drilling of the Apollonia prospect, which yielded a gas discovery, making this the third commercial discovery that the company has achieved in Norway. During the year, the company farmed in to four Norwegian Sea licences and was awarded interests in four more licences, including one with a discovery, in the 2020 Awards in Predefined Areas in January 2021. This brings to total, 13 licences in the company's portfolio, including three discoveries – Shrek, Apollonia and Falk/Linerle – with commercial development potential.

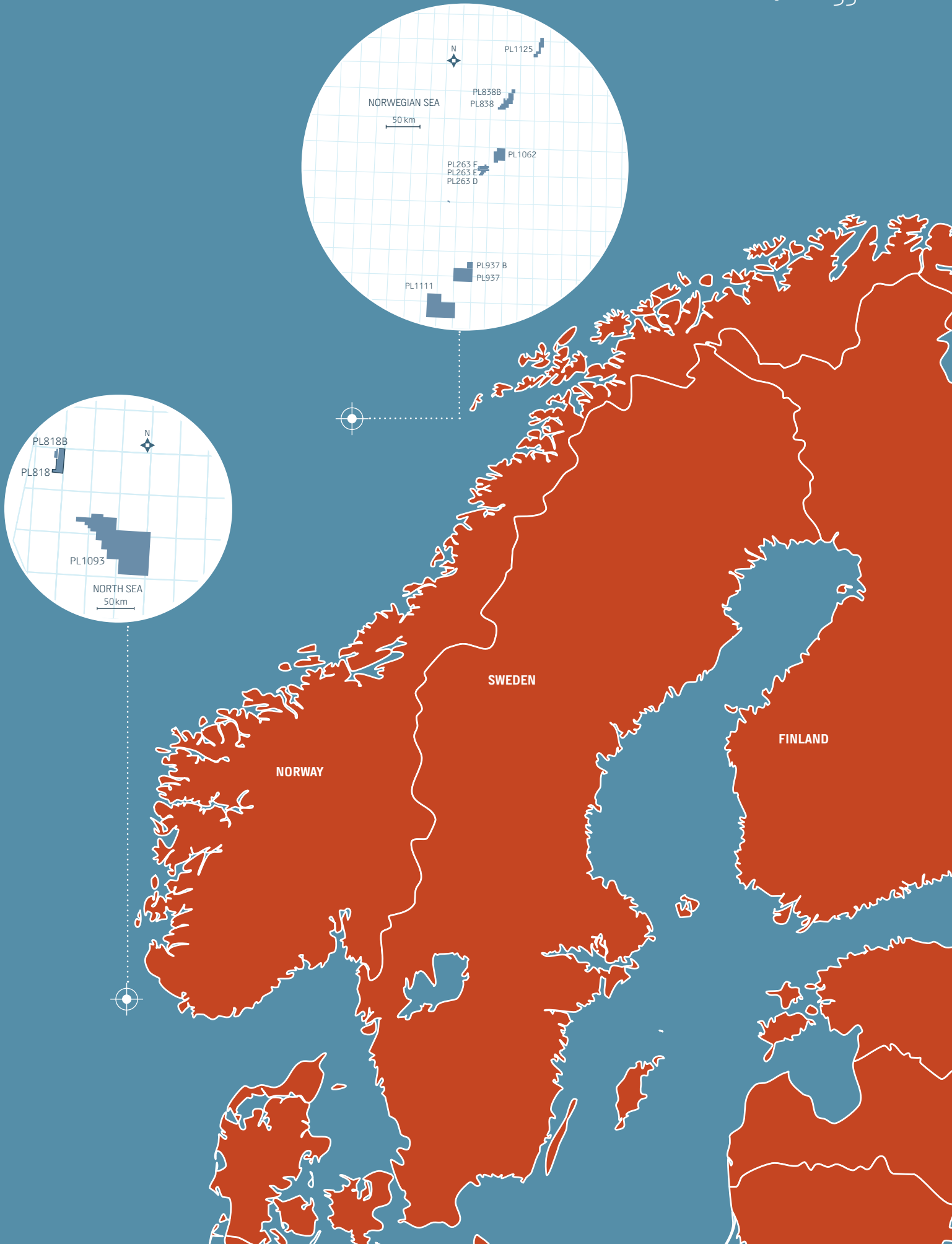
Lime Petroleum AS ("**LPA**"), as a pre-qualified company, benefits from the Norwegian tax system with 78 per cent cash-back of all exploration expenditures. This system has been a huge success since introduced in 2005, enabling a diversity of companies drilling a sufficient number of wells, having resulted in a string of significant discoveries in all provinces of the Norwegian Continental Shelf.

OVERVIEW

According to the Norwegian Petroleum Directorate (NPD), activity on the Norwegian continental shelf remained at a high level in 2020, despite the ongoing Covid-19

pandemic which led to a decline in oil prices. The year has been characterised by high production and significant investments in developments and projects on the fields, with investments at the same level as previous years, and continued high number of applications in the APA round (Awards in Predefined Areas).

31 exploration wells were spudded in 2020. 14 discoveries were made, seven in the North Sea and seven in the Norwegian Sea. Some of the 50 exploration wells planned for 2020 were postponed, primarily due to the Covid-19 pandemic. The NPD expects around 40 exploration wells to be drilled in 2021.



The NPD highlighted that over the past 20 years, smaller discoveries with volumes up to 25 million standard cubic metres of oil equivalent (MSm³oe), together contribute to more value creation than the larger discoveries made during the same period. According to the NPD's calculations, the average unit cost for discoveries in the period from 2010 to 2019 is US\$21 per barrel, while the average oil price during the same period was nearly US\$80 per barrel. This difference underlines the vast values generated during the period.

Oil production in Norway was higher in 2020 than in 2019, due mainly to production from the Johan Sverdrup field. Four new fields came onstream in 2020. However, production in 2020 was somewhat lower than what NPD had expected, as a result of production regulation during the summer, project postponements and the closure of Snøhvit. Oil production is expected to rise in the next few years from the current 1.7 million barrels per day to just over 2 million barrels per day in 2025.

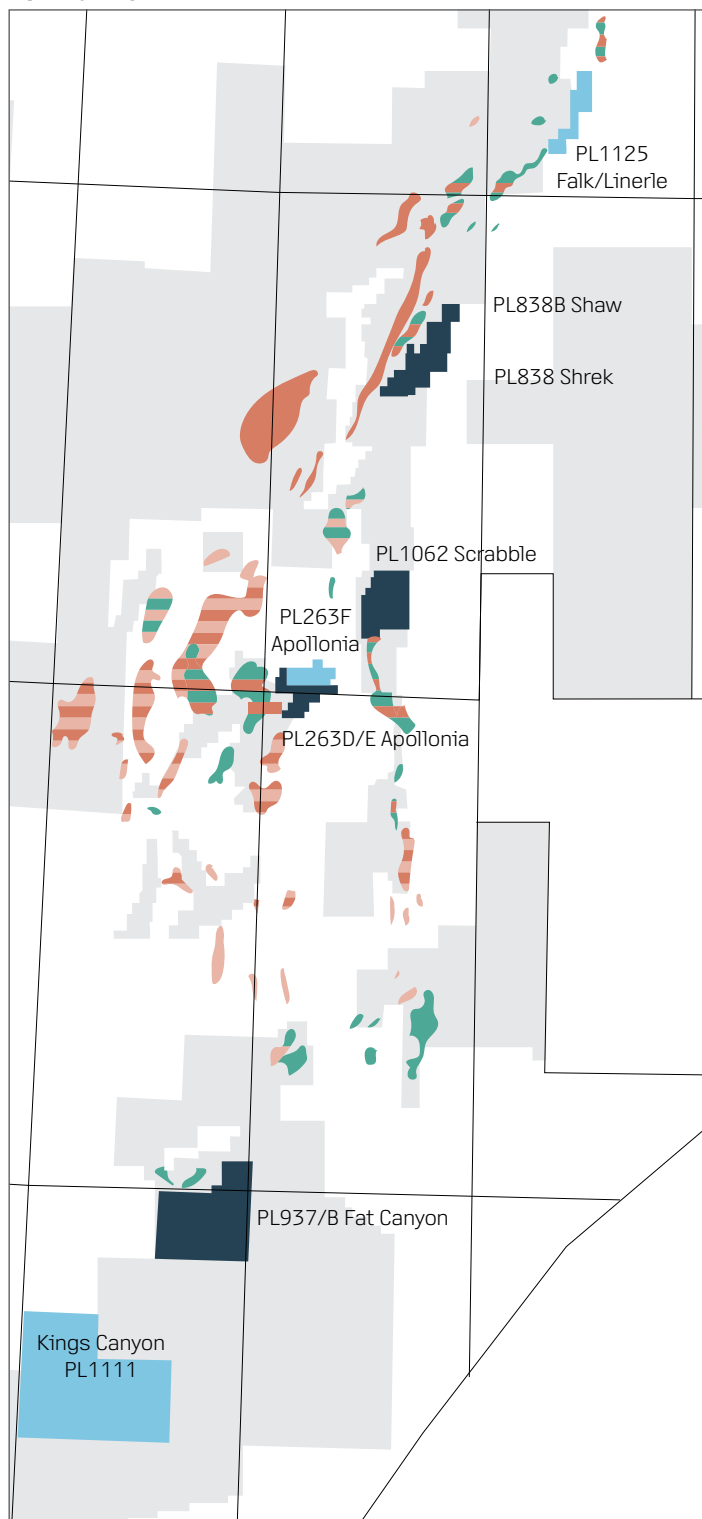
All of Norway's oil reserves are located offshore on the Norwegian Continental Shelf, which is divided into three sections: the North Sea, the Norwegian Sea, and the Barents Sea. The bulk of Norway's oil production occurs in the North Sea. New exploration and production activity is taking place further north in the Norwegian Sea and Barents Sea. Norway has a strong focus on reducing the CO₂ footprint of oil and gas exploration and production, resulting in low CO₂ emissions per barrel produced. In 2019, the average amount of CO₂ emitted was 8kg/bboe, which is less than half of the world average.

STRATEGY

LPA was established in 2012 with offices at Skøyen in Oslo. The company was pre-qualified as a licence holder in February 2013 and has since built a portfolio of assets focusing on mature areas, following a technology and infrastructure-led strategy.

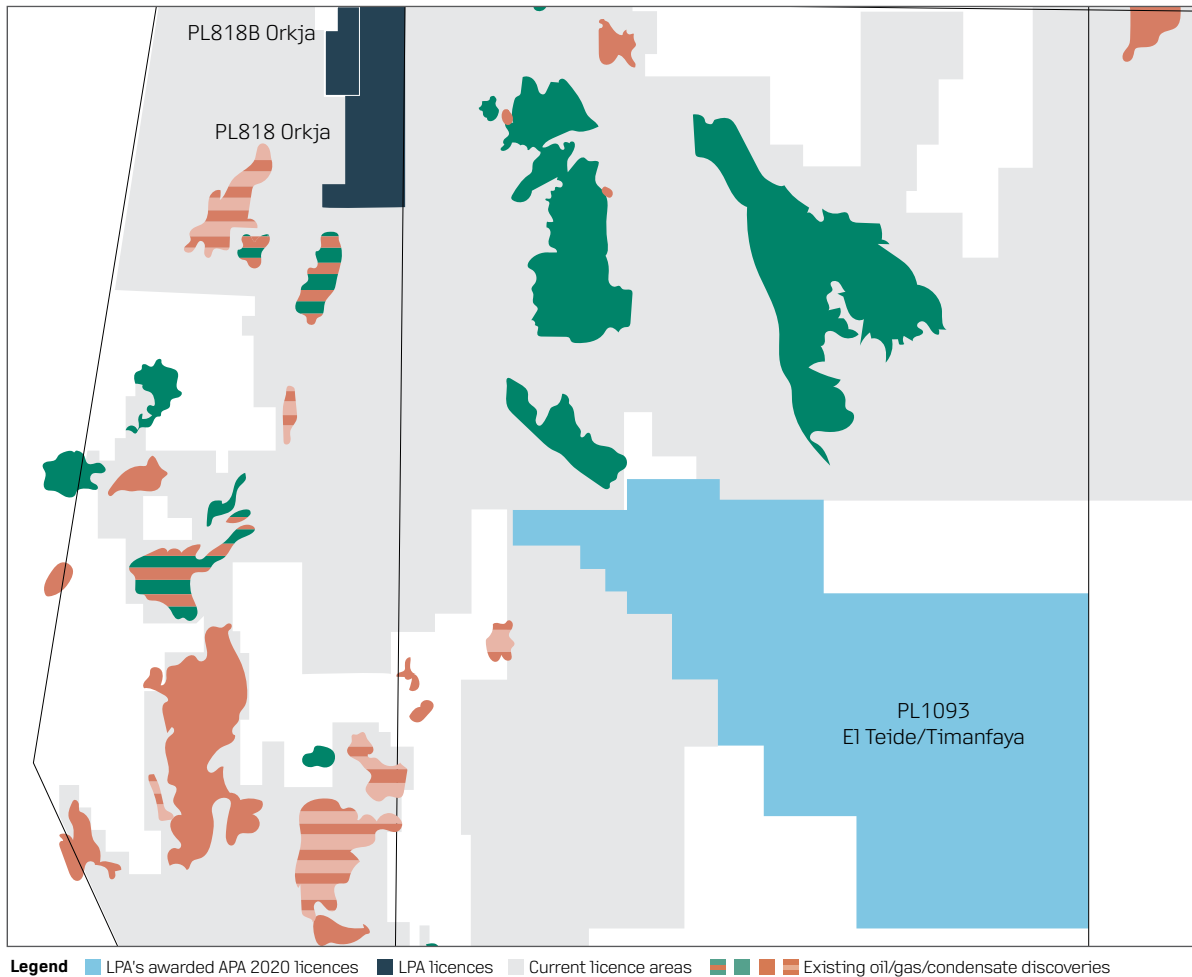
LPA has used the Group's Rex Virtual Drilling ("RVD") technology to select and build a portfolio of investments in the Norwegian Continental Shelf. The licences are in oil-prolific areas that already have producing fields and pipeline infrastructure in place, allowing for a fast-track path to potential commercialisation and return on investment when more oil discoveries are made in LPA's assets.

NORWEGIAN SEA



Legend ■ LPA's awarded APA 2020 licences ■ LPA licences

■ Current licence areas ■ Existing oil/gas/condensate discoveries

NORTH SEA**LICENCES**

LPA is 90 per cent directly held by Rex's wholly-owned subsidiary Rex International Investments Pte Ltd.

2020 Operations Update

- Awarded a 30 per cent interest in PL1062 Scrabble in the Norwegian Sea, in the 2019 Awards in Predefined Areas (APA) round.
- Relinquished interests in PL841 in the Norwegian Sea.
- Issued an independent summary qualified person's report ("QPR") in respect of the Shrek discovery done by RPS Energy Consultants Ltd. The QPR is for the asset PL838 in Norway, where the Shrek discovery was made in 2019.
- Acquired from INEOS E&P Norge AS, 15 per cent in each of the licences PL937 and PL937B in the Norwegian Sea, where exploration drilling on the licences is expected in 2021 on the Fat Canyon prospect.
- Acquired from Equinor Energy AS, 20 per cent interests in each of the licences PL263D and PL263E in the Norwegian Sea, where a large prospect called Apollonia is located.
- Participated in Equinor Energy AS's drilling of an exploration well targeting the Apollonia prospect in the Norwegian Sea licences PL263D/E, which resulted in a gas discovery with estimated recoverable reserves of between three and 10 million barrels of oil equivalent. This discovery will be evaluated together with other discoveries and prospects in the vicinity for further exploration and commerciality.

LICENCE	LOCATION	AREA (SQ KM)	LPA'S STAKE	REX'S EFFECTIVE STAKE IN LICENCE HOLDING ENTITY	OPERATOR	OTHER PARTNERS	EXPIRY DATE
PL263D Apollonia	Norwegian Sea	29	20.0%	18.0%	Equinor Energy AS	Pandion Energy AS ONE-Dyas Norge AS	02.03.2025
PL263E Apollonia	Norwegian Sea	36	20.0%	18.0%	Equinor Energy AS	Pandion Energy AS ONE-Dyas Norge AS	12.05.2037
PL263F Apollonia*	Norwegian Sea	39	20.0%	18.0%	Equinor Energy AS	Pandion Energy AS ONE-Dyas Norge AS	TBD
PL 818 Orkja	North Sea	77	30.0%	27.0%	Aker BP ASA	Equinor Energy AS	05.02.2026
PL818B Orkja	North Sea	20	30.0%	27.0%	Aker BP ASA	Equinor Energy AS	05.02.2026
PL838 Shrek	Norwegian Sea	125	30.0%	27.0%	PGNiG Upstream Norway AS	AkerBP ASA	05.02.2023
PL838B Shaw	Norwegian Sea	14	30.0%	27.0%	PGNiG Upstream Norway AS	AkerBP ASA	01.03.2027
PL937 Fat Canyon	Norwegian Sea	315	15.0%	13.5%	INEOS E&P Norge AS	---	02.03.2024
PL937B Fat Canyon	Norwegian Sea	53	15.0%	13.5%	INEOS E&P Norge AS	---	02.03.2024
PL1062 Scrabble	Norwegian Sea	141	30.0%	27.0%	Neptune Energy Norge AS	Pandion Energy AS	14.02.2027
PL1093 El Teide / Timanfaya*	North Sea	948	20.0%	18.0%	Chrysaor Norge AS	Petoro AS	TBD
PL1111 Kings Canyon*	Norwegian Sea	768	40.0%	36.0%	INEOS E&P Norge AS	---	TBD
PL1125 Falk / Linerle*	Norwegian Sea	61	50.0%	45.0%	OKEA ASA	---	TBD

* Pending authorities' approval

TBD: to be determined

2021 Operations Update

- Awarded interests in four new licences - the PL263F Apollonia add-on licence, PL1111 Kings Canyon and PL1125 with the Falk/Linerle discoveries in the Norwegian Sea, and PL1093 El Teide/Timanfaya in the North Sea - in the APA 2020 licensing round in January 2021.

Going forward

- LPA has a business plan to participate in two to four wells during 2021 to 2022. It will continue its successful strategy of participation in wells in mature areas close to infrastructure. Currently, LPA is reviewing several such farm-in opportunities, including prospects that can be drilled in 2021. In addition, the company will use the RVD technology to de-risk significant and game-changing prospects. If a good prospect is identified, LPA might take a moderate equity stake in the drilling of such a prospect.

LEVELLING UP IN NORWAY

In popular online gaming lingo, LPA has been OAR (on a roll) in recent years. The company made its maiden divestment of its interests in the Rolvsnes discovery and related assets in the North Sea for US\$45 million in 2019, then promptly farmed into two Norwegian Sea licences PL838/PL838B to participate in the exploration drilling, and subsequently the appraisal drilling of the Shrek prospect, which yielded an oil and gas discovery in October 2019. Fast forward to 2020, LPA went another 'level up', by farming into the Norwegian Sea PL263D/E licences, just in time to participate in the exploration drilling of the Apollonia prospect, which resulted in a gas discovery.

The operator's preliminary estimates of the Shrek discovery placed its size between 3 and 6 million standard cubic metres (Sm³) or about 19 and 38 million barrels (1 Sm³: 6.29 barrels) of recoverable oil equivalents, while an independent Qualified Person's Report by RPS Energy Consultants Ltd estimates contingent resources (2C) at 2.24 million standard cubic metres (Sm³) and 0.97 billion standard cubic metres of gas; or 23 million barrels (1 Sm³ oil: 6.29 barrels) of recoverable oil equivalents. The discovery would be assessed as a possible tie-back to the Skarv Floating Production Storage and Offloading (FPSO) facility and is progressing towards a development decision.

The Apollonia discovery on the other hand, is estimated to have recoverable reserves of between three and 10 million barrels of oil equivalent.

In January 2021, LPA added to its portfolio another discovery; when it was awarded participating interests in four new offshore licences, including one with the PL1125 Falk/Linerle discoveries for development, in the 2020 Awards in Predefined Areas ("APA 2020") round in Norway.

The new awards bring to total, interests in 13 licences in LPA's portfolio, including three discoveries – Shrek, Apollonia and Falk/Linerle – with potential for development. All licences in LPA's portfolio are located in core areas close to infrastructure on the Halten Terrace and Nordland Ridge in the Norwegian Sea, and by the Utsira High area in the North Sea.

One of the four new licences is PL263F Apollonia, a significant add-on to LPA's existing 20 per cent interests in the PL263D/E Apollonia discovery. PL263D/E/F Apollonia, together with the Falk/Linerle discoveries in PL1125, have potential for possible commercial field development in the near future.

LPA's value creation strategy is to leverage on technology and to identify and acquire assets near to infrastructure. The company has 'levelled up' steadily in recent years, strengthening its portfolio with a continuous pipeline of exploration drill projects near infrastructure, and now has three discoveries with commercial field development potential where it can unlock more value as contingent resources are added over time.

RESERVES AND RESOURCES

The following resources tables have been extracted from the Summary Qualified Person's Reports ("QPRs") prepared by the independent qualified person, RPS Energy Consultants Ltd ("RPS") and the Group's in-house qualified person, Mr Lars B. Hübner.

Please also refer to the Company's announcements in March 2020, October 2020 and March 2021 which were released in compliance with Rule 704(35) and the Company's website <https://investor.rexih.com/ar.html> for the QPRs.

The QPRs were carried out pursuant to the requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual, Section B: Rules of Catalist ("Catalist Rules") on the disclosure of its reserves and resources.

A summary from the QPR of the contingent resources of the Shrek discovery which is attributable to Lime Petroleum AS, a subsidiary in which the Company has an indirect 90 per cent interest, as per Appendix 7D of the Catalist Rules is provided below:

Category	Gross Attributable to Licence		LPA's 30% Working Interest			Rex's 90% interest in LPA			Risk Factors ¹	Remarks
	Contingent Resources		Contingent Resources	Change From Previous Update (%)	Contingent Resources	Change From Previous Update (%)				
Contingent Resources – Oil ²										
	MMcm	MMstb	MMcm	MMstb		MMcm	MMstb			
1C	1.65	10	0.50	3.1	N.A.	0.45	2.79	N.A.	N.A.	N.A.
2C	2.42	15	0.73	4.6	N.A.	0.66	4.14	N.A.	N.A.	N.A.
3C	3.55	22	1.07	6.7	N.A.	0.96	6.03	N.A.	N.A.	N.A.
Contingent Resources – Gas ^{2,3}										
	Bcm	Bscf	Bcm	Bscf		Bcm	Bscf			
1C	0.68	24	0.20	7.2	N.A.	0.18	6.48	N.A.	N.A.	N.A.
2C	0.97	34	0.29	10.0	N.A.	0.26	9.00	N.A.	N.A.	N.A.
3C	1.40	50	0.42	15.0	N.A.	0.38	13.50	N.A.	N.A.	N.A.

Notes:

- Given the early stage of assessment of development options and the recent change of operator, RPS does not deem it appropriate to assign a change of development.
- Total of individual reservoirs summed statistically. An arithmetic summation of individual 1C, 2C and 3C quantities will not produce a total 1C, 2C and 3C. Statistical aggregation takes into account all outcomes. The process of statistical addition will, as a result of the central limit theorem, produce a 1C that is greater than the arithmetic sum of all 1C quantities and a 3C that is less than the arithmetic sum of all 3C quantities and do not add arithmetically.
- Volumes include free and associated gas.

MMcm: Millions cubic metres

MMstb: Million stock tank barrels (at 14.7 psi and 60°F)

Bcm: Billion cubic metres

Bscf: Billions of standard cubic feet

A summary from the QPR of the reserves of the Yumna Field in Oman which is attributable to Masirah Oil Ltd (“**MOL**”), a subsidiary in which the Company has an indirect 86.37 per cent interest, as per Appendix 7D of the Catalist Rules, is provided below:

Category	Gross Attributable to Licence ^{1, 2} (MMstb)	MOL Net Entitlement Volume ^{2, 3}		Rex Net Entitlement Volume ^{2, 3}		Risk Factors ⁶	Remarks
		MMstb ⁴	Change from Previous Update ⁴	MMstb ⁵	Change from Previous Update ⁵		
Reserves							
Low (1P)	3.4	2.1	-25%	1.8	-25%	N/A	Change due to production
Base (2P)	8.6	5.4	-11%	4.6	-11%	N/A	Change due to production
High (3P)	13.5	8.5	-8%	7.3	-8%	N/A	Change due to production

Notes:

1. Gross field Reserves (100% basis) after economic limit test as of 31 December 2020
2. Economic cut off year for the 1P, 2P and 3P reserves in 2023, 2027 and 2029, respectively
3. MOL and Rex's net entitlement Reserves after economic limit test
4. MOL net entitlement volume after subtraction of net entitlement production of 0.70 MMstb from 1 July 2020 (based on the RPS QPR dated 26 October 2020) until 31 December 2020
5. Rex's net entitlement volume may not equal to 86.37% of MOL's net entitlement volume due to rounding differences
6. No risk is applied to Reserves

MMstb: Million stock tank barrels

FINANCIAL REVIEW

REVENUE

Following the first oil production achieved from the Yumna Field on 12 February 2020, the Group recorded total revenue of US\$46.66 million in FY2020 from the sale of crude oil from the Yumna Field. The Group's revenue was attributed to Masirah Oil Ltd's share of the produced oil after the Oman government's entitlement.

Correspondingly, the Group recorded total production and operating expenses of US\$23.84 million in FY2020; and total depletion of oil and gas ("O&G") properties of US\$21.48 million in FY2020. The production costs were higher at the start-up phase as initial production incurred from the use of the Foresight Driller IX drilling rig, which had since been released from the Yumna Field at the end of April 2020. In early May 2020, production was resumed from a more cost-effective Mobile Offshore Production Unit ("MOPU"), which was installed in the Yumna Field during a planned three-week shut-down. The MOPU, together with an Aframax storage tanker, now constitute the permanent offshore production facilities.

Total exploration and evaluation expenditure decreased slightly to US\$1.51 million in FY2020, from US\$1.68 million in FY2019, due to higher costs being capitalised in FY2020.

ADMINISTRATIVE EXPENSES

Total administrative expenses decreased to US\$15.29 million in FY2020, from US\$17.15 million in FY2019. The decrease was largely due to recognition of one-off performance shares expenses and bonuses in relation to the achievement of pre-determined performance goals in FY2019. The decrease in administrative expenses was partially offset by the increase in the Group's operational costs from the active production and exploration activities in Oman and Norway, respectively.

OTHER EXPENSES/ OTHER INCOME

Total other expenses increased to US\$4.84 million in FY2020, from US\$0.04 million in FY2019, mainly due to 1) premiums paid for Brent Crude Oil futures contract hedging of US\$3.35 million in FY2020; 2) unrealised loss in fair value of quoted investments of US\$0.57 million as a result of poor performance in the bond and equity markets; and 3) realised

loss on disposal of quoted investments of US\$0.67 million. Total other income of US\$0.12 million recorded in FY2020 was negligible as compared to US\$36.61 million recorded in FY2019, which arose from the sale of interests in licences to a third party.

NET FINANCE COSTS

Total finance income decreased slightly to US\$0.78 million in FY2020, from US\$0.85 million in FY2019, mainly due to smaller portfolio of funds invested and continued poor performance in the markets.

Total finance costs decreased to US\$0.96 million in FY2020, from US\$1.54 million in FY2019, mainly due to a decrease in unwinding of long-term decommissioning provision.

The Group recorded a total net foreign exchange gain of US\$0.89 million in FY2020, as compared to a total net foreign exchange loss of US\$1.10 million in FY2019. The net foreign exchange gain in FY2020 was due to the strengthening of the Norwegian Kroner against the United States dollar in FY2020.

TAXATION

The Group recorded total tax credit of US\$4.90 million in FY2020 and US\$6.73 million in FY2019, in relation to exploration costs incurred in Norway.

POSITIVE EBITDA

The Group registered total loss after tax of US\$15.21 million in the financial year ended 31 December 2020 ("FY2020"), as compared to total profit after tax of US\$22.23 million in the corresponding financial year ended 31 December 2019 ("FY2019"), due to high start-up production costs, low initial realised oil prices and depletion of oil and gas properties.

