ALPHA ENERGY

ANNUAL REPORT

2018

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ALPHA ENERGY HOLDINGS LIMITED
Annual Report 2018

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. The Sponsor has also not drawn on any specific technical expertise in its review of this annual report.

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

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).

THE MUSTANG FIELD

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

On behalf of the Board of Directors, we are pleased to present to you the annual report for Alpha Energy Holdings Limited (the "Company") in respect of the financial year ended 31 December 2018 ("FY2018").

Mustang Project

The Mustang Field is a prospective oil field in the SMU which encompasses approximately 8,960 acres (approximately 36 square kilometres) in the North Slope oil production region of Alaska, the United States of America. The Southern Miluveach Unit ("SMU") shares a common lease line boundary with the Kuparuk River Unit, which has an original oil resource of 6 billion barrels which has produced over 2 billion barrels of oil and produces from the same horizon.

Based on the latest Qualified Person's Report by independent engineering firm DeGolyer and MacNaughton, the latest estimated economic 2P reserves in the SMU was at 32.9 million barrels. Five wells in the SMU have been drilled, and all of these wells encountered the reservoir target to be developed. The wells were drilled between 2002 and 2014, and the last two wells drilled, which include the North Tarn #1A well, are expected to be utilised in the development of the SMU. Brooks Range Petroleum Corporation ("BRPC"), the operator of the SMU, has successfully completed a flowback test of the North Tarn #1A well situated in the SMU in 2017. During the flowback test, the well naturally flowed 24 degree American Petroleum Institute gravity crude from the prolific Kuparuk C formation. The peak rate achieved averaged 1,292 barrels of oil per day with only trace amounts of water. The North Tarn #1A was drilled to a depth of 6,197 feet (approximately 1,889 meters) and is located on the Mustang pad in North Slope, Alaska. The remaining development wells are scheduled to resume drilling operations in Q2 2019. The reserves are expected to be fully developed by the fourth quarter of 2021, with production scheduled to begin on or about Q2 2019.

On 5 March 2019, the shareholders of the Company came together in the Extraordinary General Meeting held and approved the acquisition of 100% ordinary and preferred membership in Mustang Operations Center 1 LLC ("MOC1"), 100% of equity interest in Mustang Road LLC ("MRLLC") and 100% equity interest in TP North Slope Development, LLP ("TPNSD") (collectively known as the "Mustang Project Transactions"). The Mustang Project

Transactions allows the Group to consolidate its interest in the Mustang Project into a controlling block with a view to eventually acquiring all the working interests in the Mustang Field. The Board of Directors believes that the Mustang Project Transactions would allow greater strategic and operational control over our operations in Alaska and is beneficial to the shareholders of Alpha Energy.

On 4 April 2019, the Group secured funding of US$10.9 million which allows the Group to achieve first oil in 2Q 2019. The Group will continue to raise funds through the capital markets or other avenues to continue with the drilling and development plans in accordance with the 6th Plan of Development approved by the State of Alaska.

The Group is in progress of completing the Mustang Project Transactions in April 2019 and will become an enlarged group with 90.1% working interest in the SMU, a controlling interest in BPRC, and 100% ownership over MRLLC and MOC1 that owns the road, gravel pad and processing facility in construction, which will support the development of the Mustang Field.

Acknowledgements

On behalf of the Board, we would like to thank all our vendors, business partners, bankers and shareholders for their continued support. We would also like to express our sincere appreciation to the management and staff for their dedicated work and commitment during the past year and our Directors, with a special mention to be made to Mr Lee Sek Leong Christopher, who will be retiring as a Director this year, for their advice and guidance. 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 TAN SER KO
Non-Executive Director

OPERATIONS REVIEW AND FINANCIAL HIGHLIGHTS

OPERATIONS REVIEW

The Group currently has a single business segment, namely the Exploration and Production segment.

FINANCIAL HIGHLIGHTS

Financial Performance

Other income

The decrease in other income is mainly due to the absence of amortisation of the non-refundable payment received by the Group amounting to US$1.20 million and exchange gain of US$0.18 million in FY2017. The decrease is offset by the increase in other income attributed to the net proceeds from Badami Unit's oil production of US$0.62 million in FY2018 commencing from April 2018.

General and Administrative Expenses

The increase in general and administrative expenses in FY2018 was mainly due to the increase in professional fees incurred in 2H 2018 in relation to the Mustang Project Transactions. These expenses are not expected to be recurring.

Other Expenses

The decrease in other expenses was mainly due to impairment loss on equity investment in Mustang Road LLC ("MRLLC"), a company that owns the road and gravel pad for the Mustang Project, recognised in FY2017 of approximately US$0.80 million. The impairment in the prior year refers to the Group's unquoted investment in MRLLC. There was no impairment recognised in FY2018.

Finance income and finance costs

The increase in finance costs is attributed to interest charged on short term loans obtained in FY2018 for working capital purposes. The absence of finance income in FY2018 is due to the completion of the unwinding of discount related to the amounts due from director.

Associate results

There was no share of results of associate for FY2018 and FY2017 as the Group has written down the carrying value of the Group's interest in Brooks Range Petroleum Corporation ("BRPC") to nil and the Group does not have any further obligation for accumulated losses incurred by the associate in excess of its initial investment.

Financial Position

Non-current assets

The increase in exploration and evaluation assets was due to capital expenditure that the Group incurred on the Mustang Project as well as capitalisation of interest expenses pertaining to the bank borrowings.

The increase in the Group's equity investment – at fair value through other comprehensive income ("FVOCI") was due to the Group's investment in the Badami Unit in FY2018.

The decrease in trade and other receivables was mainly due to the reclassification of tax receivables amounting to US$2.57 million to current assets as it is receivable within the next 12 months from 31 December 2018 offset by reclassification of amount due from the sale of the IT business of US$1.1 million from current to non-current.

Current assets

The decrease in the Group's equity investment – at fair value through profit or loss ("FVTPL") was mainly due to fair value adjustment on the asset in FY2018.

The increase in trade and other receivables was mainly due to the reclassification of tax receivables amounting to US$2.57 million from non-current assets, offset with the decrease in amount due from the sale of the IT business as a result of (i)receipt of US$0.37 million in FY2017 and (ii)the reclassification of the remaining receivables of US$1,099,062 from current to non-current in FY2018. The said tax receivables of US$2.57 million has been received in January 2019.

Current liabilities

The increase in current bank borrowings was mainly due to the accrued interest of the ING credit facility during the year. The ING credit facility is secured by the State of Alaska tax credits.

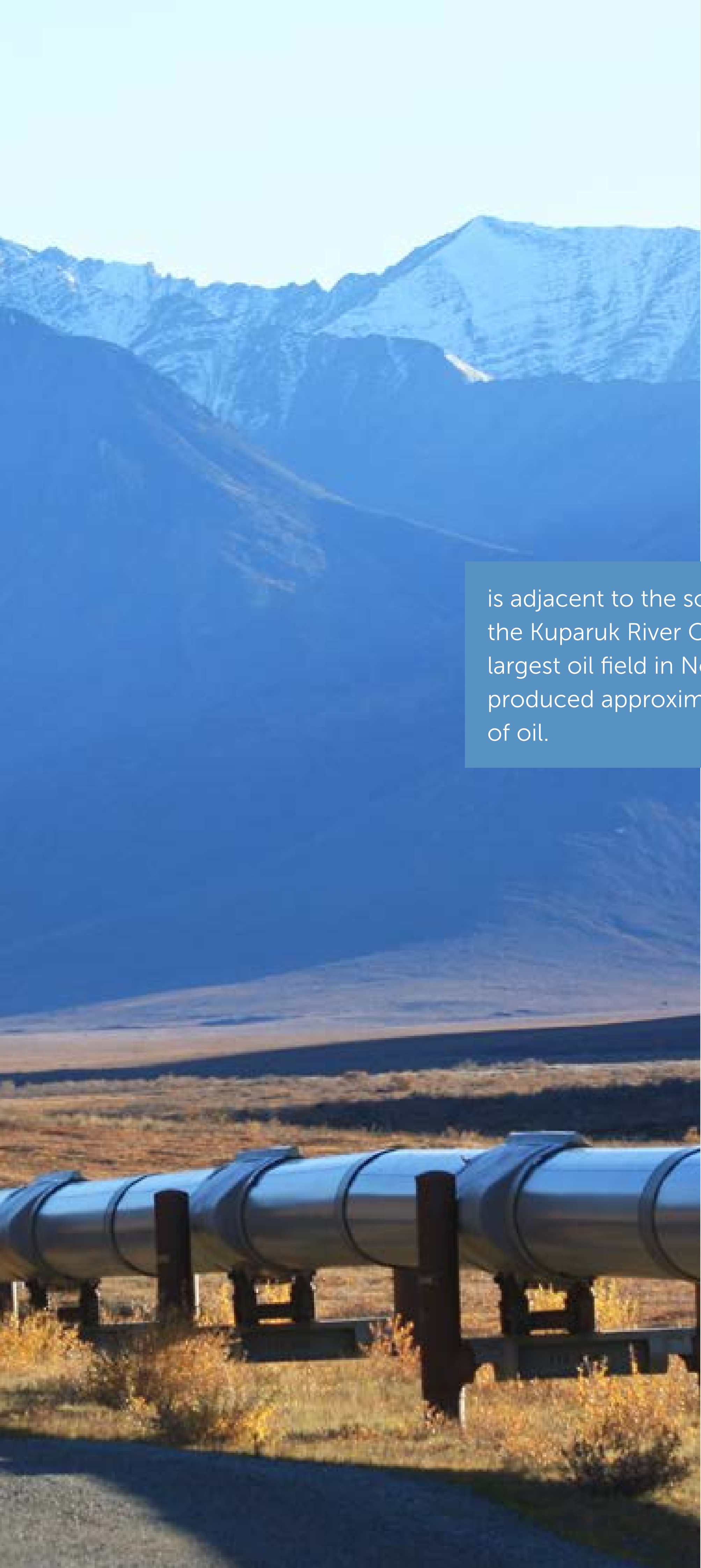
The increase in trade and other payables was mainly due to an increase in external loan payable of $1.01 million and deferred consideration due to sellers of Badami amounting to $2.9 million.

