ALPHA ENERGY

2016
ANNUAL REPORT

TABLE OF CONTENTS

Alpha Energy Holdings Limited
Annual Report 2016

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this annual report.

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

The contact person for the Sponsor is Mr Lance Tan, Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

The Mustang Project is a prospective oil field in the Southern Miluveach Unit which encompasses approximately 7,680 acres (31 square kilometers) in the North Slope oil productive region of Alaska, United States of America.

Letter to Shareholders

Dear Shareholders

The Mustang Project is a prospective oil field in the Southern Miluveach Unit which encompasses approximately 7,680 acres (31 square kilometers) in the North Slope oil productive region of Alaska, United States of America. The Mustang Field is adjacent to the southwestern corner of the Kuparuk River Oil Field, the second largest oil field in North America having produced approximately 2.7 billion barrels of oil.

Given the low oil prices currently being experienced, the development program of the Mustang Project was reoptimised. This reoptimisation included delaying the drilling of development wells and water injectors until oil production commenced and could be financed from cash flow rather than from debt or equity prior to the commencement of full production. This reoptimisation is reflected in the Qualified Person's Report ("QPR") which accompanies this year's Annual Report and demonstrates that even at depressed oil prices the Mustang Project is a valuable one and once developed, when oil prices recover, should reward shareholders.

The Mustang Field is served by established infrastructure in the form of a seven (7) kilometer all-weather access road and a 70,400 square meter gravel production pad which can accommodate a 15,000 barrels of oil per day production facility. The Mustang Field is also located about 200 meters away from the Alpine Oil Pipeline, a distribution channel for processed crude oil.

Given the sustained drop in global oil prices, the working interest owners of the Mustang Project, which include the Company and together with its subsidiaries, the "Group", have decided to suspend development activities until oil prices recover. At this point, the Group does not anticipate recommencing drilling activities until mid-2017.However the recommencement of development activities is also dependent on putting in place the necessary financing to fund that development.

BROOKS RANGE PETROLEUM CORPORATION

In October 2015, the Group acquired a 50% interest in Brooks Range Petroleum Corporation ("BRPC"). The principal activity of BRPC is the provision of project management services to the petroleum industry, including that as an Operator for drilling and developing oil and gas leases. BRPC's current principal place of operations is on the North Slope of Alaska and its offices are located in Anchorage, Alaska. The remaining 50% interest in BRPC is held by unrelated third parties.

BRPC is the Operator of the Mustang Project in which the Group currently has a 38.2% working interest. BRPC receives fees for the management of all operational and commercial matters associated with the Mustang Project.

BRPC also receives project management fees as a project manager for the construction of the Mustang Operations Centre ("MOC"). The construction of the MOC is being financed by third parties at a cost of approximately USD$200 million. When construction of the MOC is completed, the Group will lease the facility to process crude oil from the Mustang Project.

The Group continues to maintain a very lean overhead structure which results in a low cost operation, substantially below that of its peers.

The Group is of the view that the acquisition of the interest in BRPC will allow it to better control the development of its Mustang Project. It will also give the Group an operational presence in North America and in particular, Alaska, from which the Group can seek to expand its operations to other project areas other than the Mustang Project.

In addition, the acquisition enables the Group to capture the operator fees and project management fees generated by BRPC.

SALE OF INFORMATION TECHNOLOGY ("IT") BUSINESS

In December 2015, the Group sought and received shareholders' approval to sell its IT business to Mr Ang Yew Jin Eugene, who is also a director of the Company. The sale of the IT business marks the completion of the transition of the Group into a pure mineral, oil and gas company.

The Group continues to maintain a very lean overhead structure which results in a low cost operation, substantially below that of its peers.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to thank all our customers, vendors, business partners, bankers and shareholders for their continued support. I would also like to express my sincere appreciation to our management and staff for their dedicated work and commitment during the past year and our Directors for their advice and guidance, and we look forward to working with all of them in the coming year.

Mr Ravinder Singh Grewal s/o Sarbjit Singh
Independent Non-Executive Chairman

Mr Dean Lloyd Gallegos
Executive Director and Chief Executive Officer

Financial Highlights

FINANCIAL PERFORMANCE

Revenue, cost of sales and selling and distribution expenses

Revenue, cost of sales and selling and distribution expenses relate to the IT business which was disposed in the financial year ended 31 March 2016 ("FY2016").

Other income

The decrease in other income in FY2016 was mainly due to the absence of exchange gain of approximately S$4.74 million which was recognised in the financial year ended 31 March 2015 arising mainly from the re-measurement of US denominated amount owing by subsidiary with the appreciation of US dollar.

General and administrative expenses

The decrease in general and administrative expenses in FY2016 was mainly due to the disposal of the IT business in FY2016.

Finance costs

Finance costs in FY2016 increased due to facility fees paid to financial institutions as a result of securing debt financing using tax credits available to the Group from its Mustang Project capital expenditure as collateral.

FINANCIAL POSITION

Non-current assets

The increase in exploration and evaluation assets was mainly due to capitalisation of the expenditure incurred for the Mustang Project.

The decrease in plant and equipment, intangible assets, investment in associates and deferred tax assets were mainly due to the disposal of the IT business in FY2016.

The decrease in available-for-sale financial assets was mainly due to the impairment loss recognised in FY2016 for the Group's holdings in quoted shares.

Non-current trade and other receivables as at 31 March 2016 relate to the tax credit receivables and the outstanding amount owing by the buyer of the disposed IT business.

Current assets

The decrease in inventories was mainly due to the disposal of the IT business in FY2016.

The decrease in trade and other receivables was mainly due to:-

- Decrease in trade receivables of approximately S$9.41 million due to the disposal of the IT business; and
- Reclassification of tax credit receivables from current to non-current receivables of approximately S$4.80 million.

Non-current liabilities

The decrease in other payables was mainly due to the reclassification of deferred acquisition consideration relating to the Mustang Project of approximately S$22.41 million from non-current to current liabilities.

The increase in provision of restoration costs was due to additional provision made for wells drilled at the Mustang Project during FY2016.

Bank borrowings increased mainly due to the drawdown of credit facility that prefunds tax rebates the Group is entitled to for qualifying capital expenditures for drilling wells at the Mustang Project.

Current liabilities

The increase in trade and other payables was mainly due to:-

- Increase in other payables of S$18.30 million as a result of the reclassification of deferred acquisition consideration from non-current to current payables; offset by
- Decrease in trade payables of S$9.09 million as a result of the disposal of IT business and the repayment of approximately S$6.33 million to our supplier under the exploration and production segment.

CASHFLOW

Net cash used in operating activities in FY2016 was approximately S$11.85 million mainly due to increase in other receivables due to recognition of recoverable tax credits and decrease in trade and other payables due to payments to suppliers.

Net cash used in investing activities in FY2016 was approximately S$10.79 million mainly due to capital expenditure at the Mustang Project capitalised as exploration and evaluation assets.

Net cash generated from financing activities in FY2016 was approximately S$17.09 million mainly due to proceeds from bank borrowings relating to the draw down from a credit facility and net proceeds from issuance of shares from the exercise of share options by option holders.

The Mustang Field is adjacent to the southwestern corner of the Kuparuk River Oil Field, the second largest oil field in North America having produced approximately 2.7 billion barrels of oil.

Operations Review

The Group has three business segments, namely Supply and Delivery, Systems Integration and Services and Exploration and Production.

During the financial year, the Company disposed its entire shareholding interest in three subsidiaries and an associated company which are principally involved in the Supply and Delivery, and Systems Integration and Services segments (collectively, the "IT Business").

With the completion of the disposal of the IT Business on 30 December 2015, the Group currently has only one business segment, which is the Exploration and Production segment.

Disclosures Relating to Mineral, Oil and Gas Companies

The Group has engaged US-based petroleum consulting company, DeGolyer & MacNaughton to issue a Qualified Person's Report ("QPR") on the Group's relevant assets in the Mustang Field as at 31 March 2016. The QPR which is attached to this Annual Report had also been released to the Singapore Exchange Securities Trading Limited ("SGX-ST") on 30 May 2016.

Mustang Field Operations Review

The Proven Reserves at the Mustang Project are within 11 individual fault blocks, each fault block being given a designated name for identification and planning purposes. The Mustang Project development plan, which the QPR reflects, has been designed to optimise production from these individual fault blocks by drilling horizontal production wells into each of the fault blocks. In addition, a series of vertical injector wells have been designed to provide pressure support, through the pumping of sea water into the reservoir, to these production wells so as to maximise oil production rates and oil recovery.

Pressure support through sea water pumping is a standard form of production recovery enhancement and is used widely on the North Slope, including the neighbouring Kuparuk River project operated by ConocoPhillips and which has produced 2.7 billion barrels of oil from the Kuparuk reservoir. The Mustang and Kuparuk River fields share a lease boundary, wells in the Kuparuk River field produce oil from right up against this lease boundary.

This Mustang Project development plan is continually optimised so as to incorporate new technical information and also revised economics as a result of a changing oil price.

Prior to the acquisition of an interest in the Mustang Project by the Group in 2014, the North Tarn # 1A well and Mustang #1 well had already been drilled in the first and second quarter of the calendar year 2012 respectively. Both wells were vertical exploration wells designed to prove the presence of the Kuparuk C reservoir and neither of these wells were production tested. These wells were cased, plugged and were designed to be re-entered at a future date so horizontal sections could be drilled to utilise these wells as production wells.

During 2015, the three following wells in the Mustang Project were drilled in order of timing (starting with the earliest):

- SMU-02 (Lipizzan) – designed as a vertical injector well to provide pressure support to the Mustang fault block on commencement of production operations;
- SMU-03 (Shamrock) – designed as a horizontal production well to produce oil from the Shamrock fault block; and
- SMU-01 (Mustang lateral) – a re-entry of the Mustang # 1 well drilled and cased in second quarter of 2012 to drill a horizontal well to produce oil from the Mustang fault block, with SMU-02 (Lipizzan) providing pressure support.

SMU-02 (LIPIZZAN) WELL

This was the first well drilled in early 2015 and successfully reached its target depth. The well was completed and cased as planned.

SMU-03 (SHAMROCK) WELL

This was the second well drilled and successfully reached its target depth. Surface casing was successfully cemented in place however intermediary casing could not be installed due to the encroachment of shale and sand into the well bore, this was caused by higher than anticipated formation pressures.

The well was plugged back to the bottom of the surface section. The surface section can be utilised at a later date to re-drill this well.

SMU-01 (MUSTANG LATERAL) WELL

In June 2015, an attempt was made to drill a lateral section in the SMU-01 (Mustang) well, utilising the surface and intermediate sections drilled and successfully cased in the second quarter of 2012. It was the intention to extend the SMU-01 well with a 5,800 foot horizontal (lateral) section and complete it as a horizontal production well.

Horizontal drilling operations were not successfully completed as planned due to higher than anticipated formation pressures again being encountered.

Prior to the commencement of the SMU-01 drilling operations described above, the Group's management assessed that there was a high risk that drilling operations would not be successfully completed due to the presence of the high formation pressures that were present in the SMU-03 (Shamrock) well and therefore chose not to participate in the funding of the SMU-01 well. As such, the working interest owners who participated in the SMU-01 well bore sole risk for the financial cost of these drilling operations.

As drilling was not successful, the decision not to participate saved the Group approximately S$5.0 million.

The Operator, Brooks Range Petroleum Corporation LLC, has consulted with third party service providers and determined that the drilling rig should be fitted with managed pressure drilling equipment for future drilling operations. The use of managed pressure drilling is a standard operating practice and is widely used on the North Slope, its installation will allow drilling operations to proceed within high pressure formations such as those encountered at the Mustang Project in 2015.

Development drilling at the Mustang Field has been currently suspended until oil prices recover to a sustainable level.

The construction and financing of the Mustang Operations Centre ("MOC") is being undertaken by third parties from whom the MOC will be leased by the Mustang Project partners, including the Group. Work on the MOC is approximately 40% completed, with all long lead time modules having been built and either delivered or near delivery into storage to await recommencement of MOC construction. The Group understands that the continued progress of the MOC towards commissioning is dependent on continued development drilling under the revised development plan.

The Group continues to evaluate opportunities to acquire additional oil and gas projects, and we are focusing on projects that are in or near production and which have Proven Reserves.

Mustang Project Reserves and Project Economics

The significant decline in the oil price over the past 12 months has required a reassessment of the Mustang Project development program so as to optimise project economics.

As disclosed in the QPR, the estimated Proved (1P), Proved-plus-Probable (2P) and Proved-plus-Probable-plus-Possible (3P) reserves as of 31 March 2016, expressed in millions of barrels (MMbbl), for the Mustang Project are summarized as follows:

Category	Gross Attributable to License (MMbbl)	Net Attributable to CaraCol (MMbbl)	Change from Previous Update (percent)	Remarks
Oil Reserves				
1P	20.2	6.2	(7.5%)	Approx. 30 % recovery
2P	32.6	10.0	(2.0%)	Approx. 35 % recovery
3P	37.2	11.4	(0.9%)	Approx. 40 % recovery

Sustainability

The Group's mission is to operate a safe, environmentally responsible North Slope oil exploration and development project. Utilizing experienced land, exploration and operations employees, the Group intends to grow from startup oil exploration and appraisal company to a significant business enterprise.

The Group will collaborate with employees, stakeholders, other companies and governmental entities to ensure compliance and maximize investments while keeping the costs of exploration and development low.

SAFETY, HEALTH AND ENVIRONMENTAL MANAGEMENT POLICY

The Group's vision is to cause no harm to people, no damage to the environment, while achieving full compliance with applicable regulations and standards.

Excellence in health, safety and environmental (HSE) compliance and performance will demonstrably improve production, profit and public image.

To show our commitment to this vision, the Group shall:

- Assign clear HSE responsibilities to employees;
- Assign clear HSE responsibilities to the Group contractors;
- Allocate the necessary resources to meet HSE responsibilities;
- Utilize highly trained professionals and experts;
- Evaluate, document and recognize performance and behaviors consistent with HSE policies and compliance standards;
- Integrate HSE and compliance programs with processes to continually improve production and performance;
- Improve HSE performance;
- Facilitate communication within the Group to ensure HSE policies are integrated into commercial agreements, operational decisions and work planning procedures; and
- Enhance HSE strategies by welcoming suggestions for improvement from user groups, regulatory authorities and reviewers.

HSE MANAGEMENT SYSTEM

The Group is committed to the implementation of an integrated Safety, Health, and Environmental Management System (SHEMS) for the Group project operations.

SHEMS's objectives and targets for its project operations are as follows:

- Fulfils permit requirements to ensure zero compliance actions;
- Implements environmental controls and strategies to ensure zero spills or compliance actions;
- Develops contractors work plans and trains workers so that there are zero injuries or compliance actions;
- Achieves compliance with permits, governmental requirements and the North Slope Oil Producers (NSOP) rules;
- Meets the philosophy and beliefs of the Group;
- Supports the achievement of the Group's objectives by providing leadership and guidance in matters involving HSE; and
- Achieves Occupational, Health and Safety Administration (OSHA) compliance; and
- Verifies that HSE performance objectives are met.

GOALS AND OBJECTIVES OF SHEMS PROGRAM

Safety, health and pollution prevention are the fundamental responsibility of each individual person. SHEMS promotes HSE at the Group. Contractors' HSE programs are the responsibility of each contractor. Experience has shown that integrating contractors' HSE programs and SHEMS reduces loss incidents and improves productivity among contractors and work groups. Accordingly, the Group emphasizes that all HSE programs' objectives remain foremost in everyone's thoughts and conduct:

- Safe and environmentally sound operations are a priority management objective;
- HSE concerns and accountability are addressed through chain-of-command managers and augmented by other tiers of the Group organization;
- Operations are conducted by professionals, whose expertise demonstrates their ability to take swift, preventative actions;
- Work activities and locations are evaluated and hazards are identified;
- Hazards are controlled using best available technologies for safety engineering and personal protection; and
- Comprehensive training and certifications demonstrate employees are skilled at their jobs.

The SHEMS program provides a structured approach for demonstrating and improving HSE performance and compliance.

LEGAL, REGULATORY AND PERMIT COMPLIANCE

The Group operates in compliance with the applicable legal, federal, state and local government rules and regulations, and policy-driven environmental requirements for field project operations on the North Slope.

The Group reviews the work plans and operational guidelines for the project and monitors contractors for compliance with these plans. The Group, and its contractors, once notified of a regulatory change, operational change, or other information that may affect the project, are responsible for communication of that change to the affected parties.

OBJECTIVE AND GOALS FOR TRAINING

The Group requires HSE training consistent with applicable governmental rules and regulatory requirements and job responsibilities for its employees and contractors' employees.

Project and position specific training is provided by the contractors to employees consistent with operational and maintenance responsibilities, and the potential to impact health, safety and the environment.


59+81

The Mustang Field is served by established infrastructure in the form of a seven kilometer all-weather access road and a 70,400 square meter gravel production pad which can accommodate a 15,000 barrels of oil per day production facility.

Board of Directors & Management Team

BOARD OF DIRECTORS

▸ MR DEAN LLOYD GALLEGOS
Executive Director And Chief Executive Officer

Mr Gallegos joined our Group in 4 September 2014 as the Chief Financial Officer. On 1 January 2016, he was appointed the Executive Director and Chief Executive Officer who is responsible for all operations of the Group. He ceased as the Chief Financial Officer on the same day. He served as the Executive Chairman and Finance Director of Buccaneer Energy Limited from July 2007 until November 2013 and has more than 23 years of experience in corporate finance and investment. His corporate finance transactions have included initial public offerings ("IPOs"), reserve-based lending in Australia and the United States of America ("US"), merger and acquisition transactions in Australia and the US, venture capital in Australia as well as debt restructuring transactions with hedge funds and private equity groups.

In the last 10 years, he has arranged both equity and debt financing for energy projects within the US and was part of the management team that successfully drilled and subsequent developed three oil and gas fields located in the Gulf of Mexico (Shelf) and Alaska in both the onshore and offshore environments. He has extensive experience within the US energy industry in both the operational and regulatory environments and has managed complex negotiations with both project partners and commercial suppliers. In addition he has close working experience with sub surface technical, surface operational and project management teams in the energy sector.

He has a strong background in corporate governance and shareholder relations both at the retail and institutional level. Mr Gallegos is a member of the Singapore Institute of Directors.

▸ MR RAVINDER SINGH GREWAL S/O SARBJIT SINGH
Independent Non-Executive Chairman

Mr Ravinder was appointed as Independent Non-Executive Independent Director on 6 June 2014 and as the Chairman of the Board on 4 September 2014. He has extensive experience in private equity and corporate finance. He was with Standard Chartered Bank from 1997 to 2014, with his last position as a Managing Director in the private equity division. He has more than 20 years of experience in corporate finance and private equity. His corporate finance deals have included IPOs and bond issues in Singapore, merger and acquisition transactions in South-East Asia as well as debt restructuring transactions in Malaysia and Indonesia. His private equity deals have included development capital investments and buy–outs in the region. He previously worked for DBS Bank Ltd in Singapore. Mr Ravinder is a graduate of the University of New South Wales, Australia, with a Bachelor of Commerce Degree. He is also a member of the Certified Public Accountants of Australia.

▸ MR ANG YEW JIN EUGENE
Non-Executive Director

Mr Ang was re-designated from Managing Director to Non-Executive Director on 1 January 2016. He has more than 26 years of experience in the information technology industry and has contributed significantly to our growth in the last 25 years. Prior to establishing JK Technology Pte. Ltd. (a wholly-owned subsidiary of our Company prior to the disposal in December 2015) in 1990, he was a private banking officer with Rabobank Asia Limited from 1988 to 1990. From 1987 to 1988, he was a corporate banking officer with Overseas Union Bank Limited. From November 2002, Mr Ang was a director of JK Technology Group Limited (now known as Perennial Real Estate Holdings Limited) and was the managing director of JK Technology Group Limited from 2003 to 2008. Mr Ang graduated with a Degree in Bachelor of Science from The University of Michigan, Ann Arbor in December 1984, and a Master of Business Administration from The University of British Columbia in May 1987.

▸ MR TAN SER KO
Non-Executive Director

Mr Tan Ser Ko was appointed to the Board as Non-Executive Director on 6 June 2014. He is presently the Chief Executive Officer and Executive Director of Charisma Energy Services Limited ("Charisma"), a company listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). He is responsible for overseeing the strategic planning, corporate management, daily operations, business development and performance of Charisma. Mr Tan has 17 years of experience in banking, finance and investment. After serving his scholarship bond with the Singapore Armed Forces, he started his banking career in consumer and enterprise banking. His past directorships in companies listed on the SGX-ST include Contel Corporation Limited, M Development Limited and Surface Mount Technology (Holdings) Limited. Mr Tan holds a Bachelor of Engineering Degree from the National University of Singapore.

▸ MR YONG BOON CHUAN LESLIE

Independent Non-Executive Director

Mr Yong was appointed to our Board on 4 August 2011 as Non-Executive Director and was re-designated as Independent Non-Executive Director on 14 June 2016. He is currently a Group Director of Tong Ren International Trading Pte. Ltd. and Cherry Pink Pte. Ltd. From 1971 to 1997, Mr Yong worked in various positions in Shangri-La Hotel Singapore and his last designation was deputy purchasing manager and cost analyst. Since 1997, he had been involved in the management, consultancy and/or advisory of various businesses and companies, including the director of JK Technology Group Limited (now known as Perennial Real Estate Holdings Limited) from November 2002 to August 2008. Following the reverse takeover of JK Technology Group Limited, Mr Yong continued to be employed by JK Technology Pte. Ltd. as a director of business development till March 2011. Mr Yong is currently involved in various associations and community groups, where he is the Patron of the Cheng San Citizens' Consultative Committee, and Mr Yong is also the District Governor of the Lions Clubs International of Multiple District 308 in District 308A-1 Singapore for the fiscal years 2014 to 2015. Mr Yong obtained the Educational Institute Diploma from The Educational Institute of the American Hotel and Motel Association in the United States of America in 1980. In 1982, he completed the Purchasing, Financial Management, Operations Analysis and Staff Planning Program by the School of Hotel Administration, Cornell University. In 1987, Mr Yong was awarded as a Certified Hotel Administrator by The Educational Institute of the American Hotel & Motel Association. Mr Yong was awarded the Public Service Medal (PBM) in 1988, the Public Service Star (BBM) in 1996 and the Public Service Star (Bar) BBM (L) in 2012. The PBM, BBM and the BBM (L) were awarded to him by His Excellency, The President of Singapore, in recognition of his contributions towards community service in Singapore.

▸ MR LIM YEOK HUA

Independent Non-Executive Director

Mr Lim was appointed as the Independent Non-Executive Director on 4 August 2011. He has extensive experience in audit, tax, mergers and acquisitions and financial management and consultancy. Mr Lim spent more than 17 years with the Inland Revenue Authority of Singapore and three international and local accounting firms before running his own public accounting practice. Mr Lim presently runs his own management consultancy firm and is currently also an independent director of Tritech Group Limited and Kori Holdings Limited, which are listed on the SGX-ST. Mr Lim is a fellow member of The Association of Chartered Certified Accountants, a member of the Institute of Singapore Chartered Accountants, a member of the Singapore Institute of Directors and an Accredited Tax Advisor of the Singapore Institute of Accredited Tax Professionals.