EBITDA for FY2020 was a positive US\$3.81 million.

NON-CURRENT ASSETS

During FY2020, all exploration and evaluation assets in Oman were transferred to oil and gas properties, following the first oil production. As a result, oil and gas properties of the Group increased by US\$76.27 million, net of depletion

of oil and gas properties of US\$21.48 million, in FY2020. Exploration and evaluation assets of the Group decreased to US\$30.38 million as at 31 December 2020, from US\$89.97 million as at 31 December 2019, mainly due the transfer to oil and gas properties in Oman, offset by additional drilling activities in Oman and Norway. Plant and equipment increased to US\$2.16 million as at 31 December 2020, from US\$1.39 million as at 31 December 2019, mainly due to the commencement of production activities in Oman. Overall, non-current assets of the Group increased to US\$112.17 million as at 31 December 2020, from US\$95.57 million as at 31 December 2019.

CURRENT ASSETS

Trade and other receivables of the Group increased to US\$37.20 million as at 31 December 2020, from US\$23.30 million as at 31 December 2019, largely due to increased receivables from the sale of crude oil in Oman.

Quoted investments decreased to US\$25.93 million as at 31 December 2020, from US\$40.00 million as at 31 December 2019, due to the disposal of quoted investments in FY2020 to fund the capital-intensive early stage production activities in Oman.

NON-CURRENT LIABILITIES

Subsequent to continuous assessment of abandonment costs in Oman, decommissioning provisions decreased to US\$1.21 million as at 31 December 2020, from US\$1.63 million as at 31 December 2019.

Deferred tax liabilities increased to US\$13.17 million as at 31 December 2020, from US\$0.49 million as at 31 December 2019, due to an increase in capitalised exploration and licence costs in Norway in FY2020 from active exploration work.

CURRENT LIABILITIES

The Group recorded short-term borrowings of US\$18.01 million and US\$15.79 million as at 31 December 2020 and 31 December 2019 respectively, from drawn-down credit facilities to fund its exploration activities in Norway. Trade and other payables increased to US\$22.05 million as at 31 December 2020, from US\$7.22 million as at

31 December 2019, mainly as a result of ongoing production activities and amounts due to the Omani government for its entitlement of the produced oil in FY2020.

CASH FLOWS

As at 31 December 2020, the Group's cash and cash equivalents and quoted investments totalled US\$46.30 million (31 December 2019: US\$61.93 million); with cash and cash equivalents at US\$20.38 million (31 December 2019: US\$21.93 million); and quoted investments at US\$25.93 million (31 December 2019: US\$40.00 million).

The Group reported net cash generated from operating activities of US\$24.24 million in FY2020, after accounting for movements in working capital. This was primarily due to the commencement of sale of crude oil in Oman and tax receipts from the Norwegian tax authority for exploration and evaluation activities in Norway. The cash inflow from the operating activities was offset by production and operating expenses for production activities in Oman, and administrative and other operational expenses incurred in relation to the Group's business.

Net cash used in investing activities of US\$25.59 million in FY2020 was mostly attributable to 1) exploration and evaluation expenditure of US\$38.04 million; 2) purchase of quoted investments of US\$16.83 million; and 3) purchase of plant and equipment of US\$1.32 million, which was partially offset with the proceeds from disposal of quoted investments of US\$29.82 million.

Net cash generated from financing activities of US\$0.62 million in FY2020 was mainly due to proceeds from bank loans of US\$14.37 million, which was partially offset by repayment of bank loans of US\$13.00 million and interest payment of US\$0.93 million.

As a result of the aforementioned, the Group recorded an overall net decrease in cash and cash equivalents of US\$0.73 million in FY2020, as compared to an overall net increase of US\$15.98 million in FY2019.

INVESTOR RELATIONS & COMMUNICATIONS

Rex International Holding aims to provide regular, succinct, transparent and timely information on the Group's strategy, business activities and financial performance, and to address concerns and strengthen relationships with its stakeholders. The Company employs various platforms, including announcements, press releases, investor presentations, meetings, briefings, conference calls, annual reports, the corporate website and social media, to communicate with its stakeholders comprising shareholders, investors, analysts, the media and the general public.

Following amendments to Rule 705 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") on 7 February 2020, the Company announced on 3 March 2020, that it would not continue with quarterly reporting of the Company and the Group's financial statements. The Company now announces the financial statements of the Company and the Group on a half-yearly basis. However, as a mineral, oil and gas company, the Company continues to provide quarterly updates on its use of funds as required under Catalist Rules 705(6) and 705(7). All announcements, including the aforementioned, are released on SGXNet and are also available on the Company's website, which is a primary source of information. Investors can subscribe to email alerts on the Company's new announcements at https://investor.rexih.com/email_alerts.html.

2020 INVESTOR RELATIONS ACTIVITIES

1Q 2020

- Release of FY2019 financial results
- Independent Qualified Person's Report on Shrek discovery, Norway

2Q 2020

- Announcement on Use of Funds/Cash by Mineral, Oil and Gas Companies
- Responses to queries from the Securities Investors Association (Singapore) in respect of the Company's Annual Report for the Financial Year ended 31 December 2019
- Annual General Meeting
- Extraordinary General Meeting

3Q 2020

- Release of 1H FY2020 financial results

4Q 2020

- Announcement on Use of Funds/Cash by Mineral, Oil and Gas Companies
- Independent Qualified Person's Report on the Yumna Field, Oman

CONTACT US

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

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Winner

The Edge Singapore's Centurion Club 2020

for Highest Shareholders Returns in the Applied Resources, Energy – Fossil Fuels and Mineral Resources sector. The Centurion Club awards rate companies with market values of between S\$100 million and below S\$1 billion.

55.2%

Shareholder Returns Compound Average Growth Rate (CAGR) of 55.2% over three years, based on The Edge Singapore's statistics.

55

Singapore Corporate Transparency Index 2020

out of 577 companies listed on both the Singapore Exchange's Mainboard and Catalist. The Company improved its score to 88 in 2020, from 72 in 2019, well above the mean score of 67.9 for the year. It continued to be the highest ranked among Singapore-listed oil exploration & production companies for the fifth consecutive year.

>50

announcements and press releases were issued in 2020.

119.44%

2-year Shareholder Return

203.85%

3-year Shareholder Return

Investor-One, an online portal providing free and convenient access to relevant information of all stocks listed on the Singapore Exchange (SGX), said in their 4 December 2020 report that Rex International Holding has registered a shareholder return of 119.44% and 203.85% in a period of two years and three years respectively. This can be seen from the positivity from the go-ahead of the development of the oil field in Oman and Norway.

SUSTAINABILITY REPORT



BOARD STATEMENT

Rex International Holding aspires to create a sustainable business model by adopting best practices in the environment, social and governance (“**ESG**”) aspects of its business. Our sustainability objectives are to create long-term value for shareholders, our marketplace and customers, the communities we operate in, our people and the environment.

Sustainability efforts, including the oversight, management and monitoring of materiality topics at Rex International Holding, are led by the Company’s management team, which reports directly to the Board. The Company considers the following as building blocks for sustainability: corporate governance, business strategy, risk management, and metrics and targets. These building blocks are covered in the various sections of this Annual Report.

For this 2020 Sustainability Report, the Board has considered sustainability issues, and together with the management team, has determined the material ESG factors for the Group. For continuity, the six materiality topics identified in the 2018 sustainability report and retained in the 2019 sustainability report, remain unchanged.

Rex International Holding aims to review and evaluate these materiality topics regularly as well as progressively add metrics and targets to its business in its subsequent sustainability reports.

ABOUT THIS SUSTAINABILITY REPORT

This is the fifth Sustainability Report by Rex International Holding, which is headquartered in Singapore. This Sustainability Report covers the financial year from 1 January to 31 December 2020 and is aligned with the Group’s financial year.

This report supplements information on the Company’s strategies and activities in relation to sustainability practices regarding ESG factors, which are covered in other parts of this Annual Report.

GRI STANDARDS

This report has been prepared in accordance with the Global Report Initiative (GRI) Standards: Core option. The GRI Standards were chosen, given its longstanding universal application and robust guidance. The GRI content index and the relevant references are provided at the back of this report. This report is developed with reference to the primary components set out in SGX Catalyst Rules 711A and 711B on a ‘comply or explain’ basis.



The Company has also referenced the Sustainability Accounting Standards Board's (SASB) Oil & Gas Exploration & Production ("**E&P**") Sustainability Accounting Standard (October 2018) for sustainability issues most likely to impact the operating performance or financial condition of E&P companies, regardless of location. These issues include Environment; Social – Community Relations, Workforce Health & Safety; as well as Leadership & Governance – Business Ethics & Transparency, Risk Management, Legal & Regulatory Environment.

Unless otherwise stated, the report covers the ESG performance of Rex International Holding and its subsidiaries in Singapore, Norway and Oman. It is to be noted that the Human Capital performance indicators pertain only to staff in Rex International Holding.

The report can be read or downloaded from <https://www.rexih.com/>.

FEEDBACK

Rex International Holding welcomes feedback from stakeholders on this report and how it can improve on its sustainability performance. Stakeholders can send their comments and suggestions to info@rexih.com.

The Company will publish the Sustainability Report annually, to account for its performance and strategy on key ESG issues that matter to its stakeholders. This report is not externally assured.

APPROACH TO SUSTAINABILITY

Since its listing on 31 July 2013, Rex International Holding has strived to create long-term growth to shareholders, offer investors a sound investment opportunity based on its game-changing technology, adopt responsible business practices and high corporate governance standards, lessen adverse impact to the environment, be an employer of choice and contribute back to communities where it operates.

STAKEHOLDER ENGAGEMENT

The Company engages its internal and external stakeholders regularly through various communications channels for insights into their concerns and priorities. Such engagement with stakeholders allows the Company to identify, initiate, review and add to its sustainability efforts.

SOCIETY

STAKEHOLDER GROUPS	PURPOSE & GOAL	MODES OF ENGAGEMENT	KEY CONCERNS RAISED BY STAKEHOLDER GROUPS
Community	<ul style="list-style-type: none"> Contribute to the communities we operate in 	<ul style="list-style-type: none"> Corporate social responsibility efforts 	<ul style="list-style-type: none"> Environment Corporate philanthropy

PEOPLE

STAKEHOLDER GROUPS	PURPOSE & GOAL	MODES OF ENGAGEMENT	KEY CONCERNS RAISED BY STAKEHOLDER GROUPS
Employees	<ul style="list-style-type: none"> Inclusive environment with enhanced well-being and productivity, with opportunities to develop skills 	<ul style="list-style-type: none"> Weekly internal meetings Employment incentives Training courses / seminars Staff bonding activities 	<ul style="list-style-type: none"> Reward and recognition Training and career development

MARKET PLACE AND CUSTOMERS

STAKEHOLDER GROUPS	PURPOSE & GOAL	MODES OF ENGAGEMENT	KEY CONCERNS RAISED BY STAKEHOLDER GROUPS
Shareholders & Investors – institutional investors, analysts, retail shareholders	<ul style="list-style-type: none"> Provide timely and accurate information to shareholders and the investing public 	<ul style="list-style-type: none"> Dedicated Investor Relations section on the company's website SGXNet announcements Annual / Extraordinary General Meetings Half-yearly Financial Reports Annual Reports / Circulars Meetings / calls with investors and analysts, roadshows and conferences Corporate and marketing videos, factsheets Communications via email and social media 	<ul style="list-style-type: none"> Business performance and strategy Debt position Sustainable delivery of returns Industry conditions Market presence
Partners and Clients	<ul style="list-style-type: none"> Collaborative efforts with partners to find oil in exploration drilling campaigns Provide timely and accurate Rex Virtual Drilling ("RVD") analyses to clients 	<ul style="list-style-type: none"> Regular meetings, feedback and correspondences Electronic communications 	<ul style="list-style-type: none"> Timely financial contribution to exploration drillings Fast and accurate RVD analyses Environmental, health & safety
Regulators and service providers	<ul style="list-style-type: none"> Compliance with government policies, rules and regulations Fair and reasonable treatment 	<ul style="list-style-type: none"> Regular meetings, feedback and correspondences 	<ul style="list-style-type: none"> Compliance with rules and regulations Sharing of best practices

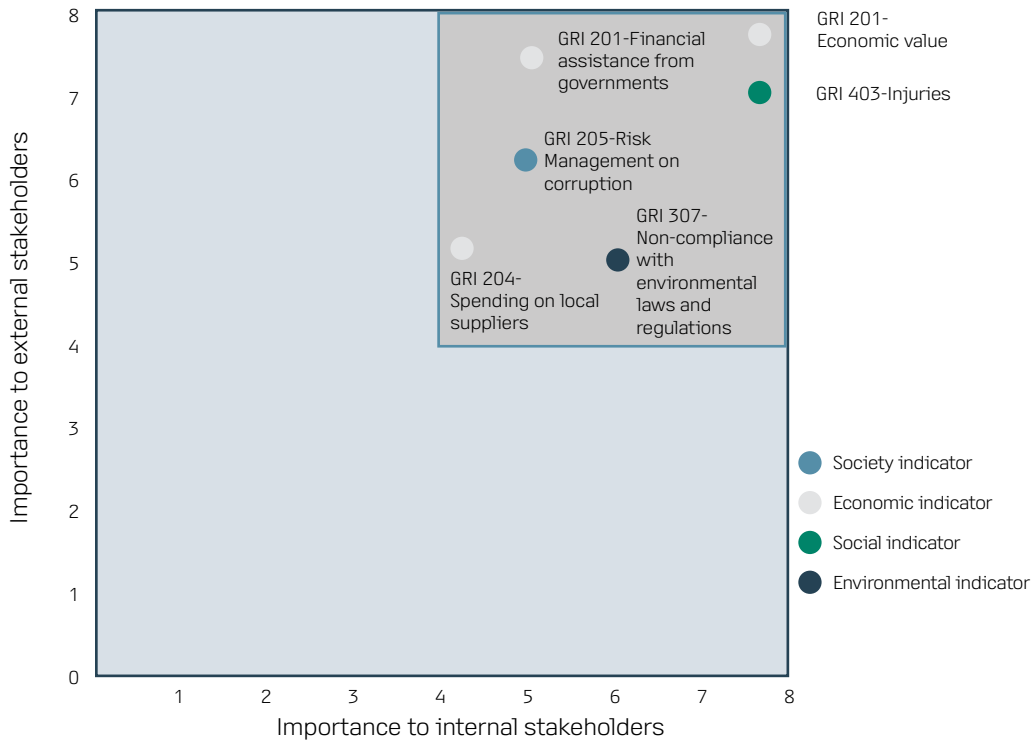
MATERIALITY ASSESSMENT

A materiality assessment was conducted by the Management, referencing the GRI Standards, to define the key material topics for Rex International Holding, against the backdrop of continued volatility in oil prices, heightened climate change activism, breaches in business ethics and trust, as well as changing investor expectations on the role of corporates.

The Group identified the materiality topics after having considered value drivers for the Group, feedback from stakeholder engagements, risk management policies in place, markets in which the Group operates, and the Group's business strategies and activities in these markets.

The Group identified, rated, prioritised, and then validated the materiality topics. For FY2020, the six material topics, identified in FY2019, have been maintained. The Management and Board have reviewed and endorsed the following materiality matrix:

MATERIALITY MATRIX



MATERIAL TOPICS SELECTED FOR SUSTAINABILITY REPORTING

ENVIRONMENT

ESG ISSUES	MAPPED TO GRI ASPECTS
Environmental Compliance	GRI 307-1 – Non-compliance with environmental laws and regulations

SOCIAL AND SOCIETY

ESG ISSUES	MAPPED TO GRI ASPECTS
Worker Health and Safety	GRI 403-2 – Injury, lost days and total number of work-related fatalities, by region and by gender
Risk Management	GRI 205-1 – Total number and percentage of operations assessed for risks related to corruption and significant risks identified

ECONOMIC

ESG ISSUES	MAPPED TO GRI ASPECTS
Economic and financial performance	GRI 201-1 - Economic value generated and distributed
Economic consideration for investment	GRI 201-4 – Financial assistance received from government
Procurement Practices	GRI 204-1 – Spending on local suppliers

TARGETS FOR MATERIAL TOPICS

ENVIRONMENT

	TARGETS	FY2020 ACHIEVEMENTS
Compliance with environmental laws and regulations	100% compliance.	100% compliance achieved.

SOCIAL & SOCIETY

	TARGETS	FY2020 ACHIEVEMENTS
Employee health and safety	Zero fatality rate. No down time related to Health, Safety, Security and Environment ("HSSE") issues.	Norway: Zero fatality rate and no HSSE issues in the drilling of the Apollonia well in which LPA participated. Oman: Zero fatality rate in the drilling of the Yumna 1 and Yumna 2 wells, in which subsidiary Masirah Oil Ltd ("MOL") is the operator. There were no major HSSE issues.
Anti-corruption	Zero tolerance towards fraud, corruption and unethical actions.	No instance of whistle-blowing, and no instances of bribery or corruption have been identified in FY2020.

ECONOMIC

	TARGETS	FY2020 ACHIEVEMENTS
Economic value	<ul style="list-style-type: none"> Short-term goal: To unlock value by achieving more oil discoveries and building up on its contingent resources and reserves. Short-term goal: To unlock value by selling oil-in-the-ground. Short-term goal: To have commercial oil production as stable revenue stream Long-term goal: To generate sustainable income from operations. Long-term goal: To continue to have economically sustainable oil production and continue to pursue a portfolio of exploration assets. 	<p>Norway:</p> <ul style="list-style-type: none"> The Apollonia gas discovery in PL263D/E was estimated with recoverable reserves of between three and 10 million barrels of oil equivalent. This discovery will be evaluated together with other discoveries and prospects in the vicinity for further exploration and commerciality. <p>Oman:</p> <ul style="list-style-type: none"> Achieved first oil and awarded Declaration of Commerciality in Block 50 in July 2020. Spudded Yumna 2 development well in December 2020. <p>Group:</p> <ul style="list-style-type: none"> Achieved US\$7.82 million profit after tax in 2H 2020 following the revenue stream in Oman. EBITDA for 2H FY2020: +US\$18.28 million EBITDA for FY2020: +US\$3.81 million
Financial assistance from government	<p>To invest in exploration assets in jurisdictions that offer attractive tax incentives:</p> <ul style="list-style-type: none"> Norway: Annual cash refunds for 78 per cent of all exploration expenditures are given annually. Oman: Cost recovery pool can be reclaimed after declaration of commerciality. 	<ul style="list-style-type: none"> Norway: Lime Petroleum AS ("LPA") received US\$18.78 million in tax refunds from the Norwegian government, compared to US\$28.80 million in FY2019.
Sustainable Supply Chain Management	To procure all services from local suppliers, provided they can deliver the required quality on cost and time.	Majority of contracts for the drilling of the Apollonia and Yumna 2 wells were procured from local service providers.

It is to be noted that the targets for the materiality topics, which form part of the corporate performance objectives, are linked to the variable component of the remuneration for the Executive Directors and key management personnel.

Further information on the performance criteria for remuneration can be found in the Corporate Governance section of this Annual Report.



SUSTAINABILITY GOVERNANCE

The Management, headed by the Chief Executive Officer, oversees sustainability at Rex International Holding. This sets the tone for the integration of business and sustainability strategy from the top. Management also reviews the Company's sustainability strategy, approach and performance.

Rex International Holding was ranked No. 55 in the Singapore Governance and Transparency Index (SGTI) 2020, from No. 123 in 2019. A total of 577 companies listed on both the Singapore Exchange's Mainboard and Catalist were covered in the general category. The Company achieved a score of 88, up from a score of 72 in 2019 and a score of 69 in 2018. The mean score for 2020 was 67.9. The Company continued to be the highest ranked among Singapore-listed oil exploration & production companies for the fifth consecutive year.

Rex International Holding had adopted the Code of Corporate Governance 2018 (the "**Code**") for its Corporate Governance report since 2020, for its 2019 Annual Report. According to KPMG, a mere 14% of Singapore listed companies were early adopters of the Code in 2019 based on preliminary research of 160 companies available as at 31 January 2020.

Investor-One, an online portal providing free and convenient access to relevant information of all stocks listed on the Singapore Exchange (SGX), mentioned in the report dated 4 December 2020 that Rex International Holding only suffered a negative return of 5.95% and 13.56% for a period of three months and one year respectively, despite the sluggish performance of global oil prices in 2020. However, in the long horizon, Rex has registered a shareholder return of 119.44% and 203.85% in a period of two years and three years respectively. This can be seen from the positivity from the go-ahead of the development of the oil fields in Oman and Norway.

Rex International Holding is the winner of The Edge Singapore's Centurion Club 2020, for Highest Shareholders Returns in the Applied Resources, Energy – Fossil Fuels and Mineral Resources sector; with a Shareholder Returns Compound Average Growth Rate (CAGR) of 55.2% over three years. The Centurion Club rates companies with market values of between S\$100 million and below S\$1 billion.



ECONOMIC

Economic and financial performance *

The Company's short-term goal is to unlock value by achieving more oil discoveries in its exploration assets and building up on its contingent resources and reserves.

The Company's long-term goal is to be continually profitable.

Details of the Company's economic and financial performance are found in the Financial Statements section of this Annual Report.

Financial assistance received from the government *

With oil exploration being a capital-intensive industry, the Company looks to invest in exploration assets in jurisdictions that offer attractive tax incentives. Incentives or financial assistance from the governments in these jurisdictions are a key determining factor for the Group's investment decisions as these will have a bearing on the Group's return on investment in the long term.

In Norway, the Company's subsidiary LPA was established in 2012 and became a Pre-qualified Petroleum Company in February 2013. Hence, the company is eligible for tax rebates of 78% of all oil exploration costs, regardless of any oil discovery or not. This allows the Group to participate in a highly developed oil market among reputed operators in

Norway. In FY2020, LPA received US\$18.78 million in tax rebates from the Norwegian government, compared to US\$28.80 million in FY2019.

In Oman, an audit of recoverable costs and proposed budget are regularly presented to the Omani Ministry of Energy and Minerals for approval.

This aspect would continue to be a major consideration for the Company's investment decisions in the future.

In Singapore, the Company received about US\$68,000 under the government's Jobs Support Scheme, a wage subsidy programme to help companies retain and pay their workers as businesses take a hit from the impact of COVID-19.

Procurement practices *

The Group has in place a detailed tender process for the appointment of contractors and service providers and spending on local suppliers.

Authorisation of Expenditure by the associated partners in a licence before the start of any drilling project is required. This is preceded by detailed documentation of the proposed capital expenditure related to exploration, development and production.

* Material issue



SOCIAL

Worker Health & Safety *

The upstream or oil E&P sector is a capital and labour intensive sector that carries significant risks. The drilling of exploratory wells requires a technically specialised crew to be on-site for weeks in a potentially combustible environment. As such, the Company considers worker health and safety to be a material ESG factor.

Operators managing exploration drillings in which the Company participates have to adhere to strict HSSE regulations and are subject to prequalification and audit for every drilling undertaken in the respective jurisdictions.

Where Rex International Holding or any of its subsidiaries is the operator, risks associated with our operations are managed through the implementation of our Operations Risk Management System (“**ORMS**”). The ORMS is adapted to the local rules and regulations in each jurisdiction where necessary.

The Group aims to have zero major injuries and fatalities in drilling campaigns and no downtime related to HSSE issues whereby its subsidiary is the operator.

The Group participated in one drilling in Norway and two drillings in Oman in 2020. No major injuries nor fatalities were sustained during these drilling operations and no days were lost due to any HSSE issues.

Safety training is compulsory for all crew working offshore and safety meetings and work briefings are held with the contractors' staff on a regular basis.

With the outbreak of the Covid-19 pandemic, the Singapore-based team started working from home since mid-March 2020, adhering to the government's efforts to curb the community spread of Covid-19.

* Material issue

HSSE management in Oman

The Group's subsidiary, MOL, started production operations in 2020. Key HSSE statistics are as follows:

Total man hours clocked: 382,521
 Number of HSSE Audit/Reviews: 12
 Number of HSSE & Operations meetings held: 322

During the year, MOL conducted a joint emergency drill with local authorities, managed the safe transfer of oil cargo between two tankers at sea, and continued reviewing and updating procedures, and risk registers related to Block 50 Oman's operations.

Measures were also taken to ensure business continuity and safety of all workers during the Covid-19 pandemic. There were no cases of Covid-19 infection reported among the operator and the contractor teams.

Respect for Human Rights

The Company agrees with international human rights conventions, such as the Universal Declaration of Human Rights and the International Labour Organisation (ILO) Conventions, against coerced labour, modern slavery and discrimination in any form, in any jurisdiction. In all its business activities, the Group complies with applicable laws, employ best industry practices and act in an ethical, sustainable and socially responsible manner, practice good corporate governance and respect internationally recognised human rights principles in its areas of operation.

Talent Management

As a relatively young company, the Company considers human capital as one of its key assets. The Company aims to inculcate its values of innovation, integrity and entrepreneurship among its staff by availing learning and development opportunities to them.

In 2020, the Company's employees have been assessed against a set of internal performance targets, which also includes ESG targets.

Rex International Holding offers fair compensation packages, based on practices of pay-for-performance and promotion based on merit, to its employees. Employees are also entitled to medical and parental leave, as well as various healthcare and insurance subsidies.

Staff Development

The provision of appropriate development and training opportunities to employees is one of the key internal performance targets monitored by the Company. In 2020, employees in Singapore attended a variety of seminars and webinars despite the restrictions put in place by the Singapore government to prevent the spread of Covid-19 in Singapore for most part of the year, averaging 4.6 hours of staff training per employee.

Finance

Deloitte - Impairment Issues in the Midst of Volatility Accounting Update Series
 Deloitte - FRS update

Corporate Governance

KPMG - Corporate Governance Code briefing

Management

The Business Times - Cutting Edge - Navigating the Virtual and Digital Economy

The Company also engages its employees and seeks to forge stronger relationships through regular social events and feedback channels.

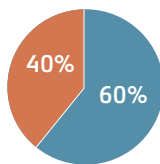
Fair labour practices and diversity

The Company believes that everyone deserves to work in an environment where he/she is treated with dignity and respect and is committed to creating such an environment to bring out the full potential in its employees, which, in turn, contributes directly to the success of its business. Rex International Holding is committed to providing a favourable workplace that has fair welfare and compensation, as well as workplace health and safety, and is free of discrimination and all types of abusive, offensive or harassing behaviour.

Rex International Holding is an equal opportunity employer and is fully committed to creating and maintaining an organisation that embraces and celebrates diversity. The Group's employees are recruited based on merit, regardless of age, ethnicity, gender, religion, marital status and disability, and each individual is treated with equal respect. Diversity allows the Company access to a greater pool of talent and can help to drive better business performance over time.

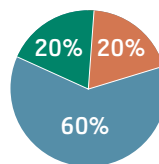
In FY2020, there were no departures nor new hires.

Nationality



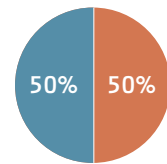
■ Singaporean/PR ■ Foreigners

Age



■ 20-40 ■ 41-60 ■ >60

Gender



■ Male ■ Female

Note: Charts are for Rex International Holding Limited only; excludes subsidiaries.



SOCIETY

Risk Management

The Company views Risk Management as a key governance factor and is committed to maintaining a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets.

A Risk Management Committee, overseen by the Audit Committee, is in place. KPMG Services Pte. Ltd. (KPMG), an independent third party, developed a Board Assurance Framework that includes an enterprise risk management framework to assess the Company's evolving risk profile and risk mitigation plans in FY2013. An in-house Risk Management Committee now oversees risk governance and ensures that a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets is maintained.

The Risk Management Committee has considered in detail the most material risks for the Company which include strategic, financial, operational, compliance, fraud and corruption, litigation and cyber security risks. Further details of the Company's enterprise risk

management framework and internal controls are found in the Corporate Governance section of this Annual Report.