Cashflow

Net cash used in from operating activities in FY2018 was mainly due to the payments made to the Group's vendors.

Net cash used in investing activities of approximately US$4.3 million in FY2018 was mainly due to (i) capital expenditure on the Mustang Project on exploration and evaluation assets as the Group prepares for first oil production and (ii) acquisition and additional investment into the Badami Unit for the drilling of the Starfish (B1-07) well, offset with the partial proceeds received from the sale of the IT business.

Net cash generated from financing activities in FY2018 of approximately US$4.8 million was due to proceeds from the issuance of shares in Q4 2018 of US$3.8 million and net proceeds from external loans of US$1.0 million.



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.

DISCLOSURES RELATING TO MINERAL, OIL AND GAS COMPANIES

The Group has engaged US-based petroleum consulting company, DeGolyer & MacNaughton to provide a summary of reserves of on the Group's assets in the Mustang Field as at 31 December 2018.

MUSTANG FIELD RESERVES AND PROJECT ECONOMICS

Mustang Project/ Southern Miluveach Unit (SMU), North Slope Alaska

In accordance with the summary of reserves of the Mustang Field, the estimated Proved (1P), Proved plus-Probable (2P) and Proved-plus-Probable-plus-Possible (3P) reserves as of 31 December 2018, 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	21.2	15.3	-5.6%	Approximately 30-Percent Recovery
2P	32.8	23.7	0	Approximately 35-Percent Recovery
3P	38.3	27.6	-0.4%	Approximately 40-Percent Recovery

Name of Qualified Person
Gregory K. Graves of Degolyer and MacNaughton

Date
25 March 2019

Professional Society Affilication/Membership
Society of Petroleum Engineers and Society of Petroleum Evaluation Engineers

DISCLOSURES RELATING TO MINERAL, OIL AND GAS COMPANIES

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 behaviours consistent with HSE policies and compliance standards;
- Integrate HSE and compliance programs with processes to continually improve production and performance;
- Continually 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's 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) requirements;
- 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.

DISCLOSURES RELATING TO MINERAL, OIL AND GAS COMPANIES

GOALS AND OBJECTIVES OF SHEMS PROGRAM

Safety, health and pollution prevention are the fundamental responsibility of each individual person. SHEMS promotes HSE in 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.

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

MR RAVINDER SINGH GREWAL S/O SARBJI T 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 28 years of experience in the information technology industry and has contributed significantly to our growth in the last 26 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 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 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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Ravinder Singh Grewal s/o Sarbjit Singh
Mr Lee Sek Leong Christopher
Mr Ang Yew Jin Eugene
Mr Tan Ser Ko

AUDIT COMMITTEE

Mr Ravinder Singh Grewal s/o Sarbjit Singh (Chairman)
Mr Lee Sek Leong Christopher
Mr Ang Yew Jin Eugene

REMUNERATION COMMITTEE

Mr Lee Sek Leong Christopher (Chairman)
Mr Ravinder Singh Grewal s/o Sarbjit Singh
Mr Tan Ser Ko

NOMINATING COMMITTEE

Mr Lee Sek Leong Christopher (Chairman)
Mr Ravinder Singh Grewal s/o Sarbjit Singh
Mr Tan Ser Ko

COMPANY SECRETARY

Mr Tan Wee Sin

REGISTERED OFFICE

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

Tel : (65) 6571 0221
Fax : (65) 6222 7848
Website : www.alphaenergy.com.sg
Email : ir@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)

SPONSOR

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318
Registered Professional: Ms Gillian Goh

CORPORATE GOVERNANCE REPORT

Alpha Energy Holdings Limited (the "Company") and its subsidiaries (collectively 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 December 2018 ("FY2018") 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.

The Board of Directors (the "Board") noted that the Code of Corporate Governance issued on 6 August 2018 ("Code of Corporate Governance 2018") applies to annual reports covering financial years commencing from 1 January 2019. Accordingly, the Company will describe its corporate governance practices with specific reference to the principles and provisions of the Code of Corporate Governance 2018 for the annual report to be issued in 2020 and thereafter.

(A) BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: Effective Board to lead and control the company

As at date of this report, the Board has four members and comprises the following:

Name of Director	Designation
Mr Ravinder Singh Grewal s/o Sarbjit Singh	Independent Non-Executive Chairman
Mr Lee Sek Leong Christopher	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 held two scheduled meetings in FY2018. Ad hoc meetings are convened as warranted by circumstances. Dates of Board, Board Committees and annual general meetings are scheduled in advance in consultation with the Directors to assist them in planning their attendance. A Director who is unable to attend a Board or any of the Board Committees meetings physically may participate via telephone conference or other electronic and telegraphic means which is permissible under the Constitution of the Company ("Constitution"). In addition, matters requiring decisions of the Board are to be approved by way of written resolutions of the Board.

The number of meetings of the Board and Board Committees held in FY2018, as well as the attendance of each Board member thereat, is set out below:

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

Notes:

(1) *Mr. Ang Yew Jin Eugene attended both the NC and RC meetings held during FY2018 by invitation.*
(2) *Mr. Lim Yeok Hua, an Independent Non-Executive Director of the Company, retired on 27 April 2018.*
(3) *Mr. Tan Ser Ko attended the AC meetings held during FY2018 by invitation.*

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 strategies and business plans;
- investments 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 is provided to all new Directors setting out, among other things, a Director's duties and obligations. There were no newly appointed directors during the financial year.

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.

In addition, as required under the Catalist Rules, a new Director who has no prior experience as a director of a company listed on the SGX-ST must undergo training as prescribed by the SGX-ST. Such training will be completed within one year of the appointment.

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.

In FY2018, changes or amendments to accounting standards which have a direct impact on financial statements were reported to and discussed with the AC at its meetings. The Company Secretary had also provided updates on changes to applicable laws and regulations as and when appropriate.

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

Strong and Independent Element on the Board

The Board comprises of four (4) members, all of whom are Non-Executive Directors, of which two (2) 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 definition of the Code and Catalist Rules on what constitutes an Independent Director in its review.

Under the Code, an 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. Under the Catalist Rules, a director will not be independent if (i) he is employed by the company or any of its related corporations for the current or any of the past three financial years; and (ii) he has an immediate family member who is employed or has been employed by the company or any of its related corporations for the past three financial years, and whose remuneration is determined by the remuneration committee of the Company.

The NC has reviewed and determined that Messrs Ravinder Singh Grewal s/o Sarbjit Singh, and Lee Sek Leong Christopher are independent according to the Code and Catalist Rules. Guideline 2.1 of the Code is met as at least one-third of the Board comprises Independent Directors.

The Independent Directors have also confirmed their independence in accordance to the Code and Catalist Rules.

The Company is not required to have at least half of the Board as independent directors or to have a Lead Independent Director as:

(a) The Company currently does not have a Chief Executive Officer ("CEO"); and

(b) The Non-Executive Chairman is not part of the management team and is independent.

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

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

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 for FY2018. 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 and Board Diversity

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" and in this report.

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 are scheduled to meet at least once annually, and as warranted, without the presence of management to discuss concerns or matters such as the effectiveness of the management. For FY2018, the Non-Executive Directors had met once in the absence of the 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.

The Chairman is assisted by the Board, the Company Secretary and management. 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.

The Company does not have any Executive Director or CEO. The role of the CEO was assumed by the Non-Executive Director, Mr Tan Ser Ko. He assists the Company in its efforts to establish the direction and strategic development of the Group, identify business opportunities and provides management leadership of the Company.