▸ MR LEE SEK LEONG CHRISTOPHER

Independent Non-Executive Director

Mr Lee was appointed to our Board as Independent Non-Executive Director on 4 August 2011 and was a co-founder and presently the Chief Executive Officer of ShareInvestor.com Holdings Pte Ltd (a wholly-owned subsidiary of Singapore Press Holdings Ltd.) and its group of companies (the "ShareInvestor Group"). Mr Lee has been with the ShareInvestor Group since it was founded in 2000. Prior to co-founding the ShareInvestor Group, he started off his career as a marketing representative with IBM Singapore Pte Ltd ("IBM Singapore") in 1992 and had assumed various responsibilities including sales, marketing, training and management during his 8 years tenure with IBM Singapore. His last held appointment with IBM Singapore was Country Manager (Public Sector) in 1999. Mr Lee holds a Bachelor of Engineering from the National University of Singapore and a Master of Business Administration (Management of Information Technology) from Nanyang Technological University. Mr Lee is a member of the Singapore Institute of Directors.

MANAGEMENT TEAM

▸ MS KOH YEN HAN

Finance Manager

Ms Koh joined our Group in April 2011 and is responsible for the financial and accounting functions of our Group. Prior to joining our Group, she was an accountant and subsequently a finance manager of S-Team Switchgear Pte Ltd from 2009 to 2011. From 2007 to 2008, she joined as an audit senior and was subsequently promoted to an audit assistant manager at AT ADLER Pte Ltd. From 2001 to 2006, she worked in various positions with Moores Rowland International and her last designation in Moores Rowland International was an audit senior. She obtained a Diploma in Accounting and Finance from Temasek Polytechnic Singapore in August 2001. In addition, she obtained an ACCA qualification in August 2005 and became a member of the Association of Chartered Certified Accountants. In June 2008, she was admitted as a non-practising member of the Institute of Certified Public Accountants of Singapore. In September 2010, she was also admitted as a fellow of the Association of Chartered Certified Accountants.

Corporate Information

BOARD OF DIRECTORS
Mr Ravinder Singh Grewal s/o Sarbjit Singh
Mr Dean Lloyd Gallegos
Mr Lim Yeok Hua
Mr Lee Sek Leong Christopher
Mr Yong Boon Chuan Leslie
Mr Ang Yew Jin Eugene
Mr Tan Ser Ko

AUDIT COMMITTEE
Mr Lim Yeok Hua (Chairman)
Mr Ravinder Singh Grewal s/o Sarbjit Singh
Mr Lee Sek Leong Christopher
Mr Yong Boon Chuan Leslie
Mr Ang Yew Jin Eugene

REMUNERATION COMMITTEE
Mr Lee Sek Leong Christopher (Chairman)
Mr Ravinder Singh Grewal s/o Sarbjit Singh
Mr Lim Yeok Hua
Mr Tan Ser Ko

NOMINATING COMMITTEE
Mr Lee Sek Leong Christopher (Chairman)
Mr Ravinder Singh Grewal s/o Sarbjit Singh
Mr Lim Yeok Hua
Mr Yong Boon Chuan Leslie

COMPANY SECRETARIES
Mr Lee Tiong Hock
Ms Koh Yen Han

REGISTERED OFFICE
15 Hoe Chiang Road #12-05
Tower Fifteen
Singapore 089316

Tel : (65) 6571 0523
Fax : (65) 6222 7848
Website : www.alphaenergy.com.sg
Email : dg@alphaenergy.com.sg

SHARE REGISTRAR
Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte Ltd)
80 Robinson Road #02-00
Singapore 068898

INDEPENDENT AUDITORS
KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Partner-in-charge: Mr Chiang Yong Torng
(Appointed since financial year ended 31 March 2016)

PRINCIPAL BANKER
The Development Bank of Singapore Limited

SPONSOR
PrimePartners Corporate Finance Pte. Ltd.
10 Collyer Quay
#10-00 Income at Raffles
Singapore 049318
Registered Professional: Mr Lance Tan
Tel : (65) 6229 8088

Corporate Governance Report

Alpha Energy Holdings Limited (the "Company") and its subsidiaries (the "Group") recognise the importance of and are committed to maintaining a high standard of corporate governance within the Group. Good corporate governance provides the framework for an ethical and accountable corporate environment, which will protect the interests of the Company's shareholders and promote investors' confidence.

This report outlines the Company's main corporate governance practices that were in place during the financial year ended 31 March 2016 ("FY2016") with references to the principles of the Code of Corporate Governance 2012 (the "Code") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "SGX-ST") in January 2015 (the "Guide"). The Company has complied with the principles and guidelines as set out in the Code and 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.

(A) BOARD MATTERS

Board's Conduct of its Affairs
Principle 1: Effective Board to lead and control the company

The Board of Directors (the "Board") has seven members and comprises the following:

Name of Director	Designation
Mr Ravinder Singh Grewal s/o Sarbjit Singh	Independent Non-Executive Chairman
Mr Dean Lloyd Gallegos	Executive Director and Chief Executive Officer
Mr Lim Yeok Hua	Independent Non-Executive Director
Mr Lee Sek Leong Christopher	Independent Non-Executive Director
Mr Yong Boon Chuan Leslie	Independent Non-Executive Director
Mr Ang Yew Jin Eugene	Non-Executive Director
Mr Tan Ser Ko	Non-Executive Director

Role of Board

The Board is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group, and its principal functions include:

(i) providing entrepreneurial leadership, setting strategic objectives, and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;

(ii) establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;

(iii) reviewing the performance and approving the remuneration of key management personnel;

(iv) identifying the key stakeholder groups and recognising that their perceptions affect the Group's reputation;

(v) setting the Group's value and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met;

(vi) considering sustainability issues (e.g. environmental and social factors) in the formulation of its strategic objectives; and

(vii) generally managing the affairs of the Group.

Delegation to Board Committees

Certain matters are delegated to committees of the Board, whose duties and responsibilities are monitored and endorsed by the Board. These committees include the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") (collectively, the "Board Committees"), all of which operate within clearly defined and written terms of reference and functional procedures, which are reviewed on a regular basis by the Board. Each of these Board Committees reports its activities regularly to the Board.

Frequency of Meetings

The Board meets on a half-yearly basis. Adhoc meetings are convened as and when circumstances require. The Constitution of the Company ("Constitution") provide for the meetings to be held via telephone conference and other electronic or telegraphic means; and also for matters requiring decisions of the Board to be approved by way of written resolutions of the Board.

The number of meetings of the Board and Board Committees held in FY2016, as well as the attendance of each Board member thereat, are set out below:

		Board Committees		
Type of Meetings	**Board**	**AC**	**NC**	**RC**
Number of meetings held	2	2	1	1
Name of Director	**Number of meetings attended**			
Mr Ravinder Singh Grewal s/o Sarbjit Singh	2	2	1	1
Mr Dean Lloyd Gallegos(1)	2	2	N.A.	N.A.
Mr Ang Yew Jin Eugene(2)	2	N.A.	1	N.A.
Mr Lim Yeok Hua	2	2	1	1
Mr Lee Sek Leong Christopher	2	2	1	1
Mr Yong Boon Chuan Leslie(3)	2	2	N.A.	1
Mr Tan Ser Ko(4)	2	N.A.	N.A.	N.A.

N.A. – Not Applicable

(1) Mr Dean Lloyd Gallegos was appointed as an Executive Director and Chief Executive Officer ("CEO") of the Company on 1 January 2016. He was the Chief Financial Officer of the Company for the period from 4 September 2014 to 31 December 2015 and attended the meetings of the AC and Board held prior to 1 January 2016 by invitation.

(2) Mr Ang Yew Jin Eugene was appointed as a member of AC and stepped down as a member of the NC on 14 June 2016.

(3) Mr Yong Boon Chuan Leslie was re-designated as an Independent Non-Executive Director on 14 June 2016. He was appointed as a member of the NC and stepped down as a member of the RC on 14 June 2016.

(4) Mr Tan Ser Ko was appointed as a member of the RC on 14 June 2016.

Matters Requiring Board Approval

The Board had previously approved and adopted internal control procedures and guidelines for the Company. Under such procedures and guidelines, matters which specifically require the Board's decision or approval are those involving:

- corporate strategy and business plans;
- investment and divestment proposals;
- funding decisions of the Group;
- nomination of Directors and appointment of key executives;
- half-year and full-year results announcements, the annual report and financial statements;
- material acquisitions and disposals of assets; and
- all matters of strategic importance.

Training for Directors

The Board ensures that incoming newly-appointed Directors will undergo an orientation program introducing them to the Group's business strategies, operations and governance practices to facilitate the effective discharge of their duties. The Company also provides training for first-time Directors in areas such as accounting, legal and industry-specific knowledge as appropriate.

A formal letter of appointment setting out, among other things, a Director's duties and obligations is provided to all new Directors.

Board members have been and will be encouraged to attend seminars and receive training to develop the necessary skills in facilitating the discharge of their duties as Directors. All Directors are provided with regular updates on changes to the Listing Manual Section B: Rules of Catalist of the SGX-ST (the "Catalist Rules"), relevant laws, regulations and accounting standards. The Company also arranges and funds regular briefings and training for Directors.

Directors are also provided with regular insights into the Group's operational facilities and periodically meet with the management to gain a better understanding of the Group's business operations. The Board, as a whole, is updated regularly on the Company's risk management initiatives and key changes in the relevant regulatory environment, which have an important bearing on the Company and the Directors' obligations to the Company.

Board Composition and Guidance
Principle 2: Strong and independent element on the Board

Strong and Independent Element on the Board

The Board comprises of seven (7) members, six (6) of whom are Non-Executive Directors, of which four (4) are independent.

The Company endeavours to maintain a strong and independent element on the Board.

The independence of each Director is reviewed annually by the NC. The NC adopts the Code's definition on what constitutes an Independent Director in its review. Under the Code, Independent Director is one who has no relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Group.

The NC has reviewed and determined that Messrs Ravinder Singh Grewal s/o Sarbjit Singh, Lim Yeok Hua, Lee Sek Leong Christopher and Yong Boon Chuan Leslie are independent according to the Code and noted that at least one third of the Board comprises Independent Directors. Guideline 2.1 of the Code is met.

The Independent Directors have also confirmed that they do not have any relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgment with a view to the best interests of the Group.

In view that the Chairman of the Board (the "Chairman") is an Independent Director, Guideline 2.2 of the Code is not applicable.

None of the Independent Directors have served on the Board for a period exceeding nine years since the date of their first appointment.

Board Size

The Board has examined its present size and is satisfied that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Group. The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process.

Competencies of Directors

The NC is of the view that the current Board comprises persons who as a group provide an appropriate balance and diversity of skills, experience and knowledge for the Board to be effective. Details of the Board members' qualifications and experience are presented in pages 18 to 19 of this Annual Report under the heading "Board of Directors".

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

(i) Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and

(ii) Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

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

The Non-Executive Directors constructively challenge and assist in the formulation of strategy, and assist the Board in reviewing management's performance in meeting goals and objectives. The Non-Executive Directors also monitor the reporting of management's performance.

The Non-Executive Directors meet at least once annually without the presence of management.

Chairman and CEO
Principle 3: Clear division of responsibilities and balance of power and authority

The roles of the Chairman and CEO are separate to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision making. The Chairman, Mr Ravinder Singh Grewal s/o Sarbjit Singh, is an Independent Non-Executive Director. Mr Singh leads the Board and ensures that the Board members engage the management in constructive discussions on various strategic issues.

Mr Ang Yew Jin Eugene, formerly the Managing Director of the Company, was in charge of the management, overall strategy planning and oversight of the day-to-day operations of the Company. He was responsible for developing the overall strategic direction of the Company, the business strategies and policies. With effect from 1 January 2016, Mr Ang has stepped down as the Managing Director and re-designed as a Non-Executive Director of the Company. Mr Ang is succeeded by Mr Dean Lloyd Gallegos who was appointed as an Executive Director and CEO of the Company on the same day.

The Chairman is not related to the Managing Director and CEO as well as the current Executive Director and CEO. Guideline 3.3 of the Code is not applicable.

The Chairman is assisted by the Board, the Company Secretary and management, and they collectively ensure:

(i) the timely scheduling and proper conduct of meetings to enable the Board to perform its duties responsibly;

(ii) the promotion of a culture of openness and debate at the Board;

(iii) effective communication with shareholders;

(iv) the quality, quantity and timeliness of information between management and the Board; and

(v) compliance with the Code (where appropriate).

The Independent Directors meet at least once annually without the presence of management.

Board Membership
Principle 4: Formal and transparent process for the appointment and re-appointment of Directors to the Board

Establishment, Composition and Membership of the NC

The NC comprises of four (4) Directors, all of whom, including the Chairman are independent.

The names of the members of the NC are as follows:

Mr Lee Sek Leong Christopher	Chairman
Mr Ravinder Singh Grewal s/o Sarbjit Singh	Member
Mr Lim Yeok Hua	Member
Mr Yong Boon Chuan Leslie	Member

Responsibilities of the NC

The NC has written terms of reference clearly defining its membership, administration and duties. The NC meets at least once a year. The NC is responsible for, and its key terms of reference include, the following:

(i) to make recommendations to the Board on all Board appointments, including re-appointments, having regard to a Director's contribution and performance (i.e., attendance, preparedness, participation and candour) including, if applicable, as an Independent Director. All Directors are required to submit themselves for re-nomination and re-election at regular intervals and at least once every three (3) years;

(ii) to determine annually, and as and when circumstances require, whether or not a Director is independent (bearing in mind the guidelines of the Code, and any other salient factors);

(iii) in respect of a Director who has multiple board representations on various companies, to decide whether or not such Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced when serving on multiple boards (it should be noted that to address the competing time commitments that are faced when Directors serve on multiple boards, the NC has reviewed and the Board has determined that the maximum number of listed company board representations which any Director may hold is six (6));

(iv) to review and approve any new employment of related persons and the proposed terms of their employment;

(v) to decide how the Board's performance is to be evaluated, and propose objective performance criteria, subject to Board's approval, which address how the Board enhances long-term shareholders' value; and

(vi) to review board succession plans for Directors and review the training and professional development programs for the Board.

Each member of the NC will abstain, and had in FY2016 abstained, from reviewing and voting on any resolution relating to the assessment of his performance or his re-nomination as Director, or in any matter where he has an interest.

Currently, the Company does not have any alternate Director.

Selection and Appointment of New Directors

The NC will ensure that there is a formal and transparent process for all appointments to the Board. For new appointments, the NC will determine if a candidate's background, experience and knowledge will bolster the core competencies of the Board. The selected candidate must also be a person of integrity and be prepared to commit time and attention to the Company's affairs, especially if he is serving on multiple boards.

Where a vacancy arises under any circumstances, or where it is considered that the Board will benefit from the services of a new Director with particular skills, the NC will determine the selection criteria and selects candidates with the appropriate expertise and experience for the position. The NC will then make recommendations for the Board's approval in relation to the shortlisted candidates. The process for the selection and appointment of new Directors is as follows:

(i) the NC evaluates the balance of skills, knowledge and experience of the Board and, in light of such evaluation and in consultation with the Board, prepares a description of the role and the essential and desirable competencies for a particular appointment;

(ii) where necessary, the Board and the management may seek help and suggestions from external parties to source for potential candidates;

(iii) the NC meets with shortlisted candidates to assess their suitability and to ensure that the candidates are aware of the expectations and the commitment required of them; and

(iv) the NC makes the recommendations to the Board for approval.

Re-Election of Directors

Article 104 of the Constitution requires one-third of the Directors to retire from office at the annual general meeting of the Company ("AGM") every year provided always that all Directors shall retire from office at least once every three (3) years and are, subject to the Companies Act (Chapter 50) of Singapore (the "Companies Act"). Such retiring directors are eligible to offer themselves for re-election. Article 105 of the Constitution provides that the Directors to retire in every year shall be those who have been longest in office since their last election.

In addition to the foregoing, Article 114 of the Constitution provides that a newly appointed Director shall hold office only until the next AGM of the Company, and shall be eligible for re-election.

Pursuant to Article 104 of the Constitution, the NC has recommended to the Board that Mr Ang Yew Jin Eugene and Mr Lee Sek Leong Christopher be nominated for re-election at the forthcoming AGM. In making the abovementioned recommendation, the NC has considered the Directors' overall contributions and performance.

Mr Lee Sek Leong Christopher will, upon re-election as a Director, remain as the Chairman of the NC and RC as well as a member of the AC. Mr Lee will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. Mr Ang Yew Jin Eugene will, upon re-election as a Director, remain as a member of the AC. Mr Ang will be considered non-independent for the purposes of Rule 704(7) of the Catalist Rules.

Pursuant to Article 114 of the Constitution, the NC has recommended to the Board that Mr Dean Lloyd Gallegos be nominated for re-election at the forthcoming AGM. In making the above-mentioned recommendation, the NC has considered his experience, skills and ability to contribute to the Company.

While some Directors have multiple board representations, the NC is satisfied the Directors are able to adequately carry out their duties as directors based on the attendance of the Directors and their contributions at meetings of the Board and Board Committees and their time commitment to the affairs of the Company.

In assessing the capacity of Directors, the NC will consider, amongst others, the following:

(i) Expected and/or competing time commitments of Directors;

(ii) Geographical location of Directors;

(iii) Size and composition of the Board; and

(iv) Nature and scope of the Group's operations and size.

The dates of initial appointment and last re-election of each director are set out as follows:

Name of director	**Appointment**	**Date of initial appointment**	**Date of last re-election**
Mr Ravinder Singh Grewal s/o Sarbjit Singh	Independent Non-Executive Chairman	6 June 2014	21 July 2014
Mr Dean Lloyd Gallegos	Executive Director and CEO	1 January 2016	N.A.
Mr Lim Yeok Hua	Independent Non-Executive Director	4 August 2011	27 July 2015
Mr Lee Sek Leong Christopher	Independent Non-Executive Director	4 August 2011	21 July 2014
Mr Yong Boon Chuan Leslie	Independent Non-Executive Director	4 August 2011	27 July 2015
Mr Ang Yew Jin Eugene	Non-Executive Director	28 October 2003	21 July 2014
Mr Tan Ser Ko	Non-Executive Director	6 June 2014	21 July 2014

Key information on Directors

The list of directorships in other listed companies and other principal commitments of the respective Directors are set out below:

Name	Directorship in other listed companies and/or other principal commitments
Ravinder Singh Grewal s/o Sarbjit Singh	**Present Listed Company Directorships** Thai Union Frozen Public Co Limited Scomi Energy Services Bhd **Past Listed Company Directorships (in the last three preceding years)** Otto Marine Limited Straits Resources Limited **Other Principal Commitments (Directorship)** MW Brands Holdings
Dean Lloyd Gallegos	**Present Listed Company Directorships** None **Past Listed Company Directorships (in the last three preceding years)** None **Other Principal Commitments (Directorship)** Rarus Limited
Lim Yeok Hua	**Present Listed Company Directorships** Tritech Group Limited Kori Holdings Limited **Past Listed Company Directorships (in the last three preceding years)** CNMC Goldmine Holdings Limited Manufacturing Integration Technology Limited **Other Principal Commitments (Directorships)** Radiant Management Services Pte Ltd

Name	Directorship in other listed companies and/or other principal commitments
Lee Sek Leong Christopher	**Present Listed Company Directorships** None **Past Listed Company Directorships (in the last three preceding years)** None **Other Principal Commitments (Directorships)** Shareinvestor.com Holdings Pte Ltd Shareinvestor Pte Ltd Waterbrooks Pte Ltd SI.com (Thailand) Co Ltd
Yong Boon Chuan Leslie	**Present Listed Company Directorships** None **Past Listed Company Directorships (in the last three preceding years)** None **Other Principal Commitments (Directorships)** Cherry Pink Pte Ltd Tong Ren International Trading Pte Ltd
Ang Yew Jin Eugene	**Present Listed Company Directorships** None **Past Listed Company Directorships (in the last three preceding years)** None **Other Principal Commitments (Directorship)** Canyon Investments Pte Ltd JK Technology Pte Ltd
Tan Ser Ko	**Present Listed Company Directorships** Charisma Energy Services Limited **Past Listed Company Directorships (in the last three preceding years)** Contel Corporation Limited (now known as Yuuzoo Corporation Limited) M Development Ltd Surface Mount Technology (Holdings) Limited **Other Principal Commitments (Directorship)** None

Key information of each Director is disclosed in the "Board of Directors & Management Team" section as set out in this Annual Report.

Board Performance
Principle 5: Formal assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each Director to the effectiveness of the Board

The NC had adopted processes for the evaluation of the Board and its committees' performance and effectiveness as a whole, and the performance of individual Directors, based on performance criteria set by the Board. For the evaluation of the Board's performance, the criteria include return on assets, return on equity and the Company's share price performance which will allow the Company to make comparisons with its industry peers and link Board's performance to long-term shareholders' value. For the evaluation of the performance of individual Directors, the criteria include, *inter alia*, attendance at Board meetings and related activities, participation in Board discussions, ability to make informed business decisions and performance in respect of specific delegated tasks.

The assessment process involves and includes inputs from Board members, and applying the performance criteria determined by the NC and approved by the Board. This data is collated and reviewed by the Chairman of the NC, who presents a summary of the overall assessment to the NC for review. Areas where the Board's performance and effectiveness could be enhanced and recommendations for improvements are then submitted to the Board for discussion and, where appropriate, approved for implementation.

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

The NC has reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for FY2016 and is of the view that the performance of the Board as a whole has been satisfactory. The NC has also reviewed the overall performance of each of the Directors and is of the view that the performance of each of the Directors has been satisfactory.

No external facilitator was used in the evaluation process in FY2016.

Access to Information
Principle 6: Board members should be provided with adequate and timely information

Each member of the Board has complete and timely access to information regarding the Group as may be required for the discharge of his duties and responsibilities. Prior to each Board meeting, the members of the Board are each provided with the relevant documents and information, including but not limited to, background and explanatory statements, financial statements, budgets, forecasts and progress reports of the Group's business operations, which are necessary for them to comprehensively understand the issues to be deliberated upon and to make informed decisions thereon.

As a general rule, notices are sent to the Directors at least one (1) week in advance of Board meetings, followed by the Board papers in order for the Directors to be adequately prepared for the meetings. Key executives, if required, will attend Board meetings to address queries from the Directors. The Directors also have separate and independent access to the management and the Company Secretary. Requests for the Company's information by the Board are dealt with promptly.

The Company Secretary attends all Board and Board Committees meetings and ensures that Board procedures and the provisions of applicable laws, the Companies Act, the Constitution and the Catalist Rules are followed and complied with. The Company Secretary also assists with the circulation of Board papers and updates the Directors on changes in laws and regulations relevant to the Group. The Company Secretary also ensures that good information flows within the Board, the Board Committees and between management and Non-Executive Directors. The appointment and removal of the Company Secretary is a matter for the Board as a whole, and is subject to the Board's approval.