Regular discussions are held with our employees to focus on addressing any specific risks identified from time to time in connection with the Group's operations. The Group also carries out follow-up reviews from time to time to ensure the effective implementation of our risk management procedures. The Company aims to continue to mitigate risks effectively and to ensure that internal controls remain robust.

Code of Conduct & Ethics Policy *

All board committees are chaired by independent non-executive Directors.

Each year, the Nominating Committee undertakes a process to evaluate the effectiveness of the Board as a whole and the Board Committees, facilitated by an independent external consultant, if and when necessary. More details are found in the Corporate Governance section of this Annual Report.

* Material issue

The Company has in place a code of ethics and business conduct policy and a conflict of interest policy, which encompass the Company's zero tolerance stance against bribery and corruption. A whistle-blowing policy is also in place. There was no incidence of whistle-blowing, bribery or corruption, anti-competitive behaviour nor fines for non-compliance with the law in FY2020, as was the case for each consecutive financial year since the Company's listing in July 2013.

The Company's internal audit function is outsourced to Ernst & Young Advisory Pte Ltd. More details on the role and activities of the internal auditors, as well as details of the Group's whistle-blowing policy and oversight thereof can be found in the Corporate Governance section of this Annual Report.

Competition

The Company is dedicated to ethical, fair and vigorous competition. The Company promotes its products and services based on their merit, superior quality, functionality and competitive pricing. The Company also strives to practice fair competition in all business transactions. The Company discloses any information which is important to a business transaction, in a manner such that none of its competitors will have an unfair advantage over others. Confidentiality with regard to pricing and proprietary information will also be maintained.

Data Privacy and Protection

We conduct our business in compliance with the Personal Data Protection Act (PDPA) in Singapore and the European Union General Data Protection Regulation (GDPR).

Community

As a young company, we aspire to do good in the communities we operate in. In 2020, Rex International Holding's Singapore office donated food hampers to the Boys' Brigade Share-A-Gift (BBSG) 2020 project, which aimed to reach 41,423 beneficiaries.



PRODUCT RESPONSIBILITY

Marketplace & Customers

The Company had previously used its proprietary technology RVD on its own assets. With the collapse of oil prices since mid-2014, the Company has made the strategic decision to also offer RVD as a service for oil exploration companies, as an additional tool to de-risk their assets.

Research and development efforts on RVD have continued unabated during the past few years. The latest version of RVD is even more accurate and faster than previous versions, allowing Rex to scale up on the number of licences to be analysed at any one time.

Continued to strive towards compliance with privacy protection rules with regard to shareholders and customers.

In marketing communications, the Company strives for a high standard in fair marketing communications.

The Company aims to garner more external clients for its RVD services in 2021.



ENVIRONMENT

Environmental Compliance *

The Group is committed to participating in oil exploration and production projects that minimise the impact of its activities on the surrounding natural environment, particularly in environmentally sensitive areas or areas with elevated operational risks, such as deep water or high-pressure areas.

In FY2020, Rex International Holding's subsidiary LPA participated in the drilling of an exploration well on the Apollonia prospect in the Norwegian Sea licences PL263D/E which resulted in a gas discovery. The operator, Equinor Energy AS, had performed extensive environmental baseline and impact studies prior to the drilling, in order to ensure protection of the environment.

In Oman, Rex International Holding's subsidiary MOL has an in-house HSSE manager to oversee drilling and production activities. A third-party consultancy firm has been appointed to carry out the Environmental Impact Assessment report.

Reducing Carbon Footprint

The Group's proprietary liquid hydrocarbon indicator, the RVD technology, empowers the Group 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.

The Group recognises the global trend to move from fossil fuel towards clean and sustainable energy. Renewables are also quickly representing the largest growth area in new energy supply. In 2019, the Company obtained shareholders' approval to diversify its business into sustainable energy, sustainable solutions for materials and development in various industries, and ownership or acquisition of related technology. The Group will, if the right opportunities arise, consider investments in these fields.

With SGX allowing the move towards electronic transmission of shareholder documents with effect from March 2017, the Company obtained shareholders'

* Material issue

approval at its 2018 Annual General Meeting to change its Constitution accordingly so as to adopt the e-communication regime for its shareholder base, as part of its sustainability efforts and to reduce operational costs. Since 2019, the Company has stopped mailing out physical copies of its annual reports and extraordinary general meeting circulars, unless specifically requested. Shareholders can view the aforementioned reports on the Company's website <https://www.rexih.com/>.

In 2020, the Company's savings in annual report production cost was 11.7% while savings in postage cost was close to 100% from the previous year, as Notices of the Annual General Meeting and the Extraordinary General Meeting were not required to be physically posted to shareholders, in line with the "Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period" joint statement issued by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and SGX RegCo on 13 April 2020, when Covid-19 'circuit breaker' measures were implemented by the Singapore government.

The Company's 2020 Annual General Meeting and Extraordinary General Meeting were held by way of electronic means only. The Company received a S\$5,000 grant under the SGX Care Package for qualifying issuers to help them facilitate general meetings amid social distancing, travel and visitor restrictions during the Covid-19 pandemic.

Despite its lean staff strength, the Company has made efforts to reduce energy consumption in its Singapore office. Rex International Holding participated in the "Green the Red Dot" movement on Eco Action Day, Singapore's largest business-led environmental awareness campaign encouraging awareness and action for the environment. This campaign supported the World Environment Day on 5 June 2020 and is a registered Sustainable Development Goals Partnership Platform. All pledges will contribute to the Climate Action Pledges by the Singapore Ministry of the Environment and Water Resources.

The Company pledged the following:

- Set all electronic equipment to energy saving mode (PCs, Laptops, Photocopiers)
- Avoid switching on lights in areas where natural light is abundantly available
- Switch to LED lights
- Assign a proper recycling company to collect recycled waste, used office equipment, and toner cartridges and bottles
- Encourage staff to use their own mugs and containers for takeaways
- Encourage staff to read e-mail via PC instead of printing
- Set office printers to automatic double-sided printing mode to save on paper consumption
- Set office print option to black & white printing to consume less ink
- Make mugs and cutlery freely available in the pantry, to help staff use fewer disposable cups and cutlery
- Use teleconferencing and videoconferencing technologies to reduce overseas travel for business meetings
- Use refillable pens and markers
- Replacing equipment parts instead of purchasing new devices

The Singapore office's electricity consumption in 2020 was 13.5% lower than that in 2019, compared to a 6.5% reduction in 2019 from 2018 and a 3% reduction in 2018 from 2017. Water consumption increased by 14.5% from 2019, compared to a 3.5% increase in 2019 from 2018, and no change between 2018 and 2017. The Company aims to continue the trend of conservation in the coming year.

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10 UN GLOBAL COMPACT PRINCIPLES

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CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**”) of Rex International Holding Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is committed to achieving and maintaining high standards of corporate governance principles and processes in managing its business and affairs to enhance long-term shareholder value and business performance, by embracing the tenets of good governance, including accountability, transparency and sustainability 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 2018 (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 provisions as set out in the Code and the disclosure guide developed by the SGX-ST in 2018 (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 Affairs

Principle 1

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

1.1

Role of the Board

Composition of the Board

Name of Director

Designation

Dan Broström

Executive Chairman

Dr Karl Lidgren

Executive Director

Sin Boon Ann

Lead Independent Non-Executive Director

Muhammad Sameer Yousuf Khan

Independent Non-Executive Director

Dr Christopher Atkinson

Independent Non-Executive Director

CORPORATE GOVERNANCE REPORT

The Company's Board is committed to achieving and maintaining high standards of corporate governance principles and processes in managing its business and affairs to enhance long-term shareholder value and business performance, by embracing the tenets of good governance, including accountability, transparency and sustainability of the Group.

The Board sees as its role to:

- (a) Provide leadership guidance, set corporate strategic objectives and directions for Management, which should include appropriate focus on value creation, innovation and sustainability;
- (b) Set the appropriate tone-from-the-top and desired organisational culture, and to ensure proper accountability within the Company;
- (c) Ensure that the necessary resources are in place for the Company to meet its strategic objectives;
- (d) Establish and maintain a sound risk management framework to effectively monitor and control risks;
- (e) Constructively challenge Management and review its performance;
- (f) Instil an ethical corporate culture and ensure that the Company's values, standards, policies and practices are consistent with the culture; and
- (g) Oversee the overall corporate governance of the Group and ensure transparency and accountability to key stakeholder groups.

The Company's Board of Directors Policy sets out the principles and general guidelines for the Directors, who should abide by the policy and any applicable law, legislation, the Catalist Rules or the Companies Act. The policy covers aspects including Board composition and balance, Board diversity, tenure and number of directorships, Board member selection, and code of conduct for the avoidance of conflicts of interest and dealing in the shares of the Company.

Conflicts of Interest

Specifically, Directors facing conflicts of interest are to recuse themselves from discussions and decisions involving the issues of conflict. The Company has in place a policy on Board of Directors whereby Directors should refrain from having any conflicts of interests with the Company to ensure that their duty to act in the best interest of the Company is not jeopardised. Directors must immediately report any conflicts of interests that have occurred or may possibly occur as soon as the Directors are aware of such potential or actual conflict of interest. This ensures that Directors continually meet the stringent requirements of independence under the Code.

1.2

Director Competencies

All directors have a good understanding of the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). For future appointments, the Company will provide each newly appointed Director with a formal letter of appointment setting out the Director's role, duties, obligations and responsibilities, and the expectations of their contribution to the Company.

CORPORATE GOVERNANCE REPORT

Directors are expected to develop their competencies to effectively discharge their duties and are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense.

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 Directors will also be given the opportunity to visit the Group's operational facilities and meet with Management, whenever required. A new Director who has no prior experience as a director of an issuer listed on the SGX-ST must also undergo mandatory training in his roles and responsibilities as prescribed by the SGX-ST.

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 holding directorship(s) in public listed companies in Singapore. All of the Directors have been on the Company's board for more than six years. To prepare and familiarise themselves with the roles and responsibilities of Directors of a public listed company, Mr Dan Broström, Dr Karl Lidgren and Dr Christopher Atkinson had completed the Listed Company Director courses conducted by the Singapore Institute of Directors (the "SID") following their appointment to the Board.

Directors are also 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 2020, the Directors attended the following:

Dan Broström	(1)	LGT Bank - Investment Outlook Luncheon
	(2)	SID-ACRA-SGX Audit Committee Seminar 2020
	(3)	Rystad Energy's COVID-19 Energy Transition Webinar: How the pandemic impacts the Energy Transition
	(4)	The Advisor's Collective - Remuneration as we move out circuit breaker into a different world
	(5)	Rystad Energy - Deep dive oil markets
Sin Boon Ann	(1)	The Law Society of Singapore - Understanding Crypto-assets and Smart Contracts
	(2)	MDD Forensic Accountants - Financial Condition Analysis Webinar
	(3)	Legal Education Studies, Singapore Academy of Law - LIFTED Q&A: Legal Business Essentials in Time of Change
	(4)	MDD Forensic Accountants - Damages in M&A Disputes Webinar
Muhammad Sameer Yousuf Khan	(1)	SGX-DBS Energy Outlook 2020 Seminar
	(2)	SID-ACRA-SGX Audit Committee Seminar 2020

CORPORATE GOVERNANCE REPORT

1.3

Material Transactions Requiring Board Approval

Matters that require the Board's approval include, amongst others, the following:

- Overall Group business and budget strategy;
- Annual and half-yearly financial reports and quarterly use of funds/cash by mineral, oil and gas companies;
- Capital expenditures exceeding certain material limits;
- Investments or divestments;
- All capital-related matters including capital issuance;
- Significant policies governing the operations of the Company;
- Corporate strategic development and restructuring;
- Interested person transactions exceeding a S\$100,000 threshold; and
- Risk management strategies.

1.4

Board Committees

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 composition of the Board Committees are as follows:

Board Committee Designation	AC	NC	RC
Chairman	• Muhammad Sameer Yousuf Khan	• Sin Boon Ann	• Sin Boon Ann
Member	• Sin Boon Ann	• Muhammad Sameer Yousuf Khan	• Muhammad Sameer Yousuf Khan
Member	• Dan Broström	• Dr Karl Lidgren	• Dan Broström

Each Board Committee has clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board.

1.5

Board Meetings and Attendance

The Board meets on a quarterly basis, and as and when circumstances require. In the financial year ended 31 December 2020 (“**FY2020**”), the number of Board and Board Committee meetings held and the attendance of each Board member at such meetings as well as at the Annual General Meeting (“**AGM**”) and the Extraordinary General Meeting (“**EGM**”) held on 21 May 2020 are shown below:

<i>Board, Board Committees and General Meetings in FY2020</i>						
	Board	AC	NC	RC	AGM	EGM
Number of Meetings Held	4	4	2	2	1	1
Name of Director	Number of Meetings Attended					
Dan Broström	4	4	–	2	1	1
Dr Karl Lidgren	4	–	2	–	1	1
Sin Boon Ann	4	4	2	2	1	1
Muhammad Sameer Yousuf Khan	4	3	2	2	1	1
Dr Christopher Atkinson	4	–	–	–	1	1

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To ensure that meetings are held regularly with maximum Directors' participation, the Company's Constitution allows for meetings to be held through telephone and video conferencing software. The Company ensures that telephonic and screen sharing facilities are made available for directors to attend the board meetings.

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.

1.6

Complete, adequate and timely information

Management ensures that all Directors are furnished on an on-going basis with relevant, complete, adequate and timely information concerning the Company, to enable them to make informed decisions and discharge their duties and responsibilities. Information provided to the Board include board papers, copies of disclosure documents, budgets, forecasts, business strategies, risk analyses and assessments, internal financial statements and reports from the internal and external auditors. Most of the information distributed on electronic devices to the Board are password protected for added cyber security. The Board has unrestricted access to the Company's records and information.

Management recognises the importance of circulating information on a timely basis to ensure that the Board has adequate time to review the materials to facilitate a constructive and effective discussion during the scheduled meetings. As such, Management endeavours to circulate information for the Board meetings at least one week prior to the meetings to allow sufficient time for the Directors' review.

1.7

Directors have separate and independent access to Management, the Company Secretary, and external advisers (where necessary) at the Company's expense. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

Board's independent access to Management

Management is available to provide explanatory information in the form of emails, telephone conferences or 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. Directors are also provided with the contact details of key management personnel to facilitate direct and independent access to Management.

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 decision or assessment of the Group's performance, position and prospects.

CORPORATE GOVERNANCE REPORT

Meetings with subsidiaries, partners and consultants through overseas trips are also arranged, whenever possible. The Executive Chairman also provides frequent information updates to other fellow Directors through emails, telephone conferences and informal meetings.

Furthermore, the Management keeps the Board apprised of regulatory updates and implications, as well as significant project updates.

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's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289 of Singapore), the Companies Act (Chapter 50 of Singapore) and the Catalist Rules, are complied with;
- Assisting the Executive Chairman to ensure good information flow within the Board and the Board Committees and Management;
- Attending and preparing minutes for 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; and
- 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.

The Directors have separate and independent access to the Company Secretary.

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.

Board Composition and Guidance

Principle 2

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

2.1

Independent Directors

The Board takes into account the existence of relationships or circumstances, including those identified by the Code, that are relevant in its determination as to whether a Director is independent.

The NC has reviewed and confirmed the independence of the Independent Directors in accordance with the Code's definition of an "independent director", practice guidance as to the relationships, the existence of which would deem a Director not to be independent and Rule 406(3)(d) of the Catalist Rules. The Independent Directors have also confirmed their independence in accordance with the Code and Rule 406(3)(d) of the Catalist Rules.

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

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Duration of Independent Directors' Tenure

It is the Company's policy that the submission for re-election of an Independent Director who has served beyond nine years since the date of his or her appointment would be reviewed and approved by the NC.

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

2.2 ***Proportion of Independent Non-Executive Directors***

In view that the Executive Chairman is part of the management team and is not an independent director, Provision 2.2 of the Code is met as the Independent Directors make up more than half of the Board since the Company's listing in July 2013.

A majority of three out of five directors on the Board are Independent Non-Executive Directors.

2.3 ***Lead Independent Director***

The Company has a lead independent director who plays an additional facilitative role within the Board, and where necessary, may also facilitate communication between the Board and shareholders or other stakeholders of the Company. Please refer to Provision 3.3 of this report for more information.

2.4 ***Board Diversity***

The Board comprises five directors: One Executive Chairman, one Executive Director and three 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, ethnicity or nationality. The current five Board members are of four different nationalities. The Company is also receptive to achieving gender diversity on the Board and appointment of a female director to the Board if it encounters suitable candidates.

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 Company'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.

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

- Annual review by the NC and periodic engagement of external consultants to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and

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- 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.

To meet the changing challenges in the industry and countries which the Group operates in, such reviews and evaluations, which includes considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies, would be done on a periodic basis to ensure that the Board dynamics remain optimal.

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.

2.5

Non-Executive Director Meetings in Absence of Management

The Independent Non-Executive Directors constructively challenge and help develop proposals on strategies. From time to time, the Independent Non-Executive Directors, led by any independent director as appropriate, have met in the absence of Management in FY2020 to discuss concerns or matters such as overall Group business strategies and investments. The chairman of such meetings provides feedback to the Board and/or the Executive Chairman as appropriate.

Chairman and Chief Executive Officer

Principle 3

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

3.1

Segregation of the Role of Chairman and the CEO

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 and is not a substantial shareholder of the Company.

The Executive Chairman leads and ensures the effectiveness of the Board, and his roles include:

- Promoting a culture of openness and debate at the Board;
- Facilitating the effective contribution of all Directors; and
- Promoting high standards of corporate governance.

The Executive Chairman 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 in a boardroom culture that promotes open interaction and contributions by all. He also assists in ensuring compliance with the Group's guidelines on corporate governance.

Externally, the Executive Chairman is the face of the Board and ensures effective communication with shareholders and other stakeholders. Within the Company, the Executive Chairman ensures appropriate relations within the Board, and between the Board and Management, in particular, between the Board and the CEO.

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The CEO is responsible for the business management and day-to-day operations of the Group. The CEO takes a leading role in developing and expanding the businesses of the Group, including making major business and finance decisions. The CEO 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.

- 3.2 The Board has established and set out in writing the division of responsibilities between the Executive Chairman and the CEO. 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 Board has a Lead Independent Director, Mr Sin Boon Ann, to provide leadership in situations where the Executive Chairman is conflicted. 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 Provision 3.3 of the Code. The Lead Independent Director is a key member of the Board, representing the views of the Independent Directors and facilitating a two-way flow of information between shareholders, the Chairman and the Board.

The Lead Independent Director's role may include chairing Board meetings in the absence of the Chairman, working with the Chairman in leading the Board, and providing a channel to non-executive directors for confidential discussions on any concerns and to resolve conflicts of interest as and when necessary.

Mr Sin Boon Ann is also chairman of the NC and the RC. The NC is responsible for conducting annual performance evaluation and development succession plans for the Chairman and CEO; while the RC is responsible for designing and assessing the Chairman's remuneration.

The Lead Independent Director also makes himself available at all times when shareholders have concerns and for which contact through the normal channels of communication with the Executive Chairman or Management have failed to resolve or are inappropriate. The Lead Independent Director makes himself available to shareholders at the Company's general meetings.

Independent Director Meetings in Absence of Other Directors

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.

CORPORATE GOVERNANCE REPORT

Board Membership

Principle 4 *The Board has a formal and transparent process for the appointment and re-appointment of Directors to the Board, taking into account the need for progressive renewal of the Board.*

4.1 *Nominating Committee*

The NC is guided by key terms of reference as follows and makes recommendations to the Board on relevant matters relating to:

- (a) The review of succession plans for the Company's Directors, in particular, the appointment and/or replacement of the Executive Chairman, the CEO and key management personnel;
- (b) The process and criteria for evaluation of the performance of the Board, its board committees and directors;
- (c) The review of training and professional development programmes for the Board and its directors;
- (d) The appointment and re-appointment of directors (including alternate directors, if any), in accordance with the Constitution, 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;
- (e) Reviewing and approving any new employment of related persons and their proposed terms of employment;
- (f) Determining annually, and as and when circumstances require, whether or not a Director is independent;
- (g) 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;
- (h) 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
- (i) 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 addresses how the Board has enhanced long-term shareholders' value.

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

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

4.3 The Company's process for the selection, nomination, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates are detailed below.

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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:

Process for the Selection and Appointment of New Directors:

- | | | |
|----|--------------------------------------|---|
| 1. | Determination of selection criteria | <ul style="list-style-type: none"> 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 | <ul style="list-style-type: none"> The NC would consider candidates drawn from the contacts and networks of existing Directors and may approach relevant institutions such as the SID, professional organisations or business federations to source for a suitable candidate. |
| 3. | Assessment of shortlisted candidates | <ul style="list-style-type: none"> The NC would meet and interview the shortlisted candidates to assess their suitability. |
| 4. | Appointment of Director | <ul style="list-style-type: none"> The NC would recommend the selected candidate to the Board for consideration and approval. The Company will provide each newly appointed Director with a formal letter of appointment setting out the Director's duties and obligations. |

Process for the Re-election of Incumbent Directors:

- | | | |
|----|----------------------------|---|
| 1. | Assessment of Director | <ul style="list-style-type: none"> The NC would assess the performance of the Director in accordance with the performance criteria set by the Board. The NC would also consider the current needs of the Board. |
| 2. | Re-appointment of Director | <ul style="list-style-type: none"> 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 Constitution requires that all Directors to retire from office once every three years. At each AGM, 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. A retiring Director is eligible for re-election by the shareholders at the AGM.

- 4.4 The NC has determined in 2020 that none of the Independent Directors have any relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence to the Board. Dr Christopher Atkinson is representing the Company as an Independent Director in the Group's subsidiaries Lime Petroleum AS and Masirah Oil Ltd.
- 4.5 The NC ensures that new Directors are aware of their duties and obligations. The NC also decides if a Director is able to and has been adequately carrying out his or her duties as a Director of the Company.

CORPORATE GOVERNANCE REPORT

Directors' Key Information

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

Name of Director	Position	Date of Initial Appointment	Date of Last Re-election / Re-appointment	Current Directorships in Other Listed Companies Current / Other Current Principal Commitments	Directorships in Other Listed Companies Over the Past Three Years
Dan Broström	Executive Chairman	11 January 2013	26 April 2019	Other Listed Companies: Nil Principal Commitment: - Cathay (Venture) Pte Ltd - Cathay Ltd - Havalina Pte Ltd	NA
Dr Karl Lidgren	Executive Director	1 May 2013	26 April 2019	Other Listed Companies: Nil Principal Commitment: - Cresta Group Ltd - Trace Atlantic Oil Ltd - Limea Ltd	NA
Sin Boon Ann	Lead Independent Non-Executive Director	26 June 2013	27 April 2018	Other Listed Companies: - Healthway Medical Corporation Limited - HRnetGroup Limited - OUE Limited - CSE Global Limited - TIH Limited - Sarine Technologies Ltd - The Trendlines Group Ltd Principal Commitment: - The Farrer Park Company Pte. Ltd. - Balkan Holdings Pte. Ltd.	- Datapulse Technology Limited

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Name of Director	Position	Date of Initial Appointment	Date of Last Re-election / Re-appointment	Current Directorships in Other Listed Companies Current / Other Principal Commitments	Directorships in Other Listed Companies Over the Past Three Years
				Principal Commitment: - W Capital Markets Pte. Ltd. - At-Sunrice (Holdings) Pte. Ltd. - Esseplere Pte. Ltd. - Singapore Centre for Social Enterprise Ltd. - Tampines Central Community Foundation Limited - Drew & Napier LLC	
Muhammad Sameer Yousuf Khan	Independent Non-Executive Director	26 June 2013	21 May 2020	Other Listed Companies: Nil Principal Commitment: Nil	NA
Dr Christopher Atkinson	Independent Non-Executive Director	6 January 2015	21 May 2020	Other Listed Companies: - Sonoro Energy Limited ⁽¹⁾ Principal Commitment: - Worldwide Petroleum Services Pte Ltd - Helios Aragon Pte Limited	NA

⁽¹⁾ Listed on TSX Venture Exchange

NA – Not Applicable

“Principle Commitments” as defined in the Code include all commitments which involve significant time commitment such as full time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

Further information on the Directors are set out on pages 11 to 13 of this Annual Report.

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Multiple Directorships

The Board has capped the maximum number of listed company board representations each Director may hold to seven. This is to ensure the Directors have sufficient time and attention to adequately perform their role.

Notwithstanding the above, 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, whilst taking into consideration the maximum number of listed company board representations each Director may hold. 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 takes into consideration the following measures and evaluation tools in its assessment of competing time commitments of Directors:

- Declarations by individual Directors of their other listed company board directorships and principal commitments;
- Annual confirmations by each Director on his/her ability to devote sufficient time and attention to the Company's affairs, having regard to his/her other commitments; and
- Assessment of the individual Directors' performance based on the criteria set out in Principle 5 of this report.

The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors have discharged their duties adequately in FY2020.

Alternate Directors

The Company does not have any alternate directors on its Board currently. Alternate directors may be appointed as and when the Board deems necessary. Circumstances which warrant such appointments may include health and age related concerns as well as Management succession plans.

Re-election of Directors

The NC has recommended to the Board that Sin Boon Ann and Dan Broström, who are due to retire pursuant to the Constitution, be re-elected at the forthcoming AGM.

Sin Boon Ann will, upon re-election as a Director, remain as the Lead Independent Non-Executive Director of the Company, the Chairman of the NC and the RC respectively, and a member of the AC. Further information on Sin Boon Ann can be found on pages 98 to 102 of the Annual Report.

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Dan Broström will, upon re-election as a Director, remain as the Executive Chairman of the Company, and a member of the AC and the RC. Further information on Dan Broström can be found on pages 98 to 102 of the Annual Report.

The Constitution further provides that any Director appointed to fill a casual vacancy or as an additional Director 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 number of Directors who are to retire by rotation at such meeting.

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.

Board Performance

Principle 5 ***The Board undertakes formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.***

5.1

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 include, *inter alia*, size and composition of the Board, Board's access to 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.

5.2

For FY2020, 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.

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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 would review the aforementioned criteria on a periodic basis to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholders value, and thereafter propose amendments if any, to the Board for approval. There has been no change in assessment criteria for FY2020 as the assessment criteria for the financial year ended 31 December 2019 was considered adequate for the aforementioned assessment.

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 FY2020 and that the Board has met its performance objectives in FY2020. The evaluation process of the overall performance of the Board was conducted without an external facilitator in FY2020.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6

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

6.1

Remuneration Committee

To effect the best corporate governance, the Company has established an RC. The RC recommends to the Board a framework of remuneration for the Directors and key management personnel, and determines specific remuneration packages for each 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 recommend to the Board any bonuses, pay increases and/or promotions for the employees related to the Directors and substantial shareholders. 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 services contracts are fair and not excessively long or with onerous renewal/termination clauses; and

CORPORATE GOVERNANCE REPORT

- (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.

6.2 The RC comprises three members, of which a majority including the chairman of the RC are independent:

Sin Boon Ann	Chairman	Lead Independent Non-Executive Director
Dan Broström	Member	Executive Chairman
Muhammad Sameer Yousuf Khan	Member	Independent Non-Executive Director

The RC does not comprise solely of Non-Executive Directors following the appointment of Mr Dan Broström, the Executive Chairman, as a member of the RC. Taking into account that the Executive Chairman would be able to provide relevant input and guidance to the RC, given his familiarity with the Group's activities as well as industry and market practices (including remuneration packages which are in line with the current market standards and commensurate with the respective job scope and responsibilities of executives) in jurisdictions where the Group operates, the NC had recommended his appointment to the Board. The Board opined that as the RC continued to have majority representation of independent directors, the independent directors collectively, would have the decisive vote in relation to executive remuneration matters. Furthermore, retaining a RC member who is in an executive position will not lead to a conflict of interest or impede the independence of the RC as no Director or member of the RC is allowed to participate in the deliberation, and has to abstain from voting on any resolution, relating to his own remuneration or that of employees related to him. Based on the foregoing, the Board had approved Mr Dan Broström's appointment as a member of the RC.