In FY2018, the Independent Directors had met once in the absence of the other directors.

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

As at date of this report, the NC comprises of three (3) Directors, two (2) 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 Ang Yew Jin Eugene	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 a Director is independent (bearing in mind the guidelines of the Code and the Catalist Rules, 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 FY2018 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.

The Company does not have any alternate Director for FY2018.

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) the NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and where necessary, the NC 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 consideration and 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 Lee Sek Leong Christopher and Mr Tan Ser Ko 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 has indicated his intention to retire as a Director of the Company and he is not seeking for re-election at the forthcoming AGM. Hence, Mr Lee will retire as a Director of the Company upon conclusion of the forthcoming AGM. Upon his retirement, Mr Lee will cease to be the Chairman of the AC and a member of the NC and RC.

Mr Tan Ser Ko will, upon re-election as a Director, remain as a member of the NC and RC and he is considered non-independent for the purposes of Rule 704(7) of the Catalist Rules.

Having assessed the capacity of the Directors based on factors disclosed below in this report, the Board is of the view that this number would allow Directors to have increased exposure to different Boards and broaden their experience and knowledge in relation to Board matters, ultimately benefitting the Company.

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

(i) Expected and/or competing time commitments of Directors, including whether such commitment is a full-time or part-time employment capacity;

(ii) Geographical location of Directors;

(iii) Size and composition of the Board;

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

(v) Capacity, complexity and expectations of the other listed directorships and principle commitments held.

The measures and evaluation tools in place to assess the performance and consider competing time commitments of the Directors include the following:-

- Declarations by individual Directors of their other listed company board directorships and principal commitments;
- Attention to the Company's affairs, having regard to his other commitments; and
- Assessment of the individual Directors' performance based on the performance criteria.

While some Directors have multiple board representations and other principal commitments, the NC is satisfied the Directors are able to adequately carry out their duties as directors for FY2018 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.

CORPORATE GOVERNANCE REPORT

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

Name of director	Mr Ravinder Singh Grewal s/o Sarbjit Singh	Mr Lee Sek Leong Christopher	Mr Ang Yew Jin Eugene	Mr Tan Ser Ko
Appointment	Independent Non-Executive Chairman	Independent Non-Executive Director	Non-Executive Director	Non-Executive Director
Date of initial appointment	6 June 2014	4 August 2011	28 October 2003	6 June 2014
Date of last re-election	28 April 2017	29 July 2016	27 April 2018	28 April 2017
Directorship in other listed companies and/ or other principal commitments - Present	Thai Union Frozen Public Co Limited Scomi Energy Services Bhd	None	None	Charisma Energy Services Limited & Subsidiaries
Directorship in other listed companies and/ or other principal commitments - Past (in the last three preceding years)	None	None	None	Surface Mount Technology (Holdings) Limited
Present Principal Commitments	MW Brands Holdings Providence Eventures Pte. Ltd. Sellinall Pte. Ltd. Nutrifish SAS	Shareinvestor.com Holdings Pte Ltd Shareinvestor Pte Ltd Waterbrooks Pte Ltd SI.com (Thailand) Co Ltd WISI Australia Pty Ltd SI Portal.com Sdn Bhd Investing Note Pte. Ltd. Vibranium Capital Pte Ltd	Canyon Investments Pte Ltd JK Premier Holdings Pte Ltd JK Tech Holdings Pte Ltd Magenta Consulting Pte Ltd JK Fintech Services Pte Ltd JK Technology Pte. Ltd. JK Tech System (M) Sdn Bhd	Centennial Capital Pte. Ltd. Grenzone Pte. Ltd. Henosis Investments Pte. Ltd. Strategic Equipment Inc Rising Sun Energy Pvt Ltd Bhadla Solar Investments Pte. Ltd. Rising Bhadla 1 Private Limited Rising Bhadla 2 Private Limited

Please refer to the table below for additional information on Directors to be re-elected at the forthcoming AGM:

	Mr Tan Ser Ko
Date of Appointment	28 April 2017
Age	52
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the qualification, work experience and suitability of Mr Tan Ser Ko for re-appointment as Non-Executive Director of the Company. The Board have reviewed and concluded that Mr Tan possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Director
Working experience and occupation(s) during the past 10 years	Please refer to the section entitled 'Board of Directors'.
Shareholding interest in the listed issuer and its subsidiaries	Nil
Any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of Interest (including any competing business)	No, save for the following: The Company is in the midst of completing the acquisition of 3.67% membership interest in Mustang Operations Center 1 LLC from Charisma Energy Services Limited, which Mr Tan is an Executive Director and the Chief Executive Officer. Please refer to the Company's circular dated 18 February 2019. For avoidance of doubt, there is no ongoing conflict of interest save for as disclosed.
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes

	Mr Tan Ser Ko
Other Principal Commitments (for the last 5 years)	
Present	Charisma Energy Services Limited & subsidiaries Centennial Capital Pte. Ltd. Grenzone Pte. Ltd. Henosis Investments Pte. Ltd. Strategic Equipment Inc Rising Sun Energy Pvt Ltd Bhadla Solar Investments Pte. Ltd. Rising Bhadla 1 Private Limited Rising Bhadla 2 Private Limited
Past	M Development Limited Surface Mount Technology (Holdings) Limited Charis Electric Pte. Ltd. Suntera Limited Scuba Directory Pte. Ltd. Yew Hock Marine Engineering Pte Ltd XH Trading Pte. Ltd. Mustang Operations Centre 1 LLC Midland Silicon Company Limited Silex Group Limited
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No

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

		Mr Tan Ser Ko
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).		N/A

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 review of the performance of the Board and the Board Committees is conducted by the NC annually. Each Director is required to self-assess their performance annually based on the performance criteria set by the Board.

The assessment process involves and includes the completion of a board assessment checklist on the effectiveness of the Board, the Board Committees and the individual Directors by Board members, and applying the performance criteria determined by the NC and approved by the Board. This data is collated by the Company Secretary and reviewed by the Chairman of the NC, who presents a summary of the overall assessment to the NC for review. Areas where 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 (i) Board in terms of its role and responsibilities and the conduct of its affairs as a whole for FY2018, and (ii) each of the Directors and is of the view that the performance had been satisfactory. The Board has also met its performance objectives.

No external facilitator was used in the evaluation process in FY2018.

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 the holding of Board meetings, followed by the Board papers so that the directors may better assess the matters tabled, and discussions at the Board meeting may be focused on questions and issues that the directors may raise. Key management personnel, 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 three (3) 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 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 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 FY2018.

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.

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.

Currently, the RC is of the view that it is unnecessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company due to availability of legal remedies as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual results of its Executive Directors and key management personnel.

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 FY2018, 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 $250,000						
Mr Ravinder Singh Grewal s/o Sarbjit Singh	–	100%	–	–	–	100%
Mr Lim Yeok Hua[(2)]	–	100%	–	–	–	100%
Mr Lee Sek Leong Christopher	–	100%	–	–	–	100%
Mr Ang Yew Jin Eugene	–	100%	–	–	–	100%
Mr Tan Ser Ko	–	100%	–	–	–	100%

Notes:

(1) Directors' fees are subject to the approval of the shareholders at AGM.

(2) Mr. Lim Yeok Hua retired as an Independent Non-Executive Director of the Company on 27 April 2018.

For FY2018, there was only one key management personnel in the Company. The key management personnel received remuneration of less than S$250,000 as base/fixed salary.

The above remuneration has been pro-rated according to their date of appointment or date of cessation (where applicable).

Given the competitive business environment and possible negative impact on the Group's business interest, the Board, on review, decided not to disclose the exact remuneration of each Director and key management personnel in Annual Report and that the disclosure based on the above remuneration band is appropriate.

The Company has in place an Alpha Energy Holdings Performance Share Plan (the "Performance Share Plan"). Under the terms of the Performance Share Plan, the Company is entitled to grant to eligible the 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 FY2018. Details of the Performance Share Plan can be found in the "Directors' Statement" as set out in this Annual Report.

The RC is also the committee administering the Alpha Energy Employee Share Option Scheme ("Scheme"). The Scheme recognises the fact that the services of the Group's employees, including the Group's Executive and Non-Executive Directors are important to the success and continued well-being of the Group. By implementing the Scheme, the Company hopes to inculcate in all participants a stronger and more lasting sense of identification with the Group. Details on the Scheme can be found in the "Directors' Statement" as out in this Annual Report.

For FY2018, 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.

The remuneration packages for Executive Director, if any, 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 Director 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 Director and key management personnel with those of the shareholders.

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.

The RC has reviewed and satisfied that the performance conditions were met for FY2018.

There were no employees who were immediate family members of a Director or the CEO whose remuneration exceeded S$50,000 in the Group's employment in FY2018.