The Board (whether as individual members or as a group) has direct access to independent professional advisers, where so requested by them, at the expense of the Company.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies
Principle 7: Formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors

The RC comprises of four (4) Directors, the majority of whom, including the Chairman are independent. All members of the RC are Non-Executive Directors.

The names of the members of the RC are as follows:

Mr Lee Sek Leong Christopher	Chairman
Mr Ravinder Singh Grewal s/o Sarbjit Singh	Member
Mr Lim Yeok Hua	Member
Mr Tan Ser Ko	Member

The RC has written terms of reference clearly defining its membership, administration and duties. The RC is responsible for, and its key terms of reference include, reviewing and recommending to the Board a framework of remuneration for the Directors and key management personnel and determining specific remuneration packages for each Executive Director and key management personnel. The recommendations of the RC will be submitted for endorsement by the Board. The recommendations should cover all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind.

With a view to be fair and to avoid rewarding poor performance, the RC is also responsible for reviewing the Company's obligations arising in the event of the termination of a Director's and/or key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC also makes recommendations to the Board on long term incentive schemes, including share performance schemes, which may be set up from time to time. The RC may do all acts necessary in connection therewith. The RC will review and consider whether any Director should be eligible for benefits under such incentive schemes. In addition, the RC will perform an annual review of the remuneration of employees related to the Company's Directors and substantial shareholders (if any) to ensure that their remuneration packages are in line with the Group's staff remuneration guidelines and commensurate with their respective job scope and level of responsibilities. The RC will also review and approve any bonuses, pay increases and/or promotion for these employees.

Each member of the RC will abstain from voting on any resolution in respect of his remuneration package. While each member of the RC is familiar with executive compensation matters (as they manage their own businesses and/or are holding other directorships), the RC has access to expert professional advice on remuneration matters, as and when necessary. The RC ensures that existing relationships, if any, between the Company and its appointed remuneration experts will not affect the independence and objectivity of the remuneration experts. The expenses of such services shall be borne by the Company. No remuneration consultants were engaged by the Company in FY2016.

Level and Mix of Remuneration
Principle 8: Level of remuneration should be appropriate and not excessive

In setting remuneration packages, the RC will ensure that Directors and the key management personnel are adequately but not excessively remunerated, and that remuneration packages of the Directors and the key management personnel are in line with the industry and comparable companies.

The remuneration packages for Executive Directors and the key management personnel take into account the performance of the Group and each individual Executive Director and the key management personnel, giving due regard to the financial and commercial health and business needs of the Group. The remuneration of Executive Directors and key management personnel include a fixed monthly salary, an annual wage supplement and a variable incentive bonus which is designed to align the interests of such Directors and key management personnel with those of the shareholders.

The RC has reviewed and satisfied that the performance conditions were met for FY2016.

Non-Executive Directors (including Independent Directors) receive Directors' fees. The Directors' fees policy is based on a scale of fees divided into basic retainer fees such as Director and additional fees for serving on Board Committees, taking into account factors such as effort, time spent and responsibilities of the Non-Executive Directors (including Independent Directors). The Directors' fees will be recommended by the RC for the endorsement of the Board and are subject to shareholders' approval at the AGM.

All remuneration packages for Directors and key management personnel are subject to review and approval by the Board. Directors' fees are further subject to the approval of shareholders at the Company's AGM as mentioned above. Each member of the RC will abstain from voting on any resolution in respect of his remuneration package, or persons related to him.

Disclosure on Remuneration
Principle 9: Clear disclosure of remuneration policy, level and mix of remuneration, and the procedure for setting remuneration

The RC recommends to the Board a framework of remuneration for the Board and key management personnel to ensure that the structure is competitive and sufficient to attract, retain and motivate the Directors and key management personnel to run the Company successfully in order to maximise shareholders' value.

The breakdown, showing the level and mix of each individual Director's remuneration in FY2016, by percentage (%), was as follows:

Remuneration Band & Name of Director	Base / Fixed salary	Directors' fees[1]	Variable or performance benefits related income / Bonus	Share Plan Awards	Other Benefits	Total
Below S$250,000						
Mr Dean Lloyd Gallegos[2]	85%	-	-	-	15%	100%
Mr Ang Yew Jin Eugene[3]	87%	3%	-	-	10%	100%
Mr Ravinder Singh Grewal s/o Sarbjit Singh	-	100%	-	-	-	100%
Mr Lim Yeok Hua	-	100%	-	-	-	100%
Mr Lee Sek Leong Christopher	-	100%	-	-	-	100%
Mr Yong Boon Chuan Leslie	-	100%	-	-	-	100%
Mr Tan Ser Ko	-	100%	-	-	-	100%

Note:
(1) Directors' fees are subject to the approval of the shareholders at AGM.
(2) Comprised of the remuneration for serving as Chief Financial Officer of the Company for the period from 1 April 2015 to 31 December 2015, and as an Executive Director and CEO for the period from 1 January 2016 to 31 March 2016.
(3) Comprised of the remuneration for serving as Executive Director and Managing Director for the period from 1 April 2015 to 31 December 2015, and the Directors' fees for serving as a Non-Executive Director for the period from 1 January 2016 to 31 March 2016.

As at the end of FY2016, the Company only has 1 key management personnel (who is not a Director or the Managing Director or the CEO). The remuneration of the Company's sole key management personnel (who is not a Director or the Managing Director or the CEO) in FY2016 was as follows:

Remuneration Band & Name of Key Management Personnel	**Base / Fixed salary**	**Variable or performance benefits related income / Bonus**	**Share Plan Awards**	**Other Benefits**	**Total**
Below S$250,000					
Koh Yen Han	89%	7%	-	4%	100%

The Company has not disclosed exact details of the remuneration of each individual Director and key management personnel due to the competitive pressures in the industry and talent market and to prevent poaching of key management personnel.

As such, the total remuneration paid to the only key management personnel was also not disclosed.

The Company has in place an employee share award scheme (the "Share Plan"). Under the terms of the Share Plan, the Company is entitled to grant to eligible Group's employees and Directors ("Participants"), awards representing the right of a Participant to receive fully paid ordinary shares of the Company ("Shares") free of charge, upon the relevant Participant achieving prescribed performance targets upon expiry of the prescribed performance period ("Awards"). Awards may only be vested and consequently any Shares comprised in such Awards shall only be delivered upon the achievement of prescribed performance targets. No Awards were granted in FY2016. Details of the Share Plan can be found in the "Statement by Directors" as set out in this Annual Report.

For FY2016, there were no terminations, retirement or post-employment benefits granted to Directors and key management personnel other than the standard contractual notice period termination payment in lieu of service.

There were no employees who were immediate family members of a Director or the Managing Director or the CEO whose remuneration exceeded S$50,000 in the Group's employment in FY2016.

(C) ACCOUNTABILITY & AUDIT

Accountability
Principle 10: Presentation of a balanced and understandable assessment of the Company's performance, position and prospects

In line with the continuing disclosure obligations of the Company under the Catalist Rules, the Board's policy is that shareholders shall be informed of all major developments and material information on the Company. Information is presented to shareholders on a timely basis through SGXNET and press releases. In presenting the annual financial statements and the half-year and full-year financial results announcements to its shareholders, it is the objective of the Board to provide its shareholders with a balanced and understandable assessment of the Group's financial position, performance and prospects.

The Board delegates to the management with the responsibility of ensuring compliance with legislative and regulatory requirements, including requirements under the Catalist Rules. Management may seek professional advice from the Company Secretaries or legal advisors when necessary.

The management currently provides the Board with management accounts of the Group's performance, position and prospects on a quarterly basis or as and when deemed necessary.

Risk Management and Internal Controls
Principle 11: Maintains a sound system of risk management and internal controls

The management is responsible for the effective design, implementation and monitoring of the Group's risk management strategy and internal controls.

While the Board reviews the adequacy and effectiveness of the Group's risk management strategy and internal controls on an annual basis, the Group has outsourced the internal audit function to Yang Lee & Associates and their primary line of reporting is to the AC. The Company's internal auditors had, during FY2016 conducted a review of the effectiveness and adequacy of the Group's internal controls, including its financial, operational, compliance and information technology controls and its risk management policies and systems and had reported to the AC any material non-compliance or failures in internal controls, with recommendations for improvements where necessary. The AC had also reviewed the effectiveness of the actions taken by the management on the recommendations made by the internal auditors.

The CEO and the Finance Manager have also provided assurance to the Board that (a) the financial records have been properly maintained and the financial statements for FY2016 give a true and fair view of the Company's operations and finances; and (b) the Company's risk management and internal control systems are effective.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the Board (with the concurrence of the AC) is of the opinion that the Group's risk management and internal control systems addressing financial, operational, compliance and information technology controls, and risk management systems were adequate and effective for FY2016.

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

Audit Committee
Principle 12: Establishment of Audit Committee with written terms of reference, which clearly set out its authority and duties.

The AC comprises of five (5) Directors, the majority of whom, including the Chairman are independent. All members of the AC are Non-Executive Directors.

The names of the members of the AC are as follows:

Mr Lim Yeok Hua	Chairman
Mr Ravinder Singh Grewal s/o Sarbjit Singh	Member
Mr Lee Sek Leong Christopher	Member
Mr Yong Boon Chuan Leslie	Member
Mr Ang Yew Jin Eugene	Member

The members of the AC have sufficient financial and/or management expertise and reasonable resources, as assessed by the Board, to effectively discharge its functions.

The AC has written terms of reference clearly defining its membership, administration and duties, which include:

(i) review with the external auditors and the internal auditors their audit plan, their evaluation of the system of internal accounting controls, their audit report, their management letter and the management's response;

(ii) review the internal controls and procedures and ensure co-ordination between the external auditors and the management, and review the co-operation and assistance given by the management to the external auditors, and discuss issues 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 the management where necessary);

(iii) ensure that the internal audit function is adequate and has appropriate standing within the Company, and review the scope and results of the internal audit procedures, including the effectiveness of the internal audit function;

(iv) review and ensure the integrity of the financial statements (including but not limited to the annual and/or periodic, consolidated financial statements, external auditors' report, the profit and loss statements, the balance sheets and such other information required by the Catalist Rules) of the Group before submission to the Board for approval, focusing in particular, on significant financial reporting issues, significant adjustments, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

(v) commission and review and discuss with the external auditors and internal auditors, if necessary, any suspected fraud or irregularity, or suspected failure of internal controls, 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 and/or financial position, and the management's response;

(vi) review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors, and where the external auditors also supply a substantial volume of non-audit services to the Company, keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and cost effectiveness;

(vii) review the independence of the external auditors annually, and recommend to the Board the appointment, reappointment or removal of the external auditors and approve the remuneration and terms of engagement of the external auditors;

(viii) review the adequacy and supervision of the finance and accounting team on an annual basis;

(ix) review interested person transactions, if any;

(x) review and monitor the activities of the Company on a continuing basis for any potential conflicts of interests and to set out a framework to resolve or mitigate any potential conflicts of interest;

(xi) approve internal control procedures and arrangements for all interested person transactions;

(xii) review the procedures by which employees of the Company may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions in relation thereto;

(xiii) review and rectify transactions falling within the scope of the Catalist Rules, in particular, matters pertaining to Interested Person Transactions and Acquisitions and Realisations as laid down in Chapters 9 and 10 respectively;

(xiv) conduct periodic review of foreign exchange transactions and hedging policies (if any) undertaken by the Group;

(xv) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(xvi) review at least annually the Group's key financial risk areas, with a view to provide an independent oversight of the Group's financial reporting, the outcome of such review to be disclosed in the annual reports of the Company or, where the findings are material, to announce such material findings via SGXNET; and

(xvii) undertake generally such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time.

The AC also has explicit authority to investigate any matters within its terms of reference, full access to and cooperation by the management and has full discretion to invite any Director or executive officer to attend its meetings.

Each member of the AC abstains from voting on any resolution in respect of matters in which he is interested.

The AC also met with the external auditors and the internal auditors, without the presence of the management once in FY2016.

While the AC is required to meet at least on a half-yearly basis, it had reviewed the Company's various announcements and all related disclosures, including the audited annual financial statements and unaudited half year and full year results announcements, before submission to the Board for approval. The AC had also reviewed the audit plan and AC report presented by the external auditors. The AC also received from the external auditors regular updates on changes and amendments to accounting standards to enable the AC's members to keep abreast of such changes, and issues which have a direct impact on financial statements.

The Group has complied with Rules 712 and 715 of the Catalist Rules in relation to the appointment of KPMG LLP as the external auditors of the Company and its significant subsidiaries.

The AC reviews the independence of the external auditors annually. The AC reviewed the non-audit services provided by the external auditors in FY2016 and is satisfied that the nature and extent of such services would not affect the independence of the external auditors. Details of the amount of audit and non-audit fees paid to the external auditors in FY2016 can be found on page 93 of this Annual Report. The AC had also recommended that KPMG LLP be nominated for re-appointment as the Company's auditors at the forthcoming AGM.

The Company has in place a whistle-blowing policy which has been communicated to all employees. The policy provides well-defined and accessible channels in the Group through which employees may raise concerns about improper conduct within the Group directly to the AC Chairman or one of the Non-Executive Directors, as appropriate. The AC oversees the administration of the policy and will ensure that arrangements are in place for the independent and timely investigation of such matters for appropriate follow-up action.

None of the AC members are former partners or directors of the Group's auditing firm.

Internal Audit
Principle 13: Establish an effective internal audit function that is adequately resourced and independent of the activities it audits

The Group outsources its internal audit function to Yang Lee & Associates ("IA"). Internal control weaknesses identified during the internal audit reviews and the implementation status of the recommended corrective actions are reported to the AC directly.

The AC approves the hiring, removal, evaluation and compensation of the corporation to which the internal audit function is outsourced. The IA has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The AC annually reviews the adequacy of the internal audit function to ensure that the internal audits are performed effectively. The AC is satisfied that the IA is staffed by qualified and experienced personnel, and has appropriate standing in the Company to discharge its duties effectively.

The IA is guided by the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

The AC reviews and approves the internal audit scope and plan to ensure that there is sufficient coverage of the Group's activities. It also oversees the implementation of the internal audit plan and ensures that management provides the necessary co-operation to enable the IA to perform its function.

The IA completed one internal audit review in FY2016 in accordance with the internal audit plan approved by the AC.

(D) COMMUNICATION WITH SHAREHOLDERS

Principle 14: Companies should treat all shareholders fairly and equitably

Principle 15: Communication with shareholders

Principle 16: Conduct of shareholder meetings

All shareholders are treated fairly and equitably to facilitate their ownership rights. The Board is mindful of its obligations to provide timely disclosure of material information to shareholders of the Group. Pertinent information will be disclosed to shareholders on a timely, accurate and comprehensive manner. The Company does not practice selective disclosure. Price sensitive information is first publicly released on SGXNET where required under the Catalist Rules before the Company meets with any group(s) of investors or analysts. The Company provides disclosure through the following channels:

(i) annual reports issued to all shareholders. Non-shareholders may access the SGX website for the Company's annual reports;

(ii) half-year and full-year announcements of its financial statements on the SGXNET;

(iii) other announcements on major developments and material information on the SGXNET;

(iv) press releases on major developments regarding the Group on the SGXNET; and

(v) the Company's website at http://www.alphaenergy.com.sg through which shareholders' can access information on the Group.

The Company is committed to regular and proactive communication with its shareholders in line with continuous disclosure obligations of the Company under the Catalist Rules. The Board also encourages shareholders' participation at general meetings of the Company.

General meetings of the Company are the main forum for communication with shareholders. Annual reports and/or circulars including notices of the meetings are sent to all shareholders. The Company requires all Directors to be present at all general meetings, unless of exigencies. The members of the Board Committees, including the respective Chairpersons, will be present at general meetings to answer questions relating to the work of these committees. The management and the external auditors will also be present to assist the Directors in addressing any relevant queries by shareholders. The Board welcomes the views of shareholders on matters affecting the Company, whether at general meetings or on an ad hoc basis.

The Company's Constitution allows a member of the Company to appoint not more than two (2) proxies to attend and vote at its general meetings.

On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and Central Provident Fund ("CPF") Board which purchases shares on behalf of CPF investors.

The Company does not have a formal investor relations policy. Pertinent information is regularly disseminated to the shareholders through SGXNet.

The Company does not have a fixed dividend policy. The form, frequency and amount of future dividends on the shares will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business conditions, development plans and other factors as the Directors may deem appropriate. The Board has not declared or recommended dividend for FY2016, as the management is of the view that it can better utilise the cash to invest in its core exploration and production segment.

Separate resolutions are proposed for each substantially separate issue that is to be tabled at the general meeting. The Company will make available minutes of general meetings to shareholders upon their requests.

All the resolutions are put to vote by poll and the voting results of all votes cast for, or against, each resolution are announced at the general meeting and via SGXNET after the general meeting.

Dealings in Securities

In line with Rule 1204(19) of the Catalist Rules, the Group has adopted and implemented an internal policy in relation to the dealing in securities of the Company.

The Company, its Directors, and officers are prohibited from dealing in the Company's shares during the period commencing one (1) month prior to the announcement of the Company's half-year and full-year financial results and ending on the date of the announcement of the relevant results.

The Group has also reminded its Directors and officers that it is an offence under the Securities and Futures Act, Chapter 289, for a listed issuer and its officers to deal in the listed issuer's securities as well as securities of other listed issuers when the officers are in possession of unpublished material price-sensitive information in relation to those securities.

The Company, its Directors and officers are also required to observe insider trading laws at all times even when dealing in securities within permitted trading periods and not to deal in the Company's securities on short-term considerations.

Non-Sponsor Fees

The sponsor of the Company is PrimePartners Corporate Finance Pte. Ltd. ("PPCF").

There were no non-sponsor fees paid to PPCF in FY2016.

Material Contracts

Save as disclosed in the "Interested Person Transactions" section below, there were no material contracts (including loans) entered into by the Group involving the interests of the Directors or controlling shareholders which are either still subsisting as at the end of FY2016 or if not then subsisting, entered into since the end of the previous financial year.

Interested Person Transactions

The Group has established procedures to ensure that all transactions entered into with interested persons are properly documented and reported on a timely manner to the AC at least on a half yearly basis and that the transactions are conducted on an arm's length basis and are not prejudicial to the interest of the Company and its minority shareholders, in accordance with the internal controls set up by the Company on dealing with interested person transactions. In the event that a member of the AC is involved in any interested person transaction, he will abstain from reviewing that particular transaction.

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 and conducted under shareholders' mandate pursuant to Rule 920) S$	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$
Lease of office premises from Ang Yew Jin Eugene, the Non-Executive Director of the Company	192,942	Not applicable

The above interested person transaction relates to the discontinued operations.

The Company does not have a general mandate from its shareholders for recurring interested person transactions.

Use of proceeds

The Company refers to the net proceeds amounting to S$59.0 million raised from the placement which was completed in August 2014. The following table sets out the breakdown of the use of net proceeds as at the date of this report:

Purpose	Percentage Allocation (%)	Percentage utilised (%)
Acquisition of Caracol Petroleum LLC	50 - 90	90
Funding of the exploration, exploitation and production of oil and gas business	0 - 40	10
General working capital of the Group	0 - 10	0
Total		100

The above use of proceeds was in accordance with the intended use as stated in the placement announcement dated 11 July 2014.

FINANCIAL CONTENTS

Directors' Statement

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 March 2016.

In our opinion:

(a) the financial statements set out on pages 49 to 113 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 March 2016 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, having regards to the negotiation on the matters highlighted set out in note 2 to the financial statements, 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:

Ravinder Singh Grewal s/o Sarbjit Singh	
Dean Lloyd Gallegos	(Appointed on 1 January 2016)
Lim Yeok Hua	
Lee Sek Leong Christopher	
Yong Boon Chuan Leslie	
Ang Yew Jin Eugene	
Tan Ser Ko	

DIRECTORS' INTERESTS

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

	Holdings at beginning of the year/date of appointment	Holdings at end of the year
Ordinary shares in the Company		
Yong Boon Chuan Leslie	20,000	20,000
Ang Yew Jin Eugene	53,617,539	53,617,539
Options granted by the Company		
Ravinder Singh Grewal s/o Sarbjit Singh	3,000,000	3,000,000
Dean Lloyd Gallegos	3,000,000	3,000,000
Tan Ser Ko	2,000,000	2,000,000

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year or date of appointment, if later, or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 April 2016.

Except as disclosed under the "Share Options" section 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 objects 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.

SHARE OPTIONS

Option Agreements

On 4 April 2014, the Company entered into option agreements (the "Option Agreements") with each of Ezion Holdings Limited ("Ezion") and SF Ventures Pte. Ltd. ("SF Ventures") (collectively, the "Option Subscribers"), pursuant to which the Company shall issue to the Option Subscribers an aggregate of 325,000,000 share option (the "Options"), with each Option carrying the right to subscribe for one new ordinary share in the capital of the Company at the issue price of S$0.09 per share, as follows:

Subject to the terms and conditions of the Option Agreements:

(a) the Company shall grant, and Ezion shall acquire 260,000,000 Options, with each Option carrying the right to subscribe for one new ordinary share in the capital of the Company at the exercise price of S$0.09;

(b) the Company shall grant and SF Ventures shall acquire 65,000,000 Options with each Option carrying the right to subscribe for one new ordinary share in the capital of the Company at the exercise price of S$0.09 (the "Second Option Share"); and

(c) Out of the 65,000,000 Options that SF Ventures acquired, 50,000,000 Options shall be transferred to such persons to be jointly determined by the executive directors of SF Ventures and the Company at a later date.

On 15 December 2015, SF Ventures transferred a total of 3,000,000 Options to a director of the Company, Mr Dean Lloyd Gallegos.

During the financial year, details of the Options granted under Option Agreements on the unissued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price per share $	Options outstanding as at 1 April 2015 '000	Options exercised '000	Options forfeited '000	Options outstanding as at 31 March 2016 '000	Exercise period
22 May 2014	0.09	325,000	64,000	–	261,000	22 May 2014 to 21 May 2019

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

PERFORMANCE SHARES

The Company's employee share award scheme ("Share Plan") was approved and adopted by its members at an Extraordinary General Meeting held on 22 July 2011. The Share Plan is administered by the Company's Remuneration Committee, comprising four directors, Lee Sek Leong Christopher, Ravinder Singh Grewal s/o Sarbjit Singh, Lim Yeok Hua and Tan Ser Ko.

The Company will grant share awards of the Company ("Awards") to eligible Group employees and directors ("Participants"). Awards represent the right of a Participant to receive fully paid ordinary shares of the Company ("Shares") free of charge, upon the Participant achieving prescribed performance targets. Awards may only be vested and consequently, any Shares comprised in such Awards shall only be delivered upon the Remuneration Committee's satisfaction that the prescribed performance targets have been achieved.

Details of Awards granted to the directors of the Company are as follows:

Name	Awards granted in FY2016	Aggregate Awards granted since commencement of Share Plan to end of FY2016	Aggregate Awards vested since commencement of Share Plan to end of FY2016	Aggregate Awards outstanding as at end of FY2016
Yong Boon Chuan Leslie	–	20,000	20,000	–

There were no Awards granted to Participants who are controlling shareholders of the Company and their associates.

There were no Awards granted to Participants who receive 5% or more of the total Awards available under the Share Plan.