6.3 The RC considers all aspects of remuneration, including director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits in kind and termination terms, to ensure that they are fair and avoid rewarding poor performance. The RC also reviews the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

6.4 *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. No external remuneration consultant was engaged for FY2020.

Level and Mix of Remuneration

Principle 7 *The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.*

7.1 *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.

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- 7.2 The remuneration of the Independent Non-Executive Directors is also reviewed by the RC to ensure that the remuneration is commensurate with the contribution, taking into account factors such as effort, time spent and responsibilities of the Independent Non-Executive Directors.

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 FY2020. Their remuneration is made up of fixed and variable compensation. 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 performance objectives.

The Company's Executive Directors and key management personnel have been assessed against performance targets set based on the average of the Company's closing market prices of shares over a consecutive period of five market days in which transaction of the shares were to be recorded and achieved over a set time period.

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 AGM.

The Group's key management personnel, namely, Mr Dan Broström, Dr Karl Lidgren, Mr Måns Lidgren, Mr Svein Kjellesvik, Mr Per Lind, Mr Kristofer Skantze and Ms Mok Lai Siong, each carry out their respective roles and responsibilities pursuant to the terms of a service agreement (collectively, the **"Service Agreements"**).

Save for Mr Måns Lidgren and Mr Svein Kjellesvik, the other Service Agreements are to be automatically renewed annually for another year unless otherwise agreed in writing between the Company and the executive or terminated in accordance with the terms of the Service Agreements. Mr Måns Lidgren does not have a fixed term and his services may be terminated by either party giving the other not less than six months' notice in writing. Mr Svein Kjellesvik's contract relates to his role as executive chairman of Lime Petroleum AS. 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

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, if appropriate. However, the Company has included in the terms of the Rex International Performance Share Plan, allowance for the Company to cancel the share awards before the date of the vesting of the awards in the event of misconduct at its discretion. The Company has also included in the terms of the Rex International Employee Share Option Scheme, to allow for the share option committee to cancel unexercised options in the event of misconduct at its discretion.

- 7.3 The Company believes that the remuneration for its Directors is appropriate to attract, retain and motivate them to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

Disclosure on Remuneration

Principle 8 *The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.*

8.1 ***Directors' Remuneration***

- 8.1 (a) 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 FY2020 is as follows:

Name of Director/CEO	Salary S\$	Benefits S\$	Bonus/ Others ⁽²⁾ S\$	Directors' Fees S\$	Total S\$
Måns Lidgren ⁽¹⁾	1,266,038	–	101,802	–	1,367,840
Dan Broström	464,400	36,508	–	166,360	667,268
Dr Karl Lidgren	470,989	–	88,961	75,130	635,080
Muhammad Sameer					
Yousuf Khan	–	–	–	134,161	134,161
Sin Boon Ann	–	–	–	150,260	150,260
Dr Christopher Atkinson	–	–	47,930	64,397	112,327

- (1) Mr Måns Lidgren is the CEO of the Company and he does not sit on the board of Directors. His remuneration is paid indirectly from various Group companies.

- (2) Others include commission paid and fees paid for directorship in subsidiaries.

Directors have remuneration packages consisting of basic retainer fees as directors and fees for directorship in subsidiaries, with additional fees for attendance and serving on Board Committees.

Remuneration to Executive Directors includes in part the aforementioned components of directorship, and in part compensation to reflect the additional responsibilities to execute strategic plans of the Group.

CORPORATE GOVERNANCE REPORT

The breakdown of directors' fees for FY2020 paid to the respective Directors is as follows:

Name of Director	Board Fee S\$	AC S\$	RC S\$	NC S\$	Others S\$	Total S\$
Dan Broström	128,795	21,466	16,099	–	–	166,360
Dr Karl Lidgren	64,397	–	–	10,733	–	75,130
Muhammad Sameer Yousuf Khan	64,397	42,932	16,099	10,733	–	134,161
Sin Boon Ann	64,397	21,466	32,199	21,466	10,732 ⁽¹⁾	150,260
Dr Christopher Atkinson	64,397	–	–	–	–	64,397

(1) Remuneration for Lead Independent Director.

There were no termination, retirement or post-employment benefits (excluding CPF) granted to the Directors and the CEO in FY2020.

8.1 (b)

Key Management Personnel's Remuneration

In the interest of maintaining good morale and a strong spirit of teamwork within the Company, the breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO) for FY2020 is disclosed in bands of S\$250,000 as follows:

Name of Key Management Personnel	Salary %	Benefits %	Bonus %	Directors' fees %	Total %
S\$1,500,000 to S\$1,750,000					
Svein Kjellesvik*	–	–	63	37	100
S\$500,000 to S\$750,000					
Per Lind	70	13	17	–	100
S\$250,000 to S\$500,000					
Kristofer Skantze*	74	26	–	–	100
Mok Lai Siong	85	1	14	–	100

Note:

* Remuneration is paid indirectly from various Group companies.

For FY2020, there are four key management personnel in the Company, aside from the two Executive Directors and the CEO. The annual aggregate remuneration paid to the four key management personnel of the Company (excluding the CEO) for FY2020 was S\$3,074,631.

There were no termination, retirement or post-employment benefits (excluding CPF) granted to the top four key management personnel in FY2020.

8.2

Parties Related to a Director or the CEO or substantial shareholder

The CEO, Mr Måns Lidgren, is the son of the Executive Director, Dr Karl Lidgren. The details of the remuneration to the CEO are disclosed in the table on Directors' and CEO's Remuneration.

Mr Svein Kjellesvik, a key management personnel of the Group, is a substantial shareholder of the Company. Mr Svein Kjellesvik's remuneration for FY2020 was in the band of S\$1,500,000 to S\$1,600,000.

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Mr Hans Lidgren, an executive of Rex Technology Management Ltd, is a substantial shareholder of the Company, the brother of the Executive Director, Dr Karl Lidgren and uncle of Mr Måns Lidgren, the CEO. Mr Hans Lidgren's remuneration for FY2020 was in the band of S\$200,000 to S\$300,000.

Mrs Lina Berntsen, Chief Technology Officer, is the daughter of Mr Hans Lidgren, niece of Executive Director, Dr Karl Lidgren and cousin of Mr Måns Lidgren, the CEO. Mrs Lina Berntsen's remuneration for FY2020 was in the band of S\$200,000 to S\$300,000.

Mr Martin Lidgren, Technology Specialist at Equus Consulting AB, a wholly-owned subsidiary of Rex Technology Management Ltd, is the son of the Executive Director, Dr Karl Lidgren and the brother of Mr Måns Lidgren, the CEO. Mr Martin Lidgren's remuneration for FY2020 was in the band of S\$200,000 to S\$300,000.

Mr Magnus Lidgren, Technology Specialist at Equus Consulting AB, a wholly-owned subsidiary of Rex Technology Management Ltd, is the brother of the Executive Director, Dr Karl Lidgren and Mr Hans Lidgren, and uncle of Mr Måns Lidgren, the CEO. Mr Magnus Lidgren's remuneration for FY2020 was in the band of S\$200,000 to S\$300,000.

Mr Svein Kjellesvik and Mr Hans Lidgren were granted share awards under the Rex International Performance Share Plan in FY2019 and FY2020 respectively, details of which are set out in Provision 8.3 below.

Save for the aforementioned, there is no other employee of the Company who is an immediate family member of a Director, the CEO or a substantial shareholder of the Company, whose remuneration exceeded S\$100,000 during FY2020.

8.3

Employee Share Scheme

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 EGM 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 are not eligible to participate in the ESOS.

The ESOS is administered by the RC in consultation with the CEO. Please refer to Provision 6.2 for the members of the RC. 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.

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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.

No options were granted by the Company during FY2020. As at 31 December 2020, there are no options outstanding as all options granted have expired. Further details on the ESOS were set out in the Company's Offer Document dated 22 July 2013.

Rex International Performance Share Plan ("Rex PSP")

The Rex PSP was adopted by the Company on 24 June 2013 and amended with shareholders' approval at EGMs of the Company on 30 April 2014 and on 28 April 2017. The objective of the Rex PSP 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 Rex PSP is administered by the RC in consultation with the CEO. Please refer to Provision 6.2 for the members of RC.

The Rex PSP contemplates the award of such number of fully-paid ordinary Shares granted under the Rex PSP ("**Awards**"), free of charge, to Participants after certain pre-determined benchmarks have been met. Awards granted under the Rex PSP 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.

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No minimum vesting periods are prescribed under the Rex PSP 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.

Details of the outstanding Awards granted as at 31 December 2020 are as follows:

Date of Grant of Awards	Number of Awards					Number of Holders as at 31 Dec 2020
	As at 1 Jan 2020	Granted in FY2020	Lapsed/ Cancelled in FY2020	Vested in FY2020	As at 31 Dec 2020	
29 Apr 2019	66,570,280	–	(11,779,420) ⁽⁵⁾	(1,618,160) ⁽⁴⁾	53,172,700 ⁽¹⁾	12
22 May 2020	–	5,082,400 ⁽²⁾	–	–	5,082,400	1
	66,570,280	5,082,400	(11,779,420)	(1,618,160)	58,255,100	13

- (1) If the Average Performance Market Price is S\$0.30 and above, up to 100% of the 53,172,700 Awards shall be released. If the Average Performance Market Price is less than S\$0.30, none of the shares in the Award shall be released unless otherwise determined by the committee administering the Rex PSP. Please refer to the Company's announcements dated 29 April 2019 and 18 November 2019 for further details.
- (2) On 22 May 2020, the Company granted 5,082,400 Awards to Hans Lidgren, a controlling shareholder of the Company. The number of Shares to be issued pursuant to each proposed award will range from 0% to 100%, subject to fulfilment of certain predetermined performance benchmarks and the satisfactory completion of time-based service condition(s). If the Average Performance Market Price is S\$0.30 and above, up to 100% of the 5,082,400 Awards shall be released. If the Average Performance Market Price is less than S\$0.30, none of the shares in the Award shall be released unless otherwise determined by the committee administering the PSP. Please refer to the Company's announcement dated 22 May 2020 for further details.
- (3) 3,236,320 Awards had not been vested and therefore, lapsed in FY2020. 8,543,100 Awards had been cancelled by the committee administering Rex PSP in FY2020 due to changes in employment contracts.
- (4) On 26 May 2020, the Company issued and allotted 1,618,160 new ordinary shares in the capital of the Company, pursuant to the vesting of the contingent share awards which were granted on 29 April 2019 to certain employees of the Group based on the achievement of pre-determined performance goals and the satisfactory completion of time-based service conditions under the Rex PSP. Please refer to the Company's announcement dated 26 May 2020 for further details.

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Details of the Awards granted under the Rex PSP to participants who are (a) directors, (b) controlling shareholders or associates of the controlling shareholders, and (c) participants who received five percent or more of the total grants available under the Rex PSP in FY2020 are as follows:

Name of participant	Awards granted in FY2020	Net aggregate Awards granted since commencement of Rex PSP to 31 Dec 2020 ⁽ⁱ⁾	Awards released in FY2020 ⁽ⁱⁱ⁾	Aggregate Awards released since commencement of Rex PSP to 31 Dec 2020 ⁽ⁱⁱ⁾	Aggregate Awards outstanding and which have not been released as at 31 Dec 2020
Directors					
Dan Broström ⁽¹⁾	–	14,217,175	–	(6,093,075)	8,124,100
Dr Karl Lidgren ⁽²⁾	–	8,179,200	–	–	8,179,200
Muhammad Sameer Yousuf Khan ⁽³⁾	–	1,820,000	–	(780,000)	1,040,000
Sin Boon Ann ⁽⁴⁾	–	2,100,000	–	(900,000)	1,200,000
Dr Christopher Atkinson ⁽⁵⁾	–	980,000	–	(420,000)	560,000
Controlling shareholders or associates of the controlling shareholders					
Måns Lidgren ⁽⁶⁾	–	29,713,264	–	(14,241,464)	15,471,800
Hans Lidgren ⁽⁷⁾	5,082,400	5,082,400	–	–	5,082,400
Participants who received 5% or more of the total grants available					
Svein Kjellesvik	–	6,220,800	–	–	6,220,800
Per Lind	–	11,017,691	–	(11,017,691)	–
Kristofer Skantze	–	12,401,504	–	(7,439,504)	4,962,000
Mok Lai Siong	–	10,197,512	–	(6,070,952)	4,126,560

(i) Aggregate Awards granted less aggregate Awards granted that have since been lapsed/ cancelled

(ii) Including new Shares issued and allotted, and existing Shares purchased

- (1) Mr Dan Broström is the Chairman and Executive Director of the Company.
- (2) Dr Karl Lidgren is the Executive Director and a controlling shareholder of the Company.
- (3) Mr Muhammad Sameer Yousuf Khan is an Independent Non-Executive Director of the Company.
- (4) Mr Sin Boon Ann is an Independent Non-Executive Director of the Company.
- (5) Dr Christopher Atkinson is an Independent Non-Executive Director of the Company.
- (6) Mr Måns Lidgren (the CEO of the Company) is an associate of Dr Karl Lidgren, the Executive Director and a controlling shareholder of the Company.
- (7) Mr Hans Lidgren (Executive Director of Rex Technology Management Ltd) is a controlling shareholder of the Company.

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Save as disclosed in the table above, no Awards have been granted to any Controlling Shareholder or associates of the Controlling Shareholders or any directors and employees of the Company's parent company and its subsidiaries in FY2020.

The aggregate Awards granted since commencement of the Rex PSP to 31 December 2020 is 338,448,444 of which 220,299,516 Awards have since been cancelled or have lapsed.

The vesting and release of the Awards granted to eligible participants (including the Directors and Chief Executive Officer) under the Rex PSP are based on pre-determined performance goals and conditional on the satisfactory completion of time-based service conditions.

Further details on the Rex PSP were set out in the Company's circular to shareholders dated 28 March 2019.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 9 ***The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.***

9.1 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 participates to evaluate, monitor and report to the Board and the AC on significant risks. The RMC was formed in October 2013. The current RMC consists of the following members: Mr Muhammad Sameer Yousuf Khan (Independent Non-Executive Director and Chairman of the AC), Mr Per Lind (Chief Financial Officer ("CFO")), Mr Svein Kjellesvik (COO) and Ms Lixian Wu (Financial Controller).

From FY2013 to FY2018, the Company has engaged an independent third party, KPMG Services Pte. Ltd., 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 risk review in FY2020 was done in-house. The RMC has considered in detail the most material risks for the Company which include strategic, financial, operational, compliance, fraud and corruption, litigation and cyber security risks; and has put in place risk controls, action plans and key risk indicators to mitigate these risks, the details of which contain market sensitive information and hence are kept confidential.

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 are monitored on a yearly 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 highlight all significant matters to Management and the AC on an annual basis on various selected internal control areas.

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9.2

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 FY2020.

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

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

For FY2020, the Board has obtained the following assurance:

- (a) From the CEO and the CFO 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; and
- (b) From the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

The Board has relied on the independent auditors' report as set out in this Annual Report as assurance that the consolidated financial statements give a true and fair view of the Group's financial position and performance.

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. The IA's scope of work includes conducting risk assessments to identify the risk categories and major risk areas of the Company's subsidiaries; developing a risk-based internal audit plan based on the risk assessment results; and conducting a detailed process for audit programmes for the internal audit. The IA also performs analytics and fieldwork for areas in the scope of work for the audit period and discusses the findings with Management, which are then incorporated into the final report that is presented to the AC in a timely manner.

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. Please refer to the Sustainability section on pages 44 to 60 of this Annual Report for more details.

CORPORATE GOVERNANCE REPORT

Audit Committee

Principle 10 *The Board has an Audit Committee ("AC") which discharges its duties objectively.*

10.1

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

- (a) Reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance. Where the external auditors ("EA"), in their review or audit of the Company's year-end financial statements, raise any significant issues (for example, significant adjustments) which have a material impact on the interim financial statements or financial updates previously announced by the Company, the AC is to bring this to the Board's attention immediately;
- (b) Advise the Board if changes are needed to improve the quality of future interim financial statements or financial updates;
- (c) Reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;
- (d) Reviewing the assurance from the CEO and CFO on the financial records and financial statements;
- (e) Making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of the EA; and (ii) the remuneration and terms of engagement of the EA;
- (f) Reviewing the adequacy, effectiveness, independence, objectivity, scope and results of the Company's IA and 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;
- (g) Reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns;
- (h) Assisting the Board of Directors in the discharge of its responsibilities on financial reporting matters;
- (i) Reviewing 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. Quarterly financial statements are made, but announcements are only made for half-year and annual results. Announcements on use of funds/ cash by mineral, oil and gas companies are made quarterly;
- (j) Reviewing the effectiveness and adequacy of the Group's internal control and procedures, including accounting and financial controls and procedures and ensure 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);

CORPORATE GOVERNANCE REPORT

- (k) Reviewing and discussing with the EA and IA 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;
- (l) 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;
- (m) Assessing the quality of the work carried out by the EAs, and the basis of such assessment;
- (n) 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;
- (o) Reviewing and approving transactions falling within the scope of Chapters 9 and 10 of the Catalist Rules (if any);
- (p) Reviewing any potential conflicts of interest;
- (q) Reviewing and approving all hedging policies and instruments (if any) to be implemented by the Group;
- (r) 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;
- (s) 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, including the oversight of whistleblowing; and
- (t) 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.

Authority of the 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.

10.2

The Company has established the AC comprising the following three members, the majority of whom, including the Chairman of the AC, are independent:

Muhammad Sameer Yousuf Khan	Chairman	Independent Non-Executive Director
Dan Broström	Member	Executive Chairman
Sin Boon Ann	Member	Lead Independent Non-Executive Director

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However, not all of the members of the AC are Non-Executive Directors. Mr Dan Broström, the Executive Chairman, is a member of the AC. Taking into account that he would be able to provide relevant input and guidance to the AC, given his familiarity with the Group's activities as well as industry and market practices in jurisdictions where the Group operates, the NC had recommended his appointment to the Board. The Board had then approved his appointment as a member of the AC. Further, the Board is of the opinion that the AC continues to have majority representation of independent directors, and the independent directors collectively, would have the decisive vote in relation to proposals made by the Management. The AC (excluding Mr Dan Broström) meets with the external and internal auditors without the presence of Management at least once a year, to, *inter alia*, ascertain if there are any material weaknesses or control deficiency in the Group's financial reporting and operational systems. Mr Dan Broström, being an Executive Director, has been excluded from the aforesaid meetings to ensure that the AC remains a platform for external and internal auditors to provide their independent opinions without the influence of Management. This arrangement is essential to ensure that the presence of an Executive Director on the AC will not lead to any conflict of interest or impede the independence of the AC.

The remaining members of the AC are Independent Non-Executive Directors who do not have any management and business relationships with the Company or any substantial shareholder of the Company.

At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.

Mr Muhammad Sameer Yousuf Khan, the Chairman of the AC, has more than 40 years of experience in the fields of accounting, business and financial advisory. Mr Sin Boon Ann, a member of the AC, was with Drew & Napier LLC from 1992 to March 2018; his last appointment being Deputy Managing Director, Corporate and Finance Department and Co-head of the Capital Markets Practice, before his retirement.

10.3 None of the AC members were previous partners or directors of the Company's existing external auditing firm within the previous 24 months and none of the AC members hold any financial interest in the external auditing firm or auditing corporation.

10.4 The primary reporting line of the IA function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the Company's documents, records, properties and personnel, including the AC, and has appropriate standing within the Company.

Qualifications of the AC

The Board is of the view that the AC chairman and members are appropriately qualified, with the necessary accounting, financial advisory, business management, corporate and finance, investment and corporate legal expertise and experience to discharge the AC's functions. The AC chairman, having more than 40 years of experience in the fields of accounting, business and financial advisory, is well qualified to chair the AC.

Meeting between the AC and Auditors

10.5 The AC (excluding Executive Chairman Mr Dan Broström) meets with the external and internal auditors without the presence of Management at least once a year, to, *inter alia*, ascertain independently, if there are any material weaknesses or control deficiency in the Group's financial reporting and operational systems. The AC has separately met with the IA and the EA once in the absence of Management in FY2020.

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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.

<i>Fees Paid / Payable to the EA for FY2020</i>		
	S\$	% of total
Audit fees	255,854	97.56
Non-audit fees		
– Tax advice advisory	6,400	2.44
	262,254	100

Notwithstanding the 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 judgment, the audit firm is independent.

The AC also periodically receives updates on changes in accounting standards provided 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. In re-appointing the EA, the AC evaluates the performance of the EA, taking into consideration the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority.

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, as stated on the Company's webpage https://investor.rexih.com/whistle_blowing_policy.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. There have not been any whistle-blowing reports during FY2020.

Audit Committee Activities

During the year, the AC reviewed the financial statements of the Group before the announcement of the Group's half-year and full-year results. In the process, the AC reviewed the key areas of management's estimates and judgement applied for key financial matters including impairment testing, adequacy of provisioning and disclosure, the application of critical accounting policies and any other significant matters that might affect the integrity of the financial statements. The AC has considered the report from the EA, including their findings on the key areas of audit focus.

CORPORATE GOVERNANCE REPORT

Significant matters that were discussed with Management and the EA have been included as key audit matters (“**KAMs**”) in the audit report for the financial year ended 31 December 2020. Refer to pages 111 to 116 of this Annual Report.

In line with the terms of reference of the AC, the following activities were carried out by the AC during FY2020 in the discharge of its functions and duties including the deliberation and review of:

- The unaudited half-year and full year financial results of the Group and announcements prior to submission to the Board for approval and release on the SGXNet;
- The quarterly announcement on the use of funds / cash by mineral, oil and gas companies;
- 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 IA's finding report including internal control processes and procedures;
- The adequacy and effectiveness of the Company's system of risk management and internal controls, including financial, operational, compliance and information technology controls and reporting the findings to the Board;
- The audited financial statements of the Group prior to submission to the Board of Directors for consideration and approval;
- The external audit and internal audit fees for FY2020 and recommendation to the Board for approval;
- The quality of EA across a number of evaluation criteria, including measures of relevance and quality of its works as well as its independence and re-appointment of the EA and recommendation to the Board for approval; and
- Interested person transactions falling within scope of Chapters 9 and 10 of the Catalyst Rules and any potential conflicts of interests.

Internal Audit

The Company's IA function is outsourced to EY that reports directly to the AC and administratively to the CEO. The AC is responsible for the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to.

The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The internal audit plan complements that of the EA and together forms a robust risk-based audit approach to facilitate the AC's review of the adequacy and effectiveness of the Group's risk management and internal control systems.

The AC is satisfied that EY is able to discharge its duties effectively as it:

- is adequately qualified, given that the partner/head of the internal audit and staff assigned to the internal audit of the Company are members of the Institute of Internal Auditors and it adheres to standards set by internationally recognised professional bodies, including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors;
- is adequately resourced with the Company's internal audit, led by Mr Neo Sing Hwee, who has more than 20 years of relevant, diverse internal audit and risk management experience; and
- has the appropriate standing in the Company, given, *inter alia*, its involvement in certain AC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC.

CORPORATE GOVERNANCE REPORT

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 improvement 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 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 FY2020.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11

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

Shareholder Rights

The Company treats all shareholders fairly and equitably, and recognises, protects and facilitates the exercise of shareholders' rights and continually reviews and updates such governance arrangements.

The Company is committed to making timely, full and accurate disclosure to 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 has endeavoured to provide a longer notice period of 28 days for its Annual General Meetings and Extraordinary General Meetings over the past few years.

11.1

The Company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.

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.

An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures that govern the general meeting of shareholders. The Company ensures that shareholders are given the opportunity to participate effectively in and vote at general meetings.

CORPORATE GOVERNANCE REPORT

- 11.2 The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. If a scenario arises where the resolutions are inter-conditional, it is the Company's current intention to explain the reasons and material implications in the notice of meeting.

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

All resolutions are put to vote by poll, and their detailed results will be announced via SGXNet on the same day after the conclusion of the general meeting. Electronic poll voting has been adopted since 2017 so as to better reflect shareholders' interest and ensure greater transparency in the voting process. An independent scrutineer is also appointed for the electronic poll voting process. Votes cast for and against each resolution will be tallied and displayed live-on-screen to shareholders or their appointed proxies immediately after each poll had been conducted at the meeting.

- 11.3 The Company requires all Directors (including the respective chairman of the Board Committees) and senior management, 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. Directors' attendance at the general meetings held in the financial year ended 31 December 2020 is tabled on page 64 of this Annual Report. All Directors attended the general meetings held in 2020.

- 11.4 The Company's Constitution allows for abstentia voting (including but not limited to the voting by mail, electronic mail or facsimile). As the authentication of shareholder identity and other related security and integrity issues still remains a concern, the Company has decided for the time being, not to implement absentia voting methods such as voting via mail, electronic mail or facsimile. 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's Constitution allows (a) each shareholder who is not a relevant intermediary the right to appoint up to two proxies and (b) each shareholder who is a relevant intermediary to appoint more than two proxies to attend, speak and vote on their behalf in general meetings. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

The forthcoming AGM and EGM to be held on 23 April 2021 will be convened and held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM and EGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM and EGM in advance of the AGM and EGM, addressing of substantial and relevant questions at, or prior to, the AGM and EGM and voting by appointing the Chairman of the meeting as proxy at the AGM and EGM, will be put in place for the AGM and EGM. The notices and proxy forms of the AGM and EGM, FY2020 Annual Report and the circular for the EGM, have been distributed electronically via SGXNet and the corporate website.

- 11.5 The Company publishes minutes of general meetings of shareholders on its corporate website <https://www.rexih.com/> as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.

The Company had published the minutes of the annual general meeting and extraordinary general meeting which were held on 21 May 2020, within one month from the conclusion of the respective meetings.

CORPORATE GOVERNANCE REPORT

11.6

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.

No dividend has been declared or recommended for FY2020 for the Company as the Group did not have any profits for FY2020.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12

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

12.1

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 2020, the Company issued over 50 announcements and press releases and conducted one-on-one and group meetings, as well as conference calls, with local and foreign investors or analysts, as well as with the media.

Apart from the SGXNet announcements and its Annual Report, the Company updates shareholders on its corporate developments through its corporate website at <https://www.rexih.com/> and its investor relations webpage at <https://investor.rexih.com/home.html>.

12.2

The Company has in place an Investor Relations policy which is executed by a dedicated investor relations team, which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

12.3

The Company's Investor Relations policy sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions. Contact details to the Company's investor relations team (ir@rexih.com) are available on the Company's corporate website <https://www.rexih.com/>. Shareholders may contact the Lead Independent Director at independent.director@rexih.com.

Following amendments to Rule 705 of the Catalist Rules which took effect on 7 February 2020, the Company announced on 3 March 2020, that it would not continue with quarterly reporting of the Company and the Group's financial statements. The Company now announces the financial statements of the Company and the Group on a half-yearly basis. However, as a mineral, oil and gas company, the Company continues to provide quarterly updates on its use of funds as required under Catalist Rules 705(6) and 705(7). The Company also provides timely updates on its operations whenever there are material developments.

CORPORATE GOVERNANCE REPORT

Principle 13 *The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.*

- 13.1 The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups. Further details can be found in the Sustainability Report section of this Annual Report.
- 13.2 The Company has disclosed in this Annual Report, its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period. Further details can be found in the Sustainability Report section of this Annual Report.
- 13.3 The Company maintains a current corporate website, <https://www.rexih.com/>, to communicate and engage with stakeholders. The Company's profile, latest news and announcements, share price information, publications such as annual reports, qualified person's reports, fact sheets and presentations can be accessed on the corporate website. Investors can also opt for email alerts on the Company's latest announcements.

COMPLIANCE WITH APPLICABLE CATALIST RULES

Appointment of Auditors

- 1204(6)(c) The Company confirms its compliance to the Catalist Rules 712 and 715. Significant foreign subsidiaries are audited by KPMG LLP, Singapore for consolidation purpose, and other member firms of KPMG International. Both KPMG LLP and the audit partner-in-charge have the relevant experience in providing audit services to various clients in the oil and gas industry. Other foreign subsidiaries are registered BVI companies that have no operational activities in FY2020.