(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, 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 Secretary 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 Board is responsible for the effective design, implementation and monitoring of the Company's risk management strategy and internal controls.

The Board approves the key risk management policies and ensures a sound system of risk management and internal controls and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instils the right risk focused culture throughout the Company for effective risk governance.

The AC oversees risk governance which includes the following roles and responsibilities:

- proposes the risk governance approach and risk policies for the Company to the Board;
- reviews the risk management methodology adopted by the Company;
- reviews the strategic, financial, operational, regulatory, compliance, information technology and other emerging risks relevant to the Company identified by management; and
- reviews management's assessment of risks and management's action plans to mitigate such risks.

The Company employed a Financial Controller on 5 October 2018.

Based on the risk management framework and internal controls established and maintained by the Company, 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 Company's risk management and internal control systems addressing financial, operational, compliance and information technology risks, were adequate and effective as of 31 December 2018.

The Board has obtained such assurance from the CEO (or equivalent) and FC in respect of the past 12 months:-

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

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

The Board 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 third (3) 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 Ravinder Singh Grewal s/o Sarbjit Singh	Chairman
Mr Lee Sek Leong Christopher	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 Board considers Mr Ravinder Singh Grewal s/o Sarbjit Singh, who has extensive and practical accounting and financial management knowledge and experience, well qualified to chair the AC.

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 key management personnel to attend its meetings.

Each member of the AC abstains from voting on any resolution in respect of matters in which he has an interest in.

The AC also met with the external auditors and the internal auditors, without the presence of the Management once in FY2018.

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 for FY2018, 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 FY2018 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 FY2018 can be found on page 103 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 Company will be taking steps to make available the whistle blowing policy to the public via the Company website. 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 within the last twelve months and none of the AC members hold any financial interest in the external audit 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 has reviewed and confirmed that Yang Lee & Associates is a suitable professional service firm to meet the Company's internal audit obligations, having regard to the adequacy of resources and experience of the firm and the assigned engagement director, number and experience of supervisory and professional staff assigned to internal audits.

The AC annually reviews the adequacy of the internal audit function to ensure that the internal audits are performed effectively. The Audit Committee has reviewed and is satisfied that the internal audit function is independent, effective and adequately resourced.

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 FY2018 in accordance with the internal audit plan approved by the AC. The findings and recommendations of the IA, management's responses, and management's implementation of the recommendations have been reviewed and 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. They are also informed of the rules, including voting procedures that govern the AGM.

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 Board avail themselves after general meetings to solicit and understand the view of the shareholders.

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. Currently, the Company's Constitution do not allow a shareholder to vote in absentia as the authentication of shareholder identity information and other related security issues still remain a concern.

With the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, investors who hold the Company's shares through a nominee company or custodian bank or through a CPF agent bank may attend and vote at each AGM.

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 FY2018 as the Company was not profitable for FY2018 and 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. In the event that there are resolutions which are interlinked, the Board will explain the reasons and material implications. The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and the minutes of general meetings are available to shareholders upon their request.

An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures that govern the general meetings of shareholders. All the resolutions are put to vote by poll and the voting results of all votes cast for, or against, each resolution and the respective percentages are announced at the general meeting and via SGXNET after the general meeting. As the number of shareholders who attend the general meetings are not large, it is not cost effective to have voting by electronic polling.

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

For FY2018, the Company paid to its sponsor, PrimePartners Corporate Finance Pte. Ltd. non-sponsor fees of S$124,013.

Material Contracts

The Company had entered into a sale and purchase agreement on 3 December 2015, a supplemental agreement on 20 September 2016, a second supplemental agreement on 7 April 2017, a third supplemental agreement on 31 January 2019 and an addendum to the third supplemental agreement on 5 April 2019 with Mr Ang Yew Jin Eugene (Non-Executive Director of the Company) for the disposal of the information technology business.

Save as disclosed above, 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 FY2018 or if not then subsisting, entered into since the end of the previous financial year.

Sustainability

The Company prioritises sustainable practices as they are important to the success of the Group's business. We will publish its standalone FY2018 Sustainability Report no later than 31 May 2019 and the same will be uploaded at the Company's website as well as on SGXNET.

Use of proceeds

The Company has reallocated S$800,000 of the Net Proceeds from the placement completed in October 2018 ("Net Proceeds") which was earlier allocated for the Group's general working capital to be used for acquisition and development of oil and gas assets (the "Reallocated Proceeds"). The Company is of the view that the Reallocated Proceeds would be better utilised in preparation for first oil of the Mustang Field. Subsequent to the reallocation, the status of the use of the Net Proceeds as at the date of the annual report is set out in the table below and has been fully utilised:

Use of Proceeds	Previously allocated	Amount allocated after reallocation	Amount utilised	Balance
	S$	S$	S$	S$
General working capital	1,014,300	214,300	214,300 (1)	-
For acquisition and development of oil and gas assets	4,057,200	4,857,200	4,857,200	-

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.

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

There were no interested person transactions with value equal to or above S$100,000 transacted in FY2018.

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DIRECTOR'S 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 December 2018.

In our opinion:

(a) the financial statements set out on pages 55 to 126 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 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 (International); and

(b) at the date of this statement, having regards to the negotiations on the matters 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
Lee Sek Leong Christopher
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 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	Holdings at end of the year
Ordinary shares in the Company		
Ang Yew Jin Eugene	53,617,539	53,617,539
Options granted by the Company		
Ravinder Singh Grewal s/o Sarbjit Singh	3,480,000	3,480,000
Tan Ser Ko	2,480,000	2,480,000
Lee Sek Leong Christopher	480,000	480,000
Ang Yew Jin Eugene	480,000	480,000

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 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 January 2019.

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 will acquire, 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.

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 January 2018	Options exercised	Options forfeited	Options outstanding as at 31 December 2018	Number of option holders as at 31 December 2018	Exercise period
	S$	'000	'000	'000	'000		
22 May 2014	0.09	261,000	–	–	261,000	21	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.

<u>Alpha Energy Employee Share Option Scheme</u>

The Alpha Energy Employee Share Option Scheme (the "Scheme") was approved and adopted by its members at an Extraordinary General meeting held on 29 July 2016. The Scheme is administered by the Company's Remuneration Committee, comprising three directors, Lee Sek Leong Christopher, Ravinder Singh Grewal s/o Sarbjit Singh and Tan Ser Ko.

Other information regarding the Scheme as at 31 December 2018 is set out below:

<u>Option granted on 2 March 2017 ("Grant Date 1")</u>

In 2017, the Company granted a total of 4,800,000 options pursuant to the Scheme, details as follows:

- The exercise price of each option is fixed at S$0.067.
- The share option shall be exercised, in whole or in part, after the first anniversary of Grant Date 1.
- All options are settled by physical delivery of shares.
- The options granted expire after 10 years where a participant is an Executive Director or Non-Executive Director or upon cessation of the employment of employees.
- The options include 2,400,000 share options granted to the former Executive Director, Dean Lloyd Gallegos and 480,000 share options granted to each of the directors, Ravinder Singh Grewal s/o Sarbjit Singh, Lee Sek Leong Christopher, Tan Ser Ko, and to former directors, Yong Boon Chuan Leslie and Lim Yeok Hua.

<u>Option granted on 5 May 2017 ("Grant Date 2")</u>

In 2017, the Company granted a total of 480,000 options pursuant to the Scheme, details as follows:

- The exercise price of each option is fixed at S$0.078.
- The share option shall be exercised, in whole or in part, after the first anniversary of Grant Date 2.
- All options are settled by physical delivery of shares.
- The options granted expire after 10 years where a participant is an Executive Director or Non-Executive Director or upon cessation of the employment of employees.
- The options include 480,000 share options granted to a director, Ang Yew Jin Eugene.

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 three directors, Lee Sek Leong Christopher, Ravinder Singh Grewal s/o Sarbjit Singh 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.

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.

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:

Ravinder Singh Grewal s/o Sarbjit Singh (Chairman)
Lee Sek Leong Christopher
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) reviews 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) reviews the Group's financial and operation results and accounting policies;

(iii) reviews 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 Committee 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.

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

Ang Yew Jin Eugene
Director

5 April 2019

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Disclaimer of opinion

We were engaged to audit the financial statements of Alpha Energy Holdings Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year ended 31 December 2018, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 55 to 126.