There were no Awards granted to directors and employees of the parent company and its subsidiaries.

Directors' Statement

AUDIT COMMITTEE

The Audit Committee comprises the following members, who are all Non-Executive Directors and a majority of whom, including the Chairman, are Independent Directors. The members of the Audit Committee and at the date of this statement are:

Lim Yeok Hua (Chairman)
Ravinder Singh Grewal s/o Sarbjit Singh
Lee Sek Leong Christopher
Yong Boon Chuan Leslie
Ang Yew Jin Eugene

The Audit Committee carries out its functions in accordance with Section 201B of the Act, Rules of Catalist of the SGX-ST and the Code of Corporate Governance, including the following:

(i) review the audit plans of the internal and external auditors and results of the internal auditors examination and evaluation of the Company's system of internal accounting controls;

(ii) review the Group's financial and operation results and accounting policies;

(iii) review statements of financial position of the Company and the consolidated financial statements of the Group before their submission to the Directors of the Company and the external auditors' report on those financial statements;

(iv) reviews the half yearly and annual announcements on the results of the Group and financial position of the Company and of the Group;

(v) ensures the co-operation and assistance given by the management to external auditors;

(vi) makes recommendations to the Board on the appointment of external and internal auditors; and

(vii) reviews the Interested Person Transactions as defined in Chapter 9 of the Rules of Catalist of the SGX-ST as is required by SGX-ST and ensures that the transactions were on normal commercial terms and not prejudicial to the interests of the members of the Company.

The Audit Committee has full access to and co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external auditors have unrestricted access to the Audit Committee.

The Audit Commitee confirmed that it has undertaken a review of all non-audit services provided by the external auditors to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditors. 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, we have complied with Rules 712 and 715 of the Rules of Catalist of the SGX-ST.

Directors' Statement

AUDITORS

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

On behalf of the Board of Directors

Ravinder Singh Grewal s/o Sarbjit Singh
Director

Dean Lloyd Gallegos
Director

7 July 2016

Independent Auditor's Report

Members of the Company
Alpha Energy Holdings Limited

MEMBERS OF THE COMPANY
ALPHA ENERGY HOLDINGS LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Alpha Energy Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 March 2016, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 49 to 113.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2 of the financial statements which indicates that the financial statements have been prepared on a going concern basis notwithstanding the Group incurred a net loss of $5,266,071 for the current financial year and is in a net current liabilities position of $28,978,367 as at 31 March 2016. These conditions, along with other matters as set forth in Note 2, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern, and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Independent Auditor's Report

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.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
7 July 2016

Statements *of* Financial Position

As at 31 March 2016

	Note	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
Non-current assets					
Exploration and evaluation assets	5	89,281,923	77,117,628	–	–
Plant and equipment	6	2,547	890,407	2,547	1,088
Intangible asset	7	–	33,000	–	–
Investments in subsidiaries	8	–	–	2	4,447,369
Investment in associate	10	157,636	696,412	–	50,000
Available-for-sale financial assets	11	8,322,791	10,956,864	1,264,622	2,385,033
Deferred tax assets	12	–	203,133	–	–
Trade and other receivables	13	19,464,460	9,068,955	3,439,053	–
		117,229,357	98,966,399	4,706,224	6,883,490
Current assets					
Inventories	14	–	5,878,264	–	–
Trade and other receivables	13	819,804	14,371,114	71,128,025	62,634,564
Cash and cash equivalents	15	1,973,778	7,257,037	680,682	5,510,293
		2,793,582	27,506,415	71,808,707	68,144,857
Total assets		120,022,939	126,472,814	76,514,931	75,028,347
Equity					
Share capital	16	82,295,142	76,535,142	82,295,142	76,535,142
Reserves	17	206,475	209,675	196,809	196,809
Accumulated losses		(7,084,034)	(1,817,963)	(6,394,737)	(2,475,425)
Total equity		75,417,583	74,926,854	76,097,214	74,256,526
Non-current liabilities					
Bank borrowings	21	12,236,113	–		
Finance lease liabilities	18	–	125,099	–	–
Other payables	19	–	22,409,373	–	–
Provision for restoration costs	20	597,294	303,660	–	–
		12,833,407	22,838,132	–	–
Current liabilities					
Finance lease liabilities	18	–	31,973	–	–
Bank borrowings	21	–	1,872,957	–	–
Trade and other payables	19	31,771,949	26,802,898	417,717	771,821
		31,771,949	28,707,828	417,717	771,821
Total liabilities		44,605,356	51,545,960	417,717	771,821
Total equity and liabilities		120,022,939	126,472,814	76,514,931	75,028,347

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

Consolidated Statement *of* Profit or Loss

Year ended 31 March 2016

	Note	2016 $	2015 $ Restated *
Continuing operations			
Revenue	23	–	–
Cost of sales		–	–
Gross profit		–	–
Other income		1,222,114	6,881,688
General and administrative expenses		(1,729,139)	(3,086,119)
Other expenses		(3,102,439)	(3,133,620)
Results from operating activities		(3,609,464)	661,949
Finance income		56,557	–
Finance costs		(363,669)	(343,848)
Net finance costs	24	(307,112)	(343,848)
Share of results of associate, net of tax	10	158,437	–
(Loss)/profit before income tax	25	(3,758,139)	318,101
Income tax credit	26	–	56
(Loss)/profit from continuing operations		(3,758,139)	318,157
Discontinued operations			
(Loss)/profit from discontinued operations (net of tax)	27	(1,507,932)	935,537
(Loss)/profit for the year		(5,266,071)	1,253,694
(Loss)/earnings per share			
- basic (cents)	28	(1.61)	0.56
- diluted (cents)	28	(1.61)	0.29
(Loss)/earnings per share – continuing operations			
- basic (cents)	28	(1.15)	0.14
- diluted (cents)	28	(1.15)	0.07

* Refer to note 27 for details of discontinued operations.

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

Consolidated Statement *of* Comprehensive Income

Year ended 31 March 2016

	2016 $	2015 $
(Loss)/profit for the year	(5,266,071)	1,253,694
Other comprehensive income, net of tax		
Item that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences relating to financial statements of foreign operations	(3,200)	9,830
Other comprehensive income for the year, net of tax	(3,200)	9,830
Total comprehensive income for the year	(5,269,271)	1,263,524

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

Consolidated Statement *of* Changes in Equity

Year ended 31 March 2016

	Attributable to owners of the Company					
	Share capital $	Treasury shares $	Share option reserve $	Foreign currency translation reserve $	Accumulated losses $	Total equity $
Group						
At 1 April 2014	9,352,117	(60,191)	–	3,036	(3,071,657)	6,223,305
Total comprehensive income for the year						
Profit for the year	–	–	–	–	1,253,694	1,253,694
Other comprehensive income						
Foreign currency translation differences relating to financial statements of foreign operations	–	–	–	9,830	–	9,830
Total comprehensive income for the year	–	–	–	9,830	1,253,694	1,263,524
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Issue of shares	67,183,025	–	–	–	–	67,183,025
Share-based payments	–	7,000	250,000	–	–	257,000
Total transactions with owners	67,183,025	7,000	250,000	–	–	67,440,025
At 31 March 2015	76,535,142	(53,191)	250,000	12,866	(1,817,963)	74,926,854

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

Consolidated Statement *of* Changes in Equity

Year ended 31 March 2016

	Note	Share capital $	Treasury shares $	Share option reserve $	Foreign currency translation reserve $	Accumulated losses $	Total equity $
		Attributable to owners of the Company					
Group							
At 1 April 2015		76,535,142	(53,191)	250,000	12,866	(1,817,963)	74,926,854
Total comprehensive income for the year							
Profit for the year		–	–	–	–	(5,266,071)	(5,266,071)
Other comprehensive income							
Foreign currency translation differences relating to financial statements of foreign operations		–	–	–	(3,200)	–	(3,200)
Total comprehensive income for the year		–	–	–	(3,200)	(5,266,071)	(5,269,271)
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Issue of shares	16	5,760,000	–	–	–	–	5,760,000
Total transactions with owners		5,760,000	–	–	–	–	5,760,000
At 31 March 2016		82,295,142	(53,191)	250,000	9,666	(7,084,034)	75,417,583

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

Consolidated Statement *of* Cash Flows

Year ended 31 March 2016

	Note	2016 $	2015 $ Restated *
Cash flows from operating activities			
(Loss)/profit before income tax		(3,758,139)	318,101
Adjustments for:			
Depreciation of plant and equipment	6	614	167
Impairment of available-for-sale financial assets	25	1,855,189	1,394,967
Finance income	24	(56,557)	–
Finance costs	24	363,669	343,848
Share of results of associate		(158,437)	–
Dividend income		(2,219)	–
		(1,755,880)	2,057,083
Changes in working capital:			
Trade and other receivables		(5,797,260)	(13,007,733)
Trade and other payables		(6,492,906)	(1,001,152)
Net cash used in operating activities from continuing operations		(14,046,046)	(11,951,802)
Net cash generated from/(used in) operating activities from discontinued operations	27	2,200,658	(4,065,096)
Net cash used in operating activities		(11,845,388)	(16,016,898)
Cash flows from investing activities			
Purchase of plant and equipment		(2,073)	(1,255)
Available-for-sale investments		613,129	(8,028,427)
Purchase of exploration and evaluation assets		(10,099,043)	(35,990,477)
Dividend income received		2,219	–
Acquisition of associate	10	(13,868)	–
Net cash used in investing activities from continuing operations		(9,499,636)	(44,020,159)
Net cash used in investing activities from discontinued operations	27	(1,293,277)	(715,858)
Net cash used in investing activities		(10,792,913)	(44,736,017)

* Refer to note 27 for details of discontinued operations.

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

Consolidated Statement *of* Cash Flows

Year ended 31 March 2016

	Note	2016 $	2015 $ Restated *
Cash flow from financing activities			
Net proceeds from issuance of shares		5,760,000	63,653,025
Finance costs paid		(363,669)	(343,848)
Proceeds from bank borrowings		15,109,868	–
Repayment of bank borrowings		(2,549,770)	–
Net cash generated from financing activities from continuing operations		17,956,429	63,309,177
Net cash (used in)/generated from financing activities from discontinued operations	27	(864,790)	1,459,433
Net cash generated from financing activities		17,091,639	64,768,610
Net change in cash and cash equivalents		(5,546,662)	4,015,695
Cash and cash equivalents at beginning of financial year		6,258,697	2,242,598
Effects of exchange rate changes on cash and cash equivalents		(113)	404
Cash and cash equivalents at end of financial year	15	711,922	6,258,697

* Refer to note 27 for details of discontinued operations.

The accompanying notes form an integral part of these 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 7 July 2016.

1 DOMICILE AND ACTIVITIES

Alpha Energy Holdings Limited (the "Company") is incorporated in Singapore. The address of the Company's registered office is 15 Hoe Chiang Road Tower Fifteen #12-05 Singapore 089316. The Company is listed on Catalist, the sponsor-supervised listing platform, of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The financial statements of the Group comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associate.

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

The principal activities of the subsidiaries are set out in note 8 to the financial statements.

2 GOING CONCERN

The financial statements have been prepared on a going concern basis notwithstanding the Group incurred a net loss of $5,266,071 for the current financial year and is in a net current liabilities position of $28,978,367 as at 31 March 2016.

The directors of the Company, having considered the following factors, are of the view that the going concern basis remains appropriate:

(i) The Group is currently in negotiations with the sellers of Caracol Petroleum LLC, which holds an interest in the Mustang Project, to vary the $18.7 million fixed 2nd tranche payment of acquisition cost, which is due and payable on 30 May 2016, to a consideration that is contingent upon achieving certain hydrocarbon production and sales volume targets. The Group is confident of reaching an agreement that will enable the Group to defer payment of the liability to after December 2017; and

(ii) The Group, together with other joint operators of the Mustang Project, are currently in negotiations with a supplier to the Mustang Project and are confident of reaching an agreement to convert trade payables of $8.4 million to long term notes payable.

If the Group is unsuccessful in its negotiations on the matters highlighted in notes (i) and (ii) above, the Group may not be able to meet payment commitments in respect of its bank borrowings and trade and other payables. These negotiations are still ongoing as at the date of these financial statements.

These are material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern, and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

3.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise disclosed in the accounting policies set out in note 4.

3.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency.

3.4 Use of estimates and judgments

The preparation of financial statements in conformity with FRSs requires management to make judgments, 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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are discussed as follows:

Impairment of available-for-sale financial assets

At the end of each financial year, an assessment is made on whether there is objective evidence that an available-for-sale equity instrument is impaired. A significant or prolonged decline in the fair value of the instrument below its cost is considered in determining whether the asset is impaired. Judgment is used in determining what a significant or prolonged decline is. As a Group policy, available-for-sale investments in equity instruments are assessed for impairment when the market value as at the end of the financial year is significantly below cost, or the market value remained below cost for the previous 12 months or longer.

Allowance for trade and other receivables

Trade and other receivables are recorded at the invoiced amount and do not bear interest. The allowance for doubtful receivables is the Group's best estimate of the amount of probable credit losses in the Group's existing trade and other receivables.

Management uses judgment to determine the allowance for doubtful receivables which are supported by historical write-off, credit history of the customers and repayment records. The Group reviews its allowance for doubtful receivables monthly. Balances which are past due for more than 60 days are reviewed individually for collectability. Accounts balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Actual results could differ from estimates.

3 BASIS OF PREPARATION (CONT'D)

3.4 Use of estimates and judgments (cont'd)

Impairment of exploration and evaluation assets

Hydrocarbon reserves are estimates of the amount of oil which 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 judgments. Because the economic assumptions change from period to period and the Group continues 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 hence, impairment recorded in profit or loss.

Provision for restoration costs

In determining the amount of provision for restoration costs, estimates are made in relation to the expected cost to decommission and reinstate the site back to its original form after the expiration of the licenses. Changes in various factors, such as relevant legal requirements, emergence of new restoration techniques and expected timing of the expenditure will have impact on the amount of provision recorded as at the end of each financial year.

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

Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment to determine whether 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 exploration and evaluation expenditure.

The deferral policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information become 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.

Classification of investment in associate

Judgement is required by management to determine whether the Group has significant influence or control over its investments. In performing this determination, management considers factors including its voting power over the entity.

3 BASIS OF PREPARATION (CONT'D)

3.5 Changes in accounting policies

On 1 April 2015, the Group has adopted all new or revised FRSs and INT FRSs that became mandatory for application from that date. The adoption of these new FRSs and INT FRSs has no significant impact to the Group.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

4.1 Basis of consolidation

(i) Business combinations

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

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

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 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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation (cont'd)

(iii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising 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 an available-for-sale financial asset depending on the level of influence retained.

(iv) Associates

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.

Investments in associate 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 commences until the date the significant influence cease.

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 operation or has made payments on behalf of the investee.

(v) Joint operations

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

(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) Accounting for subsidiaries and associates in the separate financial statements

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Foreign currency

(i) Foreign currency transactions

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

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

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollar at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollar at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. 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 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 in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income, and are presented in the translation reserve in equity.

(iii) Net investment in foreign operation

Exchange differences arising from monetary items that in substance form part of the Company's net investment in a foreign operation are recognised in the Company's profit or loss. Such exchange differences are reclassified to other comprehensive income in the consolidated financial statements. When the foreign operation is disposed of, the cumulative amount in equity is transferred to profit or loss as an adjustment to the profit or loss arising on disposal.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 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 tenure are current and where:

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

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

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.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

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

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the cost of that stage. Site restoration costs include the dismantling and removal of drilling facilities, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the concession permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis. Any changes to the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within 1 year of abandoning the concession site.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 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.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

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

Depreciation is recognised from the date that plant and equipment are completed and ready for use.

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

Furniture and fittings	5 - 10 years
Office equipment	5 - 10 years
Motor vehicles	5 years

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Intangible assets

The club membership is initially recognised at cost and is subsequently measured at cost less any impairment loss.

4.6 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on a "first-in, first-out" basis and includes all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price at which the inventories can be realised in the ordinary course of business less costs incurred in marketing and distribution. Where necessary, allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying value of those inventories to the lower of cost and net realisable value.

4.7 Financial instruments

(i) Non-derivative financial assets

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

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

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

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

Loans and receivables

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

Loans and receivables comprise cash and cash equivalents and trade and other receivables (excluding prepayments).

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, restricted cash are excluded from cash and cash equivalents.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Financial instruments (cont'd)

(i) Non-derivative financial assets (cont'd)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (refer to note 4.8) is recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities.

(ii) Non-derivative financial liabilities

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

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

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

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

Other financial liabilities comprise finance lease liabilities, bank borrowings and trade and other payables (excluding deferred income).

(iii) Share capital

Ordinary shares

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

(iv) Repurchase, disposal and reissues of share capital (treasury shares)

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Impairment

(i) Non-derivative financial assets

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

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

Loans and receivables

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

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

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

Available-for-sale financial assets

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Impairment (cont'd)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, 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 cash-generating unit ("CGU") exceeds its estimated recoverable amount.

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

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

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

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

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

4.9 Employee benefits

(i) 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 obligations 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 services are rendered by employees.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Employee benefits (cont'd)

(ii) 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 or profit-sharing plans 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.

(iii) Share-based payment transactions

The Group grants share awards for the shares of the Company to employees of the Group. The fair value of incentives granted is recognised as an employee expense with a corresponding increase in equity.

4.10 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.

4.11 Government grants

An unconditional government grant is recognised in profit or loss as other income when the grant becomes receivable.

4.12 Revenue recognition

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

Rendering of services

Revenue from rendering of services is recognised when the related services have been rendered to customers.

Lease income

Revenue generated from the leasing of the Group's assets is recognised in profit or loss on a straight-line basis over the term of the lease. Lease income which has been received upfront at the start of the charter period is recognised as deferred revenue in the balance sheet. Such amount is recognised as revenue on a straight line basis over the entire leasing period of the Group's asset.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Revenue recognition (cont'd)

Dividend income

Dividend income is recognised in profit or loss when the shareholders' right to receive payment is established.

4.13 Leases

When entities within the Group are lessees of a finance lease

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leased assets are depreciated over the shorter of the lease term and their estimated useful lives. Lease payments are apportioned between finance expenses and reduction of the lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

At inception, an arrangement that contains a lease is accounted for as such based on the terms and conditions even though the arrangement is not in the legal form of a lease.

When entities within the Group are lessees of an operating lease

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

When entities within the Group are lessors of an operating lease

When the Group leases out assets under operating leases, the leased assets are included in the statement of financial position according to their nature and, where applicable, are depreciated in accordance with the Group's depreciation policies. Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies.

4.14 Finance income and finance costs

Finance income comprises interest income on bank deposits. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expenses on borrowings that are recognised in profit or loss.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to 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 period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous periods.

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 affects neither accounting nor taxable profit or loss; and
- Temporary differences related to investments in subsidiaries, associates and joint arrangements 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 tax reflects the tax consequences that would follow the manner in which the Group expects, at 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 the 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 judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of the existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

4.16 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 granted.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 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 Chief Executive Officer (the chief operating decision maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's Chief Executive Officer 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 liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment and exploration and evaluation assets.

4.18 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

4.19 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2015, and have not been applied in preparing these financial statements. The Group is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Group and the Company. The Group has set up a process to assess the potential impact on its financial statements and to implement the standards. The Group does not plan to adopt these standards early.

These new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for the adoption by the Group on 1 April 2018.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces a new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 New standards and interpretations not adopted (cont'd)

- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group and the Company in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group and the Company.

The Accounting Standards Council (ASC) announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards (IFRS) for annual periods beginning on or after 1 January 2018.

5 EXPLORATION AND EVALUATION ASSETS

	Group	
	2016 **$**	**2015** **$**
At 1 April	77,117,628	–
Additions	13,793,239	72,587,571
Translation differences on consolidation	(1,628,944)	4,530,057
At 31 March	89,281,923	77,117,628

Exploration and evaluation assets represent costs incurred with respect to the exploration and evaluation of hydrocarbons in Alaska. These assets are held through the Group's investment in a joint operation (note 9) and belong to the exploration and production segment (note 32). No amortisation was recorded for the year as the fields are currently in exploration and development phase and production has not commenced.

Included in exploration and evaluation assets is an amount of $520,886 (2015: $Nil) that represents borrowing costs capitalised during the year using a capitalisation rate of 6.0% (2015: $Nil).

Impairment

An impairment assessment has been performed over the Group's interests in its exploration and evaluation assets in Alaska due to depressed oil prices.

Based on the impairment assessment performed, the recoverable amounts were determined to be in excess of the carrying value of these exploration and evaluation assets, and no impairment allowance was recognised. The recoverable amounts of the exploration and evaluation assets were determined based on value in use calculations taking into consideration of assumptions such as resource estimates and future oil prices based on management's conservative forecast.

6 PLANT AND EQUIPMENT

	Note	Furniture and fittings $	Office equipment $	Motor vehicles $	Total $
Group					
Cost					
At 1 April 2014		470,384	318,323	274,254	1,062,961
Additions		534,406	168,515	94,800	797,721
Disposals		–	–	(70,936)	(70,936)
Write-offs		(455,152)	(111,016)	–	(566,168)
At 31 March 2015		549,638	375,822	298,118	1,223,578
Additions		80,398	180,191	88,800	349,389
Discontinued operations	27	(630,036)	(552,685)	(386,918)	(1,569,639)
At 31 March 2016		–	3,328	–	3,328
Accumulated depreciation					
At 1 April 2014		431,801	287,237	136,657	855,695
Depreciation from continuing operation		–	167	–	167
Depreciation from discontinued operations		31,807	14,917	43,520	90,244
Disposals		–	–	(70,936)	(70,936)
Write-offs		(431,221)	(110,778)	–	(541,999)
At 31 March 2015		32,387	191,543	109,241	333,171
Depreciation from continuing operations		–	614	–	614
Depreciation from discontinued operations		85,506	36,921	48,185	170,612
Discontinued operations	27	(117,893)	(228,297)	(157,426)	(503,616)
At 31 March 2016		–	781	–	781
Carrying amounts					
At 1 April 2014		38,583	31,086	137,597	207,266
At 31 March 2015		517,251	184,279	188,877	890,407
At 31 March 2016		–	2,547	–	2,547

6 PLANT AND EQUIPMENT

	Office equipment $
Company	
Cost	
At 1 April 2014 and 31 March 2015	1,255
Additions	2,073
At 31 March 2016	3,328
Accumulated depreciation	
At 1 April 2014 and 31 March 2015	167
Depreciation	614
At 31 March 2016	781
Carrying amounts	
At 1 April 2014 and 31 March 2015	1,088
At 31 March 2016	2,547

In 2015, the Group acquired plant and equipment of $66,300 under finance leases, and the carrying amounts of plant and equipment under finance leases was $188,877. These assets were pledged as securities for the related finance lease liabilities (note 18). These were included in the plant and equipment that were disposed as part of the discontinued operations in the current financial year (note 27).

7 INTANGIBLE ASSET

	Group	
	2016 $	2015 $
Club membership, at cost	–	68,000
Less: impairment loss	–	(35,000)
Carrying amount	–	33,000

Club membership comprises membership for recreation club in Singapore.

Club membership has been disposed during the year as part of the discontinued operations in the current financial year (note 27).