1204(8) *Material Contracts*

Save as announced via SGXNet, there were no material contracts or loans entered into by or taken up by the Group involving the interest of the CEO, any Directors, or controlling shareholders which are either still subsisting at the end of FY2020 or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2019.

1204(10) *Confirmation of Adequacy of Internal Controls*

The Board and the AC are of the opinion that the internal controls are adequate and effective to address the financial, operational, compliance and information technology risks, and risk management systems which the Group considers relevant and material to its current business scope and environment based on the following:

- Assurance has been received from the CEO, CFO and key management personnel that are responsible for the adequacy and effectiveness of the Group's risk management and internal control systems;
- An internal audit has been done by the IA and significant matters highlighted to the AC and Management were appropriately addressed;

CORPORATE GOVERNANCE REPORT

- 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 the Management to review and address any potential concerns;
- An enterprise risk management framework is 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.

The Board notes that the system of internal controls and risk management provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives. In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

1204(10A) There is no family relation between the chairman and the CEO of the Company.

1203(10C) The AC is of the view that the Company's IA function is independent, effective and adequately resourced.

1204(17) ***Interested Persons Transaction ("IPT")***

The Company does not have an IPT Mandate.

In FY2020, the Group entered into options agreements, with Trace Atlantic Oil Ltd ("**Trace**"), which are IPTs, for Trace to have options to receive shares of proceeds of potential dividends from Lime Petroleum AS ("**LPA**") due to Rex International Investments Pte Ltd ("**RII**") if drilling activities of the Apollonia prospect in licences PL236D/E and the Fat Canyon prospect in licences PL937/B are successful respectively. RII has a 90% interest in LPA.

A summary of the terms in the Options Agreements is as follows:

Licence	Prospect	LPA's interest	Option Fees	Number of conditional options	% of dividends due to RII that Trace would receive upon exercising all options
PL263D/E	Apollonia	20%	US\$550,000	550,000	6.75%
PL937/B	Fat Canyon	15%	US\$550,000	550,000	12.00%

Dr Karl Lidgren and Mr Hans Lidgren are controlling shareholders of the Company with a 34.71% deemed interest in the Company held through Limea Ltd., which each of Mr Hans Lidgren and Cresta Group Ltd (which is wholly-owned by Dr Karl Lidgren) have a 50% shareholding interest respectively.

Dr Karl Lidgren and Mr Hans Lidgren have a 64.59% deemed interest in Trace held through intermediate entities, in which Limea Ltd. has an 80% shareholding interest. Dr Karl Lidgren is also a Non-Independent and Executive Director of the Company. As such, Trace is an "interested person" pursuant to Chapter 9 of the Catalist Rules. Accordingly, the entry into the Options Agreements between RII, as the Company's direct wholly-owned subsidiary and Trace as an "interested person", is an "interested person transaction" pursuant to Chapter 9 of the Catalist Rules.

CORPORATE GOVERNANCE REPORT

Notwithstanding the above, the aggregate value of the option fees ("**Option Fees**") which amounts to US\$1.10 million represents approximately 0.73% of the Group's latest audited net tangible assets as at 31 December 2019, being US\$150.18 million ("**NTA**"), which is less than 3% of the NTA. Accordingly, the Company is not required to make an announcement in respect of the Options Agreements pursuant to Catalyst Rule 905. However, the Company has elected to make an announcement to inform shareholders of how part of LPA's participation in the exploration drilling of the Apollonia and Fat Canyon prospects in PL263D/E and PL937/B respectively will be funded.

Save as disclosed above, there were no other IPTs that were more than S\$100,000 entered into by the Group in FY2020.

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

As part of the Company's policy, Directors are required to disclose to the Board all actual and potential conflicts of interest. A Director shall recuse himself or herself from discussions and abstain from voting on resolutions regarding any contract, arrangement or any other transaction in which he or she has any personal material interest, directly or indirectly.

1204(19)

Dealing in Securities

The Company and its subsidiaries have adopted an internal policy which prohibits the Directors and officers (including employees) from dealing in the securities of the Company while in possession of price-sensitive information.

The Company, its Directors and officers (including employees) of the Company and its subsidiaries are also discouraged from dealing in the Company's securities on short-term considerations and for FY2020, were prohibited from dealing in the Company's securities during the period beginning one month before the announcement of the Company's half-year and full-year financial statements, and ending on the date of the announcement of the relevant results.

1204(21)

Non-sponsor Fees

S\$12,000 of non-sponsor fees were paid to the Company's sponsor, Novus Corporate Finance Pte. Ltd. in FY2020.

1204(22)

Use of Proceeds Raised from Placement Exercise

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 Company had utilised all the 2013 Placement proceeds except for the amount allocated to the share buyback mandate of S\$5.96 million.

The Company had utilised S\$0.99 million in relation to the share buyback exercise in the previous financial year ended 2019. No share buybacks were conducted in FY2020. The ending balance of the amount allocated to the share buyback mandate as at 31 December 2020 and the date of this report was S\$4.97 million.

CORPORATE GOVERNANCE REPORT

720(5)

Additional Information on Directors Seeking Re-Election

Pursuant to Rule 720(5) of the Catalist Rules, the additional information as set out in Appendix 7F of the Catalist Rules relating to the retiring Directors who are submitting themselves for re-election, is disclosed below and to be read in conjunction with their respective biographies under the section entitled “Board of Directors” of this Annual Report:

	Sin Boon Ann	Dan Broström
Date of Appointment	26 June 2013	11 January 2013
Date of last re-appointment (if applicable)	27 April 2018	26 April 2019
Age	63	77
Country of principal residence	Singapore	Singapore
The Board's comments on this re-appointment	The re-election of Sin Boon Ann was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration his independence, contributions and performance.	The re-election of Dan Broström was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration his contributions and performance.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive. He leads the Board and assumes the roles and responsibilities as Chairman of the Company.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	<ul style="list-style-type: none"> • Lead Independent Non-Executive Director • Chairman of Nominating and Remuneration Committees • Member of Audit Committee 	<ul style="list-style-type: none"> • Executive Chairman • Member of Audit Committee • Member of Remuneration Committee
Professional Qualifications	Refer to section on Board of Directors at pages 11 to 13 of this annual report for details.	
Working experience and occupation(s) during the past 10 years	Refer to section on Board of Directors at pages 11 to 13 of this annual report for details.	
Shareholding interest in the listed issuer and its subsidiaries	<p>Direct: 900,000 ordinary shares (representing 0.07% shareholding interest) in Rex International Holding Limited</p> <p>Subsidiaries of Rex International Holding Limited Nil</p>	<ul style="list-style-type: none"> • Direct: 8,306,075 ordinary shares (representing 0.64% shareholding interest) in Rex International Holding Limited • Deemed: 3,000,000 ordinary shares (representing 0.23% shareholding interest) in Rex International Holding Limited <p>Subsidiaries of Rex International Holding Limited Nil</p>

CORPORATE GOVERNANCE REPORT

	Sin Boon Ann	Dan Broström
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of interests (including any competing business)	No	No
Undertaking has been submitted to the listed issuer in the form of Appendix 7H under Rule 720(1)	Yes	Yes
Other Principal Commitments Including Directorships:		
Past (for the last 5 years)	<u>Principal Commitments including Directorships</u> DrewCorp Services Pte. Ltd. Drew & Napier LLC OSIM International Pte. Ltd. UT REIT (Pte.) Ltd. UT TRUST (Pte.) Ltd. Transcorp Holdings Limited Datapulse Technology Limited SE Hub Ltd. At-Sunrice GlobalChef Academy Pte. Ltd.	<u>Principal Commitments including Directorships</u> Maxamec Global Pte. Ltd.
Present	<u>Principal Commitments including Directorship</u> <ul style="list-style-type: none"> • Healthway Medical Corporation Limited • HRnetGroup Limited • OUE Limited • CSE Global Limited • TIH Limited • The Trendlines Group Ltd • Sarine Technologies Ltd • The Farrer Park Company Pte. Ltd. • Balkan Holdings Pte. Ltd • W Capital Markets Pte. Ltd. • At-Sunrice (Holdings) Pte. Ltd. • Esseplere Pte. Ltd. • Singapore Centre for Social Enterprise Ltd. • Tampines Central Community Foundation Limited • Drew & Napier LLC 	<u>Principal Commitments including Directorship</u> <ul style="list-style-type: none"> • Rex International Investments Pte Ltd • Rex Technology Investments Pte Ltd • Rex South East Asia Ltd. • Rex Technology Management Ltd. • Cathay (Venture) Pte Ltd • Cathay Ltd • Havalina Pte Ltd

CORPORATE GOVERNANCE REPORT

	Sin Boon Ann	Dan Broström
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

CORPORATE GOVERNANCE REPORT

	Sin Boon Ann	Dan Broström
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

CORPORATE GOVERNANCE REPORT

	Sin Boon Ann	Dan Broström
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :-	No	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(i) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

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DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements of Rex International Holding Limited ("**the Company**") and its subsidiaries ("**the Group**") for the financial year ended 31 December 2020.

In our opinion:

- (a) the financial statements set out on pages 117 to 185 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, the financial performance of the Group, the changes in equity of the Group and of the Company, and the 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 (International); 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.

DIRECTORS

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

Dan Broström (Executive Chairman)
 Dr Karl Lidgren
 Muhammad Sameer Yousuf Khan
 Sin Boon Ann
 Dr Christopher Atkinson

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the 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 children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year	Holdings at 21 January 2021
Dan Broström			
Rex International Holding Limited			
Ordinary shares			
- direct interest	8,306,075	8,306,075	8,306,075
- deemed interest	3,000,000	3,000,000	3,000,000

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS – CONTINUED

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year	Holdings at 21 January 2021
Dr Karl Lidgren Rex International Holding Limited Ordinary shares - deemed interest	452,020,422	452,020,422	452,020,422
Sin Boon Ann Rex International Holding Limited Ordinary shares - direct interest	900,000	900,000	900,000
Muhammad Sameer Yousuf Khan Rex International Holding Limited Ordinary shares - direct interest	780,000	780,000	780,000
Dr Christopher Atkinson Rex International Holding Limited Ordinary shares - direct interest	420,000	200,000	200,000

By virtue of Section 7 of the Act, Dan Broström, Dr Karl Lidgren, Sin Boon Ann, Muhammad Sameer Yousuf Khan, and Dr Christopher Atkinson are deemed to have interests in all the related corporations of the Company at the beginning and at the end of the financial year.

Except as disclosed under the "Share options" and "Share awards" sections of this statement, 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' STATEMENT

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 3 directors, Sin Boon Ann, Muhammad Sameer Yousuf Khan and Dan Broström.

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.
- 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.

(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.

No options were granted by Company during the financial year ended 31 December 2020 (**"FY2020"**). As at 31 December 2020, there are no options outstanding as all options granted have expired.

At the end of the financial year, there were 2,812,562 unissued ordinary shares of Lime Petroleum AS (**"LPA"**) under option relating to the LPA Share Incentive Plan, representing 2.16% of the total outstanding share capital of LPA. None of the unexercised options for ordinary shares are vested and exercisable at the end of the financial year. Details and terms of the options are disclosed in the annual report of LPA.

SHARE AWARDS

The Performance Share Plan (the **"PSP"**) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 24 June 2013 and amended with shareholders' approval at an Extraordinary General Meeting of the Company on 30 April 2014 and on 28 April 2017. The PSP is administered by the Company's Remuneration Committee, comprising 3 directors, Sin Boon Ann, Muhammad Sameer Yousuf Khan and Dan Broström.

The objective of the PSP of the Company is to promote higher performance goals and recognise the achievements of employees by motivating and aligning their interests to the Group's pre-determined goals. Performance targets set are based on short to medium-term corporate objectives including market competitiveness, quality of returns, business growth and productivity growth.

The award of ordinary shares granted under the PSP represent the right of an employee to receive fully paid shares, free of charge upon the achievement of pre-determined goals during the performance period, at the sole discretion of the Remuneration Committee.

DIRECTORS' STATEMENT

SHARE AWARDS – CONTINUED

No minimum vesting periods are prescribed under the PSP, and the length of the vesting period in respect of the awards of such number of fully-paid ordinary shares granted under the PSP (the “Awards”) will be determined on a case-by-case basis by the Remuneration Committee.

Details of the movement of the Awards during the financial year were as follows:

Date of grant of Awards	Number of Awards				At 31 December 2020	Number of holders at 31 December 2020
	At 1 January 2020	Granted	Lapsed/ cancelled	Vested		
29.04.2019	66,570,280	–	(11,779,420) ⁽³⁾	(1,618,160) ⁽⁴⁾	53,172,700 ⁽¹⁾	12
22.05.2020	–	5,082,400 ⁽²⁾	–	–	5,082,400	1
	66,570,280	5,082,400	(11,779,420)	(1,618,160)	58,255,100	13

- (1) If the Average Performance Market Price is S\$0.30 and above, up to 100% of the 53,172,700 Awards shall be released. If the Average Performance Market Price is less than S\$0.30, none of the shares in the Award shall be released unless otherwise determined by the committee administering the PSP.
- (2) On 22 May 2020, the Company granted 5,082,400 Awards to Hans Lidgren, a controlling shareholder of the Company. The number of Shares to be issued pursuant to each proposed award will range from 0% to 100%, subject to fulfilment of certain predetermined performance benchmarks and the satisfactory completion of time-based service condition(s). If the Average Performance Market Price is S\$0.30 and above, up to 100% of the 5,082,400 Awards shall be released. If the Average Performance Market Price is less than S\$0.30, none of the shares in the Award shall be released unless otherwise determined by the committee administering the PSP.
- (3) 3,236,320 Awards had not been vested and therefore, lapsed in FY2020. 8,543,100 Awards had been cancelled by the committee administering PSP in FY2020 due to changes in employment contracts.
- (4) On 26 May 2020, the Company issued and allotted 1,618,160 new ordinary shares in the capital of the Company, pursuant to the vesting of the contingent share awards which were granted on 29 April 2019 to certain employees of the Group based on the achievement of pre-determined performance goals and the satisfactory completion of time-based service conditions under the PSP.

DIRECTORS' STATEMENT

SHARE AWARDS – CONTINUED

Details of the Awards granted under the PSP to participants who are (a) directors, (b) controlling shareholders or associates of the controlling shareholders, and (c) participants who received five percent or more of the total grants available under the PSP in FY2020 are as follows:

Name of participant	Awards granted in FY2020	Net aggregate Awards granted since commencement of PSP to 31 December 2020 ⁽¹⁾	Awards released in FY2020 ⁽²⁾	Aggregate Awards released since commencement of PSP to 31 December 2020 ⁽²⁾	Aggregate Awards outstanding and which have not been released as at 31 December 2020
<u>Directors</u>					
Dan Broström	–	14,217,175	–	(6,093,075)	8,124,100
Dr Karl Lidgren	–	8,179,200	–	–	8,179,200
Muhammad Sameer Yousuf Khan	–	1,820,000	–	(780,000)	1,040,000
Sin Boon Ann	–	2,100,000	–	(900,000)	1,200,000
Dr Christopher Atkinson	–	980,000	–	(420,000)	560,000
<u>Controlling shareholders or associates of the controlling shareholders</u>					
Måns Lidgren	–	29,713,264	–	(14,241,464)	15,471,800
Hans Lidgren	5,082,400	5,082,400	–	–	5,082,400
<u>Participants who received 5% or more of the total grants available</u>					
Svein Kjellesvik	–	6,220,800	–	–	6,220,800
Per Lind	–	11,017,691	–	(11,017,691)	–
Kristofer Skantze	–	12,401,504	–	(7,439,504)	4,962,000
Mok Lai Siong	–	10,197,512	–	(6,070,952)	4,126,560

(1) Aggregate Awards granted less aggregate Awards granted that have since been lapsed/ cancelled

(2) Including new Shares issued and allotted, and existing Shares purchased

Save as disclosed in the table above, no Awards have been granted to any Controlling Shareholder or associates of the Controlling Shareholders or any directors and employees of the Company's parent company and its subsidiaries in FY2020.

The aggregate Awards granted since commencement of the PSP to 31 December 2020 is 338,448,444 of which 220,299,516 Awards have since been cancelled or have lapsed.

The vesting and release of the Awards granted to eligible participants (including the Directors and Chief Executive Officer) under the PSP are based on pre-determined performance goals and conditional on the satisfactory completion of time-based service conditions.

DIRECTORS' STATEMENT

AUDIT COMMITTEE

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

- | | | |
|---|--|---|
| • | Muhammad Sameer Yousuf Khan (Chairman) | Independent Non-Executive Director |
| • | Sin Boon Ann | Lead Independent Non-Executive Director |
| • | Dan Broström | Executive Chairman |

The Audit Committee performs the functions specified in Section 201B of the Act, the Catalist Rules and the Code of Corporate Governance.

The Audit Committee has held 4 meetings since the last directors' statement. 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 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 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 Catalist Rules).

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 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 Catalist Rules.

DIRECTORS' STATEMENT

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

16 March 2021

INDEPENDENT AUDITORS' REPORT

Members of the Company
Rex International Holding Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Rex International Holding Limited ("**the Company**") and its subsidiaries ("**the Group**"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 117 to 185.

In our opinion, the accompanying 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 Companies Act, Chapter 50 ("**the Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Basis for opinion

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

INDEPENDENT AUDITORS' REPORT

Members of the Company
Rex International Holding Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS – CONTINUED

Key audit matters

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

Impairment risk over Exploration and Evaluation (“E&E”) assets

Refer to Note 3.3 – Accounting policies: E&E assets, Note 4 to the financial statements

DESCRIPTION OF RISK

There is a risk of impairment on the Group's significant E&E assets due to the continued volatility of oil prices and the risk associated with finding sufficient oil reserves for commercial production within the licence period.

As at 31 December 2020, the E&E assets is carried at USD 30.4 million which represents 16% of total assets.

In addition to significance of the amount, management's assessment process involves significant judgement regarding the technical feasibility and commercial viability of continuing exploration and evaluation activities for each licence.

OUR RESPONSE TO THE RISK

We reviewed if impairment indicators exist for each licence that forms a cash generating unit in accordance with requirement of SFRS(I) 6 Exploration for and Evaluation of Mineral Resources.

We discussed with the Group's management to understand the current status and future plans and intentions for the E&E assets.

We inspected minutes, budgets, publicly available information and other documentation supporting management plans for each of the licences.

FINDINGS

Taking into consideration the Group's future plans, intentions for these E&E assets, market data and the status of each of the licences, we found the Group's assessment of no indicators of impairment of E&E assets as at 31 December 2020 to be balanced.

INDEPENDENT AUDITORS' REPORT

Members of the Company
Rex International Holding Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS – CONTINUED

Key audit matters – Continued

Impairment risk over Oil and Gas properties

Refer to Note 3.4 – Accounting policy: Oil and Gas properties and Note 5 to the financial statements

DESCRIPTION OF RISK

There is a risk of impairment on the Group's significant oil and gas properties (representing 39% of total assets) due to the continued volatility of oil prices.

In addition to significance of the amount, management's assessment process is complex as it involves the use of significant judgement and estimates, particularly in relation to the estimates of reserves, future oil prices, production levels, operating costs, and economic assumptions used to estimate the recoverable amounts of the oil and gas properties.

OUR RESPONSE TO THE RISK

We discussed with the Group's management and read supporting documents to understand the current status and future plans for the oil and gas properties.

We challenged the reasonableness of the valuation methodology and key assumptions used by the Group by comparing against market valuation practices, market data, an independent reserve report and other supporting evidence. We performed a sensitivity analysis of the key assumptions used.

We compared the recoverable amount of the cash generating unit to the carrying amount to determine if there is an impairment loss and assessed the appropriateness of related disclosures in the consolidated financial statements.

FINDINGS

We found the valuation methodology used to be in line with market valuation practices. Taking into consideration the Group's future plans for these oil and gas properties, market data and other supporting evidence, we found the key assumptions used by the Group to be balanced.

INDEPENDENT AUDITORS' REPORT

Members of the Company

Rex International Holding Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS – CONTINUED

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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

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

Responsibilities of management and directors for the financial statements

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

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

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

INDEPENDENT AUDITORS' REPORT

Members of the Company
Rex International Holding Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS – CONTINUED

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

Members of the Company
Rex International Holding Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS – CONTINUED

Auditors' responsibilities for the audit of the financial statements– Continued

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditors' report is Ronald Tay Ser Teck.



KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
16 March 2021

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

		Group		Company	
	Note	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Assets					
Exploration and evaluation assets	4	30,376	89,967	–	–
Oil and gas properties	5	76,266	–	–	–
Other intangible assets	6	3,365	4,215	–	–
Plant and equipment	7	2,160	1,388	444	530
Subsidiaries	8	–	–	106,139	102,231
Jointly controlled entities	10	–	–	–	–
Non-current assets		112,167	95,570	106,583	102,761
Trade and other receivables	11	37,200	23,302	2,568	4,591
Quoted investments	12	25,925	40,001	25,622	38,838
Cash and cash equivalents	13	20,375	21,930	3,289	8,572
Current assets		83,500	85,233	31,479	52,001
Total assets		195,667	180,803	138,062	154,762
Equity					
Share capital	14	257,677	257,590	257,677	257,590
Reserves	15	6,923	6,002	582	521
Accumulated losses		(137,092)	(122,874)	(154,759)	(147,868)
Total equity attributable to owners of the Company		127,508	140,718	103,500	110,243
Non-controlling interests	9	12,718	13,678	–	–
Total equity		140,226	154,396	103,500	110,243
Liabilities					
Deferred tax liabilities	17	13,173	489	–	–
Provisions	18	1,210	1,628	–	–
Lease liabilities	19	573	893	236	351
Non-current liabilities		14,956	3,010	236	351
Loans and borrowings	19	18,010	15,790	–	–
Trade and other payables	20	22,053	7,216	34,134	43,998
Lease liabilities	19	422	391	192	170
Current liabilities		40,485	23,397	34,326	44,168
Total liabilities		55,441	26,407	34,562	44,519
Total equity and liabilities		195,667	180,803	138,062	154,762

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	Note	Group	
		2020 US\$'000	2019 US\$'000
Revenue:			
Sale of crude oil	21	46,664	–
Service revenue	21	–	135
Cost of sales:			
Production and operating expenses		(23,841)	–
Depletion of oil and gas properties	5	(21,484)	–
Exploration and evaluation expenditure	4	(1,507)	(1,683)
Cost of services		(640)	(583)
Gross loss		(808)	(2,131)
Administration expenses		(15,291)	(17,147)
Other expenses		(4,844)	(42)
Other income		124	36,605
Results from operating activities		(20,819)	17,285
Finance income	22	777	848
Finance costs	22	(961)	(1,537)
Foreign exchange gain/(loss)		889	(1,097)
Net finance income/(costs)		705	(1,786)
(Loss)/profit before tax	23	(20,114)	15,499
Tax credit	24	4,902	6,730
(Loss)/profit for the year, net of tax		(15,212)	22,229
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences from foreign operations, representing total other comprehensive income for the year, net of tax		330	1,088
Total comprehensive (loss)/income for the year, net of tax		(14,882)	23,317

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

		Group	
	Note	2020 US\$'000	2019 US\$'000
(Loss)/profit attributable to:			
Owners of the Company		(14,218)	19,401
Non-controlling interests		(994)	2,828
(Loss)/profit for the year, net of tax		(15,212)	22,229
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(13,920)	20,445
Non-controlling interests		(962)	2,872
Total comprehensive (loss)/income for the year		(14,882)	23,317
(Loss)/earnings per share			
Basic (loss)/earnings per share (cents)	25	(1.09)	1.50
Diluted (loss)/earnings per share (cents)	25	(1.09)	1.50

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Note	Attributable to owners of the Company							Total	Non-controlling interests	Total equity
		Share capital	Treasury shares	Merger reserve	Capital reserve	Share-based payment reserve	Translation reserve	Accumulated losses			
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000			
Group											
At 1 January 2019		256,324	–	4,129	1,080	771	(429)	(142,884)	118,991	6,839	125,830
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	19,401	19,401	2,828	22,229
Other comprehensive income											
Foreign currency translation differences, representing total other comprehensive income		–	–	–	–	–	1,044	–	1,044	44	1,088
Total comprehensive income for the year											
		–	–	–	–	–	1,044	19,401	20,445	2,872	23,317
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Issuance of shares	14	1,266	–	–	–	(121)	–	–	1,145	–	1,145
Purchase of treasury shares	14	–	(716)	–	–	–	–	–	(716)	–	(716)
Share-based payment transactions - employee share option scheme and performance share plan	16	–	–	–	–	244	–	–	244	5	249
Dividends paid to non-controlling interests*		–	–	–	–	–	–	–	–	(3,065)	(3,065)
Total contributions by and distributions to owners											
		1,266	(716)	–	–	123	–	–	673	(3,060)	(2,387)
Changes in ownership interests in subsidiaries											
Issuance of preference shares to non-controlling interests, representing total changes in ownership interests in subsidiaries	9	–	–	–	–	–	–	609	609	7,027	7,636
Total transactions with owners											
		1,266	(716)	–	–	123	–	609	1,282	3,967	5,249
At 31 December 2019		257,590	(716)	4,129	1,080	894	615	(122,874)	140,718	13,678	154,396

* In 2019, the Group's subsidiary in Norway declared and paid dividend amounting to US\$31 million.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Note	Attributable to owners of the Company									
		Share capital	Treasury shares	Merger reserve	Capital reserve	Share-based payment reserve	Translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group											
At 1 January 2020		257,590	(716)	4,129	1,080	894	615	(122,874)	140,718	13,678	154,396
Total comprehensive loss for the year											
Loss for the year		–	–	–	–	–	–	(14,218)	(14,218)	(994)	(15,212)
Other comprehensive income											
Foreign currency translation differences, representing total other comprehensive income		–	–	–	–	–	298	–	298	32	330
Total comprehensive loss for the year											
		–	–	–	–	–	298	(14,218)	(13,920)	(962)	(14,882)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Issuance of shares	14	87	–	–	–	(87)	–	–	–	–	–
Share-based payment transactions - employee share option scheme and performance share plan	16	–	–	–	–	160	–	–	160	2	162
Proceeds from issuance of option agreements	26	–	–	–	550	–	–	–	550	–	550
Total transactions with owners											
		87	–	–	550	73	–	–	710	2	712
At 31 December 2020		257,677	(716)	4,129	1,630	967	913	(137,092)	127,508	12,718	140,226

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

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Note	Share capital US\$'000	Treasury shares US\$'000	Capital reserve US\$'000	Share-based payment reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
Company							
At 1 January 2019		256,324	–	505	647	(140,144)	117,332
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	14	1,266	–	–	(121)	–	1,145
Purchase of treasury shares	14	–	(716)	–	–	–	(716)
Share-based payment transactions - performance share plan	16	–	–	–	206	–	206
Total transactions with shareholders		1,266	(716)	–	85	–	635
At 31 December 2019		257,590	(716)	505	732	(147,868)	110,243

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

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Note	Share capital US\$'000	Treasury shares US\$'000	Capital reserve US\$'000	Share-based payment reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
Company							
At 1 January 2020		257,590	(716)	505	732	(147,868)	110,243
Total comprehensive loss for the year							
Loss for the year, representing total comprehensive loss for the year		–	–	–	–	(6,891)	(6,891)
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Issuance of shares	14	87	–	–	(87)	–	–
Share-based payment transactions - performance share plan	16	–	–	–	148	–	148
Total transactions with shareholders		87	–	–	61	–	148
At 31 December 2020		257,677	(716)	505	793	(154,759)	103,500

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

		Group	
	Note	2020 US\$'000	2019 US\$'000
Cash flows from operating activities			
(Loss)/profit for the year before tax		(20,114)	15,499
Adjustments for:			
Depreciation	7	628	487
Depletion of oil and gas properties	5	21,484	–
Amortisation of other intangible assets	6	850	850
Net finance costs	22	184	689
Gain from sale of licences	4	–	(30,553)
Impairment losses on exploration and evaluation assets	4	259	1,019
Reversal of provisions		–	(4,184)
Change in fair value of quoted investments		568	(1,037)
Loss/(gain) on disposal of quoted investments		672	(764)
Equity settled share-based payment transactions		162	1,394
		4,693	(16,600)
Changes in:			
- Trade and other receivables		(14,072)	7,856
- Trade and other payables		14,839	(15,289)
Tax receipts from exploration and evaluation activities in Norway		18,776	28,795
Net cash from operating activities		24,236	4,762
Cash flows from investing activities			
Interest received		777	848
Purchase of quoted investments		(16,833)	(22,047)
Proceeds from disposal of quoted investments		29,818	12,659
Proceeds from sale of licences	4	–	50,037
Proceeds from sale of plant and equipment	7	1	–
Exploration and evaluation expenditure and additions to oil and gas properties*	4, 5	(38,039)	(22,580)
Purchase of plant and equipment	7	(1,316)	(72)
Net cash (used in)/from investing activities		(25,592)	18,845

* Non-cash transaction

In 2019, the Group acquired 30% participating interest in the Shrek prospect PL837 and PL838B at zero consideration. The exploration and evaluation assets acquired amounted to US\$2.31 million.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

		Group	
	Note	2020 US\$'000	2019 US\$'000
Cash flows from financing activities			
Interest paid		(933)	(916)
Purchase of treasury shares		–	(716)
Proceeds from issuance of option agreements		550	–
Proceeds from issuance of preference shares to non-controlling interests	9	–	7,636
Proceeds from bank loans		14,373	9,778
Repayment of bank loans		(13,004)	(19,891)
Dividends paid to non-controlling interests		–	(3,065)
Repayment of lease liabilities		(364)	(456)
Net cash from/(used in) financing activities		622	(7,630)
Net (decrease)/increase in cash and cash equivalents			
		(734)	15,977
Cash and cash equivalents at 1 January		21,930	5,305
Effect of exchange rate fluctuations on cash held		(821)	648
Cash and cash equivalents at 31 December	13	20,375	21,930

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 16 March 2021.