We do not express an opinion on the accompanying financial statements of the Group. Because of the significance of the matters described in the *Basis of disclaimer of opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

We draw attention to Note 2 to the consolidated financial statements which indicates that the Group incurred a net loss of US$1,004,181 (2017: US$306,847) for the year ended 31 December 2018 and, as of that date, the Group's current liabilities exceeded its current assets by US$25,208,314 (2017: US$22,840,583). Included in the current liabilities are:

- US$13,125,000 (2017: US$13,125,000) fixed 2nd tranche payment of acquisition cost of the Mustang Project, which was due and payable on 30 May 2016. The Group, together with other working interest owners of the Mustang Project (collectively "other Working Interest Owners"), are currently in negotiation with the sellers of the Mustang Project to convert the amount payable to long-term notes payable at a discount;

- A bank loan owing to ING Capital of US$8,596,745 (2017: US$7,800,977), which is currently overdue, with the repayment date last postponed to 1 May 2017. On 6 September 2018, ING Capital proposed an amended term sheet to restructure the remaining amount of the loan to a non-default status and a revised repayment schedule with first payment commencing on 31 December 2019. Currently, the Group, together with other Working Interest Owners, are negotiating with ING Capital to (i) reduce the quarterly payments, (ii) extend the schedule of the first payment by another 6 months to align with the expected tax credit receipts and (iii) obtain waiver for the default interest; and

- Net trade payables of US$3,891,064 (2017: US$4,851,805) due to an external vendor (comprising a gross amount of US$5,880,063 less advance payment of US$1,988,999) incurred by the Mustang Field operator on behalf of the Group. The Group, together with other Working Interest Owners, are currently in negotiation with the external vendor to the Mustang Project to convert the gross outstanding balance of US$5,880,063 to long-term notes payable.

Furthermore, as disclosed in Notes 2 and 27 to the financial statements, the Group has entered into a series of agreements to acquire 100% interest in Mustang Operations Center 1 ("MOC1"), Mustang Road LLC ("MRLLC") and TP North Slope Development ("TPNSD") (together, the "Enlarged Group") (collectively the "Mustang Project Transactions"). The Mustang Project Transactions, which is expected to be completed in April 2019, is conditional, among other things, on the ability of the Group to obtain US$6.2 million to meet the capital expenditure of the Mustang Project.

On 4 April 2019, the Group signed a loan agreement to obtain funding of US$10.9 million. The loan, which bears interest of 4% per month, is due on 3 July 2019 and secured by the shares of Caracol Petroleum LLC (a subsidiary of the Company) and TPNSD upon the completion of the acquisition of TPNSD. The Group will raise funds through additional debt or the capital market to repay the loan when it falls due.

Upon the completion of the Mustang Project Transactions, the Group would assume the following additional liabilities:

- Trade and other payables relating to the Mustang Project, in accordance with the increased working interest ownership in the Mustang Project;
- Loan payable to the Alaskan government of US$64 million for the acquisition of MOC1 and MRLLC to be repaid between 2019 to 2026;
- Payable of US$7 million to a previous working interest owner for the acquisition of 13.5% working interest ownership; and
- Overdue line of credit and payable to the Alaskan government of US$19.3 million.

The Group also does not have any unconditional facilities that are available to draw on to meet its obligations as and when required.

These matters indicate the existence of material uncertainties that cast significant doubt about the ability of the Group to operate as a going concern.

As the various negotiations, as described above, are ongoing, we were unable to obtain sufficient appropriate audit evidence regarding the ability of the Group and Company to generate sufficient cash flows to pay their liabilities as and when they become due. We are therefore unable to conclude whether the use of the going concern assumption for the preparation of the accompanying financial statements is appropriate. If the Group is unable to continue in operational existence for the foreseeable future, several adjustments would have to be made to the consolidated financial statements to reflect the situation that assets may need to be realised under circumstances other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded. In addition, the Group may have to provide for further liabilities that might arise. The consolidated financial statements do not reflect these adjustments.

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the consolidated financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis of disclaimer of opinion* section of our report, we were not able to obtain sufficient appropriate evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, because of the significance of the matters described in the *Basis for disclaimer of opinion* section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Chiang Yong Torng.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
5 April 2019

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

	Note	Group 31 December 2018 US$	Group 31 December 2017 US$	Group 1 January 2017 US$	Company 31 December 2018 US$	Company 31 December 2017 US$	Company 1 January 2017 US$
Non-current assets							
Exploration and evaluation assets	5	69,316,223	65,469,561	62,800,679	–	–	–
Plant and equipment	6	547	1,040	1,523	547	1,040	1,523
Investments in subsidiaries	7	–	–	–	1	1	1
Investment in associate	9	–	–	–	–	–	–
Other investments	10	7,235,112	2,762,913	5,059,508	–	–	–
Other receivables	11	8,893,663	10,366,986	14,002,370	1,099,062	–	1,690,692
		85,445,545	78,600,500	81,864,080	1,099,610	1,041	1,692,216
Current assets							
Other investments	10	1,809	28,342	507,549	1,809	28,342	507,549
Other receivables	11	3,061,080	1,903,733	900,715	58,644,568	54,865,616	53,182,919
Cash and cash equivalents	12	1,063,654	1,316,906	1,227,379	13,364	349,974	259,727
		4,126,543	3,248,981	2,635,643	58,659,741	55,243,932	53,950,195
Total assets		89,572,088	81,849,481	84,499,723	59,759,351	55,244,973	55,642,411
Equity							
Share capital	13	64,695,119	60,909,734	60,909,734	64,695,119	60,909,734	60,909,734
Reserves	14	401,469	335,203	150,389	408,509	339,350	145,665
Accumulated losses		(7,036,398)	(6,032,217)	(5,725,370)	(7,679,269)	(6,284,836)	(5,700,999)
Total equity		58,060,190	55,212,720	55,334,753	57,424,359	54,964,248	55,354,400
Non-current liabilities							
Provision for restoration costs	16	547,197	547,197	547,197	–	–	–
Trade and other payables	17	1,629,844	–	–	–	–	–
		2,177,041	547,197	547,197	–	–	–
Current liabilities							
Trade and other payables	17	20,738,112	18,288,587	19,608,293	2,334,992	280,725	288,011
Bank borrowings	15	8,596,745	7,800,977	9,009,480	–	–	–
		29,334,857	26,089,564	28,617,773	2,334,992	280,725	288,011
Total liabilities		31,511,898	26,636,761	29,164,970	2,334,992	280,725	288,011
Total equity and liabilities		89,572,088	81,849,481	84,499,723	59,759,351	55,244,973	55,642,411

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2018

	Note	2018 US$	2017 US$
Revenue		–	–
Cost of sales		–	–
Gross profit		–	–
Other income		619,902	1,378,242
General and administrative expenses		(1,479,551)	(838,199)
Other expenses		(60,098)	(868,180)
Results from operating activities		(919,747)	(328,137)
Finance income	19	–	21,290
Finance cost	19	(84,434)	–
Share of results of associate, net of tax	9	–	–
Loss before income tax	20	(1,004,181)	(306,847)
Income tax expense	21	–	–
Loss for the year		(1,004,181)	(306,847)
Loss per share			
- basic (cents)	22	(0.27)	(0.09)
- diluted (cents)	22	(0.27)	(0.09)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	2018 US$	2017 US$
Loss for the year	(1,004,181)	(306,847)
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	(2,893)	(8,871)
Other comprehensive income for the year, net of tax	(2,893)	(8,871)
Total comprehensive income for the year	(1,007,074)	(315,718)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

	Attributable to owners of the Company					
	Share capital US$	Treasury shares US$	Share option reserve US$	Foreign currency translation reserve US$	Accumulated losses US$	Total equity US$
Group						
At 1 January 2017	60,909,734	(39,369)	185,034	4,724	(5,725,370)	55,334,753
Total comprehensive income for the year						
Loss for the year	–	–	–	–	(306,847)	(306,847)
Other comprehensive income						
Foreign currency translation differences relating to financial statements of foreign operations	–	–	–	(8,871)	–	(8,871)
Total comprehensive income for the year	–	–	–	(8,871)	(306,847)	(315,718)
Transactions with owners, recognised directly in equity						
Contributions by and distribution to owners						
Share-based payment transactions	–	–	193,685	–	–	193,685
Total transactions with owners	–	–	193,685	–	–	193,685
At 31 December 2017	60,909,734	(39,369)	378,719	(4,147)	(6,032,217)	55,212,720

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Year ended 31 December 2018

	Note	Share capital US$	Treasury shares US$	Share option reserve US$	Foreign currency translation reserve US$	Accumulated losses US$	Total equity US$
		← Attributable to owners of the Company					→
Group							
At 1 January 2018		60,909,734	(39,369)	378,719	(4,147)	(6,032,217)	55,212,720
Total comprehensive income for the year							
Loss for the year		–	–	–	–	(1,004,181)	(1,004,181)
Other comprehensive income							
Foreign currency translation differences relating to financial statements of foreign operations		–	–	–	(2,893)	–	(2,893)
Total comprehensive income for the year		–	–	–	(2,893)	(1,004,181)	(1,007,074)
Transactions with owners, recognised directly in equity							
Contributions by and distribution to owners							
Issue of ordinary shares	13	3,785,385	–	–	–	–	3,785,385
Share-based payment transactions		–	–	69,159	–	–	69,159
Total transactions with owners		3,785,385	–	69,159	–	–	3,854,544
At 31 December 2018		64,695,119	(39,369)	447,878	(7,040)	(7,036,398)	58,060,190