8 INVESTMENTS IN SUBSIDIARIES

	Company	
	2016 $	2015 $
Unquoted equity shares, at cost	2	6,409,869
Allowance for impairment losses	–	(1,962,500)
	2	4,447,369

Movements in allowance for impairment loss of investments in subsidiaries were as follows:

	Company	
	2016 $	2015 $
At beginning of financial year	1,962,500	1,962,500
Utilised during the year	(1,962,500)	–
At end of financial year	–	1,962,500

The details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Effective equity interest	
			2016 %	2015 %
Held by the Company				
JK Technology Pte Ltd[(1) (b)]	Supply of IT products and provision of related services	Singapore	–	100
Magenta Consulting Pte Ltd[(1) (b)]	Provision of management consultancy services	Singapore	–	100
JK Tech Systems (M) Sdn Bhd[(2) (b)]	Dormant	Malaysia	–	100
JK E&P Group Pte Ltd[(3)]	Investment holding	Singapore	100	100
Conquest Energy Pte Ltd[(3)]	Investment holding	Singapore	100	100
Held by JK E&P Group Pte Ltd				
JK North Slope Group Inc Srl[(a) (4)]	Investment holding	Romania	100	100

8 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Effective equity interest 2016 %	2015 %
Held by JK North Slope Group Inc Srl				
JK North Slope LLC[4]	Investment holding	United States of America	100	100
Held by JK North Slope LLC				
Caracol Petroleum LLC[4]	Oil and gas exploration through working interests (refer to note 9)	United States of America	100	100

[a] 1% held by Conquest Energy Pte Ltd
[b] The Group disposed its interest in these subsidiaries in the current financial year (refer to note 27)
[1] Audited by BDO LLP, Singapore
[2] Audited by Crowe Horwath, Malaysia
[3] Audited by KPMG LLP, Singapore
[4] Not required to be audited in accordance with the law of the country of incorporation. Audited by KPMG LLP, Singapore for group audit purposes

Acquisition of subsidiary

In July 2014, the Group acquired 100% equity interest in Caracol Petroleum LLC ("Caracol") for a cash consideration of US$5,000.

Through Caracol, the Group acquired the following interests for a maximum cash consideration of US$55.2 million:
- 38.2% working interest in the Mustang Project;
- 52.5% membership interest in Mustang Road, LLC ("Mustang Road"); and
- 46.8% interest in various oil concession leases.

The US$55.2 million cash consideration was payable in three tranches:
- 1st tranche: US$30.4 million paid in the previous financial year;
- 2nd tranche: Deferred consideration of US$13.8 million payable on 30 May 2016 (refer to note 2); and
- 3rd tranche: Consideration of US$8.5 million contingent on certain hydrocarbon production and sale volume targets and consideration of US$2.5 million contingent upon the use of the relevant oil wells.

The purchase consideration payable as at 31 March 2015 of US$16.3 million (equivalent to S$22.4 million) was determined by management based on the status and circumstances of the Mustang Project.

The Mustang Project has been accounted for as a joint operation (note 9), and Mustang Road has been accounted for as an available-for-sale financial asset (note 11) as at 31 March 2015.

The acquisition has enabled the Group to diversify into oil and gas development activities.

9 JOINT OPERATION

The details of the joint operation (refer to note 8) are as follows:

	Mustang Project
Held by Caracol Petroleum LLC	
Nature of relationship with the Group	Provides access to oil and gas exploration activities
Principal place of business	Alaska, United States of America
Ownership interest	38.2%* (2015: 38.2%*)

* During the carried period, the Group has an effective interest of 55.2% in capital expenditure. The carried period will end when a total of US$600 million has been spent on exploration and evaluation assets and the construction, operation and maintenance of the production facility owned by Mustang Operations Centre 1 LLC.

10 INVESTMENT IN ASSOCIATE

	Group		Company	
	2016 **$**	**2015** **$**	**2016** **$**	**2015** **$**
Interests in associate	157,636	696,412	–	50,000

The details of the associate are as follows:

	Pro-Datech Systems Pte. Ltd.[1]	Brooks Range Petroleum Corporation[2]
Nature of relationship with the Group	Strategic partner in provision of IT services	Operator of the Mustang Project
Principal place of business/Country of incorporation	Singapore	Alaska, United States of America
Ownership interests	Nil (2015: 25%)	50% (2015: Nil)

(1) Audited by Lee & Co, Singapore
(2) Audited by KPMG LLP, United States of America

During the current financial year, the Group acquired 50% interest in Brooks Range Petroleum Corporation ("BRPC") for a cash consideration of US$10,000 (equivalent to $13,868). Although the Group has 50% ownership of the equity interests of BRPC and 50% voting rights, the Group has determined that it only has significant influence because a 65% super-majority is required for all resolutions to be passed.

The Group's investment in Pro-Datech Systems Pte Ltd was disposed during the current financial year as part of the Group's discontinuation of its IT business (note 27).

10 INVESTMENT IN ASSOCIATE (CONT'D)

The following summarises the financial information of each of the Group's material associate based on their respective (consolidated) financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	Brooks Range Petroleum Corporation
	$
2016	
Revenue	920,499
Loss from operations/Total comprehensive loss	(792,583)
Non-current assets	66,266
Current assets	28,492,340
Current liabilities	(28,226,229)
Net assets	332,377

	Pro-Datech Systems Pte Ltd
	$
2015	
Revenue	17,905,769
Profit from operations/Total comprehensive income	130,880
Non-current assets	60,801
Current assets	7,377,868
Current liabilities	(4,660,693)
Net assets	2,777,976

10 INVESTMENT IN ASSOCIATE (CONT'D)

	2016		2015
	Brooks Range Petroleum Corporation $	Pro-Datech Systems Pte Ltd $	Pro-Datech Systems Pte Ltd $
Group's interest in net assets of investee at beginning of the year	–	696,412	663,692
Share of results of associate:			
- Negative goodwill recognised on acquisition of investee	554,750	–	–
- Group's share of loss from operations	(396,313)	–	–
- Group's share of results of associate under discontinued operations (note 27)	–	(45,526)	32,720
Group's share of profit from operations	158,437	650,886	32,720
Disposal of associate (note 27)	–	(650,886)	–
Translation difference	(801)	–	–
Carrying amount of interest in investee at end of the year	157,636	–	696,412

There were no contingent liabilities as at 31 March 2016 and 31 March 2015.

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2016 $	2015 $	2016 $	2015 $
Quoted securities, at fair value	1,264,622	2,385,033	1,264,622	2,385,033
Unquoted securities, at fair value	7,058,169	8,511,831	–	–
Unquoted securities, at cost	–	60,000	–	–
	8,322,791	10,956,864	1,264,622	2,385,033

The unquoted security of $Nil (2015: $60,000) was stated at cost less impairment loss, as there was no active market for the investment and its fair value could not be reliably measured. The unquoted security was disposed as part of the Group's discontinuation of its IT operations in the current financial year (note 27).

12 DEFERRED TAX ASSETS

	At 1 April 2014 $	Recognised in profit or loss (note 26) $	At 31 March 2015 $	Discontinued operations (note 27) $	At 31 March 2016 $
Group					
Deferred tax assets/(liabilities)					
Plant and equipment	1,787	19,450	21,237	(21,237)	–
Provisions	22,356	(3,652)	18,704	(18,704)	–
Unutilised tax losses carried forward	261,865	(98,673)	163,192	(163,192)	–
Net deferred tax assets/(liabilities)	286,008	(82,875)	203,133	(203,133)	–

As at 31 March 2016, the Group has unutilised tax losses of approximately $Nil (2015: $959,957) available for offset against future taxable profits subject to the agreement by the tax authorities and compliance with the relevant tax legislations of the respective countries in which the Group operates.

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. Accordingly, these deferred tax assets have been recognised in the financial statements in accordance with the accounting policy in note 4.15 to the financial statements.

13 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 $	2015 $	2016 $	2015 $
Non-current				
Other receivables	16,025,407	9,068,955	–	–
Amount due from a director	3,439,053	–	3,439,053	–
	19,464,460	9,068,955	3,439,053	–

13 TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Company	
	2016 $	2015 $	2016 $	2015 $
Current				
Trade receivables	–	9,563,788	–	–
Less:				
Allowance for doubtful trade receivables	–	(149,391)	–	–
	–	9,414,397	–	–
Non-trade amounts due from subsidiaries	–	–	70,308,221	62,593,229
Tax credit receivables	–	4,801,501	–	–
Other receivables	8,741	639	8,741	–
Staff loan	–	7,148	–	–
Deposits	–	76,955	–	18,000
Accrued revenue	–	41,600	–	–
Prepayments	4,506	28,874	4,506	23,335
Amount due from a director	806,557	–	806,557	–
	819,804	14,371,114	71,128,025	62,634,564
Total	20,284,264	23,440,069	74,567,078	62,634,564

Tax credit receivables relate to tax credits filed with the State of Alaska for qualified capital expenditures on the Mustang Project. The receipt of these tax credits is dependent on the budget approved annually by the Alaskan government. The Group has assessed, based on consultation with their tax specialist, that it will receive the amounts in the financial year ending 31 March 2018. The Group has pledged all the tax credits recoverable as collateral for a loan extended by a bank (note 21). Under the terms of the loan agreement, immediately upon receipt, the loan principal and outstanding interest will be paid to the extent of the tax credits received.

The amount due from a director relates to consideration receivable for sale of the Group's IT business in the current financial year (note 27) and bears interest of 5.0% per annum.

The Group does not have any trade receivables as at 31 March 2016 as all trade receivables arose from the Group's discontinued IT operations, which has been disposed during the current financial year (note 27). Trade receivables were unsecured, interest-free and were generally on 30 to 60 days terms as at FY2015.

The non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

13 TRADE AND OTHER RECEIVABLES (CONT'D)

Movement in allowance for doubtful trade receivables was as follows:

	Group	
	2016 $	2015 $
At beginning of financial year	149,391	44,308
Allowance made during the year	524,141	105,083
Discontinued operations (note 27)	(673,532)	–
At end of financial year	–	149,391

There is no allowance of doubtful debts provided for the remaining outstanding receivables.

14 INVENTORIES

	Group	
	2016 $	2015 $
Trading goods:		
- at cost	–	5,695,812
- at net realisable value	–	182,452
	–	5,878,264

Inventories were disposed of as part of the discontinued operations in the current financial year (note 27).

Inventories were stated after allowance of inventory obsolescence. Movement in the allowance of inventory obsolescence during the financial year were as follows:

	Group	
	2016 $	2015 $
At beginning of financial year	362,811	306,574
Allowance made during the year	913,375	84,252
Discontinued operations (note 27)	(1,276,186)	(28,015)
At end of financial year	–	362,811

In 2016, inventories sold of $45,988,653 (2015: $40,428,192) were recognised as an expense during the period and included in "expenses" from discontinued operations (refer to note 27).

The Group also wrote off inventories of $21,011 (2015: $223,211) that have been included in "expenses" from discontinued operations (refer to note 27).

Notes *to* the Financial Statements

For the Financial year ended 31 March 2016

15 CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**
Cash and bank balances	1,973,778	7,255,821	680,682	5,510,293
Fixed deposits	–	1,216	–	–
Cash and cash equivalents as per statement of financial position	1,973,778	7,257,037	680,682	5,510,293
Less: Restricted cash	(1,261,856)	(998,340)	–	–
Cash and cash equivalents as per consolidated statement of cash flows	711,922	6,258,697	680,682	5,510,293

As at 31 March 2015, the fixed deposit matures in 1 month from the end of the reporting period. The effective interest rate on the fixed deposit is 0.05% per annum.

The fixed deposit was disposed of as part of the discontinued operations in the current financial year (note 27).

Restricted cash represents security bond held by various government agencies of the Alaska State Government for future dismantle, removal and remediation costs in respect to the Mustang Project.

16 SHARE CAPITAL

	Group and Company	
	2016	**2015**
	No. of shares	**No. of shares**
At 1 April	291,336,065	66,373,065
Exercise of share options	64,000,000	–
Shares issued during the year	–	224,963,000
At 31 March	355,336,065	291,336,065

All shares rank equally with regard to the Company's residual assets. All issued shares are fully paid with no par value.

Ordinary shares

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.

16 SHARE CAPITAL (CONT'D)

Issuance of ordinary shares

In 2016, the Company issued 64,000,000 shares at $0.09 per share amounting to $5,760,000. These shares were issued pursuant to an option agreement that the Company entered with Ezion Holdings Ltd ("Ezion") for 260,000,000 options, of which Ezion exercised 64,000,000 options in the current financial year. All issued shares are fully paid.

In 2015, the Company issued:

- 19,963,000 shares at $0.135 per share amounting to $2,608,371, net of transaction costs of $86,634. All issued shares are fully paid.

- 13,000,000 shares at $0.135 per share amounting to $1,710,108, net of transaction costs of $44,892. These shares were issued pursuant to a subscription agreement that the Company entered into with SF Ventures Pte Ltd ("SF Ventures"). All issued shares are fully paid.

- 42,000,000 shares at $0.09 per share amounting to $3,483,106, net of transaction costs of $296,894 (of which $250,000 was paid in the form of 5,000,000 share options). These shares were issued pursuant to a subscription agreement that the Company entered into with Ezion. The shares were issued to Ezion, in return for 1,848,862 shares in the issued share capital of Ezion.

- 150,000,000 shares at $0.40 per share amounting to $59,381,440, net of transaction costs of $618,560. All issued shares are fully paid.

Outstanding share options

On 4 April 2014, the Company entered into option agreements with the following parties:

- SF Ventures, to issue 65,000,000 share options for a cash consideration of $1. Out of the 65,000,000 share options issued, 50,000,000 share options shall be transferred to such persons to be jointly determined by the executive directors of SF Ventures and the Company at a later date upon written notice. Each share option carries the right to subscribe for one new ordinary share in the capital of the Company at the exercise price of $0.09 per share and can be exercised over a period of 5 years from the date of issuance; and

- Ezion, to issue 260,000,000 share options for the cash consideration of $1. Each share option carries the right to subscribe for one new ordinary share in the capital of the Company at the exercise price of $0.09 per share and can be exercised over a period of 5 years from the date of issuance. 64,000,000 options were exercised during the financial year.

On 15 December 2015, 3,000,000 share options held by SF Ventures were transferred to an employee of the Company, based on instructions given by the Company.

16 SHARE CAPITAL (CONT'D)

Outstanding share options (cont'd)

As at 31 March 2016, details of the options granted on unissued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price per share	Options outstanding as at 1 April 2015	Options exercised	Options outstanding as at 31 March 2016	Exercise period
	$	'000	'000	'000	
22 May 2014	0.09	325,000	(64,000)	261,000	22 May 2014 to 21 May 2019

There were no share options forfeited, cancelled or exercised during the financial year.

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

Capital management

The Group and Company manage their capital to ensure that the Group and Company are able to continue as going concern and maintain an optimal capital structure so as to maximise shareholders' value. The Group and Company are not subject to any externally imposed capital requirements for the financial years ended 31 March 2016 and 2015.

The Group and Company constantly review the capital structure to ensure that the Group and Company are able to service any debt obligations (include principal repayment and interests) based on their operating cash flows. The Group's and Company's overall strategy remains unchanged during the financial year.

The Group and Company monitor capital based on a gearing ratio, which is net debt divided by equity plus net debt. The Group and Company include within net debt, trade and other payables, bank borrowings and finance lease liabilities less cash and cash equivalents (less restricted cash). Equity consists of share capital plus reserves.

16 SHARE CAPITAL (CONT'D)

Capital management (cont'd)

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**
Trade and other payables	31,771,949	49,212,271	417,717	771,821
Bank borrowings	12,236,113	1,872,957	–	–
Finance lease liabilities	–	157,072	–	–
Less:				
Cash and cash equivalents[1]	(711,922)	(6,258,697)	(680,682)	(5,510,293)
Net debt/(asset)	43,296,140	44,983,603	(262,965)	(4,738,472)
Total equity	75,417,583	74,926,854	76,097,214	74,256,526
Total capital	118,713,723	119,910,457	75,834,249	69,518,054
Gearing ratio (%)	36%	38%	*	*

[1] *Excludes restricted cash*
* *Not meaningful*

17 RESERVES

The reserves of the Group and Company comprise the following balances:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**
Treasury shares	(53,191)	(53,191)	(53,191)	(53,191)
Share option reserve	250,000	250,000	250,000	250,000
Foreign currency translation reserve	9,666	12,866	–	–
At 31 March	206,475	209,675	196,809	196,809

Treasury shares

In 2015, the Company reissued 20,000 shares to a director of the Company and 30,000 shares to members of the key management of the Company under an employee share award scheme (note 22).

There was no reissuance in 2016.

17 RESERVES (CONT'D)

Share option reserve

The share option reserve comprises the cumulative value of services rendered for the issue of share options.

Foreign currency translation reserve

The foreign currency translation reserve comprises:

(a) foreign exchange differences arising from the translation of the financial statements of subsidiaries whose functional currencies are different from the functional currency of the Company; and

(b) the exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

18 FINANCE LEASE LIABILITIES

Group	Principal $	Interest $	Future minimum lease payments $
2015			
Within one year	31,973	8,119	40,092
After one year but within five years	110,698	13,261	123,959
More than five years	14,401	497	14,898
Total	157,072	21,877	178,949

The Group's obligation under the finance lease was secured by the Group's title to the leased assets, which would revert to the lessor in the event of default by the Group (note 6).

The finance lease term ranged from 5 to 7 years and the effective interest rate ranged from 4.83% to 6.54% per annum in FY2015.

There were no finance lease liabilities as at 31 March 2016 as it was disposed in the current financial year as part of the discontinued IT operations (note 27).

19 TRADE AND OTHER PAYABLES

	Group		Company	
	2016 **$**	**2015** **$**	**2016** **$**	**2015** **$**
Non-current				
Other payables	–	22,409,373	–	–
Current				
Trade payables	9,823,726	25,242,386	–	–
Other payables	18,722,747	424,344	24,235	80,492
Deferred income	2,831,994	122,371	–	–
Accrued operating expenses	393,482	1,013,797	393,482	691,329
	31,771,949	26,802,898	417,717	771,821
Total	31,771,949	49,212,271	417,717	771,821

Trade payables are unsecured, interest-free and payable before 30 to 150 (2015: 30 to 150) days. $9,823,726 (2015: $16,149,033) of the trade payables relate to the purchase of exploration and evaluation assets. The Group is currently in negotiation with a supplier to the Mustang Project to convert $8.4 million of these trade payables to long term notes payable (note 2).

Other payables as at FY2016 and FY2015 largely relate to the deferred consideration payable for the acquisition of the Mustang Project made through the Group's subsidiary, Caracol Petroleum LLC (note 8). Given the substantial decline in oil price, the Group is currently in negotiation with recipients of the deferred consideration to restructure the amount payable such that it will be payable upon achieving certain hydrocarbon production and sale volume targets (note 2).

Deferred income in FY2016 represents the non-refundable payment received by the Group and amortised over the period till the anticipated time the Mustang Project commences production. Deferred income in FY2015 represents the amount of billings raised in advance for uncompleted contracts.

Included in accrued operating expenses are accrued employee benefits of $220,745 (2015: $319,793) and accrued unutilised leave of $9,537 (2015: $158,440).

20 PROVISION FOR RESTORATION COSTS

	Group	
	2016	**2015**
	$	**$**
At 1 April	303,660	–
Provision capitalised in exploration and evaluation assets	293,634	303,660
At 31 March	597,294	303,660

The provision for restoration costs is expected to be utilised in order to restore sites to their original condition. The provision has been estimated based on expected plugging and abandonment activities and their respective costs. The plugging and abandonment activities are expected to be completed by 2033.

21 BANK BORROWINGS

	Group	
	2016	**2015**
	$	**$**
Secured bills payable	–	1,872,957
Secured bank loan	12,236,113	–
	12,236,113	1,872,957

Secured bills payable

The bills payable in 2015 are secured by a personal guarantee from a director of the Company and corporate guarantees from the Company.

There were no bills payable in 2016 as they relate to discontinued operations disposed in the current year (note 27).

The secured bank loan is secured by tax credits recoverable from the State of Alaska of $16,025,407, which is expected to be received in the financial year ending 31 March 2018 (note 13). The loan matures in September 2017. Prior to the maturity date, the loan will only be repayable upon receipt of the tax credits.

21 BANK BORROWINGS (CONT'D)

Terms and debt repayment schedule

Terms and conditions of outstanding borrowings are as follows:

	Effective interest rate %	Year of maturity
Group		
Secured floating rate bills payable	5.09	2015
Secured floating rate bank loan	6.01	2017

As at the end of the reporting period, the Group has banking facilities as follows:

	Group	
	2016 $	**2015 $**
Banking facilities granted	12,236,113	4,703,342
Banking facilities utilised	12,236,113	1,980,686

22 SHARE BASED PAYMENTS

At 31 March 2016, the Group has the following share-based payment arrangement:

Performance Share Plan

The Performance Share Plan ("Share Plan") of the Company was approved and adopted by the shareholders at an Extraordinary General Meeting of the Company held on 22 July 2011. The Share Plan is administered by the Company's Remuneration Committee. All directors and employees of the Group shall be eligible to participate in the Share Plan.

The Group will grant shares of the Company ("Awards") to eligible employees and directors ("Participants"). Awards represent the right of a Participant to receive fully paid ordinary shares of the Company ("Shares") free of charge, upon the Participant achieving prescribed performance targets. Awards may only be vested and consequently, any Shares comprised in such Awards shall only be delivered upon the Remuneration Committee's satisfaction that the prescribed performance targets have been achieved.

On 20 March 2014, the Remuneration Committee approved the granting of Awards for 20,000 shares to a director of the Company and 30,000 shares to members of the key management of the Company. The abovementioned Awards have vested and consequently shares comprised in such Awards were released to the participants in one tranche on 23 September 2014.

22 SHARE BASED PAYMENTS (CONT'D)

Share options

On 15 December 2015, 3,000,000 share options held by SF Ventures were transferred to an employee of the Company, based on instructions given by the Company.

The share options granted vest upon receipt and are immediately exercisable. They expire 5 years from the date of initial grant to SF Ventures.