1 DOMICILE AND ACTIVITIES

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

The financial statements of the Group as at and for the year ended 31 December 2020 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 8 to the financial statements.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)). The changes to significant accounting policies are described in Note 2.5 to the financial statements.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise disclosed in the notes 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 SFRS(I)s 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION – CONTINUED

2.4 Use of estimates and judgements – Continued

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 team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The 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 team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market 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 date of the statement of financial position, 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.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit ("CGU") and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessments of the non-financial assets subjected to an assessment are disclosed in the financial statements as follows:

- | | |
|-------------------------------------|--------|
| • Exploration and evaluation assets | Note 4 |
| • Oil and gas properties | Note 5 |
| • Subsidiaries | Note 8 |

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION – CONTINUED

2.4 Use of estimates and judgements – Continued

(i) *Key sources of estimation uncertainty – Continued*

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 depreciation expenses could be revised. The carrying amounts of these assets are disclosed in Note 6 to the financial statements.

Provisions

Estimates of the Group's obligations arising from exploration drilling rehabilitation that exist as at the reporting date may be affected by future events which cannot be predicted with any certainty. The assumptions and best estimates in determining these provisions are made based on management's judgement and experience and therefore, future exploration drilling rehabilitation obligations and expenses could be revised. The carrying amounts of the Group's provisions at the reporting date are disclosed in Note 18 to the financial statements.

(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.

Business combinations

An acquisition of a business, which is determined as an integrated set of activities and assets that are capable of being conducted and managed for the purpose of providing a return directly to investors, is a business combination.

Determining whether an acquisition meets the definition of a business combination requires judgement to be applied on a case-by-case basis. Acquisitions are assessed under the relevant SFRS(I) criteria to establish whether the transaction represents a business combination or an asset purchase. Depending on the specific facts, acquisitions of exploration and evaluation licences for which a development decision has not yet been made, have largely been concluded to represent asset purchases.

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 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 or ceases exploration and evaluation expenditure.

The Group's accounting 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 and executed successfully. 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.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION – CONTINUED

2.4 Use of estimates and judgements – Continued

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

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 is 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 on total proven reserves.

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2020:

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- *Interest Rate Benchmark Reform* (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7)

The application of these amendments to standards and interpretations did not have a material effect on the 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.

The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) *Business combinations*

Business combinations are accounted for using the acquisition method in accordance with SFRS(I) 3 *Business Combinations* as at the acquisition date, which is the date on which control is transferred to the Group.

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

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument 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 date of acquisition. 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 SFRS(I)s.

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.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. 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.

(ii) *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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.1 Basis of consolidation – Continued

(iii) 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.

(iv) 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 on 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 a financial asset depending on the level of influence retained.

(v) Investments in associates and jointly controlled entities (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 jointly controlled entity 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. They are recognised initially at cost, which 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 equity-accounted investees, after adjustments to align the accounting policies 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.

(vi) 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.

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.2 Foreign currency

(i) *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 date are translated 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 translated 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 translation are recognised in profit or loss.

(ii) *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 reporting date. 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 date.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.3 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 explore 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.

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 CGU) 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. Partial or full reversals of impairments of such assets are recognised if there is an indication that a previously recognised impairment loss has reversed and the recoverable amount of the impaired asset has subsequently increased.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss 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 reclassified to oil and gas properties.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.3 Exploration and evaluation assets – Continued

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 a discounted 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.

3.4 Oil and gas properties

Oil and gas properties arise from the reclassification of exploration and evaluation assets once commercial viability and technical feasibility are established and production commenced.

Oil and gas properties are measured at cost less accumulated depletion and accumulated impairment losses. The accumulated costs for the relevant area of interest are depreciated using a unit-of-production method over proved and probable reserves. The unit-of-production rate for the accumulated costs takes into account expenditures incurred to date, together with estimated future capital expenditure expected to be incurred relating to as yet undeveloped and probable reserves expected to be processed through these common facilities.

3.5 Plant and equipment

(i) *Recognition and measurement*

Items of plant and equipment are measured 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 (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised net within other income in profit or loss.

(ii) *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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.5 Plant and equipment – Continued

(iii) 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.

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:

Plant and machinery	5 years
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.

3.6 Intangible assets

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 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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.7 Financial instruments

(i) *Recognition and initial measurement*

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (“**FVTPL**”), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) *Classification and subsequent measurement*

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair value through other comprehensive income (“**FVOCI**”) – equity investment; or **FVTPL**.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at **FVTPL**:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (“**OCI**”). This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or **FVOCI** as described above are measured at **FVTPL**. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at **FVOCI** as at **FVTPL** if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.7 Financial instruments – Continued

(ii) *Classification and subsequent measurement – Continued*

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.7 Financial instruments – Continued

(ii) *Classification and subsequent measurement – Continued*

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Continued

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised loans and borrowings and trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.7 Financial instruments – Continued

(iii) *Derecognition*

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) *Offsetting*

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

(v) *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and short-term fixed deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(vi) *Share capital*

Ordinary shares

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.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.8 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.8 Leases – Continued

As a lessee – Continued

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use as 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.9 Impairment

(i) Non-derivative financial assets and contract assets

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised costs and contract assets (as defined in SFRS(I) 15).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract assets.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.9 Impairment – Continued

(i) *Non-derivative financial assets and contract assets – Continued*

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improve such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.9 Impairment – Continued

(i) *Non-derivative financial assets and contract assets – Continued*

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) *Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than inventories, 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 CGUs. 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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.9 Impairment – Continued

(ii) *Non-financial assets – Continued*

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.

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 equity-settled 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. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.11 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.12 Revenue

Rendering of services and sales of crude oil

Revenue from sale of services and sales of crude oil in the ordinary course of business is recognised when the Group satisfies a performance obligation (“PO”) by transferring control of a promised service or crude oil to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

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 fees, interest expense, and unwinding of discount on exploration drilling rehabilitation.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.14 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are 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.

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, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. 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.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Group is subjected to the Norwegian oil taxation regime. Oil exploration companies operating on the Norwegian Continental Shelf may claim a 78% refund of their exploration costs limited to tax losses of the year. The refund will be paid out in November the following year. The calculated tax receivables is based on judgments and understanding by the Group regarding items allowable for tax deduction, and the view may differ from the Norwegian tax authorities' practice in the final settlement of the tax refund.

NOTES TO THE FINANCIAL STATEMENTS

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, which comprise share options and awards granted to employees.

3.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues 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 plant and equipment, and intangible assets other than goodwill.

3.17 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- *SFRS(I) 17 Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to SFRS(I) 1-1)
- *Covid-19-Related Rent Concessions* (Amendments to SFRS(I) 16)
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)

NOTES TO THE FINANCIAL STATEMENTS

4 EXPLORATION AND EVALUATION ASSETS

	Group	
	2020 US\$'000	2019 US\$'000
Cost		
At 1 January	123,438	169,174
Additions	32,203	24,892
Reclassification from inventories	–	2,304
Adjustments (Note 18)	(467)	(5,987)
Transferred to oil and gas properties (Note 5)	(92,164)	–
Disposals	–	(65,921)
Translation difference on consolidation	2,741	(1,024)
At 31 December	65,751	123,438
Accumulated amortisation and impairment loss		
At 1 January	33,471	33,114
Impairment of capitalised exploration expenditure	259	1,019
Transferred to oil and gas properties (Note 5)	(250)	–
Translation difference on consolidation	1,895	(662)
At 31 December	35,375	33,471
Carrying amounts as at 31 December	30,376	89,967

Exploration and evaluation costs incurred were in respect of exploration and evaluation of hydrocarbons in Norway and Oman.

In 2020, following the commencement of the production in Oman, the Group has reclassified exploration and evaluation assets to oil and gas properties.

The table below shows the impairment loss on exploration and evaluation expenditure included in the consolidated statement of comprehensive income:

	Note	Group	
		2020 US\$'000	2019 US\$'000
Cost of sales includes:			
Impairment of exploration expenditure previously capitalised	23	259	1,019
Other exploration costs		1,248	664
		1,507	1,683

Adjustments

Adjustments were made to the exploration and evaluation costs due to a reassessment of the provision for exploration drilling rehabilitation in 2020 and 2019 (refer to Note 18).

NOTES TO THE FINANCIAL STATEMENTS

4 EXPLORATION AND EVALUATION ASSETS – CONTINUED

Impairment Assessment

Norway

In 2019, the Group recognised total impairment loss of US\$1,019,000 with respect to exploration and evaluation assets in Norway as a result of the relinquishment of a licence. Based on the approved budgets and plans for exploratory activities, no other impairment of exploration and evaluation assets was required as of 31 December 2019.

The Rolvsnes discovery, having been taken further to the mature stage of successful production testing during the year attracted unsolicited offers. The Group seized the opportunity to monetise the assets in late January 2019 and completed the divestment of its 30% interest in the Rolvsnes discovery and its 20% interest in the Goddo prospect to Lundin Norway AS for a post-tax cash consideration of US\$45,000,000. A gain from the sale of licences of US\$30,553,000 was recorded in “other income” (Note 23).

5 OIL AND GAS PROPERTIES

	Group	
	2020	2019
	US\$'000	US\$'000
Cost		
At 1 January	–	–
Transferred from exploration and evaluation assets (Note 4)	92,164	–
Additions	5,836	–
At 31 December	98,000	–
Accumulated depletion and impairment loss		
At 1 January	–	–
Depletion	21,484	–
Transferred from exploration and evaluation assets (Note 4)	250	–
At 31 December	21,734	–
Carrying amounts as at 31 December	76,266	–

NOTES TO THE FINANCIAL STATEMENTS

5 OIL AND GAS PROPERTIES – CONTINUED

Impairment Assessment

An impairment assessment was performed over the Group's oil and gas properties in Oman. Based on the impairment assessment performed, the recoverable amounts were determined to be in excess of the carrying value of these oil and gas properties, and no impairment loss was recognised.

The recoverable amounts of the oil and gas properties were determined based on value in use calculations and budgeted 4 years production period before economic cut-off. The calculation was based on the following key assumptions:

	2020
Pre-tax discount rate, %	10%
Proved and probable reserves, MMBbls	8.2
Oil price, US\$ per bbl	40-59

6 OTHER INTANGIBLE ASSETS

	Technology US\$'000	Customer Contracts US\$'000	Total US\$'000
Group			
Cost			
At 1 January 2019, 31 December 2019 and 31 December 2020	4,700	3,800	8,500
Accumulated amortisation			
At 1 January 2019	1,899	1,536	3,435
Amortisation	470	380	850
At 31 December 2019	2,369	1,916	4,285
Amortisation	470	380	850
At 31 December 2020	2,839	2,296	5,135
Carrying amounts			
At 1 January 2019	2,801	2,264	5,065
At 31 December 2019	2,331	1,884	4,215
At 31 December 2020	1,861	1,504	3,365

Amortisation

The amortisation of technology and customer contracts is included in "administration expenses".

NOTES TO THE FINANCIAL STATEMENTS

7 PLANT AND EQUIPMENT

	Office leases – right-of-use asset US\$'000	Plant and machinery US\$'000	Furniture and fittings US\$'000	Office equipment US\$'000	Office computers US\$'000	Total US\$'000
Group						
Cost						
At 1 January 2019	1,398	–	211	221	158	1,988
Additions	498	28	25	5	14	570
Disposals*	(195)	–	–	–	–	(195)
Translation difference on consolidation	–	–	(1)	(1)	–	(2)
At 31 December 2019	1,701	28	235	225	172	2,361
Additions	75	1,051	–	110	155	1,391
Disposals	–	–	–	–	(2)	(2)
Translation difference on consolidation	16	–	5	17	–	38
At 31 December 2020	1,792	1,079	240	352	325	3,788
Accumulated depreciation and impairment loss						
At 1 January 2019	–	–	167	206	147	520
Depreciation	457	1	12	9	8	487
Disposals*	(31)	–	–	–	–	(31)
Translation difference on consolidation	–	–	(1)	(2)	–	(3)
At 31 December 2019	426	1	178	213	155	973
Depreciation	376	187	10	28	27	628
Disposals*	–	–	–	–	(1)	(1)
Translation difference on consolidation	17	–	4	7	–	28
At 31 December 2020	819	188	192	248	181	1,628
Carrying amounts						
At 1 January 2019	–	–	44	15	11	70
At 31 December 2019	1,275	27	57	12	17	1,388
At 31 December 2020	973	891	48	104	144	2,160

* Derecognition of right-of-use asset. See Note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

7 PLANT AND EQUIPMENT – CONTINUED

	Office leases – right-of-use asset US\$'000	Furniture and fittings US\$'000	Office computers US\$'000	Total US\$'000
Company				
Cost				
At 1 January 2019	235	25	139	399
Additions	448	1	6	455
At 31 December 2019	683	26	145	854
Additions	75	–	21	96
Disposals	–	–	(2)	(2)
At 31 December 2020	758	26	164	948
Accumulated depreciation and impairment loss				
At 1 January 2019	–	23	132	155
Depreciation	162	2	5	169
At 31 December 2019	162	25	137	324
Depreciation	171	1	9	181
Disposals	–	–	(1)	(1)
At 31 December 2020	333	26	145	504
Carrying amounts				
At 1 January 2019	–	2	7	9
At 31 December 2019	521	1	8	530
At 31 December 2020	425	–	19	444

8 SUBSIDIARIES

	Company	
	2020	2019
	US\$'000	US\$'000
Equity investments, at cost	793	793
Loans to a subsidiary, at amortised cost	129,518	125,610
Less: Impairment losses	(24,172)	(24,172)
	106,139	102,231

The loans to a subsidiary are unsecured, interest-free and have no fixed terms of repayment. The settlement of the loans is neither planned nor likely to occur in the foreseeable future and hence the loans are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

8 SUBSIDIARIES – CONTINUED

The details of significant subsidiaries are as follows:

Name of significant subsidiary	Principal activity	Country of incorporation	Effective equity interest held by the Group	
			2020 %	2019 %
Rex International Investments Pte Ltd (“ RII ”) ^(a)	Investment holding	Singapore	100	100
Lime Petroleum AS (“ LPA ”) ^(b)	Oil and gas exploration	Norway	90.00	90.00
Rex Technology Management Ltd (“ RTM ”) ^(c)	Oil exploration technology	British Virgin Islands	100	100
Masirah Oil Ltd (“ MOL ”) ^(d)	Oil and gas exploration	British Virgin Islands	86.37	86.37

(a) Incorporated on 13 March 2013. Audited by KPMG LLP, Singapore.

(b) Acquired on 10 December 2015. Audited by other member firms of KPMG International.

(c) Acquired on 12 December 2014. Audited by KPMG LLP, Singapore for consolidation purposes.

(d) Acquired on 12 November 2015. Audited by other member firms of KPMG International. In 2019, the subsidiary issued preference shares resulting in dilution of Group's equity interest (Note 9).

KPMG LLP is the auditor of all significant Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

Impairment assessment

An impairment assessment was performed over certain subsidiaries to determine recoverable amounts of the CGU. The recoverable amounts were determined based on value in use calculations using the future cash flows of the financial budget approved by the Board of Directors, and management's estimated weighted average cost of capital of each CGU.

Based on the impairment assessment performed, the recoverable amounts were determined to be in excess of the carrying value of the CGUs, and no impairment loss was recognised (2019: NIL).

NOTES TO THE FINANCIAL STATEMENTS

9 NON-CONTROLLING INTERESTS

The following subsidiaries have material non-controlling interests ("NCI"):

Name of subsidiary	Country of incorporation	Operating segment	Ownership interest held by NCI	
			2020 %	2019 %
Lime Petroleum AS ("LPA")	Norway	Oil and Gas	10.00	10.00
Masirah Oil Ltd ("MOL")	British Virgin Islands	Oil and Gas	13.63	13.63

The following summarised financial information of the above subsidiaries are prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	LPA US\$'000	MOL US\$'000	Total US\$'000
31 December 2020			
Revenue	–	46,664	46,664
Loss for the year	(2,459)	(5,490)	(7,949)
Other comprehensive income	–	–	–
Total comprehensive loss	(2,459)	(5,490)	(7,949)
Attributable to NCI:			
- Loss	(246)	(748)	(994)
- Other comprehensive income	32	–	32
- Total comprehensive loss	(246)	(748)	(962)
Non-current assets	29,503	81,852	
Current assets	22,834	31,084	
Non-current liabilities	(13,437)	(1,282)	
Current liabilities	(22,455)	(30,411)	
Net assets	16,445	81,243	
Net assets attributable to NCI	1,645	11,073	12,718
Cash flows from operating activities	13,320	16,689	
Cash flows used in investing activities	(17,450)	(23,881)	
Cash flows from financing activities (dividends to NCI: nil)	3,792	11,406	
Net (decrease)/increase in cash and cash equivalents	(338)	4,214	

NOTES TO THE FINANCIAL STATEMENTS

9 NON-CONTROLLING INTERESTS – CONTINUED

	LPA US\$'000	MOL US\$'000	Total US\$'000
31 December 2019			
Revenue	–	–	–
Profit for the year	26,748	2,081	28,829
Other comprehensive income	–	–	–
Total comprehensive income	26,748	2,081	28,829
Attributable to NCI:			
- Profit	2,675	153	2,828
- Other comprehensive income	44	–	44
- Total comprehensive income	2,719	153	2,872
Non-current assets	14,757	82,099	
Current assets	26,351	10,825	
Non-current liabilities	(890)	(1,835)	
Current liabilities	(21,668)	(4,350)	
Net assets	18,550	86,739	
Net assets attributable to NCI	1,855	11,823	13,678
Cash flows from/(used in) operating activities	19,149	(4,502)	
Cash flows from/(used in) investing activities	25,654	(3,514)	
Cash flows (used in)/from financing activities (dividends to NCI: US\$3,065,000)	(44,742)	17,997	
Net increase in cash and cash equivalents	61	9,981	

In 2019, the NCI entered into subscription agreements with MOL to subscribe for 15,985 preference shares in MOL for a consideration of US\$7,636,000. The new class of issued preference shares entitles its holders to a priority right of dividends, with no other rights of priority attached.

Based on the terms of shareholders agreement, the preference shares are classified as part of the Group's equity. This resulted in a dilution of the Group's ownership interest in MOL to 86.37%. As a result, the Group recognised an increase in NCI of US\$7,027,000 and gain on dilution in the equity attributable to owners of the Group of US\$609,000.

10 JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Interests in jointly controlled entities	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

10 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	
			2020 %	2019 %
Lime Petroleum Plc (“ Lime Plc ”) ⁽ⁱ⁾	Oil and gas exploration	Isle of Man	65	65
Rexonic Holding AG (“ Rexonic ”) ⁽ⁱⁱ⁾	Oil exploration technology	Switzerland	50	50

- (i) In 2016, the High Court of Isle of Man ordered the winding up of Lime Plc. As at 31 December 2020 and 2019, the Group did not expect the completion of the winding up of Lime Plc to generate any surplus cash for distribution to shareholders. The carrying amount of Lime Plc was US\$Nil as at 31 December 2020 and 31 December 2019. The Group did not equity account further share of losses incurred in 2020 and 2019 because the Group has no obligation in respect of these losses. The liquidation process is still ongoing as at 31 December 2020.
- (ii) In 2018, Rexonic filed for liquidation with the Court in Switzerland. The liquidation process is still ongoing as at 31 December 2020.

11 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Trade receivables	14,833	149	–	–
Amounts due from subsidiaries, non-trade	–	–	2,314	4,418
Deposits	280	111	107	111
Other receivables	2,278	3,507	10	12
	17,391	3,767	2,431	4,541
Prepayments	739	289	137	50
Income tax receivables ⁽ⁱ⁾	19,070	19,246	–	–
Trade and other receivables	37,200	23,302	2,568	4,591

- (i) Income tax receivables of US\$19,070,000 (2019: US\$19,246,000) relates to an amount receivable from Norway tax authorities for exploration costs incurred in 2020 (2019: 2019). Oil exploration companies operating on the Norwegian Continental Shelf may claim a 78% refund of their exploration costs limited to tax losses of the year. The refund will be paid out in November the following year.

Amounts due from subsidiaries are repayable on demand, unsecured and interest-free.

The Group and Company's exposure to credit risks related to trade and other receivables is disclosed in Note 28 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

12 QUOTED INVESTMENTS

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Debt securities – mandatorily at fair value through profit or loss	25,622	38,838	25,622	38,838
Equity investments – mandatorily at fair value through profit or loss	303	1,163	–	–
	25,925	40,001	25,622	38,838

The debt securities are all mandatorily measured at fair value through profit or loss and held for trading. The average effective interest rate of the quoted debt securities is 2.13% (2019: 3.42%) per annum and mature within the range of 1 to 3 years (2019: 1 to 3 years) from the reporting date.

The Group's exposure to interest rate risks and fair value information related to the investments are set out in Note 28 to the financial statements.

13 CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Cash at bank and on hand	20,375	18,934	3,289	5,576
Fixed deposits	–	2,996	–	2,996
	20,375	21,930	3,289	8,572

The effective interest rates for fixed deposits in 2019 was 2.63% per annum.

14 SHARE CAPITAL

	Group and Company			
	2020 Number of shares '000	2020 US\$'000	2019 Number of shares '000	2019 US\$'000
Fully paid ordinary shares, with no par value:				
In issue at 1 January	1,313,889	257,590	1,291,220	256,324
Issuance of shares pursuant to vesting of share awards under the Performance Share Plan ("PSP")	1,618	87	22,669	1,266
At 31 December	1,315,507	257,677	1,313,889	257,590

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 ranked equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS

14 SHARE CAPITAL – CONTINUED

On 26 May 2020, the Company issued and allotted 1,618,160 new ordinary shares in the capital of the Company, pursuant to the vesting of the contingent share awards which were granted on 29 April 2019 to certain employees of the Group based on the achievement of pre-determined performance goals and the satisfactory completion of time-based service conditions under the PSP.

In 2019, the Company issued and allotted 22,669,380 new ordinary shares in the capital of the Company, pursuant to the vesting of the share awards granted on 29 April 2019 to eligible participants based on the achievement of pre-determined performance goals during the performance period, and the satisfactory completion of time-based service conditions under the PSP.

Treasury shares

The treasury shares comprises the cost of the Company's shares held by the Group. At 31 December 2020, the Group held 13,187,000 of the Company's shares (2019: 13,187,000).

Capital management policy

The Board defines capital as total equity attributable to owners of the Company.

The Board's policy is to build 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 total shareholders' equity, excluding non-controlling interests, and 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.

15 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.

Share-based payment reserve

Share-based payment reserve relates to the Employee Share Option Scheme and Performance Share Plan 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.

NOTES TO THE FINANCIAL STATEMENTS

16 SHARE-BASED PAYMENT ARRANGEMENTS

Description of the share-based payment arrangements

(i) 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.

There are no options outstanding as at 31 December 2020 and 31 December 2019, as all options granted have expired.

(ii) Performance Share Plan (“PSP”) (equity-settled)

The PSP of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 24 June 2013 and amended with shareholders' approval at an Extraordinary General Meeting of the Company on 30 April 2014 and on 28 April 2017.

Movement of the awards of ordinary shares granted under the PSP (the “Awards”):

Date of grant of Awards	Number of Awards				At 31 December 2020	Number of holders at 31 December 2020
	At 1 January 2020	Granted	Lapsed/ Cancelled	Vested		
29.04.2019	66,570,280	–	(11,779,420) ⁽¹⁾	(1,618,160) ⁽²⁾	53,172,700	12
22.05.2020	–	5,082,400 ⁽⁶⁾	–	–	5,082,400	1
	66,570,280	5,082,400	(11,779,420)	(1,618,160)	58,255,100 ⁽⁸⁾	13

NOTES TO THE FINANCIAL STATEMENTS

16 SHARE-BASED PAYMENT ARRANGEMENTS – CONTINUED

Description of the share-based payment arrangements – Continued

(ii) Performance Share Plan (“PSP”) (equity-settled) – Continued

Date of grant of Awards	Number of Awards				At 31 December 2019	Number of holders at 31 December 2019
	At 1 January 2019	Granted	Lapsed/ Cancelled	Vested		
28.04.2017	156,288,800	–	(156,288,800) ⁽³⁾	–	–	–
29.04.2019	–	127,456,080 ⁽⁷⁾	(38,216,420) ⁽⁴⁾	(22,669,380) ⁽⁵⁾	66,570,280	14
	156,288,800	127,456,080	(194,505,220)	(22,669,380)	66,570,280	14

- (1) 3,236,320 Awards had not been vested and therefore, lapsed in FY2020. 8,543,100 Awards had been cancelled by the committee administering PSP in FY2020 due to changes in employment contracts.
- (2) On 26 May 2020, the Company issued and allotted 1,618,160 new ordinary shares in the capital of the Company, pursuant to the vesting of the contingent share awards which were granted on 29 April 2019 to certain employees of the Group based on the achievement of pre-determined performance goals and the satisfactory completion of time-based service conditions under the PSP.
- (3) In 2019, 156,288,800 Awards had lapsed, after a two-year period from the date of grant of the Awards.
- (4) 38,216,420 shares in the Awards were cancelled in 2019 by the Remuneration Committee, and also due to the cessation of employment of an eligible participant.
- (5) In 2019, the Company issued and allotted 22,669,380 new ordinary shares in the capital of the Company, pursuant to the vesting of the contingent share awards which were granted on 29 April 2019 to eligible participants based on the achievement of pre-determined performance goals during the performance period and the satisfactory completion of time-based service conditions under the PSP.
- (6) On 22 May 2020, the Company granted 5,082,400 Awards to Hans Lidgren, a controlling shareholder of the Company. The number of Shares to be issued pursuant to each proposed award will range from 0% to 100%, subject to fulfilment of certain predetermined performance benchmarks and the satisfactory completion of time-based service condition(s).

Vesting conditions

- (7) The actual number of Awards to be delivered are based on the average of the Company's closing market prices of shares over a consecutive period of 5 market days in which transactions in the shares were recorded, at any time within a 2-year period from the date of grant of the Awards (“**Average Performance Market Price**”). If the Average Performance Market Price is S\$0.15 and above, 50% of the number of shares in the Awards shall be released after the vesting period. If the Average Performance Market Price is S\$0.30 and above, an additional 50% of the number of shares in the Awards shall be released. If the Average Performance Market Price is less than S\$0.15, none of the Shares in the Award shall be released unless otherwise determined by the committee administering the PSP.
- (8) If the Average Performance Market Price is S\$0.30 and above, up to 100% of the 58,255,100 Awards shall be released. If the Average Performance Market Price is less than S\$0.30, none of the shares in the Award shall be released unless otherwise determined by the committee administering the PSP.