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	Note	2018 US$	2017 US$
Cash flows from operating activities			
Loss before income tax		(1,004,181)	(306,847)
Adjustments for:			
Deferred income		–	(1,197,751)
Loss on disposal of available-for-sale financial assets		–	67,835
Depreciation of plant and equipment	6	493	483
Change in fair value of equity investment – at FVTPL		26,533	–
Impairment of available-for-sale financial assets		–	800,345
Finance income	19	–	(21,290)
Finance cost	19	84,434	–
Share-based payments		69,159	193,685
		(823,562)	(463,540)
Changes in working capital:			
Other receivables		(55,763)	1,737,694
Trade and other payables		57,614	(121,955)
Net cash (used in)/generated from operating activities		(821,711)	1,152,199
Cash flows from investing activities			
Proceeds from sale of available-for-sale investments		–	411,372
Exploration and evaluation expenditure		(3,050,894)	(1,932,692)
Investment of equity investment – at FVOCI		(1,525,444)	–
Amounts received from sale of IT business		371,739	915,962
Increase in restricted cash		(84,000)	–
Return of capital from equity investment - at FVOCI	10	–	1,496,250
Net cash (used in)/generated from investing activities		(4,288,599)	890,892
Cash flow from financing activities			
Interest paid		(14,434)	–
Proceeds from issue of share capital		3,785,385	–
Proceeds from loans by an external party		1,368,901	–
Repayment of loan by an external party		(363,901)	–
Repayment of bank borrowings		–	(1,944,693)
Net cash generated from/(used in) financing activities		4,775,951	(1,944,693)
Net change in cash and cash equivalents		(334,359)	98,398
Cash and cash equivalents at beginning of financial year		364,030	274,503
Effects of exchange rate changes on cash and cash equivalents		(2,893)	(8,871)
Cash and cash equivalents at end of financial year	12	26,778	364,030

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 5 April 2019.

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 as at and for the year ended 31 December 2018 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 7 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 US$1,004,181 (2017: US$306,847) for the current financial year and is in a net current liabilities position of US$25,208,314 (2017: US$22,840,583) as at 31 December 2018.

On 5 March 2019, the shareholders approved the Mustang Project Transactions (as defined in Note 27) which includes the acquisition of 100% ordinary and preferred membership in Mustang Operations Centre 1 LLC ("MOC1"), 100% of equity interest in Mustang Road LLC ("MRLLC") and 100% equity interest in TP North Slope Development, LLP ("TPNSD") (together, the "Enlarged Group") (collectively the "Mustang Project Transactions"). Please refer to Note 27 for details on the Mustang Project Transactions.

With the completion of the Mustang Project Transactions, the Enlarged Group will own the following:

- 90.1% working interest in the Mustang Field;
- 97.5% shareholding interest in Brooks Range Petroleum Corporation ("BRPC");
- 100% ownership of MRLLC, which holds the title of the road and Gravel Pad that support the development of the Mustang Field;
- 100% ownership of MOC1, which owns the MOC1 Processing Facility for the Mustang Field; and
- 7.5% working interest in the Badami Unit.

The Group expects to complete the Mustang Project Transactions in April 2019.

2 GOING CONCERN (CONT'D)

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

– Subsequent to year end, the Group obtained funding of US$10.9 million from the TPNSD beneficial owners, which would allow the Group to achieve first oil on or about 2Q 2019. The term loan bears interest of 4% per month is prorated daily, secured by the shares of Caracol Petroleum LLC (a subsidiary of the Company) and TPNSD upon the completion of the acquisition of TPNSD and is due on 3 July 2019. This funding satisfies the critical condition precedent of obtaining funding of US$6.2 million to meet the capital expenditure requirements of the Mustang Project, for the completion of the Mustang Project Transactions.

– The expected cash flows from the production of first oil at the Mustang Field in 2Q 2019, together with oil production on the Badami Unit, would generate revenue and cash flows for the Group.

– US$25,000,000 fixed 2nd tranche payment of acquisition cost of the Mustang Project, US$13,125,000 being the Group's current share of the payable, which was due and payable on 30 May 2016. The Group, together with other working interest owners of the Mustang Project (collectively "other Working Interest Owners"), are currently in negotiation with the sellers of the Mustang Project to convert the amount payable to long-term notes payable at a discount. The Group is confident of reaching an agreement that will enable the Group to defer payment of the liability to after December 2019.

– The aggregated bank loan due to ING Capital of US$18,732,353 as at 31 December 2018, US$8,596,745 being the Group's current share of the payable, matured on 1 May 2017. On 6 September 2018, ING Capital proposed an amended term sheet to restructure the remaining amount of the loan to a non-default status and a revised repayment schedule with first payment commencing on 31 December 2019. Currently, the Group, together with other Working Interest Owners, are negotiating to reduce the quarterly payments, extend the schedule of the first payment by another 6 months to align with the expected tax credit receipts and obtain waiver for the default interest, and are confident to complete the negotiation by 2Q 2019.

– Trade payables of US$11,200,120 is an outstanding payable due to an external vendor, US$5,880,063 being the Group's current share of the payable, incurred by the Mustang Field operator on behalf of the Group and other Working Interest Owners. The Group, together with the other Working Interest Owners of the Mustang Field, are currently in negotiation with the external vendor and are confident to convert the trade payables to a long-term notes payable.

– The Group was expected to acquire the assets and liabilities of MOC1 on 1 June 2018. As at 31 December 2018, the Group is not deemed to have any contractual obligation and hence, is not required to consolidate its share of the assets and liabilities of MOC1 as the Group's obligations under the existing agreement were released as part of the Mustang Project Transactions, defined in Note 27.

2 GOING CONCERN (CONT'D)

The directors of the Company, having considered the following factors, are of the view that the going concern basis of the Group on an enlarged basis remains appropriate: (cont'd)

– As part of the Mustang Project Transactions as described in Note 27, the Enlarged Group will also assume the following liabilities and are currently in negotiation with the relevant parties to align the payment schedule of these liabilities to the production of Mustang Project:

  - Loan payable to the Alaskan government for the acquisition of MOC1 and MRLLC amounting to US$64 million to be repaid between 2019 to 2026.

  - Overdue line of credit and payable to the Alaskan government of US$19,316,636, which is secured by State of Alaska tax credits receivable as mentioned below.

  - Payable of US$7 million to a previous working interest owner for the acquisition of 13.5% working interest ownership by BRPC.

– The Enlarged Group, inclusive of MOC1, has tax credit receivables due and payable by the State of Alaska of US$39,585,097 as at 31 December 2018. The Enlarged Group has received US$9,373,904 in January 2019, out of which US$5,214,539 was used to repay the ING bank loan and US$4,159,365 was used to repay the line of credit and payable to the Alaskan government.

  The Group wishes to emphasise the tax credits remain a liability of the State of Alaska to be paid when funded through annual budgets.

  Arising from discussions with the lending bank and the State of Alaska, as at the date of these financial statements, the Group is reasonably confident that repayment of the balance of the bank loan and line of credit from the State of Alaska can be deferred until receipt by the Group of the remaining non-current tax credits.

As at the date of these financial statements, the Company is still in negotiations with its creditors and the Group has not received any legal demand from the creditors for repayment of the liabilities. The Directors are of the view that the cash of the Group is sufficient to satisfy the immediate daily operational requirements of the Group and that the existence of these liabilities do not prevent the Group from continuing with its operations, which it continues to negotiate with its creditors. The Group will also continue to raise funds either through additional debt or the capital markets.

3 BASIS OF PREPARATION

3.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s"). These are the Group's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore ("FRS"). An explanation of how the transition to SFRS(I) and application of SFRS(I) 9 and SFRS(I) 15 have affected the reported financial position, financial performance and cash flows is provided in Note 28.

3 BASIS OF PREPARATION (CONT'D)

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 the United States dollars (US$), which is the Company's functional currency.

3.4 Use of estimates and judgements

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

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

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:

Valuation of other investments

At the end of each financial year, an assessment is made to determine the fair value of other investments, namely the equity investments at fair value through other comprehensive income ("FVOCI"). As these investments are unquoted, judgement is required in determining the appropriate valuation methodology and key assumptions to be used. Changes in methodology and key assumptions used may affect the fair value of the equity investments.

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 judgements. 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 may be recorded in profit or loss.

Classification of tax credit receivables

The classification of tax credit receivables due from the State of Alaska as current or non-current assets is dependent on the expected timing of receipts. The timing of receipts, in turn, depends on the budget and hence, disbursements approved by the Alaskan government. If the approved disbursements are less than the outstanding tax credits in the fiscal year, the State of Alaska postpones payment of outstanding tax credits to the following fiscal year. At the reporting date, as there are uncertainties over the quantum of the State budget that will be approved for disbursement, management is required to exercise judgement in determining whether the outstanding tax credits are expected to be received within the 12 months after the reporting date.