23 REVENUE

	Group					
	Continuing operations		Discontinued operations (refer to note 27)		Total	
	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $
Sale of goods	–	–	47,968,538	41,318,404	47,968,538	41,318,404
Rendering of services	–	–	3,005,445	4,285,582	3,005,445	4,285,582
Lease income	–	–	5,840,276	2,533,538	5,840,276	2,533,538
	–	–	56,814,259	48,137,524	56,814,259	48,137,524

24 NET FINANCE COSTS

	Group					
	Continuing operations		Discontinued operations (refer to note 27)		Total	
	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $
Interest income	(56,557)	–	(2)	(13,308)	(56,559)	(13,308)
Interest expenses						
- Bank overdrafts	–	–	319	41	319	41
- Bills payable	–	–	56,813	36,803	56,813	36,803
- Finance lease	–	–	9,241	8,864	9,241	8,864
- Revolving loan	–	–	–	2,321	–	2,321
- Term loan	–	86,348	–	–	–	86,348
Facility fee	363,669	257,500	–	–	363,669	257,500
	363,669	343,848	66,373	48,029	430,042	391,877
	307,112	343,848	66,371	34,721	373,483	378,569

25 PROFIT BEFORE INCOME TAX

The following items have been included in arriving at profit before income tax:

		Group					
		Continuing operations		Discontinued operations (refer to note 27)		Total	
	Note	2016	2015	2016	2015	2016	2015
		$	$	$	$	$	$
Allowance for inventory obsolescence	14	–	–	913,375	84,252	913,375	84,252
Inventories written off		–	–	21,011	223,211	21,011	223,211
Depreciation of plant and equipment	6	614	167	170,612	90,244	171,226	90,411
Provision for doubtful receivables	13	–	–	524,141	105,083	524,141	105,083
Gain on disposal of plant and equipment		–	–	(5,700)	(1,000)	(5,700)	(1,000)
Write-off of plant and equipment		–	–	–	241,169	–	241,169
Impairment of available-for-sale financial assets		1,855,189	1,394,967	–	–	1,855,189	1,394,967
Foreign exchange loss/(gain), net		1,247,250	(4,790,153)	50,169	52,551	1,297,419	(4,737,602)
Loss on disposal of subsidiaries		–	–	376,090	–	376,090	–

25 PROFIT BEFORE INCOME TAX (CONT'D)

	Group					
	Continuing operations		Discontinued operations (refer to note 27)		Total	
	2016	2015	2016	2015	2016	2015
	$	$	$	$	$	$
Government grant	(1,507)	(50,029)	(82,813)	(226,987)	(84,320)	(277,016)
Operating lease income	(1,219,896)	(2,041,506)	–	–	(1,219,896)	(2,041,506)
Operating lease expenses	–	–	5,634,139	2,327,422	5,634,139	2,327,422
Audit fees:						
- Auditors of the Company	143,250	150,000	–	–	143,250	150,000
- Other auditors	31,667	67,731	42,578	69,340	74,245	137,071
Non-audit fees:						
- Auditors of the Company	63,465	77,654	–	–	63,465	77,654
- Other auditors	–	–	8,406	11,200	8,406	11,200
Employee benefits expense:						
Salaries, wages, bonuses and other staff benefits	200,069	456,160	2,974,156	2,786,824	3,174,225	3,242,984
Contributions to defined contribution plans	10,946	36,791	373,485	401,560	384,431	438,351
Directors' remuneration	258,630	545,435	53,222	–	311,852	545,435
	469,645	1,038,386	3,400,863	3,188,384	3,870,508	4,226,770

The employee benefits expense is recognised in the following line items in profit or loss:

	Group					
	Continuing operations		Discontinued operations (refer to note 27)		Total	
	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $
Cost of sales	–	–	952,166	1,385,249	952,166	1,385,249
Selling and distribution expenses	–	–	763,583	1,346,839	763,583	1,346,839
General and administrative expenses	469,645	1,038,386	1,685,114	456,296	2,154,759	1,494,682
	469,645	1,038,386	3,400,863	3,188,384	3,870,508	4,226,770

26 INCOME TAX EXPENSE/(CREDIT)

	Group					
	Continuing operations		Discontinued operations (refer to note 27)		Total	
	2016 $	2015 $	2016 $	2015 $	2016 $	2015 $
Current tax expense						
Under/(over) provided in prior years	–	(56)	187	–	187	(56)
Deferred tax expense						
Origination and reversal of temporary differences (note 12)	–	–	–	82,875	–	82,875
Tax expense/(credit)	–	(56)	187	82,875	187	82,819

	Group	
	2016 $	2015 $
Reconciliation of effective tax rate		
(Loss)/profit before income tax	(5,266,071)	1,336,513
Share of results of associate, net of tax	112,911	(32,720)
Profit before tax excluding share of results of associate, net of tax	(5,153,160)	1,303,793
Tax calculated using Singapore tax rate of 17% (2015: 17%)	(876,037)	221,645
Expenses not deductible for tax purposes	315,382	239,056
Income not subject to income tax	(207,759)	(830,032)
Unutilised tax losses not carried forward	768,414	449,975
Tax incentives from Enhanced Productivity and Incentive Credit Scheme	–	(3,648)
Under/(over) provision in respect of prior year	187	(56)
Others	–	5,879
	187	82,819

The unutilised tax losses not carried forward largely comes from the Company and cannot be carried forward or offset against future taxable income as it is an investment holding company.

27 DISCONTINUED OPERATIONS

In December 2015, the Group sold its IT business operations for an aggregate consideration of $5.0 million.

The Group's IT business operations consist of the following investments:

- 100% owned subsidiaries, namely JK Technology Pte Ltd, Magenta Consulting Pte Ltd and JK Tech Systems (M) Sdn Bhd.
- 25% owned associate, Pro-Datech Systems Pte Ltd

The results of the discontinued operations and the financial effects of the completion of the divestment are as follows:

	Group	
	2016 **$**	**2015** **$**
Results of discontinued operation		
Revenue	56,814,259	48,137,524
Expenses	(57,900,389)	(47,151,832)
Results from operating activities	(1,086,130)	985,692
Tax	(187)	(82,875)
Results from operating activities, net of tax	(1,086,317)	902,817
Share of results of associate, net of tax	(45,526)	32,720
Loss on sale of discontinued operation	(376,089)	–
(Loss)/profit for the year	(1,507,932)	935,537
Basic (loss)/earnings per share (cents)	(0.46)	0.42
Diluted (loss)/earnings per share (cents)	(0.46)	0.21

The loss from discontinued operation of $1,507,932 (2015: profit of $935,537) is attributable entirely to the owners of the Company.

	Group	
	2016 **$**	**2015** **$**
Cash flows from discontinued operation		
Net cash from/(used in) operating activities	2,200,658	(4,065,096)
Net cash used in investing activities	(1,293,277)	(715,858)
Net cash (used in)/from financing activities	(864,790)	1,459,433
Net cash flows for the year	42,591	(3,321,521)

27 DISCONTINUED OPERATIONS (CONT'D)

Effect of disposal on the financial position of the Group

	Note	Group 2016 $
Plant and equipment	6	(1,066,023)
Intangible assets	7	(33,000)
Investment in associate	10	(650,886)
Available-for-sale assets	11	(60,000)
Deferred tax assets	12	(203,133)
Inventories		(5,839,327)
Trade and other receivables		(11,323,123)
Cash and cash equivalents		(1,506,961)
Trade and other payables		14,425,544
Bank borrowings		1,177,660
Realisation of foreign currency translation reserve		14,106
Net assets		(5,065,143)
Sales consideration		5,000,000
Less:		
Effect of discounting on sales consideration receivable		(310,947)
Net sales consideration		4,689,053
Less:		
Sales consideration receivable		(4,189,053)
Cash and cash equivalents disposed of		(1,506,961)
Net cash outflow (included in net cash flow from investing activities from discontinued operations)		(1,006,961)

28 (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share for the year ended 31 March 2016 was based on the loss attributable to ordinary shareholders of the Company of $5,266,071 (2015: profit for the year of $1,253,694) and a weighted average number of ordinary shares outstanding of 326,436,333 (2015: 222,452,852), calculated as follows:

	Group					
	2016			2015		
	Continuing operations $	Discontinued operations (Note 27) $	Total $	Continuing operations $	Discontinued operations (Note 27) $	Total $
(Loss)/profit attributable to ordinary shareholders	(3,758,139)	(1,507,932)	(5,266,071)	318,157	935,537	1,253,694

Weighted average number of ordinary shares

	Group	
	2016	2015
Issued ordinary shares at 1 April	129,571,223	65,926,065
Effect of new ordinary shares issued	196,865,110	156,526,787
Weighted average number of ordinary shares at 31 March	326,436,333	222,452,852

Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share for the year ended 31 March 2016 was based on the loss attributable to ordinary shareholders of the Company of $5,266,071 (2015: profit for the year of $1,253,694) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 326,436,333 (2015: 438,509,275), calculated as follows:

	Group					
	2016			2015		
	Continuing operations $	Discontinued operations (Note 27) $	Total $	Continuing operations $	Discontinued operations (Note 27) $	Total $
(Loss)/profit attributable to ordinary shareholders of the Company (diluted)	(3,758,139)	(1,507,932)	(5,266,071)	318,157	935,537	1,253,694

28 (LOSS)/EARNINGS PER SHARE (CONT'D)

Weighted average number of ordinary shares (diluted)

	2016	2015
Weighted average number of ordinary shares (basic)	326,436,333	222,452,852
Effect of share options in issue*	–	216,056,423
Weighted average number of ordinary shares at 31 March	326,436,333	438,509,275

* As FY2016 was in a loss position, share options were not included in the computation of diluted earnings per share because these potential ordinary shares were anti-dilutive.

29 SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, the following are significant related party transactions at terms and rates agreed between the Group and its related parties during the financial year:

	Group	
	2016 $	2015 $
Rental expenses paid to a related party	192,942	165,600

A director of the Company has given an undertaking to provide financial support to the Company so as to provide an additional buffer against unforeseen factors that may adversely affect the future financial performance of the Group. Pursuant to the undertaking, the Director undertook to provide or procure financial support where necessary to the Company for the next three years from date of admission to Catalist on 14 November 2011, up to total amount of $5,000,000. The undertaking expired in November 2014.

29 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Compensation of key management personnel

The remuneration of directors of the Company and other members of the key management personnel during the financial year were as follows:

	Group	
	2016	**2015**
	$	**$**
Short-term benefits	562,045	974,228
Post-employment benefits	18,593	48,606
Directors' fees	185,713	180,839
	766,351	1,203,673

30 COMMITMENTS

Capital commitments

As at the end of the financial year, the Group have the following capital commitments which are not provided for in the financial statements:

	Group	
	2016	**2015**
	$	**$**
Approved by Directors and contracted for		
Acquisition of property, plant and equipment	–	63,113
Approved by Directors and not contracted for		
Acquisition of exploration and evaluation assets	–	10,038,836

30 COMMITMENTS

Operating lease commitments

Group as lessee

As at the end of the financial year, commitments in respect of non-cancellable operating leases of office premises and hardware IT equipment are as follows:

	Group	
	2016	**2015**
	$	**$**
Within 1 year	–	4,852,980
After 1 year but within 5 years	–	7,028,512
	–	11,881,492

For 2015, the above operating lease commitments are based on existing rental rates as at the end of the reporting period. These operating leases had remaining lease terms between 1 to 3 years from the financial year end and rentals are fixed for an average of 1 to 3 years with no provisions for contingent rent or upward revision of rent based on market price indices.

Group as lessor

As at the end of the financial year, future minimum rentals receivables for hardware IT equipment under non-cancellable operating leases at the end of the reporting period are as follow:

	Group	
	2016	**2015**
	$	**$**
Within 1 year	–	4,772,787
After 1 year but within 5 years	–	6,738,980
	–	11,511,767

Operating lease income commitments represents rental receivable from customer on the lease of IT equipment. The lease terms are negotiated on fixed terms till the expiry of the lease. These operating leases have remaining lease terms between 1 to 3 years from 2015 and rentals are fixed for an average of 1 to 3 years from 2015 with no provisions for contingent rent or upward revision of rent based on market price indices.

Operating lease commitments relate to the discontinued operations that were disposed of in the current financial year (note 27).

31 FINANCIAL RISK MANAGEMENT

Overview

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. 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 Group's principal financial instruments comprise cash and cash equivalents and bank borrowings. The main purpose of these financial instruments is to finance the Group's operations. The other financial instruments such as trade and other payables are directly from its operations.

Credit risk

The Group's maximum exposure to credit risk are carrying amounts of trade and other receivables and cash and cash equivalents.

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Therefore, the Group does not expect to incur material credit losses. Cash and cash equivalents are placed with regulated financial institutions. Hence, minimal credit risk exists with respect to these assets.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2016 **$**	**2015** **$**
Group		
Trade and other receivables (excluding prepayments)	20,279,758	23,411,195
Cash and cash equivalents	1,973,778	7,257,037
Loans and receivables	22,253,536	30,668,232
Company		
Trade and other receivables (excluding prepayments)	74,562,572	62,611,229
Cash and cash equivalents	680,682	5,510,293
Loans and receivables	75,243,254	68,121,522

31 FINANCIAL RISK MANAGEMENT

Credit risk (cont'd)

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. No allowance for collective impairment was made based on past experience.

The ageing of trade and other receivables (excluding prepayments) at the reporting date was:

	2016		2015	
	Gross $	Impairment losses $	Gross $	Impairment losses $
Group				
Not past due or less than 30 days overdue	20,279,758	–	20,959,451	–
Past due 31 – 60 days	–	–	806,685	–
Past due 61 – 90 days	–	–	657,951	–
Past due more than 90 days	–	–	1,136,499	(149,391)
	20,279,758	–	23,560,586	(149,391)
Company				
Not past due or less than 30 days overdue	74,562,572	–	62,611,229	–

Impaired trade receivables amounting to $149,391 in 2015 arose mainly due to long overdue amounts owing by the customers of the discontinued IT business.

The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

The Group's most significant customer accounted for 24% of net trade receivables as at 31 March 2015. Amount due from a director of $4,245,610 and tax credit receivables of $16,025,407 represented 99% of total trade and other receivables as at 31 March 2016.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

31 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

		Cashflows			
	Carrying amount $	**Contractual cash flows $**	**Within 1 year $**	**Within 1 to 5 years $**	**More than 5 years $**
Group					
2016					
Non-derivative financial liabilities					
Bank borrowings	12,236,113	(13,381,472)	(568,283)	(12,813,189)	–
Trade and other payables[1]	28,939,955	(28,939,955)	(28,939,955)	–	–
	41,176,068	(42,321,427)	(29,508,238)	(12,813,189)	–
2015					
Non-derivative financial liabilities					
Finance lease liabilities	157,072	(178,949)	(40,092)	(123,959)	(14,898)
Bank borrowings	1,872,957	(1,889,684)	(1,889,684)	–	–
Trade and other payables[1]	49,089,900	(49,089,900)	(26,680,527)	(22,409,373)	–
	51,119,929	(51,158,533)	(28,610,303)	(22,533,332)	(14,898)
Company					
2016					
Non-derivative financial liabilities					
Trade and other payables	417,717	(417,717)	(417,717)	–	–
2015					
Non-derivative financial liabilities					
Trade and other payables	771,821	(771,821)	(771,821)	–	–

[1] *Excludes deferred income*

The Group and Company actively manage their operating cash flows so as to finance their operations.

The Group's operations are financed mainly through equity and bank borrowings. As disclosed in note 2, the Group and Company have commenced negotiations to defer payment of certain payables until the commencement of production to ensure necessary liquidity is available when required so that the Group and Company will be able to pay its debts as and when they fall due.

The Group has a secured bank loan which contain certain non-financial covenants which are procedural in nature. These include, but are not limited to, the timely lodgement of tax credit applications with the State of Alaska for qualifying capital expenditures and submission of financial information with the lender. A breach of any of these covenants may require the Group to repay the loan earlier than indicated in the table above.

31 FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk

Market risk is the risk that changes in market prices, such as 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 and control market risk exposures within acceptable parameters, while optimising the return on risk.

Price risk

The Group is exposed to price risk arising from uncertainties on future prices of its equity investments classified as available-for-sale. The Group monitors price risk on an ongoing basis to minimise its exposure.

Sensitivity analysis

The Group's quoted equity investments are listed on the Singapore Exchange. For such investments classified as available-for-sale, a 1% increase in the Straits Times Index at the reporting date would increase the Group and Company's equity by $12,646 after tax (2015: an increase of $23,850); an equal change in the opposite direction would decrease the Group and Company's profit or loss by $12,646 after tax (2015: a decrease of $23,850).

Interest rate risk

The Group's exposure to changes in interest rate relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The Group's results are affected by changes in interest rates due to the impact of such changes on interest expenses from bank borrowings which are at floating interest rates. It is the Group's policy to obtain quotes from banks to ensure that the most favourable rates are made available to the Group.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risks for financial liabilities at the end of the reporting period. A change of 100 basis point ("bp") in interest rate at the reporting date would increase/(decrease) loss by the pre-tax amounts shown below. This analysis assumes that all other variables, in particular, foreign currency rates, remain constant.

	Group			
	2016		2015	
	100bp increase $	100bp decrease $	100bp increase $	100bp decrease $
Bank borrowings	122,361	(122,361)	(18,730)	18,730

31 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risks

Foreign currency risks arise from transactions denominated in currency other than the functional currency of the entities within the Group. The currency that gives rise to this risk is primarily United States dollar. The Company does not have exposure to foreign currency risk as the Company does not transact in foreign currencies.

The Group monitors its foreign currency exchange risk closely and maintains funds in various currencies to minimise currency exposure due to timing differences between sales and purchases. Currency transaction risk arises when commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

It is not the Group's policy to take speculative positions in foreign currencies.

The currency that gives rise to this risk is primarily United States dollar. The Group's net exposure to foreign currency is as follows:

	USD **$**
Group	
2016	
Trade and other receivables	16,025,407
Cash and bank balances	1,270,237
Trade and other payables	(31,330,356)
Bank borrowings	(12,236,113)
Net exposure	(26,270,825)
2015	
Trade and other receivables	13,876,163
Cash and bank balances	1,125,241
Trade and other payables	(39,433,040)
Net exposure	(24,431,636)
Company	
2016	
Trade and other receivables	70,282,518
2015	
Trade and other receivables	61,668,516

31 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risks (cont'd)

Sensitivity analysis

A 10% strengthening of Singapore dollar against the following currencies at the reporting date would increase/(decrease) profit by the pre-tax amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2016	2015
	Profit or loss	**Profit or loss**
	$	**$**
Group		
USD	2,627,083	2,443,164
Company		
USD	(7,028,252)	(6,166,852)

A 10% weakening of the Singapore dollar against the above currency would have had an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Fair values versus carrying amounts

The carrying amounts of the Group and the Company's financial instruments, except those discussed below are not materially different from their fair values as at 31 March 2016 and 2015 due to their short-term nature and where the effect of discounting is immaterial.

31 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial instruments by category

	Note	Available-for-sale $	Loans and receivables $	Other financial liabilities $	Total carrying amount $	Fair value $
Group						
2016						
Assets						
Available-for-sale investments[1]	11	8,322,791	–	–	8,322,791	8,322,791
Trade and other receivables[2]	13	–	20,279,758	–	20,279,758	20,279,758
Cash and cash equivalents	15	–	1,973,778	–	1,973,778	1,973,778
		8,322,791	22,253,536	–	30,576,327	30,576,327
Liabilities						
Bank borrowings	21	–	–	(12,236,113)	(12,236,113)	(12,236,113)
Trade and other payables[3]	19	–	–	(28,939,955)	(28,939,955)	(28,939,955)
		–	–	(41,176,068)	(41,176,068)	(41,176,068)
2015						
Assets						
Available-for-sale investments[1]	11	10,896,864	–	–	10,896,864	10,896,864
Trade and other receivables[2]	13	–	23,411,195	–	23,411,195	23,411,195
Cash and cash equivalents	15	–	7,257,037	–	7,257,037	7,257,037
		10,896,864	30,668,232	–	41,565,096	41,565,096
Liabilities						
Finance lease liabilities	18	–	–	(157,072)	(157,072)	(157,072)
Bank borrowings	21	–	–	(1,872,957)	(1,872,957)	(1,872,957)
Trade and other payables[3]	19	–	–	(49,089,900)	(49,089,900)	(49,089,900)
		–	–	(51,119,929)	(51,119,929)	(51,119,929)

1 *Excludes unquoted securities carried at cost*
2 *Excludes prepayment*
3 *Excludes deferred income*

31 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial instruments by category (cont'd)

	Note	Available-for-sale $	Loans and receivables $	Other financial liabilities $	Total carrying amount $	Fair value $
Company						
2016						
Assets						
Available-for-sale investments	11	1,264,622	–	–	1,264,622	1,264,622
Trade and other receivables[2]	13	–	74,562,572	–	74,562,572	74,562,572
Cash and cash equivalents	15	–	680,682	–	680,682	680,682
		1,264,622	75,243,254	–	76,507,876	76,507,876
Liabilities						
Trade and other payables	19	–	–	(417,717)	(417,717)	(417,717)
2015						
Assets						
Available-for-sale investments	11	2,385,033	–	–	2,385,033	2,385,033
Trade and other receivables[2]	13	–	62,611,229	–	62,611,229	62,611,229
Cash and cash equivalents	15	–	5,510,293	–	5,510,293	5,510,293
		2,385,033	68,121,522	–	70,506,555	70,506,555
Liabilities						
Trade and other payables	19	–	–	(771,821)	(771,821)	(771,821)

[1] *Excludes unquoted securities carried at cost*
[2] *Excludes prepayment*
[3] *Excludes deferred income*

31 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair value hierarchy

The table below analyses fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques. The different levels have been defined as follows:

- **Level 1** : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- **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).
- **Level 3** : Unobservable inputs for the asset or liability.

Financial assets carried at fair value

	Level 1 $	Level 2 $	Level 3 $	Total $
Group and Company				
2016				
Available-for-sale financial asset	1,264,622	–	7,058,169	8,322,791
2015				
Available-for-sale financial asset	2,385,033	–	8,511,831	10,896,864

The above excludes the financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

Valuation techniques and significant unobservable inputs

Financial instruments measured at fair value

The fair value of available-for-sale financial asset which is not traded in active markets is determined using net asset value, which is largely made up of property, plant and equipment and financial liability. The Group believes that the net asset value is reflective of the principal activity of the issuing entity, which was incorporated solely for the purpose of developing and owning the property, plant and equipment with specific financing provided. No future cash flows are expected as the rights to use the property, plant and equipment and related costs have been given to the joint operation of the Group.

31 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial instruments measured at fair value (cont'd)

Level 3 fair values

	Group and Company $
At 1 April 2015	8,511,831
Return of capital	(613,096)
Total gains and losses for the year included in other comprehensive income:	
- Net change in fair value of available-for-sale financial assets	(734,778)
- Foreign currency translation differences	(105,788)
At 31 March 2016	7,058,169

32 OPERATING SEGMENT

The Group has three reportable segments, as described below, which are the Group's strategic business units. These strategic business units offer different services and are managed separately. The Group's Chief Executive Officer (the chief operating decision maker) reviews internal management reports of each business unit at least quarterly. The following describes the operations of each of the Group's reportable segments:

- Supply and delivery: Supplies broad range of Information Technology ("IT") products which are sourced from authorised distributors of the different IT vendors, comprising computer hardware and software products including computer peripherals and supply and delivery. This segment was disposed in September 2015 (refer to note 27).

- Systems integration and services: Provides IT solutions to small and medium enterprises which have gradually recognised the importance of using IT systems to improve their business productivity. This segment was disposed in September 2015 (refer to note 27).

- Exploration and production (newly acquired in 2015): Engages in the exploration and development of oil and gas assets.

Management monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and of assessing performance. Performance is evaluated based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer, as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets, liabilities and expenses.