NOTES TO THE FINANCIAL STATEMENTS

16 SHARE-BASED PAYMENT ARRANGEMENTS – CONTINUED

Description of the share-based payment arrangements – Continued

(ii) Performance Share Plan (“PSP”) (equity-settled) – Continued

Measurement of fair values

The estimated fair value at date of grant for each share granted on 22 May 2020 was S\$0.137 per share.

The estimated fair value at date of grant for each share granted in 2019 was S\$0.076 per share.

Employee expenses

	Group	
	2020	2019
	US\$'000	US\$'000
Equity-settled share-based payment transactions		
Total expense recognised for equity-settled share-based payment	162	1,394

17 DEFERRED TAX LIABILITIES

Movements in deferred liabilities during the year are as follows:

	At 1 January 2020 US\$'000	Recognised in profit or loss (Note 24) US\$'000	Translation differences US\$'000	At 31 December 2020 US\$'000
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Group

Deferred tax liabilities

Exploration and evaluation assets	489	11,503	1,181	13,173
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	At 1 January 2019 US\$'000	Recognised in profit or loss (Note 24) US\$'000	Disposal of licences (Note 4) US\$'000	Translation differences US\$'000	At 31 December 2019 US\$'000
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Group

Deferred tax liabilities

Exploration and evaluation assets	40,946	4,170	(44,398)	(229)	489
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NOTES TO THE FINANCIAL STATEMENTS

17 DEFERRED TAX LIABILITIES – CONTINUED

Deferred tax liabilities are offset when there is legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting are included in the statements of financial position as follows:

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Deferred tax liabilities	13,173	489	–	–

Unrecognised temporary differences

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group and Company can use the benefits therefrom.

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Tax losses for which no deferred tax asset was recognised	33,949	27,043	33,949	27,043

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 and Company operates.

18 PROVISIONS

	Exploration drilling rehabilitation	
	2020 US\$'000	2019 US\$'000
Group		
At 1 January	1,628	11,331
Unwinding of discount	49	467
Reversal of provisions	(467)	(10,170)
At 31 December	1,210	1,628
Comprising:		
Current	–	–
Non-current	1,210	1,628
	1,210	1,628

NOTES TO THE FINANCIAL STATEMENTS

18 PROVISIONS – CONTINUED

Exploration drilling rehabilitation

The rehabilitation provision represents the present value of the cost of rehabilitating and decommissioning oil field assets and infrastructure such as wells, pipelines and processing facilities in Oman, which are expected to be incurred when the operations are ceased. These provisions have been created based on the Group's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates, including discount rates, are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain.

In 2020, as part of the Group's regular review, the provision was revised following the establishment and commencement of the planned drilling programme in Oman and the synergy effects of the drilling programme. Accordingly, the Group reversed the provision by US\$467,000 (2019: US\$10,170,000), recorded a decrease in the exploration and evaluation asset of US\$467,000 (2019: US\$5,987,000) (Note 4) and US\$Nil in profit or loss (2019: recognised a gain in "other income" of US\$4,184,000) (Note 23)).

19 LOANS AND BORROWINGS AND LEASE LIABILITIES

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Non-current liabilities				
Lease liabilities	573	893	236	351
Current liabilities				
Secured bank loans	18,010	15,790	–	–
Lease liabilities	422	391	192	170

Credit facility

A subsidiary of the Company entered into an Amendment Agreement pursuant to the original Revolving Exploration Financing Facility agreement with Skandinaviska Enskilda Banken to extend the credit facility until 31 December 2021 with an amount of NOK 350,000,000 (2019: NOK 300,000,000). Any outstanding amounts as at 31 December 2020 shall be repaid in December the following year following receipt of the tax refund (see Note 11). The agreed interest rate is 3-month NIBOR + 2% (2019: 3-month NIBOR + 2.0%)

Assets pledged as security

The credit facility is secured by a first priority assignment of the tax refunds (see Note 11), first priority charge over certain bank accounts, a first priority pledge of certain participation interests in licences and a first priority assignment over certain insurances in the subsidiary in Norway.

Market and liquidity risks

Information about the Group's exposure to interest rate and liquidity risk related to loans and borrowings is included in Note 28 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

19 LOANS AND BORROWINGS AND LEASE LIABILITIES – CONTINUED

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities		Equity				Total
	Loans and borrowings	Lease liabilities	Share capital	Reserves	Retained earnings	Non-controlling interests	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 January 2019	26,413	1,398	256,324	5,551	(142,884)	6,839	153,641
Changes from financing cash flows							
Proceeds from bank loans	9,778	–	–	–	–	–	9,778
Repayment of bank loans	(19,891)	–	–	–	–	–	(19,891)
Repayment of lease liabilities	–	(456)	–	–	–	–	(456)
Purchase of treasury shares	–	–	–	(716)	–	–	(716)
Proceeds from issuance of preference shares	–	–	–	–	609	7,027	7,636
Dividends paid to non-controlling interests	–	–	–	–	–	(3,065)	(3,065)
Interest paid	(916)	–	–	–	–	–	(916)
Total changes from financing cash flows	(11,029)	(456)	–	(716)	609	3,962	(7,630)
The effect of changes in foreign exchange rates	(628)	–	–	1,044	–	44	460
Other changes							
Liability-related							
New leases during the year	–	498	–	–	–	–	498
Termination of leases	–	(192)	–	–	–	–	(192)
Bank charges	1,034	–	–	–	–	–	1,034
Interest expense on lease liabilities	–	36	–	–	–	–	36
Total liability-related other changes	1,034	342	–	–	–	–	1,376
Total equity-related other changes	–	–	1,266	123	19,401	2,833	23,623
Balance at 31 December 2019	15,790	1,284	257,590	6,002	(122,874)	13,678	171,470

NOTES TO THE FINANCIAL STATEMENTS

19 LOANS AND BORROWINGS AND LEASE LIABILITIES – CONTINUED

Reconciliation of movements of liabilities to cash flows arising from financing activities – Continued

	Liabilities			Equity			
	Loans and borrowings US\$'000	Lease liabilities US\$'000	Share capital US\$'000	Reserves US\$'000	Retained earnings US\$'000	Non-	Total US\$'000
						controlling interests US\$'000	
Balance as at 1 January 2020	15,790	1,284	257,590	6,002	(122,874)	13,678	171,470
Changes from financing cash flows							
Proceeds from bank loans	14,373	–	–	–	–	–	14,373
Repayment of bank loans	(13,004)	–	–	–	–	–	(13,004)
Repayment of lease liabilities	–	(364)	–	–	–	–	(364)
Proceeds from issuance of option agreements	–	–	–	550	–	–	550
Interest paid	(903)	(30)	–	–	–	–	(933)
Total changes from financing cash flows	466	(394)	–	550	–	–	622
The effect of changes in foreign exchange rates	872	–	–	298	–	32	1,202
Other changes							
Liability-related							
New leases during the year	–	75	–	–	–	–	75
Bank charges	882	–	–	–	–	–	882
Interest expense on lease liabilities	–	30	–	–	–	–	30
Total liability-related other changes	882	105	–	–	–	–	987
Total equity-related other changes	–	–	87	73	(14,218)	(992)	(15,050)
Balance at 31 December 2020	18,010	995	257,677	6,923	(137,092)	12,718	159,231

NOTES TO THE FINANCIAL STATEMENTS

20 TRADE AND OTHER PAYABLES

	Group		Company	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Trade payables	7,218	1,735	–	–
Amounts due to subsidiaries, non-trade	–	–	33,661	43,378
Accruals	14,835	5,481	473	620
	22,053	7,216	34,134	43,998

Amounts due to subsidiaries are repayable on demand, unsecured and interest-free.

Market and liquidity risks

Information about the Group's exposure to interest rate and liquidity risk related to trade and other payables is included in Note 28 to the financial statements.

21 REVENUE

	Group	
	2020 US\$'000	2019 US\$'000
Sale of crude oil	46,664	–
Rendering of services	–	135
	46,664	135

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Sale of crude oil

Nature of goods or services	Crude oil
When revenue is recognised	Revenue is recognised when the crude oil is loaded and on board the vessel arranged by buyer and certified by an independent surveyor
Significant payment terms	30 days after bill of lading

NOTES TO THE FINANCIAL STATEMENTS

22 FINANCE INCOME AND COSTS

	Group	
	2020	2019
	US\$'000	US\$'000
Interest income:		
- bank deposits	232	261
- debt securities	545	587
Finance income	777	848
Interest expense on lease liabilities	(30)	(36)
Bank charges	(882)	(1,034)
Unwinding of discount on exploration drilling rehabilitation	(49)	(467)
Finance costs	(961)	(1,537)
Net finance costs recognised in profit or loss	(184)	(689)

23 (LOSS)/PROFIT BEFORE TAX

The following items have been included in arriving at (loss)/profit before income tax for the year:

	Group	
	2020	2019
	US\$'000	US\$'000
Depreciation of plant and equipment	628	487
Depletion of oil and gas properties	21,484	–
Amortisation of other intangible assets, included in administration expenses	850	850
Directors' fees	1,762	900
Audit fees paid to:		
- auditors of the Company	115	110
- other auditors	79	91
Non-audit fees paid to:		
- auditors of the Company	5	5
- other auditors	11	–
Fair value loss/(gain) on quoted investments	568	(1,037) ⁽¹⁾
Loss/(gain) on disposal of quoted investments	672	(764) ⁽¹⁾
Gain from sale of licences	–	(30,553) ⁽¹⁾
Impairment losses on exploration and evaluation assets	259	1,019
Loss from crude oil futures contract hedging	3,352	–
Reversal of provisions	–	(4,184) ⁽¹⁾
Employee benefits expense (see below)	8,260	11,814
Employee benefits expense		
Salaries, bonuses and other costs	7,981	10,234
Contributions to defined contribution plans	117	187
Equity settled share-based payment transactions	162	1,393
	8,260	11,814

(1) Included in "other income"

NOTES TO THE FINANCIAL STATEMENTS

24 TAX CREDIT

	Group	
	2020	2019
	US\$'000	US\$'000
Current tax credit		
Current year	(16,843)	(10,900)
Changes in estimates related to prior years	438	–
	(16,405)	(10,900)
Deferred tax expense		
Origination and reversal of temporary differences	11,503	4,170
Tax credit	(4,902)	(6,730)
<i>Reconciliation of effective tax rate</i>		
(Loss)/profit before tax for the year	(20,114)	15,499
Income tax using the Singapore tax rate at 17% (2019: 17%)	(3,419)	2,635
Effect of tax rates in foreign jurisdictions	(2,903)	11,577
Non-deductible expenses	107	1,571
Non-taxable income	(298)	(23,428)
Current year losses for which no deferred tax asset was recognised	1,173	915
Changes in estimates related to prior years	438	–
	(4,902)	(6,730)

The effect of non-taxable income in 2019 mainly relates to the gain from the divestment of 30% interest in the Rolvsnes discovery and 20% interest in the Goddo prospect, which is presented on an after tax basis as the consideration is determined net after tax based on the Norwegian Petroleum Tax regulations.

NOTES TO THE FINANCIAL STATEMENTS

25 (LOSS)/EARNINGS PER SHARE

	Group	
	2020 US\$'000	2019 US\$'000
Calculation of basic and diluted (loss)/earnings per share is based on:		
(Loss)/profit attributable to ordinary shareholders		
Net (loss)/profit attributable to ordinary shareholders	(14,218)	19,401
Weighted-average number of ordinary shares		
	Group	
	Number of shares	
	2020	2019
Issued ordinary shares at 1 January	1,289,396,088	1,288,446,673
Effect of own shares held	–	(1,320,336)
Effect of shares issued pursuant to vesting of Performance Share Plan	12,282,072	2,269,751
Weighted average number of ordinary shares (basic)	1,301,678,160	1,289,396,088
Weighted average number of ordinary shares (diluted)	1,301,678,160	1,289,396,088

At 31 December 2020, 58,255,100 (2019: 66,570,280) shares awards were excluded from the diluted weighted number of ordinary shares calculation as they either had no impact or their effect would have been anti-dilutive.

26 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	
	2020 US\$'000	2019 US\$'000
Short-term employment benefits		
- directors	2,089	2,892
- key executives	4,061	6,192
Post-employment benefits (including CPF)	50	25
Share-based payment	54	1,204
	6,254	10,313

NOTES TO THE FINANCIAL STATEMENTS

26 RELATED PARTIES – CONTINUED

Other significant related party transactions

	Group	
	2020	2019
	US\$'000	US\$'000
Issuance of preference shares in a subsidiary to a company controlled by a director	–	4,500
Issuance of option agreements to a company controlled by a director	550	–
Consultancy fees paid to a company controlled by a director	28	28

On 8 September 2020, the Group entered into options agreements, with Trace Atlantic Oil Ltd (“Trace”), a company controlled by a director, for Trace to have options to receive shares of proceeds of potential dividends from LPA due to RII if drilling activities of the Apollonia prospect in licences PL236D/E and the Fat Canyon prospect in licences PL937/B are successful respectively. RII has a 90% interest in LPA. Any dividends to be paid to Trace are at the discretion of the Group and the Group has a right, but not the obligation, to buy back the options. Accordingly, the proceeds from the options agreements are classified under capital reserves.

27 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, Chief Executive Officer (“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 3 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: involved in oil and gas exploration and production with concessions located in Oman and Norway.
- Non-Oil and Gas: pertains to technology segment. RTM owns the Rex Virtual Drilling (“RVD”) technology that can extract information about the presence of reservoir rock and liquid hydrocarbons using conventional seismic data.
- Corporate: pertains to corporate functions.

NOTES TO THE FINANCIAL STATEMENTS

27 OPERATING SEGMENTS – CONTINUED

Information regarding the results of each reportable segment is as below:

	Oil and Gas US\$'000	Non-Oil and Gas US\$'000	Corporate US\$'000	Total US\$'000
Group				
2020				
Sale of crude oil	46,664	–	–	46,664
Service revenue	–	1,910	–	1,910
Total revenue for reportable segments	46,664	1,910	–	48,574
Elimination of inter-segment revenue	–	(1,910)	–	(1,910)
Consolidated revenue	46,664	–	–	46,664
Other income	–	–	124	124
Segment expense	(35,323)	(1,645)	(4,325)	(41,293)
Loss from crude oil futures contract hedging	–	–	(3,352)	(3,352)
Finance income	227	–	550	777
Foreign exchange gain/(loss)	303	(51)	637	889
Finance costs	(872)	(2)	(87)	(961)
Depreciation	(448)	–	(180)	(628)
Depletion of oil and gas properties	(21,484)	–	–	(21,484)
Amortisation of other intangible assets	–	(850)	–	(850)
Reportable segment loss before tax	(10,933)	(2,548)	(6,633)	(20,114)
Reportable segment assets	162,426	3,597	29,644	195,667
<i>Segment assets include:</i>				
Additions to:				
- Plant and equipment*	1,294	–	22	1,316
- Exploration and evaluation assets	38,039	–	–	38,039
Reportable segment liabilities	(54,202)	(275)	(964)	(55,441)

* Excludes right-of-use assets

NOTES TO THE FINANCIAL STATEMENTS

27 OPERATING SEGMENTS – CONTINUED

	Oil and Gas US\$'000	Non-Oil and Gas US\$'000	Corporate US\$'000	Total US\$'000
Group				
2019				
Total revenue for reportable segments	–	2,168	–	2,168
Elimination of inter-segment revenue	–	(2,033)	–	(2,033)
Consolidated revenue	–	135	–	135
Other income	21	–	810	831
Segment expense	(7,576)	(1,160)	(9,382)	(18,118)
Finance income	183	–	665	848
Foreign exchange (loss)/gain	(1,028)	2	(71)	(1,097)
Finance costs	(1,478)	(2)	(57)	(1,537)
Depreciation	(319)	–	(168)	(487)
Amortisation of other intangible assets	–	(850)	–	(850)
Other material non-cash items:				
- Gain from sale of licences	30,553	–	–	30,553
- Changes in fair value of quoted investments	250	–	787	1,037
- Reversal of provisions	4,184	–	–	4,184
Reportable segment profit/(loss) before tax	24,790	(1,875)	(7,416)	15,499
Reportable segment assets	127,932	4,671	48,200	180,803
<i>Segment assets include:</i>				
Additions to:				
- Plant and equipment*	66	–	6	72
- Exploration and evaluation assets	24,892	–	–	24,892
Reportable segment liabilities	(24,973)	(290)	(1,144)	(26,407)

* Excludes right-of-use assets

NOTES TO THE FINANCIAL STATEMENTS

27 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, Oman, Guinea Bissau, Singapore, United Kingdom, 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	
	2020	2019
	US\$'000	US\$'000
Revenue		
Singapore	32,089	–
Bahrain	14,575	–
Guinea Bissau	–	–
Norway	–	60
United Kingdom	–	75
	46,664	135
Non-current assets		
Norway	29,502	12,417
Oman	78,856	78,408
British Virgin Islands	3,365	4,215
Singapore	444	530
	112,167	95,570

Revenue from two external customers (2019: NIL) of the Group's Oil and Gas segment represents the Group's total revenue. Revenue from NIL external customers (2019: three external customers) of the Group's Non-Oil and Gas segment represents the Group's total revenue.

28 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.

NOTES TO THE FINANCIAL STATEMENTS

28 FINANCIAL INSTRUMENTS – CONTINUED

Credit risk

Credit risk is the risk of financial loss resulting from failure of a customer or counterparty to meet its financial and contractual obligations to the Group, as and when the obligations fall due. The Group's primary exposure to credit risk arises from its financial assets.

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's most significant debtors, the Norwegian government, accounts for US\$19,070,000 (2019: US\$19,246,000), and a trade debtor of US\$14,833,000 (2019: US\$NIL). As at 31 December 2020 and 31 December 2019, the Group had no other significant concentrations of credit risk for its financial assets.

The Group does not require collateral in respect of its trade and other receivables. The Group does not have trade receivables and contract assets for which no loss allowance is recognised because of collateral.

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.

Expected credit loss assessment

The Group uses an allowance matrix to measure the ECLs of trade receivables.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics - geographic region and age of customer relationship.

Loss rates are based on actual credit loss experience over the past 5 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The Group and Company has assessed that the amount of the allowance on these balances to be insignificant. The Group and Company did not have significant overdue or credit impairment trade receivables as of 31 December 2020 and 2019.

Cash and cash equivalent and other receivables

Cash and fixed deposits 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 requirements. The Group does not hedge against long-term fluctuations in interest rates.

Impairment on cash and cash equivalents and other receivables has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents and other receivables have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents and other receivables was insignificant.

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.

NOTES TO THE FINANCIAL STATEMENTS

28 FINANCIAL INSTRUMENTS – CONTINUED

Expected credit loss assessment – Continued

Investments

Quoted debt securities are entered into with financial institutions, which have rating of Aa3 – A1 (2019: Aa1 – A2) by Moody's, or the equivalent by a reputable credit rating agency. Management actively monitors credit ratings and given that the Group only has invested in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligation.

Related party balances

The Company held related party balances. The Company uses a similar approach for assessment of ECLs for these receivables to those used for trade and other receivables. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposure. The amount of the allowance on that balances is insignificant.

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's 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.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

		Cash flows		
	Carrying amount US\$'000	Contractual cash outflows US\$'000	Within 1 year US\$'000	More than 1 year US\$'000
<hr/>				
Group				
<hr/>				
31 December 2020				
<i>Non-derivative financial liabilities</i>				
Loans and borrowings	18,010	18,462	18,462	–
Lease liabilities	995	1,024	434	590
Trade and other payables	22,053	22,053	22,053	–
	41,058	41,539	40,949	590
<hr/>				
31 December 2019				
<i>Non-derivative financial liabilities</i>				
Loans and borrowings	15,790	16,398	16,398	–
Lease liabilities	1,284	1,323	1,323	–
Trade and other payables	7,216	7,216	7,216	–
	24,290	24,937	24,937	–

NOTES TO THE FINANCIAL STATEMENTS

28 FINANCIAL INSTRUMENTS – CONTINUED

Liquidity risk – Continued

	Carrying amount US\$'000	Cash flows		
		Contractual cash outflows US\$'000	Within 1 year US\$'000	More than 1 year US\$'000
Company				
31 December 2020				
Non-derivative financial liabilities				
Lease liabilities	428	439	197	242
Trade and other payables	34,134	34,134	34,134	–
	34,562	34,573	34,331	242
31 December 2019				
Non-derivative financial liabilities				
Lease liabilities	521	535	535	–
Trade and other payables	43,998	43,998	43,998	–
	44,519	44,533	44,533	–

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.

Price risk – Investment

The Group and the Company held both debt securities and equity investments of US\$25,925,000 (2019: US\$40,001,000) and US\$25,622,000 (2019: US\$38,838,000) respectively. The market value of the investments will fluctuate with market conditions.

Sensitivity analysis

A 10% increase in the underlying prices of the investments at the reporting date would decrease losses of the Group by approximately US\$2,593,000 (2019: increase profit of the Group by approximately US\$4,000,000) and decrease losses of the Company by approximately US\$2,562,000 (2019: decrease losses of the Company by approximately US\$3,884,000). Correspondingly, a 10% decrease in the underlying prices of the investments would have the equal but opposite effect. This analysis assumes that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

28 FINANCIAL INSTRUMENTS – CONTINUED

Foreign currency risk

The Group operates internationally and hence has exposures to foreign currency risk on transactions, financial assets and financial liabilities that are denominated in a currency other than the respective functional currencies of the Group entities.

In 2020, the Group's exposure to foreign currency risk is mainly denominated in Euro ("EUR"), Swedish Kroner ("SEK"), Singapore dollar ("SGD") and Pounds Sterling ("GBP") (2019: SGD and GBP). 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 are mainly as follows:

	2020				2019	
	EUR US\$'000	SEK US\$'000	SGD US\$'000	GBP US\$'000	GBP US\$'000	SGD US\$'000
Group						
Cash and cash equivalents	–	428	539	–	–	387
Quoted investments	2,905	1,400	1,628	303	1,163	2,326
Trade and other receivables	–	–	–	–	–	–
Trade and other payables	–	–	–	–	–	–
Net exposure	2,905	1,828	2,167	303	1,163	2,713
Company						
Cash and cash equivalents	–	428	539	–	–	387
Quoted investments	2,905	1,400	1,628	–	–	2,326
Net exposure	2,905	1,828	2,167	–	–	2,713

Sensitivity analysis

A 2% strengthening of United States dollar, against the EUR, SEK, SGD and GBP at 31 December would have decreased profit or loss by the amounts shown below.

	Group		Company	
	Profit or loss		Profit or loss	
	2020 US\$'000	2019 US\$'000	2020 US\$'000	2019 US\$'000
Euro	(58)	–	(58)	–
Swedish Kroner	(37)	–	(37)	–
Singapore dollar	(43)	(54)	(43)	(54)
Pound Sterling	(6)	(23)	–	–

Correspondingly, a 2% weakening of United States dollar, against EUR, SEK, SGD and GBP would have the equal but opposite effect. 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.

NOTES TO THE FINANCIAL STATEMENTS

28 FINANCIAL INSTRUMENTS – CONTINUED

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to its short-term interest bearing deposits and loans and borrowings. 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.

	Note	Group		Company	
		Nominal amount		Nominal amount	
		2020	2019	2020	2019
		US\$'000	US\$'000	US\$'000	US\$'000
Variable rate instruments					
Quoted investments	12	–	798	–	798
Loans and borrowings	19	(18,010)	(15,790)	–	–
		(18,010)	(14,992)	–	798

In 2020, an increase of 100 basis points in interest rates would have increased the Group's losses before tax by approximately US\$180,000 (2019: decreased the Group's profit before tax by approximately US\$150,000) and decreased the Company's losses before tax by approximately US\$Nil (2019: US\$8,000).

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:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 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
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

28 FINANCIAL INSTRUMENTS – CONTINUED

Fair value hierarchy – Continued

The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

		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
Group					
31 December 2020					
Quoted investments					
- Equity investments	12	303	–	–	303
- Debt securities	12	25,622	–	–	25,622
		25,925	–	–	25,925
31 December 2019					
Quoted investments					
- Equity investments	12	1,163	–	–	1,163
- Debt securities	12	38,838	–	–	38,838
		40,001	–	–	40,001
Company					
31 December 2020					
Quoted investments					
- Debt securities	12	25,622	–	–	25,622
31 December 2019					
Quoted investments					
- Debt securities	12	38,838	–	–	38,838

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.

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 are assumed to approximate their fair values because of the short period to maturity or repricing.

NOTES TO THE FINANCIAL STATEMENTS

28 FINANCIAL INSTRUMENTS – CONTINUED

Accounting classifications and fair values

	Note	Mandatorily at FVTPL US\$'000	Amortised cost US\$'000	Other financial liabilities US\$'000	Total carrying amount US\$'000	Fair value US\$'000
Group						
31 December 2020						
Trade and other receivables*	11	–	17,391	–	17,391	17,391
Quoted investments	12	25,925	–	–	25,925	25,925
Cash and cash equivalents	13	–	20,375	–	20,375	20,375
		25,925	37,766	–	63,691	63,691
Loans and borrowings	19	–	–	18,010	18,010	18,010
Lease liabilities	19	–	–	995	995	995
Trade and other payables	20	–	–	22,053	22,053	22,053
		–	–	41,058	41,058	41,058
Company						
31 December 2020						
Loan to a subsidiary	8	–	106,139	–	106,139	106,139
Other receivables*	11	–	2,431	–	2,431	2,431
Quoted investments	12	25,622	–	–	25,622	25,622
Cash and cash equivalents	13	–	3,289	–	3,289	3,289
		25,622	111,859	–	137,481	137,481
Lease liabilities	19	–	–	428	428	428
Other payables	20	–	–	34,134	34,134	34,134
		–	–	34,562	34,562	34,562

* Excludes income tax receivables and prepayments

NOTES TO THE FINANCIAL STATEMENTS

28 FINANCIAL INSTRUMENTS – CONTINUED

Accounting classifications and fair values – Continued

	Note	Mandatorily at FVTPL US\$'000	Amortised cost US\$'000	Other financial liabilities US\$'000	Total carrying amount US\$'000	Fair value US\$'000
Group						
31 December 2019						
Trade and other receivables*	11	–	3,767	–	3,767	3,767
Quoted investments	12	40,001	–	–	40,001	40,001
Cash and cash equivalents	13	–	21,930	–	21,930	21,930
		40,001	25,697	–	65,698	65,698
Loans and borrowings	19	–	–	15,790	15,790	15,790
Lease liabilities	19	–	–	1,284	1,284	1,284
Trade and other payables	20	–	–	7,216	7,216	7,216
		–	–	24,290	24,290	24,290
Company						
31 December 2019						
Loan to a subsidiary	8	–	102,231	–	102,231	102,231
Other receivables*	11	–	4,541	–	4,541	4,541
Quoted investments	12	38,838	–	–	38,838	38,838
Cash and cash equivalents	13	–	8,572	–	8,572	8,572
		38,838	115,344	–	154,182	154,182
Lease liabilities	19	–	–	521	521	521
Other payables	20	–	–	43,998	43,998	43,998
		–	–	44,519	44,519	44,519

* Excludes income tax receivables and prepayments

NOTES TO THE FINANCIAL STATEMENTS

29 LEASES

Leases as lessee (SFRS(I) 16)

The Group leases office facilities. The leases typically run for a period of three years, with an option to renew the lease after that date. Lease payments are renegotiated every three years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

The office leases were entered into many years ago. Previously, these leases were classified as operating leases under SFRS(I) 1-17.

The Group leases motor vehicles, tanker and equipment used in exploration activities with contract terms of less than one year. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as plant and equipment (see Note 7).