3 BASIS OF PREPARATION (CONT'D)

3.4 Use of estimates and judgements (cont'd)

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.

Non-consolidation of the assets and liabilities of Mustang Operations Center 1 LLC ("MOC1")

In 2014, the Group, together with other joint operators of the Mustang Project (collectively the "Working Interest Owners") entered into a charter agreement with MOC1 to construct an oil facility. An addendum to the charter agreement that was signed in February 2016 requires the Working Interest Owners to acquire MOC1's interest in the oil processing facility if they were unable to secure financing for the completion of the construction by 1 December 2016. MOC1 has the contractual right to foreclose on all leases owned by the Working Interest Owners if the acquisition of MOC1's interest is not completed by 1 April 2018. As the necessary financing was not secured by 1 December 2016, judgement is required to assess the terms and conditions of the second charter agreement and determine whether the Group has contractual obligations to take over and consolidate its share of the assets and liabilities of MOC1 as at 31 December 2018.

Renewal of explorations rights

The State of Alaska requires the Group to commence production on the Mustang Field before the lease expires on 31 December 2019, failing which, a default event may be triggered and the exploration rights over the Mustang Field will automatically expire. The Alaskan State laws, however, contain certain provisions which allow the Group to seek approval for the renewal of the term prior to its expiration or rectify the default over a cure period.

In spite of the uncertainties in the macro and micro economic environment and its impact on production plans, management has assessed that the Group should be able to renew its exploration rights over the Mustang Field with the State of Alaska beyond 31 December 2019.

Deferred consideration relating to the acquisition of working interest in the Badami Unit

Estimates are made based on forecasted crude oil prices between 2019 and 2021 in determining the amount of deferred consideration payable over the same period. Changes in State of Alaska's average published price of Alaska North Slope crude oil and forecasted crude oil prices will have impact on the deferred consideration recorded as at the end of each financial year.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I) statements of financial position at 1 January 2017 for the purposes of the transition to SFRS(I), unless otherwise indicated.

The accounting policies have been applied consistently by Group entities.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

Acquisitions from 1 January 2017

For acquisitions from 1 January 2017, the Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any NCI in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

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

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

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

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

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, 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 NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Acquisitions before 1 January 2017

As part of transition to SFRS(I)s, the Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I)s, i.e. 1 January 2017. Goodwill arising from acquisitions before 1 January 2017 has been carried forward from the previous FRS framework as at the date of transition.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation (cont'd)

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

(iii) Loss of control

When the Group losses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(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 associates 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 ceases.

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation (cont'd)

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

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

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 reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

(i) an investment in equity securities designated as at FVOCI (2017: available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss));

(ii) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and

(iii) qualifying cash flow hedges to the extent that the hedge is effective.

(ii) Foreign operations

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

Foreign currency differences are recognised in OCI. Since 1 January 2017, the Group's date of transition to SFRS(I), such differences have been recognised in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. 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

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Foreign currency (cont'd)

(ii) Foreign operations (cont'd)

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.

4.3 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 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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Exploration and evaluation assets (cont'd)

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.

4.4 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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Plant and equipment (cont'd)

(iii) Depreciation (cont'd)

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

Office equipment	5 - 10 years

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

4.5 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

(ii) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; equity investments – at FVOCI; or FVTPL.

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

Financial assets at amortised cost

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

a) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at fair value through other comprehensive income

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets – Policy applicable from 1 January 2018 (cont'd)

Financial assets at fair value through profit or loss

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

Financial assets: Business model assessment – Policy applicable from 1 January 2018

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

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

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

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

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2018

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2018 (cont'd)

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

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

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

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 January 2018

Financial assets at FVTPL

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

Financial assets at amortised cost

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

Equity investments at FVOCI

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets – Policy applicable before 1 January 2018

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

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 January 2018

Loans and receivables

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

Loans and receivables comprised cash and cash equivalents, and other receivables (excluding prepayments).

Available-for-sale financial assets

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

Available-for-sale financial assets comprised equity investments.

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial instruments (cont'd)

(iii) Derecognition

Financial assets

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

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

Financial liabilities

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

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

(iv) Offsetting

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

(v) Cash and cash equivalents

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

(vi) 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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial instruments (cont'd)

(vi) Share capital (cont'd)

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.

4.6 Impairment

(i) Non-derivative financial assets

Policy applicable from 1 January 2018

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost.

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

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

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

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

General approach

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Impairment (cont'd)

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

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

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

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

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Impairment (cont'd)

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

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

Policy applicable before 1 January 2018

A financial asset not carried at FVTPL, including an interest in an associate and joint venture, was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event(s) had occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that could be estimated reliably.

Objective evidence that financial assets (including equity investments) were impaired included 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 would enter bankruptcy, adverse changes in the payment status of borrowers or issuers, 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 was objective evidence of impairment.

Loans and receivables

The Group considered evidence of impairment for loans and receivables at both an individual asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Impairment (cont'd)

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

Loans and receivables (cont'd)

An impairment loss was calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The amount reclassified was 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. If the fair value of an impaired available-for-sale debt security subsequently increased and the increase was related objectively to an event occurring after the impairment loss was recognised, then the impairment loss was reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale were not reversed through profit or loss.

(ii) Associates

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(iii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, 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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Impairment (cont'd)

(iii) Non-financial assets (cont'd)

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

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

4.7 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)

4.7 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 grant date fair value of equity-settled share-based payment awards granted to employee is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

4.8 Provisions

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

4.9 Revenue recognition

Dividend income

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

4.10 Leases

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

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding 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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Leases (cont'd)

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.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset assets; and
- the arrangement contains a right to use the assets.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

4.11 Finance income and finance costs

Finance income comprises interest income on amounts due from director and unwinding of discount arising from amounts due from a director. Finance costs comprise interest expenses on borrowings that are recognised in profit or loss.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 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 a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous periods. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty to income taxes, if any.

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.

Deferred tax assets are recognised for unused tax losses, unused 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 used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Income tax expense (cont'd)

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

4.13 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.

4.14 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 Board of Directors (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 Board of Directors 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.

4.15 New standards and interpretation not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in Note 29.

5 EXPLORATION AND EVALUATION ASSETS

	Group	
	2018	2017
	US$	US$
At the beginning of the year	65,469,561	62,800,679
Additions	3,846,662	2,668,882
At the end of the year	69,316,223	65,469,561

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 8) and belong to the exploration and production segment (Note 26). No amortisation was recorded for the period 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 US$795,768 (2017: US$736,190) that represents borrowing costs capitalised during the year using a capitalisation rate of 9.63% (2017: 8.65%).

Impairment

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

6 PLANT AND EQUIPMENT

	Office equipment US$
Group and Company	
Cost	
At 1 January 2017, 31 December 2017 and 31 December 2018	2,463
Accumulated depreciation	
At 1 January 2017	940
Depreciation charge for the year	483
At 31 December 2017	1,423
Depreciation charge for the year	493
At 31 December 2018	1,916
Carrying amounts	
At 1 January 2017	1,523
At 31 December 2017	1,040
At 31 December 2018	547

7 INVESTMENTS IN SUBSIDIARIES

	Company		
	2018	2017	1 Jan 2017
	US$	US$	US$
Unquoted equity shares, at cost	1	1	1

The details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Effective equity interest 2018 %	Effective equity interest 2017 %
Held by the Company				
JK E&P Group Pte Ltd[2]	Investment holding	Singapore	100	100
Conquest Energy Pte Ltd[2]	Investment holding	Singapore	100	100
Held by JK E&P Group Pte Ltd				
JK North Slope Group Inc Srl[1] [3]	Investment holding	Romania	100	100
Held by JK North Slope Group Inc Srl				
JK North Slope LLC[3]	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 8)	United States of America	100	100

(1) 1% held by Conquest Energy Pte Ltd

(2) Audited by KPMG LLP, Singapore

(3) Not required to be audited in accordance with the law of the country of incorporation. These subsidiaries are not significant as defined under Listing Rule 718 of the Singapore Exchange Listing Manual. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits

(4) Not required to be audited in accordance with the law of the country of incorporation. Audited by KPMG LLP, Singapore for group consolidation purposes

8 JOINT OPERATION

The details of the joint operation are as follows:

Held by Caracol Petroleum LLC	**Mustang Project**
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	36.2%* (2017: 36.2%*; 1 January 2017: 36.2%*)

* During the current carried period, the Group has an effective interest of 52.5% (2017: 52.5%; 1 January 2017: 52.5%) 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.