32 OPERATING SEGMENT (CONT'D)

	Discontinued operations		Continuing operations		
	Supply and delivery	**Systems integration and services**	**Exploration and production**	**Unallocated**	**Total**
	$	**$**	**$**	**$**	**$**
2016					
External revenue	47,968,538	8,845,721	–	–	56,814,259
Reportable segment gross profit	1,105,682	2,506,712	–	–	3,612,394
Other income	76,237	14,000	1,222,114	–	1,312,351
Expenses	(4,304,669)	(793,810)	(4,831,578)	–	(9,930,057)
Finance income	2	–	56,557	–	56,559
Finance costs	(56,039)	(10,334)	(363,669)	–	(430,042)
Share of results of associate	–	(45,526)	158,437	–	112,911
Loss before income tax					(5,265,884)
Income tax expense	–	(187)	–	–	(187)
Loss for the year					(5,266,071)
Reportable total segment assets	–	–	114,512,707	5,510,232	120,022,939
Reportable total segment liabilities	–	–	44,119,871	–	44,119,871
Capital expenditure:-					
- Plant and equipment	293,240	54,076	2,073	–	349,389
- Exploration and evaluation assets	–	–	12,164,295	–	12,164,295
Total capital expenditure	293,240	54,076	12,166,368	–	12,513,684
Other material non-cash items:-					
- Depreciation	148,628	21,984	614	–	171,226
- Inventories written off	18,304	2,707	–	–	21,011
- Provision for doubtful debt	455,998	68,143	–	–	524,141
- Impairment of available-for-sale financial assets	–	–	734,778	1,120,411	1,855,189

32 OPERATING SEGMENT (CONT'D)

	Discontinued operations		Continuing operations		
	Supply and delivery $	Systems integration and services $	Exploration and production $	Unallocated $	Total $
2015					
External revenue	41,318,404	6,819,120	–	–	48,137,524
Reportable segment gross profit	661,116	3,354,749	–	–	4,015,865
Other income	187,693	30,977	2,046,376	4,835,312	7,100,358
Expenses	(2,758,812)	(455,310)	(2,430,572)	(3,789,167)	(9,433,861)
Finance income	11,423	1,885	–	–	13,308
Finance costs	(41,225)	(6,804)	–	(343,848)	(391,877)
Share of results of associate	–	32,720	–	–	32,720
Profit before income tax					1,336,513
Income tax expense	(82,875)	–	56	–	(82,819)
Profit for the year					1,253,694
Reportable total segment assets	14,858,799	2,452,271	100,527,584	8,634,160	126,472,814
Reportable total segment liabilities	9,916,443	1,636,594	39,221,102	771,821	51,545,960
Capital expenditure:-					
- Plant and equipment	683,638	112,828	–	1,255	797,721
- Exploration and evaluation assets	–	–	77,117,628	–	77,117,628
Total capital expenditure	683,638	112,828	77,117,628	1,255	77,915,349
Other material non-cash items:-					
- Depreciation	77,460	12,784	–	167	90,411
- Inventories written off	191,591	31,620	–	–	223,211
- Provision for doubtful debt	90,197	14,886	–	–	105,083
- Impairment of available-for-sale financial assets	–	–	–	1,394,967	1,394,967

32 OPERATING SEGMENT (CONT'D)

Geographical segments

The businesses of the Group are operated in two principal geographical areas, namely Singapore and the United States of America ("USA"). In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers. Segment assets are based on the geographical location where the assets are recognised.

	Discontinued operations		Continuing operations		
	Singapore $	USA $	Singapore $	USA $	Total $
2016					
Revenue	56,814,259	–	–	–	56,814,259
Non-current assets [1]	–	–	2,547	89,439,559	89,442,106
2015					
Revenue	48,137,524	–	–	–	48,137,524
Non-current assets [1]	1,618,731	–	1,088	77,117,628	78,737,447

(1) Non-current assets presented consist of plant and equipment, investment in associate, intangible assets and exploration, evaluation and development assets

Major customer

In FY2016, no revenue was recorded as the supply and delivery and systems integration and services segments were disposed of during the year (note 27).

During the financial year ended 31 March 2015, the Group had one customer in the supply and delivery and systems integration and services segments that individually contributed 10% or more of the Group's total revenue. Revenue from the customer amounted to $13,312,000.

Qualified Person's Report

DeGolyer and MacNaughton
5001 Spring Valley Road
Suite 800 East
Dallas, Texas 75244

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DeGolyer
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F-716
TEXAS REGISTERED ENGINEERING FIRM

Qualified Person's Report

DeGolyer and MacNaughton
5001 Spring Valley Road
Suite 800 East
Dallas, Texas 75244

REPORT
as of
MARCH 31, 2016
on
RESERVES and REVENUE
of
CERTAIN PROPERTIES
owned by
CARACOL PETROLEUM, LLC
in the
SOUTHERN MILUVEACH UNIT

QUALIFIED PERSONS REPORT

TABLE of CONTENTS

Qualified Person's Report

DeGolyer and MacNaughton
5001 Spring Valley Road
Suite 800 East
Dallas, Texas 75244

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QUALIFIED PERSONS REPORT

FOREWORD

Scope of Investigation

This report presents estimates, as of March 31, 2016, of the extent and value of the proved, proved-plus-probable, and proved-plus-probable-plus-possible oil reserves of certain properties in which CaraCol Petroleum, LLC (CaraCol) has represented that it owns a 38.187-percent working interest with a 30.549-percent net revenue interest. The reserves estimated in this report are located in the Southern Miluveach Unit (SMU), North Slope Alaska, to be developed and operated by Brooks Range Petroleum Corporation (BRPC) from the Mustang drillsite pad. This report has been prepared to meet the requirements of the Singapore Stock Exchange. It has been prepared for disclosure on the Singapore Exchange Network by Alpha Energy Holdings Limited, the holding company of CaraCol, for public viewing and access.

At the time of the preparation of this report, CaraCol has represented that BRPC was proceeding with final design engineering and procuring long-lead equipment. Five wells have been drilled into the SMU, and all of these wells encountered the reservoir target to be developed. The last two wells were drilled in 2012 and 2014, respectively, and both are planned to be utilized in the development of SMU. Subsequent wells are scheduled to resume drilling by mid-2017.

Estimates of reserves presented in this report have been prepared in accordance with the Petroleum Resources Management System (PRMS) approved in March 2007 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers. These reserves definitions are discussed in detail in the Definition of Reserves section of this report.

Reserves estimated in this report are expressed as gross, company gross, and net reserves. Gross reserves are defined as the total estimated petroleum that is recoverable from these properties after March 31, 2016. Company gross reserves are the portion of the gross reserves attributable to CaraCol's working interest. Net reserves are defined as that portion of the gross reserves attributable to the CaraCol working interest after deducting landholder and overriding royalty interests owned by others.

The table below summarizes the five leases (ADL #390680, 390681, 390690, 390691, and 390692) and licenses held by CaraCol in the SMU.

Asset Name/Country	CaraCol's Interest (%)	Development Status	License Expiration Date	License Area (acres)	Type of Deposit	Remarks
Southern Miluveach Unit, North Slope Alaska, USA	38.187% working interest, 30.549% revenue interest.	SMU development is on-going.	December 31, 2017 (see notes below).	8,960	Oil	CaraCol pays 55.263% of drilling costs.

Notes:

1. Subject to the terms and conditions of an approved plan of development, the Unit automatically terminates 5 years from the Effective Date (March 31, 2011) unless:
    - a well in the Unit area has been certified as capable of producing oil or gas in commercial quantities, in which case the Unit will remain in effect for so long as oil or gas is being produced in commercial quantities; or
    - for as long as oil or gas is being produced from within the Unit in commercial quantities and operations are being conducted in accordance with the approved plan of development; or
    - should production cease, for so long thereafter as diligent operations are in progress to restore production and then so long after as oil or gas is being produced from within the Unit in commercial quantities; or
    - exploration operations are being conducted under an approved development plan and the unit term is extended by the Commissioner of the Alaskan Department of Natural Resources. No single extension will exceed 5 years.
2. Production of oil and gas in commercial quantities is defined as production sufficient to yield a return in excess of operating costs, even if drilling and equipment costs may never be repaid.
3. On March 30, 2016, BRPC and CaraCol received approval from the State of Alaska, Department of Natural Resources, to extend the term of the Unit until December 31, 2017. Based on the development schedule provided herein, the Unit will be producing in commercial quantities before December 31, 2017, and the Unit will remain in effect for so long as commercial quantities are being produced.

Qualified Person's Report

This report presents values for proved, proved-plus-probable, and proved-plus-probable-plus-possible reserves that have been prepared using prices and costs specified by CaraCol and BRPC. All prices, costs, and revenue shown in this report are expressed in United States dollars (U.S.$). A detailed explanation of the future price and cost assumptions is included in the Financial Analysis section of this report.

Values for proved, proved-plus-probable, and proved-plus-probable-plus-possible reserves in this report are expressed in terms of estimated future gross revenue, future net revenue, and present worth. Future gross revenue is that revenue which will accrue to the evaluated interests from the production and sale of the estimated net reserves. Future net revenue is calculated by deducting estimated ad valorem taxes, production taxes, transportation expenses, operating expenses, and capital and abandonment costs from the future gross revenue. Operating expenses include lease and lifting expenses. Lease expenses include an allocation of overhead that directly relates to production activities. Future income tax expenses were not taken into account in the preparation of these estimates. Present worth is defined as future net revenue discounted at a specified arbitrary discount rate compounded annually over the expected period of realization. Present worth should not be construed as fair market value because no consideration was given to additional factors that influence the prices at which properties are bought and sold. In this report, present worth values are reported in detail using a discount rate of 10 percent, and summarized in the appendix using discount rates of 5, 9, 12, 15, 20, 25, and 30 percent.

Estimates of oil reserves and future net revenue should be regarded only as estimates that may change as further production history and additional information become available. Not only are such reserves and revenue estimates based on that information which is currently available, but such estimates are also subject to the uncertainties inherent in the application of judgmental factors in interpreting such information.

Authority

This report was prepared at the request of Mr. Dean Gallegos, Chief Executive Officer of Alpha Energy Holdings Limited. CaraCol is a wholly owned subsidiary of Alpha Energy Holdings Limited.

DeGolyer and MacNaughton

Source of Information Data used in the preparation of this report were obtained from CaraCol, from BRPC, and from public sources. In the preparation of this report we have relied, without independent verification, upon information furnished by CaraCol with respect to its property interests, production flow tests from such properties, current costs of operation and development, current prices for production, agreements relating to current and future operations and sale of production, and various other information and data that were accepted as represented. A field examination of the properties was not considered necessary for the purposes of this report, as no production facilities are yet in place, and we are comfortable that State of Alaska well drilling and reporting guidelines are monitored by the state. DeGolyer and MacNaughton has made reasonable enquiries and exercised its judgement on the reasonable use of such data and information, and has no reason to doubt the accuracy or reliability of the information provided or extracted.

Qualified Person DeGolyer and MacNaughton, operating from its offices at 5001 Spring Valley Road, Suite 800E, Dallas, Texas, 75244, USA, is an independent petroleum engineering consulting firm that has been providing petroleum consulting services throughout the world since 1936. Provision of professional services has been solely on a fee basis. Mr. Dennis W. Thompson, P.E., Assistant Manager of our North American Division, has supervised the evaluation. He graduated from Eastern New Mexico University with a Bachelor of Science Degree in Geology in 1973 and he earned a Master of Science Degree in Petroleum Engineering from the University of Texas at Austin in 1975. He is a Registered Professional Engineer in the State of Texas and is a member of the Society of Petroleum Engineers, with 37 years of experience in the evaluation of oil and gas fields. Mr. Thompson fulfills the following criteria for a qualified person:

1. The qualified person is not a sole practitioner;
2. The qualified person producing the report is a Senior Vice President of DeGolyer and MacNaughton;
3. The qualified person and officers and staff of DeGolyer and MacNaughton are independent of Alpha Energy Holdings Limited (Alpha), Alpha directors, and substantial shareholders;

4. The qualified person and officers and staff of DeGolyer and MacNaughton do not have any interest, direct or indirect, in Alpha or its subsidiaries, and will not receive benefits other than fees paid in connection with the qualified person's report; and
5. Our fees are not contingent on the results of our evaluation.

DeGolyer and MacNaughton

EXECUTIVE SUMMARY

At the request of CaraCol, an evaluation has been prepared of the oil reserves, expenditures, and revenue for the interests that CaraCol has represented that it owns in the SMU of the Kuparuk River Field as of March 31, 2016. This unit is operated by BPRC in North Slope Alaska, United States. No site visit was undertaken by us.

The SMU is expected to produce oil from the Cretaceous-age Kuparuk River Formation sandstones. The reservoir has been delineated by all five of the previously drilled wells in the SMU. The wells were drilled between 2002 and 2014, and the last two wells drilled are expected to be utilized in the development of the SMU. The remaining development wells are scheduled to resume drilling operations by mid-2017. The reserves are expected to be fully developed by the middle of 2019, with production scheduled to begin in November 2017. Planned development for proved reserves will require 8 producers and 13 injectors. Planned development for proved-plus-probable reserves and proved-plus-probable-plus-possible reserves will require one more producer and two more injectors. CaraCol has represented that it owns a 38.187-percent working interest with a 30.549-percent revenue interest in the SMU.

Estimates of reserves presented in this report have been prepared in accordance with the PRMS approved in March 2007 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers. These reserves definitions and other terms are discussed in detail in following sections of this report.

The estimated proved (1P), proved-plus-probable (2P), and proved-plus-probable-plus-possible (3P) reserves, as of March 31, 2016, expressed in millions of barrels (MMbbl), for the proposed SMU development are summarized as follows:

Category	Gross Attributable to License (MMbbl)	Net Attributable to CaraCol (MMbbl)	Change from Previous Update (percent)	Remarks
Oil Reserves				
1P	20.2	6.2	(7.5)	Approximately 30-Percent Recovery
2P	32.6	10.0	(2.0)	Approximately 35-Percent Recovery
3P	37.2	11.4	(0.9)	Approximately 40-Percent Recovery

Notes:
1. Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.
2. All oil reserves estimated herein are considered undeveloped.

Estimated future net revenue and expenditures attributable to CaraCol's interests in the SMU, as of March 31, 2016, under the assumptions concerning prices and costs are summarized as follows, expressed in thousands of United States dollars (M U.S.$):

	1P (M U.S.$)	2P (M U.S.$)	3P (M U.S.$)
Future Gross Revenue	308,810	504,249	577,013
Ad Valorem and Production Taxes	(19,986)	(11,351)	(7,690)
Transportation Expenses	59,152	95,654	108,974
Operating Expenses	85,295	118,379	137,742
Capital and Abandonment Costs	120,372	126,665	126,666
Future Net Revenue	63,977	174,902	211,321
Present Worth at 10 Percent	34,325	88,719	100,864

Notes:
1. Values for probable and possible reserves have not been risk adjusted to make them comparable to values for proved reserves.
2. Future income taxes were not taken into account in the preparation of these estimates.

DEFINITION of RESERVES

Estimates of proved, probable, and possible reserves presented in this report have been prepared in accordance with the PRMS approved in March 2007 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers. The petroleum reserves are defined as follows:

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status.

> *Proved Reserves* – Proved Reserves are those quantities of petroleum which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90-percent probability that the quantities actually recovered will equal or exceed the estimate.
>
> *Unproved Reserves* – Unproved Reserves are based on geoscience and/or engineering data similar to that used in estimates of Proved Reserves, but technical or other uncertainties preclude such reserves being classified as Proved. Unproved Reserves may be further categorized as Probable Reserves and Possible Reserves.
>
> > *Probable Reserves* – Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is

equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50-percent probability that the actual quantities recovered will equal or exceed the 2P estimate.

Possible Reserves – Possible Reserves are those additional reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible Reserves (3P), which is equivalent to the high estimate scenario. In this context, when probabilistic methods are used, there should be at least a 10-percent probability that the actual quantities recovered will equal or exceed the 3P estimate.

Reserves Status Categories – Reserves status categories define the development and producing status of wells and reservoirs.

Developed Reserves – Developed Reserves are expected quantities to be recovered from existing wells and facilities. Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-Producing.

Developed Producing Reserves – Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate. Improved recovery reserves are considered producing only after the improved recovery project is in operation.

Developed Non-Producing Reserves – Developed Non-Producing Reserves include shut-in and behind-pipe Reserves. Shut-in Reserves are expected to be recovered from (1) completion intervals which are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells which will require additional completion work or future recompletion prior to the start of production. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

Undeveloped Reserves – Undeveloped Reserves are quantities expected to be recovered through future investments: (1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g. when compared to the cost of drilling a new well) is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

The extent to which probable and possible reserves ultimately may be recategorized as proved reserves is dependent upon future drilling, testing, and well performance. The degree of risk to be applied in evaluating probable and possible reserves is influenced by economic and technological factors as well as the time element. Estimates of probable and possible reserves in this report have not been adjusted in consideration of these additional risks to make them comparable to estimates of proved reserves.

SOUTHERN MILUVEACH UNIT GEOLOGY and EXPLORATION DATA

The SMU encompasses approximately 12 contiguous square miles (7,680 acres) in the North Slope oil productive region of Alaska. It is located directly north of the Tarn field, south of the Palm field, and southwest of the 2M drilling pad of the Kuparuk River Unit, Kuparuk field. Five wells have been drilled into the SMU as follows: the Kuparuk River Unit 2L-03 well drilled in the south (2002), the North Tarn 1 (2011), and 1A (2012) wells situated in the center, the Mustang 1 (2012) and SMU M-02 (2014) wells drilled to the eastern side. All of these wells encountered Early Cretaceous-age Upper Kuparuk River Formation sandstones, which make up the oil development objective of the SMU and the prolific oil producer in the Kuparuk River and Palm fields.

The Kuparuk River Formation includes several sandstone and shale members above the Kingak Formation and below the Kalubik Shale Formation. The main objective oil interval includes the bioturbated shallow marine C sandstone lobe, which, where present, has a net sand true vertical thickness (TVT) of generally 15 feet to more than 50 feet in the local multi-field area. This clean and blocky sand lobe often includes siderite and glauconite components, but core data in offset wells indicate permeability of 1 to 10 millidarcys within these heteromineralogy zones. The regional Upper Cretaceous unconformity lies at the base of the C lobe. The thin-bedded progradational lower shoreface sandstones of the upper A interval of the Kuparuk River Formation lie beneath the unconformity and, where paleotopography and faulting are favorable, are preserved and contribute as an oil-bearing lower component to the overall reservoir. In the wells drilled within the SMU, the net oil varies from 17 to 25 feet TVT at an average depth of 6,035 feet true vertical depth subsea (TVDSS). Reservoir thickness in the North Tarn 1 well was estimated from mud log oil shows, since well difficulties precluded obtaining a wireline log suite. The North Tarn 1A well penetrated the reservoir within 1,000 feet of the original hole and had 17 feet TVT of net oil. The 1A well was pressure and flow tested in January 2012 and produced oil at a rate of 62 barrels per day with a very high wellbore skin value of 47.7. Average net oil thickness for the SMU is 17.5 feet TVT. Average porosity and water saturation for the SMU are 21.1 percent and 19.3 percent, respectively.

The Kuparuk River Formation in the SMU exhibits a moderately faulted undulating structure that varies from 5,900 to 6,200 feet TVDSS. A dual-direction tensional stress regime is manifested in a bimodal normal fault pattern. This is dominated by a series of north/south-trending, down-to-the-east normal faults, which are complemented by multiple northwest/southeast-trending cross faults. The displacements across these faults within the SMU may be sufficient to effect reservoir separation and cause compartmentalization. Seismic data also indicate fault separation from the 2M drilling pad development of the Kuparuk River Unit, Kuparuk field, which borders the SMU to the east and northeast. However, an initial pressure buildup test, conducted in the North Tarn 1A well, indicated that the Kuparuk C reservoir was approximately 500 pounds per square inch above the expected pressure. The elevated pressures at the North Tarn 1A well are most likely caused by the current waterflood operations in the Kuparuk River Unit and support the interpretation that the C sand is continuous between the Kuparuk River Unit waterflood injectors and the location of the North Tarn 1A well.

The SMU was recognized by the Division of Oil and Gas of the State of Alaska on January 26, 2012, subject to the completion of additional well work and sanction by BRPC by October 1, 2012. CaraCol has represented that those requirements have been met, and that development has been ongoing. On March 30, 2016, BRPC and CaraCol received approval from the State of Alaska, Department of Natural Resources, to extend the term of the SMU until December 31, 2017. Based on the development schedule provided herein, the Unit will be producing in commercial quantities before December 31, 2017, and the Unit will remain in effect for so long as commercial quantities are being produced.

SOUTHERN MILUVEACH UNIT DEVELOPMENT

The development of the SMU from a single drillsite pad (the Mustang pad), the capital costs necessary to construct the Mustang drillsite pad, the schedule of development, and the expenses to operate were provided by CaraCol and BRPC. The development plan, the associated capital costs, and the operating expenses appeared reasonable and were accepted as presented.

As part of the overall development of the SMU, CaraCol has represented that one of the other working interest owners (with 20-percent ownership) in the project is to pay for the cost of the surface production facilities. The contractual arrangement between this surface facility working interest owner and the remaining working interest owners is similar to a purchase/lease back arrangement. Any funds accruing from the 20-percent working interest that are over and above the calculated lease payments are to be refunded to the other working interest owners. Any potential payments from the surface facility working interest owner to CaraCol have not been included in this analysis. CaraCol and the other remaining working interest owners are to pay for the cost to drill and complete the wells. Because of this arrangement, CaraCol is expected to pay 55.263 percent of the drilling and completion costs.

The proved estimate of reserves presented herein requires the drilling and completion of 8 single-lateral horizontal wells paired with 13 vertical water injection wells to effectively waterflood the targeted Kuparuk C reservoir. The proposed Mustang drill pad is located at the surface site of the existing North Tarn 1, 1A, and Mustang 1 wellbores in section 2 (Figure 1). The sections developed in the proved reserves estimate are the nine contiguous sections centered around the proposed Mustang drill pad in section 2, as well as section 25. This area is generally within a 12,000-foot drilling radius from the centralized planned drillsite pad location and also is located above the lowest known oil (LKO) depth at 6,105 feet TVDSS, which is seen in the Kuparuk River Unit 2L-03 well.

The planned proved reserves development is to orient the 8 horizontal producers and 13 vertical water injectors in a parallel direction with the dominant north-south faulting in order to minimize areas of stranded oil. Because it is unknown if these faults are sealing, each horizontal producer will be paired with one or two vertical water injectors located approximately 2,500 to 5,000 feet away so that they both lie within the same fault block. The north/south-oriented horizontal laterals are estimated to range in length between 5,000 and 8,000 feet and are estimated to cost an average of U.S.$12.4 million each. Since it is uncertain whether BRPC will be able to re-enter the Mustang 1 wellbore, extend the well horizontally, and complete it as a horizontal producer along the eastern boundary, capital has been included to re-drill the well. The rate forecast for the proved case was estimated using the BRPC full-field model. The recovery factor for the proved reserves case is approximately 30 percent of the original oil in place (OOIP) in the SMU.