	Office leases	
	2020	2019
	US\$'000	US\$'000
Balance at 1 January	1,275	1,398
Depreciation charge for the year	(376)	(457)
Additions to right-of-use assets	75	498
Derecognition of right-of-use assets*	–	(164)
Translation difference on consolidation	(1)	–
Balance at 31 December	973	1,275

* Derecognition of the right-of-use assets in 2019 as a result of the partial termination of an office facility.

NOTES TO THE FINANCIAL STATEMENTS

29 LEASES – CONTINUED

Amounts recognised in profit or loss

	2020 US\$'000	2019 US\$'000
Leases under SFRS(I) 16		
Interest on lease liabilities	30	36
Expenses relating to short-term leases	23	31

Amounts recognised in statement of cash flows

	2020 US\$'000	2019 US\$'000
Total cash outflow for leases	364	456

Extension options

Some property, motor vehicles, tanker and equipment used in exploration activities leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

30 COMMITMENTS

Certain subsidiaries have firm capital commitments where the Group is required to participate in minimum exploration activities. The Group's total estimated minimum exploration commitment is approximately US\$32,520,000 (2019: US\$34,648,000).

The Group's subsidiary in Norway, LPA, is a pre-qualified oil company eligible to receive a cash tax refund of 78% of exploration costs annually. The Group's total estimated minimum exploration commitment, net of tax refund from the Norwegian tax authorities, is approximately US\$16,607,000 (2019: US\$22,942,000). At the reporting date, the Group's outstanding minimum exploration commitments will fall due within 1 year.

NOTES TO THE FINANCIAL STATEMENTS

31 CONTINGENT LIABILITY

(a) *Legal claims*

The Group is defending the following claims brought by Gulf Hibiscus Limited ("GHL"):

Singapore

HC/S 412/2016 ("Suit 412")

On 21 April 2016, GHL filed a claim in the High Court of Singapore against Rex International Holding Limited ("RIH") and RII for, among other things, alleged conspiracy, alleged unjust enrichment and alleged wrongful interference in relation to matters concerning Lime Plc and Lime Petroleum Norway AS.

On 16 September 2016, the Assistant Registrar of the High Court allowed an application by RIH and RII for a stay of the Court proceedings in favour of arbitration. On 24 August 2017, the High Court of Singapore dismissed GHL's appeal against the Assistant Registrar's decision and ordered the Court proceedings to be stayed on certain conditions.

On 31 January 2018, GHL applied to lift the stay. On 30 April 2018, the High Court ordered that the stay be lifted by 31 May 2018 unless arbitration has commenced by then or another Order of Court has been obtained (the "30 April 2018 Decision"). The stay was later lifted on 31 May 2018 because none of the parties commenced any arbitration.

On 14 September 2018, RIH and RII filed a Notice of Appeal to the Court of Appeal against the 30 April 2018 Decision. On 22 October 2019, the Court of Appeal dismissed the appeal against the 30 April 2018 Decision, and the suit is now proceeding to a trial on the merits in the High Court. On 2 December 2019, RIH and RII filed their Defence.

On 24 February 2020, RIH and RII applied to strike out GHL's claim. The striking out application was planned to be heard by an Assistant Registrar of the High Court on 8 April 2020 but was postponed due to Covid-19 pandemic.

On 17 September 2020, the High Court of the Republic of Singapore ordered that by consent, Suit 412 be stayed until 31 December 2020.

On 18 December 2020, the High Court of the Republic of Singapore ordered that by consent, Suit 412 be further stayed until 30 June 2021.

Allegations by GHL

On 18 January 2018, RIH received a letter ("the Letter") from GHL's solicitors. In the Letter, GHL alleged that the evidence that was provided by an executive director of RIH in a witness statement that was filed on 15 February 2016 in proceedings in the Isle of Man allegedly indicated that a statement in a press release ("the Press Release") that RIH issued on 17 March 2015 was false and misleading. GHL stated in the Letter that it intended to "seek redress" in relation to the alleged false and misleading statement in the Press Release. On 24 January 2018, RIH's solicitors replied to the Letter and stated, among other things, that the allegations set out in the Letter were baseless and denied. On 30 January 2018, GHL's solicitors replied and stated, among other things, that RIH "has chosen not to respond" to the contents of the Letter. On 2 February 2018, RIH's solicitors replied and stated, among other things, that the assertion that RIH "has chosen not to respond" to the contents of the Letter was incorrect and that the objective facts bore out RIH's position.

Management has considered all these claims and allegations and are of the view that they are unfounded.

There are inherent uncertainties contingent upon the courts' decisions to grant or dismiss GHL's claims. At present, no accurate quantification of any cost, or timing of such costs, which may arise from the legal proceedings outlined above can be made. Management believes that RIH, RII and its directors are not liable for the allegations made by GHL, and accordingly does not believe that it is probable for a provision to be set aside for these claims.

NOTES TO THE FINANCIAL STATEMENTS

31 CONTINGENT LIABILITY – CONTINUED

(a) *Legal claims – Continued*

Norway

On 11 October 2018, GHL filed a Writ of Summons in the Oslo District Court to claim compensation against Lime Petroleum AS (“LPA”) and certain directors/officers of LPA for financial losses allegedly suffered by GHL in connection with the restructuring undertaken by LPA for an amount not exceeding approximately US\$34.7 million.

On 15 February 2019, the Group submitted to the Court its arguments and basis supporting its position that the case should be acquitted.

The hearing of the claims took place in November 2019.

On 3 March 2020, the Oslo District Court delivered a written judgment dated 29 February 2020 which fully acquits the defendants, namely LPA and certain directors/officers.

Global Settlement Agreement

On 31 August 2020, the Group and associates related to the abovementioned legal cases signed a global settlement agreement with GHL for purposes of resolving and settling those legal cases and other related claims. The Settlement Agreement does not involve any payment by the Group to GHL. The terms of the Settlement Agreement are confidential, and implementation of the same is subject to a long stop date of 31 December 2020, which was further extended to 30 June 2021.

(b) *Guarantee*

The Company had provided a parent company guarantee to the Ministry of Petroleum and Energy on basis of the Norwegian Petroleum Act. Under the Norwegian Petroleum Act, the Company undertakes financial liability as surety for obligations that may arise from exploration for and exploitation of subsea natural resources on the Norwegian Continental Shelf (“NCS”) and any liability, including liability for any recovery claim, which may be imposed under Norwegian law for pollution damage and for personal injury.

Management believes that the Group and the operators of its licences in NCS are in compliance with current applicable environmental laws and regulations and hence does not consider it probable that a claim will be made against the Company under the guarantee.

On 6 March 2020, the Company has provided a parent guarantee to Jack-Up Barge Operations B.V. (“JUB”) to guarantee the duties, undertakings and obligations or discharge any or all of its liabilities under or pursuant to a charter party dated 30 December 2019 entered into by MOL for the charter of self-elevating platform “JB114” with JUB.

32 SUBSEQUENT EVENTS

In January 2021, LPA was awarded stakes in four new offshore licences, including one with a discovery for development. The newly awarded stakes are a 20% interest in PL263F, a 20% interest in PL1093, a 40% interest in PL1111 and a 50% interest in PL1125.

The relevant Norwegian authorities had approved a one-year extension for the drill-or-drop decision deadline to 5 February 2022 for PL818 and PL818B on 10 March 2021, and a one-year extension for the drill-or-drop decision deadline to 1 March 2022 for PL838B on 15 March 2021.

On 9 March 2021, the Company cancelled all the 58,255,100 outstanding awards of ordinary shares granted under the PSP (the “Awards”), and granted 11,724,100 new Awards.

STATISTICS OF SHAREHOLDINGS

As at 8 March 2021

Issued and fully paid-up capital	:	S\$334,841,887.98
Number of Issued and paid-up Shares	:	1,315,507,991
Class of Shares	:	Ordinary Shares of equal voting rights
Number of issued and paid-up shares excluding treasury shares and subsidiary holdings	:	1,302,320,991
Number and percentage of Treasury Shares	:	13,187,000 (1.013%)
Number and percentage of Subsidiary Holdings	:	Nil
Voting rights	:	One vote for each ordinary share

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 8 March 2021, approximately 55.38% of the issued ordinary shares of the Company were held by the public and therefore, Rule 723 of the Listing Manual, Section B: Catalyst Rules of the Singapore Exchange Securities Trading Limited, is complied with.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 8 MARCH 2021

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	5	0.12	216	0.00
100 - 1,000	455	11.32	416,171	0.03
1,001 - 10,000	968	24.09	7,189,048	0.55
10,001 - 1,000,000	2,524	62.80	254,943,036	19.58
1,000,001 and above	67	1.67	1,039,772,520	79.84
TOTAL	4,019	100.00	1,302,320,991	100.00

Note: The shareholding percentage is computed based on the number of issued and paid-up shares (excluding treasury shares) of 1,302,320,991 shares as at 8 March 2021

TWENTY LARGEST HOLDERS OF SHARES AS AT 8 MARCH 2021

No.	Name of Shareholder	No. of Shares	% of Issued Shares
1	UOB KAY HIAN PTE LTD	584,816,182	44.91
2	DBS NOMINEES PTE LTD	88,593,291	6.80
3	HSBC (SINGAPORE) NOMINEES PTE LTD	40,479,358	3.11
4	CITIBANK NOMINEES SINGAPORE PTE LTD	32,297,375	2.48
5	OCBC SECURITIES PRIVATE LTD	28,376,700	2.18
6	PHILLIP SECURITIES PTE LTD	25,429,978	1.95
7	RAFFLES NOMINEES (PTE) LIMITED	18,115,440	1.39
8	KGI SECURITIES (SINGAPORE) PTE. LTD	16,532,100	1.27
9	LIM AND TAN SECURITIES PTE LTD	15,776,500	1.21
10	MAANS NICKLAS LIDGREN	14,241,464	1.09
11	MAYBANK KIM ENG SECURITIES PTE. LTD	12,996,578	1.00
12	ER CHOON HUAT	10,700,000	0.82
13	DBSN SERVICES PTE LTD	10,073,650	0.77
14	DAN BROSTROM	8,306,075	0.64
15	ANDRE FRANCIS MANIAM	8,200,000	0.63
16	OLOF HENRIK KRISTOFER SKANTZE	6,563,704	0.50
17	IFAST FINANCIAL PTE LTD	6,145,400	0.47
18	HO BENG SIANG	5,669,400	0.44
19	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	5,391,504	0.41
20	SEE LOP FU JAMES @ SHI LAP FU JAMES	5,350,000	0.41
TOTAL		944,054,699	72.48

Note: The shareholding percentage is computed based on the number of issued and paid-up shares (excluding treasury shares) of 1,302,320,991 shares as at 8 March 2021

STATISTICS OF SHAREHOLDINGS

As at 8 March 2021

SUBSTANTIAL SHAREHOLDERS AS AT 8 MARCH 2021

No.	Name	No. of shares in which substantial shareholders have direct interest	%	No. of shares in which substantial shareholders are deemed to have interest	%
1	Limea Ltd. ⁽¹⁾	452,020,422	34.71	–	–
2	Cresta Group Ltd. ⁽²⁾	–	–	452,020,422	34.71
3	Dr Karl Lidgren ⁽³⁾	–	–	452,020,422	34.71
4	Mr Hans Ove Leonard Lidgren ⁽⁴⁾	–	–	452,020,422	34.71
5	Bevoy Investment Ltd ⁽⁵⁾	78,095,538	6.00	–	–
6	Mr Svein Helge Kjellesvik ⁽⁶⁾	–	–	78,095,538	6.00

⁽¹⁾ The 452,020,422 shares are held through UOB Kay Hian Pte Ltd.

⁽²⁾ Cresta Group Ltd owns 50% of Limea Ltd. and is deemed interested in 452,020,422 shares held by Limea Ltd.

⁽³⁾ Dr Karl Lidgren, through Cresta Group Ltd, owns 50% of Limea Ltd. and is deemed interested in 452,020,422 shares held by Limea Ltd.

⁽⁴⁾ Mr Hans Lidgren owns 50% of Limea Ltd. and is deemed interested in 452,020,422 shares held by Limea Ltd.

⁽⁵⁾ The 78,095,538 shares are held through UOB Kay Hian Pte Ltd.

⁽⁶⁾ Mr Svein Kjellesvik owns 100% of Bevoy Investments Ltd and is deemed interested in the 78,095,538 shares held by Bevoy Investments Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Rex International Holding Limited (the “**Company**”) will be held by way of electronic means on Friday, 23 April 2021 at 3.00 p.m. (Singapore time) (the “**AGM**”), for the following purposes:

Ordinary Business

- | | | |
|----|--|---------------------|
| 1. | To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2020 together with the Auditors' Report thereon. | Resolution 1 |
| 2. | To approve the payment of Directors' fees of S\$602,115/- for the financial year ending 31 December 2021 (FY2020: S\$590,308/-), payable quarterly in arrears.

(See Explanatory Note 1) | Resolution 2 |
| 3. | To re-elect Mr Dan Broström who is retiring pursuant to Regulation 93 of the Company's Constitution.

(See Explanatory Note 2) | Resolution 3 |
| 4. | To re-elect Mr Sin Boon Ann who is retiring pursuant to Regulation 93 of the Company's Constitution.

(See Explanatory Note 3) | Resolution 4 |
| 5. | To re-appoint KPMG LLP as the Company's auditors for the financial year ending 31 December 2021 and to authorise the Directors to fix their remuneration. | Resolution 5 |

Special Business

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without any modifications:

- | | | |
|----|--|---------------------|
| 6. | Authority to allot and issue shares | Resolution 6 |
| | <p>“THAT pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the “Companies Act”) and Rule 806 of the Listing Rules Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) (the “Catalist Rules”), the Directors of the Company be authorised and empowered to:</p> <p>I. (a) allot and issue shares in the capital of the Company (“Shares”) whether by way of rights, bonus or otherwise; and/or</p> <p>(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; and/or</p> <p>(c) notwithstanding that such authority conferred by this Resolution may have ceased to be in force at the time the Instruments are to be issued, issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issues, provided that the adjustments do not give the holder a benefit that a shareholder does not receive,</p> | |

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

NOTICE OF ANNUAL GENERAL MEETING

- 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 100% of the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (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 50% of the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (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 total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings) 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, 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;
 adjustments in accordance with (i) and (ii) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time this Resolution is passed;
- (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 Companies Act and the Constitution 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 4)

NOTICE OF ANNUAL GENERAL MEETING

7. Authority to allot and issue Shares under the Rex International Employee Share Option Scheme (“**Share Option Scheme**”)

Resolution 7

“THAT pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors of the Company 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 Rex PSP (as defined herein), and any other share option schemes of the Company, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the day preceding that date of the relevant grant of an option under the Share Option Scheme. Such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.”

(See Explanatory Note 5)

8. Authority to allot and issue Shares under the Rex International Performance Share Plan (“**Rex PSP**”)

Resolution 8

“THAT pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors of the Company 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 Rex PSP, provided always that the aggregate number of Shares to be allotted and issued pursuant to the Rex PSP, 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 Rex PSP, when added to the number of Shares issued and issuable in respect of all awards granted under the Rex PSP, and including the Share Option Scheme and any other share option schemes of the Company, shall not exceed 15% of the total issued Shares (excluding treasury shares and subsidiary holdings) on the day preceding that date of grant of the relevant awards under the Rex PSP. Such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.”

(See Explanatory Note 6)

9. To transact any other business as may properly be transacted at an annual general meeting of the Company.

By Order of the Board

Kong Wei Fung
Company Secretary

Singapore
25 March 2021

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

- (1) Resolution 2, if passed, will facilitate the payment of Directors' fees of S\$602,115/- for the financial year ending 31 December 2021 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 2021, 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) Mr Dan Broström will, upon re-election as a Director of the Company, remain as Executive Chairman of the Company, and member of the Audit and Remuneration Committees.

- (3) Mr Sin Boon Ann will, upon re-election as a Director of the Company, remain as Lead Independent Non-Executive Director of the Company, Chairman of the Nominating and Remuneration Committees and member of Audit Committee. The Board of Directors considers him to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Further information of the retiring directors can be found under "Board of Directors" and "Corporate Governance Report" sections of the Company's Annual Report.

- (4) Resolution 6, 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, make or grant Instruments convertible into shares 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 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company 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, the aggregate number of shares shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution.
- (5) Resolution 7, 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, 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the day preceding that date of the relevant grant.
- (6) Resolution 8, 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 Rex PSP 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, 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the day preceding that date of the relevant grant.

NOTICE OF ANNUAL GENERAL MEETING

MEASURES TO MINIMISE THE RISK OF THE SPREAD OF COVID-19

In view of the constantly evolving COVID-19 situation and to comply with the Infectious Diseases (Measures to Prevent Spread of COVID-19) Regulations 2020, the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 of the COVID-19 (Temporary Measures) Act 2020 (Act 14 of 2020) and the Joint Statement by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and the Singapore Exchange Regulation issued on 13 April 2020 (as updated from time to time) which included a checklist to guide listed and non-listed entities on the conduct of general meetings during the period when elevated safe distancing measures are in place (the “**Regulations**”), the following steps will be taken for the AGM of the Company to help minimise the risk of community spread of the virus:

1. The AGM is being convened, and will be held, by way of electronic means. The Company will be restricting attendance in-person at the venue of the AGM. No shareholders or their corporate representatives will be admitted.
2. Printed copies of the annual report of the Company, this Notice of AGM and the proxy form (collectively, the “**Documents**”) will not be sent to members. Instead, the Documents will be sent to members by electronic means via publication on the Company's website at the URL <https://investor.rexih.com> and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
3. The proceedings of the AGM will be broadcast ‘live’ through an audio-and-video webcast (the “**Live Webcast**”) and an audio-only feed via telephone. Members and investors holding shares in the Company through the Central Provident Fund (“**CPF**”) or Supplementary Retirement Scheme (“**SRS**”) (collectively, the “**CPF/SRS investors**”) who wish to follow the proceedings through the Live Webcast or via telephone must pre-register at the URL <https://www.rexih.com/> no later than 3.00 p.m. on 20 April 2021 (“**Registration Cut-Off Time**”) by completing the pre-registration form for the Company to authenticate your shareholder status. Further details on registration of participation in the AGM via the Live Webcast or via telephone can be found at the Company's website at <https://www.rexih.com/> or Shareholders may contact the Company at info@rexih.com. Shareholders will be able to access the Company's annual report and proxy form on SGXNet or at the Company's website, <https://investor.rexih.com/ar.html>. Following verification, an email containing instructions on how to access the Live Webcast and via telephone of the proceedings of the AGM will be sent to authenticated members and CPF/SRS investors. Members and CPF/SRS investors who do not receive any email response by 3.00 p.m. on 21 April 2021, but have registered by the Registration Cut-Off Time, should contact the Company via email at ir@rexih.com or at +65 6557 2477 (between 9 a.m. to 6 p.m. by 22 April 2021) for assistance.
4. Investors holding shares through relevant intermediaries (as defined in Section 181 of the Companies Act) (“**Investors**”) (other than CPF/SRS investors) will not be able to pre-register at the URL <https://www.rexih.com/> for the Live Webcast or participation via telephone for the AGM. An Investor (other than CPF/SRS investors) who wishes to participate in the AGM via the Live Webcast or via telephone should instead approach his/her relevant intermediary as soon as possible in order for the relevant intermediary to make the necessary arrangements to pre-register. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport number) to the Company, via email to the Company's Share Registrar at sg.is.proxy@sg.tricorglobal.com no later than 3.00 p.m. on 20 April 2021.
5. Shareholders are reminded not to congregate to watch the ‘live’ webcast or listen to the AGM proceedings and ensure that safe distancing measures are practised and the Regulations and all government advisories are adhered to.
6. **A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM. A member (whether individual or corporate) will have to submit the proxy form in accordance with the instructions set out in such proxy form and appoint the Chairman of the AGM as their proxy. All votes in the AGM will be taken on poll.**
7. The Chairman of the AGM, as proxy, need not be a member of the Company.
8. The instrument appointing the Chairman of the AGM as proxy may be accessed on the Company's website at the URL <https://investor.rexih.com> and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

NOTICE OF ANNUAL GENERAL MEETING

9. The instrument appointing the Chairman of the AGM as proxy is not valid for use by Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify his/her voting instructions. CPF/SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their voting instructions by 5.00 p.m. on 14 April 2021, being seven working days before the date of the AGM.

10. The instrument appointing the Chairman of the AGM as proxy must be submitted in the following manner:

a) if submitted by post, be lodged at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd) at 80 Robinson Road, #11-02, Singapore 068898; or

b) if submitted electronically, be submitted via email to the Company's Share Registrar at sg.is.proxy@sg.tricorglobal.com,

in either case, by no later than 3.00 p.m. on 21 April 2021, being not less than 48 hours before the time appointed for holding the AGM and in default the instrument of proxy shall not be treated as valid.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or sending it by email to the email address provided above. **Members are strongly encouraged to submit completed proxy forms electronically via email.**

11. The instrument appointing the Chairman of the AGM as proxy must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of an attorney or a duly authorised officer or in such manner as appropriate under applicable laws, failing which the instrument may be treated as invalid.

12. Where the instrument appointing the Chairman of the AGM as proxy is signed or authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing the Chairman of AGM as proxy, failing which the instrument may be treated as invalid.

13. In the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such members are not shown to have Shares entered against their names in the Depository Register, as at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

14. Members and Investors will not be able to ask questions during the Live Webcast or via telephone. All members and CPF/SRS investors may submit questions relating to the business of the AGM no later than 3.00 p.m. on 20 April 2021:

(a) via the URL <https://www.rexih.com/>; or

(b) by email to the Company at info@rexih.com; or

(c) by mail to 1 George Street, #14-01, Singapore 049145, Attention to REX AGM.

The Company will endeavour to answer all substantial and relevant questions prior to, or at, the AGM. Investors (other than CPF/SRS investors) will not be able to submit questions relating to the business of the AGM via the above means. Instead, they should approach their relevant intermediaries as soon as possible in order for the relevant intermediaries to make the necessary arrangements for them to submit questions in advance of the AGM.

15. As the COVID-19 situation continues to evolve, the Company will closely monitor the situation and reserves the right to take such precautionary measures as may be appropriate at the AGM, including any precautionary measures as may be required or recommended by government agencies or the Singapore Exchange Regulation from time to time, at short notice. Members are advised to regularly check the Company's website at the URL <https://investor.rexih.com> or announcements released on SGXNet for updates on the AGM.

16. The Company seeks the understanding and cooperation of all Shareholders to help minimise the risk of community spread of the virus.

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY

By (a) submitting a proxy form appointing the Chairman of the AGM to attend, speak and vote at the AGM and/or any adjournment thereof or (b) submitting any question prior to the AGM or (c) submitting the pre-registration form in accordance with this Notice, a member of the Company (i) 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; and (ii) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purposes of (collectively, the "**Purposes**"):

- i. the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the AGM as proxy for the AGM (including any adjournment thereof);
- ii. processing the pre-registration forms for purposes of granting access to members for the Live Webcast or via telephone and providing viewers with any technical assistance, where necessary;
- iii. addressing selected substantive questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions;
- iv. the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof); and
- v. enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

REX INTERNATIONAL HOLDING LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 201301242M)

ANNUAL GENERAL MEETING**PROXY FORM****IMPORTANT:**

1. The Annual General Meeting ("AGM") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to, among others, attendance at the AGM, submission of questions in advance of the AGM, and/or voting by proxy at the AGM are set out in the Notice of AGM dated 25 March 2021.
3. The Notice of AGM and this form of proxy ("Proxy Form") have been made available on Company's website at the URL <https://investor.rexih.com> and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Printed copies of the Notice of AGM and this Proxy Form will not be sent to members.
4. **As the AGM is held by way of electronic means, a member will NOT be able to attend the AGM in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. In appointing the Chairman of the AGM as proxy, a member must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that Resolution will be treated as invalid.**
5. This Proxy Form is not valid for use by investors who buy shares using CPF monies ("CPF Investors") and/or SRS monies ("SRS investors") (as may be applicable) and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF Investors and/or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes at least seven working days before the AGM.

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 the Chairman of the AGM as *my/our proxy to attend, speak and to vote for or against, or to abstain from voting on the Ordinary Resolutions to be proposed at the AGM as indicated hereunder, for *me/us on *my/our behalf, at the AGM to be held by way of electronic means on Friday, 23 April 2021 at 3.00 p.m. (Singapore time) and at any adjournment thereof.

No.	Resolutions	For**	Against**	Abstain**
ORDINARY BUSINESS				
1.	To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2020 together with the Auditors' Report thereon			
2.	To approve the payment of Directors' fees of S\$602,115/- for the financial year ending 31 December 2021, payable quarterly in arrears			
3.	To re-elect Dan Broström who is retiring pursuant to Regulation 93 of the Company's Constitution			
4.	To re-elect Sin Boon Ann who is retiring pursuant to Regulation 93 of the Company's Constitution			
5.	To re-appoint KPMG LLP as the Company's auditors for the financial year ending 31 December 2021 and to authorise the Directors to fix their remuneration			
SPECIAL BUSINESS				
6.	To approve the authority to allot and issue shares			
7.	To approve the authority to allot and issue shares under the Rex International Employee Share Option Scheme			
8.	To approve the authority to allot and issue shares under the Rex International Performance Share Plan			

Notes:

* Delete accordingly

** Voting will be conducted by poll. If you wish the Chairman of the AGM as your proxy to cast all your votes "For" or "Against" the relevant resolution, please indicate with "X" within the relevant box provided. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box in respect of that resolution. If you wish the Chairman of the AGM as your proxy to abstain from voting on a resolution, please indicate with "X" in the "Abstain" box for a particular resolution. Alternatively, please indicate the number of votes that the Chairman of the AGM as your proxy is directed to abstain from voting in the "Abstain" box for a particular resolution. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.

Dated this _____ day of _____ 2021

Total No. of Shares in	No. of Shares
CDP Register	
Register of Members	

Signature of Member(s) or Common Seal

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 81SF of the Securities and Futures Act, Chapter 289 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, this instrument appointing a proxy shall be deemed to relate to all the shares held by you.
2. Due to current COVID-19 situation and the Company's effort to minimise physical interactions and Covid-19 transmission risk to minimum, the AGM will be held by way of electronic means and members will NOT be able to attend the AGM in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.

Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid. Printed copies of the Notice of AGM and this proxy form will not be sent to members.

3. The Chairman of the AGM, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the AGM as proxy must be submitted in the following manner:
 - a) if submitted by post, be lodged at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd) at 80 Robinson Road, #11-02, Singapore 068898; or
 - b) if submitted electronically, be submitted via email to the Company's Share Registrar at sg.is.proxy@sg.tricorglobal.com,

in either case, by no later than 3.00 p.m on 21 April 2021, being not less than 48 hours before the time appointed for holding the AGM and in default the instrument of proxy shall not be treated as valid.

A member who wishes to submit an instrument of proxy must complete and sign the proxy form, before submitting it by post to the address provided above, or sending it by email to the email address provided above.

Members are strongly encouraged to submit completed proxy forms electronically via email.

5. The instrument appointing the Chairman of the AGM as proxy must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of an attorney or a duly authorised officer or in such manner as appropriate under applicable laws, failing which the instrument may be treated as invalid.
6. Where the instrument appointing the Chairman of the AGM as proxy is signed or authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing the Chairman of AGM as proxy, failing which the instrument may be treated as invalid.
7. For CPF/SRS investors, this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors who wish to vote should instead approach their respective CPF Agent Banks or SRS Operators to submit their voting instructions by 5.00 p.m. on 14 April 2021, being seven working days before the AGM.

GENERAL:

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (such as in the case where the appointor submits more than one instrument of proxy). In addition, in the case of a member whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such members are not shown to have Shares as entered against his/her name in the Depository Register at 72 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 an instrument appointing the Chairman of the AGM as proxy, the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 25 March 2021.

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 expressed 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.

There is no assurance that Rex Virtual Drilling will consistently deliver accurate analyses and results, as it is dependent on many external factors such as data quality. 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 International Holding Limited | Co. Reg. No. 201301242M
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