The proved reserves development schedule represents the following: the gravel road and pad have already been installed; equipment procurement is underway and module fabrication is to finish by late 2016 to early 2017; module transportation to the North Slope is to begin by mid-2017 and installation to finish by the end of 2017. Functional check out and commissioning is planned for the third quarter of 2017 with an anticipated plant startup date of November 1, 2017. Development drilling is planned to resume in July 2017. The development drilling is expected to continue until May 2019.

The proposed production facilities on the Mustang pad are to be designed with a capacity of 15,000 barrels of fluid per day (BFPD). It is anticipated that initial oil production from the eight horizontal producing wells will be able to exceed the 15,000 BFPD limit. As such, the total oil production from the field is estimated to reach 15,000 barrels of oil per day (BOPD) by the first half of 2018 as the producers are completed, and remain at 15,000 BOPD throughout 2018. It is projected that water production will begin to increase after 2018 as water breakthrough occurs between the paired injectors and producers, and oil production will begin to decline as the total fluid produced remains at the production facility capacity of 15,000 BFPD.

The estimate of probable reserves presented herein requires the drilling and completion of one additional horizontal producer and two vertical injectors, in addition to those planned for the proved reserves development. These additional laterals are required to develop the Kuparuk C reservoir in the western sections of the SMU under sections 4 and 9. For the probable reserves estimate, the oil productive limits of the Kuparuk C have been extrapolated downdip an additional 50 feet below the LKO to 6,155 feet TVDSS, and the probable reserves recovery factor was increased from 30 percent, used in the proved reserves evaluation, to 35 percent. The estimate of possible reserves presented herein does not require any additional wells over that contemplated under the probable reserves development. For the possible reserves estimate, the recovery factor was increased from 35 percent used in the probable reserves evaluation to 40 percent.

Figure 1 below is a map of the SMU development plan showing the boundaries of the SMU and the locations of the proposed horizontal producers and high-angle injectors.

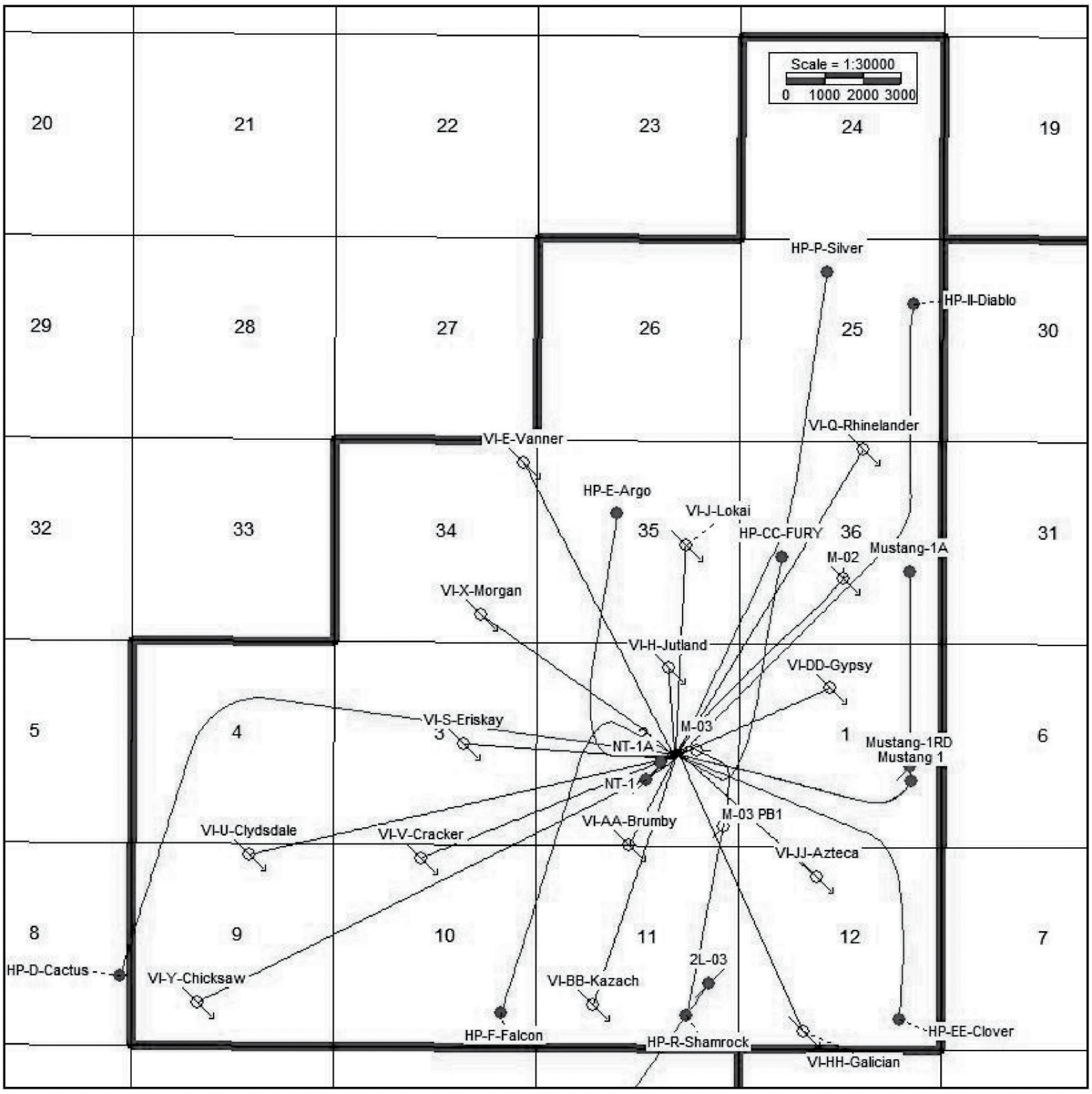

Figure 1: SMU development plan map

No gas reserves have been evaluated for this report. There are no gas sales markets available on the North Slope and all gas that is to be produced is expected to be either used as fuel or reinjected for pressure maintenance.

ESTIMATION of RESERVES

Estimates of reserves presented in this report have been prepared in accordance with the Petroleum Resources Management System (PRMS) approved in March 2007 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers. Appropriate geologic, petroleum engineering, and evaluation principles and techniques that are in accordance with practices generally recognized by the petroleum industry were used. The method or combination of methods used in the analysis of each reservoir was tempered by experience with similar reservoirs, stage of development, quality and completeness of basic data, and production history.

Based on the current stage of field development, production performance, the development plans provided by CaraCol, and the analyses of areas offsetting existing wells with test or production data, reserves were categorized as proved, probable, or possible.

The volumetric method was used to estimate the OOIP. Structure maps were prepared by BRPC and reviewed for this report to delineate each reservoir, and isopach maps were constructed to estimate reservoir volume. Electrical logs, radioactivity logs, core analyses, and other available data were used to prepare these maps as well as to estimate representative values for porosity and water saturation. Simulation results prepared by a third party and provided by BRPC for this report were also used to help estimate the anticipated future recoverable volumes.

Estimates of ultimate recovery were obtained after applying recovery factors to OOIP. These recovery factors were based on consideration of the type of energy inherent in the reservoirs, analyses of the petroleum, the structural positions of the properties, and analogous production histories in the Kuparuk C reservoir in the nearby Kuparuk River field and Palm field. An analysis of analogous reservoir performance, including production rate, reservoir pressure, and gas-oil ratio behavior, was used in the estimation of reserves.

The estimated proved (1P), proved-plus-probable (2P), and proved-plus-probable-plus-possible (3P) reserves, as of

March 31, 2016, expressed in millions of barrels (MMbbl), for the proposed SMU development are summarized as follows:

Category	Gross Attributable to License (MMbbl)	Net Attributable to CaraCol (MMbbl)	Change from Previous Update (percent)	Remarks
Oil Reserves				
1P	20.2	6.2	(7.5)	Approximately 30-Percent Recovery
2P	32.6	10.0	(2.0)	Approximately 35-Percent Recovery
3P	37.2	11.4	(0.9)	Approximately 40-Percent Recovery

Notes:
1. Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.
2. All oil reserves estimated herein are considered undeveloped.

Oil reserves estimated herein are those to be recovered by conventional lease separation. Oil reserves estimates included in the appendix to this report are expressed in terms of barrels (bbl), in which 1 barrel equals 42 United States gallons.

FINANCIAL ANALYSIS

Revenue values in this report were estimated using prices and expenditures provided by CaraCol and BRPC. Future prices were estimated using prices provided by CaraCol, and were considered to be reasonable. Values for proved, proved-plus-probable, and proved-plus-probable-plus-possible reserves were based on projections of estimated future production and revenue prepared for these properties with no risk adjustment applied to the probable or possible reserves. Probable and possible reserves involve substantially higher risks than proved reserves. Revenue values for probable and possible reserves have not been adjusted to account for such risks; this adjustment would be necessary in order to make revenue values for probable and possible reserves comparable with revenue values for proved reserves.

The following assumptions supplied by BRPC were used for estimating future prices and costs.

Oil Prices

An oil price forecast based on the future monthly prices traded on the New York Mercantile Exchange (NYMEX) for crude oil on March 31, 2016, was used in estimating the future net revenue. The oil prices were not adjusted or escalated for inflation. The average annual oil prices, based on the NYMEX future prices, applied to the properties in this report were as follows, expressed in United States dollars per barrel (U.S.$/bbl):

Year	Oil (U.S.$/bbl)
2016	40.67
2017	44.60
2018	46.81
2019	48.52
2020	49.85
2021	50.84
2022	51.74
2023	52.27
2024 *and thereafter*	52.64

Operating Expenses, Transportation Expenses, Capital Costs, and Abandonment Costs

Operating expenses, transportation expenses, capital costs, and abandonment costs (in 2015 United States dollars) were provided by CaraCol and BRPC. Estimates of operating expenses, based on estimated future fixed and variable expenses, transportation expenses, and capital costs were held constant for the lives of the properties and were not adjusted or escalated for inflation. The costs of surface facilities are paid by a separate legal entity established for the sole purpose of financing said facilities. CaraCol has represented that it is contractually responsible for a disproportionate share of 55.263 percent of the drilling capital.

Production Taxes and Ad Valorem Taxes

The severance tax law, SB21, in the State of Alaska is very complex. Provisions of the new law include a variety of capital, loss carry forward, and small producer tax credits. The large negative production taxes in the early years of the project are primarily due to loss carry forward credits payable under SB21 that are generated from the high capital expenditures required for the SMU development. CaraCol and BRPC have represented that each intends to apply to the State of Alaska each year, where applicable, for Alaska to purchase the applicable tax credit. Based on this representation, the value of the tax credit has been included as a negative production tax payment herein. CaraCol has represented that it is eligible for the small-producer tax credit, and at CaraCol's request, this credit has been included in the production tax calculation herein. A Crude Conservation Tax of $0.05 per barrel of net production has also been included in the production tax calculation.

Ad valorem taxes were calculated at 2 percent of the depreciated capital investment, including tangible drilling costs. As of March 31, 2016, the estimated balance for ad valorem tax purposes was $24 million.

The estimated future revenue and costs to be derived from the production and sale of CaraCol's estimated net reserves, as of March 31, 2016, for the development of the SMU are summarized as follows, expressed in thousands of United States dollars (M U.S.$):

	1P (M U.S.$)	2P (M U.S.$)	3P (M U.S.$)
Future Gross Revenue	308,810	504,249	577,013
Ad Valorem and Production Taxes	(19,986)	(11,351)	(7,690)
Transportation Expenses	59,152	95,654	108,974
Operating Expenses	85,295	118,379	137,742
Capital and Abandonment Costs	120,372	126,665	126,666
Future Net Revenue	63,977	174,902	211,321
Present Worth at 10 Percent	34,325	88,719	100,864

Notes:
1. Values for probable and possible reserves have not been risk adjusted to make them comparable to values for proved reserves.
2. Future income taxes were not taken into account in the preparation of these estimates.

The appendix bound with this report includes (1) a summary projection of estimated proved reserves and revenue, (2) a summary projection of estimated proved-plus-probable reserves and revenue, and (3) a summary projection of estimated proved-plus-probable-plus-possible reserves and revenue.

DeGolyer and MacNaughton

SUMMARY and CONCLUSIONS

BRPC is developing certain properties located in the SMU on the North Slope, Alaska. CaraCol has represented that it owns a 38.187-percent working interest in the project. The estimated proved (1P), proved-plus-probable (2P), and proved-plus-probable-plus-possible (3P) oil reserves of the properties evaluated, as of March 31, 2016, are summarized as follows, expressed in thousands of barrels (Mbbl):

Category	Gross Oil (Mbbl)	Company Gross Oil (Mbbl)	Net Oil (Mbbl)
1P	20,169	7,702	6,162
2P	32,616	12,455	9,964
3P	37,158	14,189	11,351

Notes:
1. Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.
2. All oil reserves estimated herein are considered undeveloped.

Estimated future net revenue attributable to CaraCol's interests in the SMU, as of March 31, 2016, of the properties evaluated under the aforementioned assumptions concerning future prices and costs is summarized as follows, expressed in thousands of United States dollars (M U.S.$):

	1P (M U.S.$)	2P (M U.S.$)	3P (M U.S.$)
Future Gross Revenue	308,810	504,249	577,013
Future Net Revenue	63,977	174,902	211,321
Present Worth at 10 Percent	34,325	88,719	100,864

Notes:
1. Values for probable and possible reserves have not been risk adjusted to make them comparable to values for proved reserves.
2. Future income taxes were not taken into account in the preparation of these estimates.

While the oil and gas industry may be subject to regulatory changes from time to time that could affect an industry participant's ability to recover its oil reserves, we are not aware of any such governmental actions which would restrict the recovery of the March 31, 2016, estimated oil reserves.

Qualified Person's Report

DeGolyer and MacNaughton

DeGolyer and MacNaughton is an independent petroleum engineering consulting firm that has been providing petroleum consulting services throughout the world since 1936. Our fees were not contingent on the results of our evaluation. This report has been prepared at the request of CaraCol. DeGolyer and MacNaughton has used all assumptions, procedures, data, and methods that it considers necessary to prepare this report.

Submitted,

DeGolyer and MacNaughton

DeGOLYER and MacNAUGHTON
Texas Registered Engineering Firm F-716

SIGNED: May 27, 2016

STATE OF TEXAS
DENNIS W. THOMPSON
55079
REGISTERED
PROFESSIONAL ENGINEER

Dennis W. Thompson, P.E.

Dennis W. Thompson, P.E.
Senior Vice President
DeGolyer and MacNaughton

Statistics *of* Shareholdings
As at 1 July 2016

GENERAL INFORMATION ON SHARE CAPITAL

Issued and paid-up capital	:	S$83,664,320.42
Total no. of issued shares (including treasury shares)	:	355,336,065
Total no. of issued shares (excluding treasury shares)	:	354,939,065
Number of treasury shares	:	397,000 (0.11%)
Class of shares	:	Ordinary share
Voting rights (excluding treasury shares)	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	47	8.67	2,958	0.00
100 - 1,000	123	22.70	64,763	0.02
1,001 - 10,000	158	29.15	615,454	0.17
10,001 - 1,000,000	178	32.84	27,181,149	7.66
1,000,001 and above	36	6.64	327,074,741	92.15
	542	100.00	**354,939,065**	100.00

Statistics *of* Shareholdings
As at 1 July 2016

TOP 20 SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	Ezion Holdings Limited	106,000,000	29.86
2	Ang Yew Jin Eugene	53,617,539	15.11
3	Maybank Kim Eng Securities Pte Ltd	38,349,000	10.80
4	SF Ventures Pte Ltd	13,000,000	3.66
5	Patrick Tan Choon Hock	12,000,000	3.38
6	Bank of Singapore Nominees Pte Ltd	11,280,000	3.18
7	Thomas Tan Soon Seng (Thomas Chen Shuncheng)	7,500,000	2.11
8	Soo Kee Wee	6,600,000	1.86
9	CIMB Securities (Singapore) Pte Ltd	6,100,016	1.72
10	OCBC Securities Private Ltd	5,779,800	1.63
11	RHB Securities Singapore Pte Ltd	5,658,000	1.59
12	DBS Nominees Pte Ltd	4,722,079	1.33
13	Ang Ai Nyuet	4,500,000	1.27
14	Tan Kim Seng	4,500,000	1.27
15	Phillip Securities Pte Ltd	4,341,200	1.22
16	Tan Wah Sing	2,798,800	0.79
17	He Yue Ying @ Chandrawaty Nugroho	2,764,600	0.78
18	Ngo Wee Bin	2,500,000	0.70
19	Yeo Khee Seng Benny	2,500,000	0.70
20	Hong Leong Finance Nominees Pte Ltd	2,259,000	0.64
	Total:	**296,770,034**	**83.60**

SUBSTANTIAL SHAREHOLDERS

As per Register of Substantial Shareholders:

	Direct Interest	%	Deemed Interest	%
Ang Yew Jin Eugene	53,617,539	15.11	-	-
Ezion Holdings Limited	106,000,000	29.86	-	-

PERCENTAGE OF SHAREHOLDING HELD IN PUBLIC'S HANDS

Based on information made available to the Company as at 1 July 2016, approximately 54.35% of the Company's shares were held in the hands of the public. Accordingly, Rule 723 of the Catalist Rules has been complied with.

Notice *of* Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of Alpha Energy Holdings Limited (the "Company") will be held at Singapore Island Country Club, 180 Island Club Road, Singapore 578774, Ballroom 1, Level 3 on Friday, 29 July 2016 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 March 2016 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company ("Directors") retiring pursuant to the following Articles of the Constitution of the Company ("Constitution"):

   Article 104
   Mr Ang Yew Jin Eugene (See Explanatory Note (i)) **(Resolution 2)**
   Mr Lee Sek Leong Christopher (See Explanatory Note (ii)) **(Resolution 3)**

   Article 114
   Mr Dean Lloyd Gallegos (See Explanatory Note (iii)) **(Resolution 4)**

3. To approve the payment of Directors' fees of S$184,000 for the financial year ended 31 March 2016 (2015: S$177,000) **(Resolution 5)**

4. To re-appoint Messrs KPMG LLP as the Auditor of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**

5. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **Authority to allot and issue shares in the capital of the Company**

   That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore ("Companies Act") and Rule 806 of the Listing Manual Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("Catalist Rules"), authority be and hereby given to the Directors to:-

   (a) (i) allot and issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force, provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per cent. (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty per cent. (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Ordinary Resolution, after adjusting for:

   (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

   (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution provided that 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

   (c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) 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 the Constitution for the time being of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall 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 (iv)) **(Resolution 7)**

7. **Authority to allot and issue shares under the Performance Share Plan of the Company ("Performance Share Plan")**

That pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors to:

(a) offer and grant awards ("Awards") in accordance with the provisions of the Performance Share Plan; and

(b) allot and issue from time to time such number of ordinary shares in the capital of the Company (the "Award Shares") as may be required to be allotted and issued pursuant to the vesting of the Awards under the Performance Share Plan,

provided always that the aggregate number of Award Shares to be allotted and issued pursuant to the Performance Share Plan, when added to the number of new ordinary shares issued and issuable in respect of all Awards granted thereunder, and all ordinary shares issued and issuable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company and for the time being in force shall not exceed fifteen per cent. (15%) of the total number of issued shares (excluding treasury shares) of the Company on the day preceding the relevant date of Award. **(Resolution 8)**
(See Explanatory Note (v))

By Order of the Board

Lee Tiong Hock
Company Secretary
Singapore, 14 July 2016

Explanatory Notes:

(i) Mr Ang Yew Jin Eugene will, upon re-election, remain as a member of the Audit Committee. The Board considers Mr Ang to be non-independent pursuant to Rule 704(7) of the Catalist Rules.

(ii) Mr Lee Sek Leong Christopher will, upon re-election, remain as the Chairman of the Nominating and Remuneration Committees and a member of the Audit Committee. The Board considers Mr Lee to be independent pursuant to Rule 704(7) of the Catalist Rules.

(iii) Mr Dean Lloyd Gallegos will, upon re-election, remain as the Executive Director and Chief Executive Officer of the Company.

(iv) The Ordinary Resolution (7) in item (6) above, if passed, will empower the Directors from the date of this AGM until the date 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares), of which up to fifty per centum (50%) may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(v) The Ordinary Resolution (8) in item (7) above, if passed, will empower the Directors to grant Awards under the Performance Share Plan and to allot and issue Award Shares pursuant to the vesting of Awards under the Performance Share Plan and such other share incentive schemes or share plans adopted by the Company for the time being in force, provided that the aggregate number of ordinary shares to be issued shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) of the Company on the day preceding the relevant date of Award.

Notes:

1. Each of the resolutions to be put to the vote of members at the AGM (and at any adjournment thereof) will be voted on by way of a poll.

2. (a) A member who is not a relevant intermediary, is entitled to appoint not more than two proxies to attend and vote in his/her stead at the AGM. A proxy need not be a member of the Company.

   (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

   "Relevant intermediary" has the meaning ascribed to it under Section 181 of the Companies Act.

3. The instrument appointing a proxy must be deposited at the registered office of the Company at 15 Hoe Chiang Road, #12-05 Tower Fifteen Singapore 089316 not less than forty-eight (48) hours before the time appointed for holding the AGM.

Personal data privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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ALPHA ENERGY HOLDINGS LIMITED
(Company Registration No. 200310813H)
(Incorporated in the Republic of Singapore)

PROXY FORM
ANNUAL GENERAL MEETING
(Please see notes overleaf before completing this Form)

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

I/We, ______________________________ (Name) ______________________ (NRIC/Passport No.)
of ____ (Address)
being a member/members of Alpha Energy Holdings Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting ("AGM") of the Company as my/our proxy/proxies to vote for me/us on my/our behalf at the AGM to be held at Singapore Island Country Club, 180 Island Club Road, Singapore 578774, Ballroom 1, Level 3 on Friday, 29 July 2016 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

The resolutions put to vote at the AGM shall be decided by poll.

No.	Resolutions relating to:	No. of Votes For*	No. of Votes Against*
1	Adoption of the Directors' Statement, Audited Financial Statements and Independent Auditors' Report for the financial year ended 31 March 2016		
2	Re-election of Mr Ang Yew Jin Eugene as a Director of the Company		
3	Re-election of Mr Lee Sek Leong Christopher as a Director of the Company		
4	Re-election of Mr Dean Lloyd Gallegos as a Director of the Company		
5	Approval of payment of Directors' fees amounting to S$184,000 for financial year ended 31 March 2016		
6	Re-appointment of Messrs KPMG LLP as Auditor of the Company and to authorise the Directors to fix their remuneration		
7	Authority to allot and issue new shares in the capital of the Company		
8	Authority to allot and issue shares under the Performance Share Plan		

* If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ______________ day of ____________ 2016

Total number of shares held in:	
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

NOTES:

1. Please insert the total number of shares in the Company ("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), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at an AGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors, who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

6. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.

7. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 15 Hoe Chiang Road, #12-05 Tower Fifteen Singapore 089316 not less than forty-eight (48) hours before the time appointed for the AGM.

8. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

PERSONAL DATA PRIVACY:
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 July 2016.

GENERAL:
The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Designed and Produced by **Rockstar Atelier**

Alpha Energy Holdings Limited
Annual Report 2016

15 Hoe Chiang Road
Tower Fifteen #12-05
Singapore 089316
www.alphaenergy.com.sg

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