9 INVESTMENT IN ASSOCIATE

	Group and Company		
	2018	**2017**	**1 Jan 2017**
	US$	**US$**	**US$**
Interests in associate	–	–	–

The details of the associate are as follows:

	Brooks Range Petroleum Corporation(*)
Nature of relationship with the Group	Operator of the Mustang Project
Principal place of business/Country of incorporation	Alaska, United States of America
Ownership interests	50% (2017: 50%; 1 January 2017: 50%)

(*) Not required to be audited in accordance with the law of the country of incorporation

Notwithstanding that the Group has 50% ownership of the equity interests of Brooks Range Petroleum Corporation ("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.

9 INVESTMENT IN ASSOCIATE (CONT'D)

The following table summarises the financial information of the Group's material associate based on its respective financial statements prepared in accordance with SFRS(I), modified for differences in the Group's accounting policies:

	2018 US$	2017 US$	1 Jan 2017 US$
Brooks Range Petroleum Corporation:			
Revenue	2,354,559	–	231,288
Profit/(Loss) from operations, representing total comprehensive income for the year	1,025,036	(934,853)	(1,097,444)
Non-current assets	17,600,436	26,795	26,795
Current assets	9,246,798	15,348,419	16,881,137
Current liabilities	(28,206,663)	(17,759,679)	(18,357,544)
Net liabilities	1,359,429	(2,384,465)	(1,449,612)
Group's interest in net assets of investee at beginning of the year/period	–	–	116,672
Share of results of associate:			
- Group's share of profit/(loss) from operations	512,518	–	(116,672)
Reduction in accumulated unrecognised losses	(512,518)	–	–
Carrying amount of interest in investee at end of the year/ period	–	–	–

There were no contingent liabilities as at 31 December 2018, 31 December 2017 and 1 January 2017.

The Group did not recognise accumulated losses of US$386,959 (2017: US$899,477; 1 January 2017: US$432,050) in relation to its interest in the associate, because the Group has no contractual obligation in respect of those losses.

10 OTHER INVESTMENTS

	Group			Company		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	US$	US$	US$	US$	US$	US$
Non-current investments						
Equity investment – at FVOCI	7,235,112	2,762,913	5,059,508	–	–	–
Current investments						
Equity investment – at FVTPL	1,809	28,342	507,549	1,809	28,342	507,549
Total	7,236,921	2,791,255	5,567,057	1,809	28,342	507,549

In 2017, there was a return of capital of US$1,496,250 from the unquoted securities.

During the year, the Group completed its acquisition of 3.75% working interest in the Badami Unit on the North Slope of Alaska from ASRC Exploration, LLC, for the following cash purchase consideration:

- US$570,811 paid in October 2018; and
- Present value of estimated consideration of US$2,934,226 based on forecasted crude oil prices between 2019 and 2021 and payable over the same period. The amount has been recorded under trade and other payables as at 31 December 2018 (Note 17).

The Group also invested an additional $967,162 in the Badami Unit during the year, of which, US$12,529 remains unpaid and recorded under trade and other payables as at year end.

10 OTHER INVESTMENTS (CONT'D)

Equity investments designation as at FVOCI

At 1 January 2018, the Group designated the investments shown below as equity investments at FVOCI because these equity investments represent investments that the Group intends to hold for long-term strategic purposes.

In 2017, the investment in Mustang Road LLC ("MRLLC") was classified as available-for-sale.

	Group	
	Fair value at 31 December 2018	Net profit distribution during 2018
	US$'000	US$'000
Investment in MRLLC	2,762,913	–
Investment in Badami unit	4,472,199	615,608
	7,235,112	615,608

During the financial year, the Group recognised the net profit distribution from the investment in Badami Unit of US$615,608 (2017: Nil) in other income.

No strategic investments were disposed of during 2018, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

Market risks and fair value measurement

The Group's and Company's exposures to market risks and fair value measurement are disclosed in Note 25.

11 OTHER RECEIVABLES

	Group			Company		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	US$	US$	US$	US$	US$	US$
Non-current						
Tax credit receivables	7,794,601	10,366,986	12,311,679	–	–	–
Amount due from a director	1,099,062	–	1,690,691	1,099,062	–	1,690,692
	8,893,663	10,366,986	14,002,370	1,099,062	–	1,690,692
Current						
Non-trade amounts due from subsidiaries	–	–	–	58,188,143	52,993,835	52,282,204
Other receivables	118,170	31,952	14,923	86,217	–	14,923
Prepayments	4,171	1,364	3,335	3,854	1,364	3,335
Tax credit receivables	2,572,385	–	–	–	–	–
Amount due from a director	366,354	1,870,417	882,457	366,354	1,870,417	882,457
	3,061,080	1,903,733	900,715	58,644,568	54,865,616	53,182,919
Total	11,954,743	12,270,719	14,903,085	59,743,630	54,865,616	54,873,611

Tax credit receivables relate to tax credits filed with the State of Alaska for qualified capital expenditures on the Mustang Project. These tax credits have been approved by the Alaskan government. However, the receipt of these tax credits is dependent on the budget approved annually by the Alaskan government. US$2,572,385 of tax credits were received in January 2019 based on the approved budget in 2019. The Group has pledged all the tax credits recoverable as collateral for a loan extended by a bank (Note 15).

The amount due from a director relates to consideration receivable for sale of the Group's IT business in prior year and bears interest of 5.0% per annum. The amount is secured by 15,000,000 shares owned by the director in the Company. Pursuant to the supplemental agreements entered with the Director, the Group agreed to waive off all interest income amounting to US$92,633 and US$78,705 that accrued in 2018 and 2017 respectively.

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

Credit and market risks, and impairment losses

The Group's and the Company's exposures to credit and currency risks and impairment losses, are disclosed in Note 25.

12 CASH AND CASH EQUIVALENTS

	Group			Company		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	US$	US$	US$	US$	US$	US$
Cash at bank and in hand/ Cash and cash equivalents in the statements of financial position	1,063,654	1,316,906	1,227,379	13,364	349,974	259,727
Less: Restricted cash	(1,036,876)	(952,876)	(952,876)	–	–	–
Cash and cash equivalents as per consolidated statement of cash flows	26,778	364,030	274,503	13,364	349,974	259,727

Restricted cash represents cash in a specific bank, whose access is under the control of Alaska State Government for future dismantle, removal and remediation costs in respect to the Mustang Project.

13 SHARE CAPITAL

	Group and Company	
	2018	2017
	No. of shares	No. of shares
At the beginning of the year	355,336,065	355,336,065
Issuance of shares for cash	46,000,000	–
At the end of the year	401,336,065	355,336,065

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. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

In October 2018, the Group issued 46,000,000 ordinary shares at US$0.08 (equivalent to S$0.1125 per share), amounting to US$3,785,385 (equivalent to S$5,175,000).

13 SHARE CAPITAL (CONT'D)

Outstanding share options

As at 31 December 2018, 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 January 2018	Options exercised	Options outstanding as at 31 December 2018	Exercise period
	S$	'000	'000	'000	
22 May 2014	0.09	261,000	–	261,000	22 May 2014 to 21 May 2019
2 March 2017	0.067	4,800	–	4,800	2 March 2018 to 2 March 2027
5 May 2017	0.078	480	–	480	5 May 2018 to 5 May 2027

There were no share options granted, 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 year ended 31 December 2018 and 31 December 2017.

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 less cash and cash equivalents (less restricted cash). Equity consists of share capital plus reserves.

13 SHARE CAPITAL (CONT'D)

Capital management (Cont'd)

The Group's net debt to adjusted equity ratio at the reporting date was as follows:

	Group			Company		
	2018 US$	2017 US$	1 Jan 2017 US$	2018 US$	2017 US$	1 Jan 2017 US$
Trade and other payables	22,367,956	18,288,587	19,608,293	2,334,992	280,725	288,011
Bank borrowings	8,596,745	7,800,977	9,009,480	–	–	–
Less:						
Cash and cash equivalents[1]	(26,778)	(364,030)	(274,503)	(13,364)	(349,974)	(259,727)
Net debt/(asset)	30,937,923	25,725,534	28,343,270	2,321,628	(69,249)	28,284
Total equity	58,060,190	55,212,720	55,334,753	57,424,359	54,964,248	55,354,400
Total capital	88,998,113	80,938,254	83,678,023	59,745,987	54,894,999	55,382,684
Gearing ratio (%)	35%	32%	34%	4%	*	*

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

14 RESERVES

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

	Group			Company		
	2018 US$	2017 US$	1 Jan 2017 US$	2018 US$	2017 US$	1 Jan 2017 US$
Treasury shares	(39,369)	(39,369)	(39,369)	(39,369)	(39,369)	(39,369)
Share option reserve	447,878	378,719	185,034	447,878	378,719	185,034
Foreign currency translation reserve	(7,040)	(4,147)	4,724	–	–	–
	401,469	335,203	150,389	408,509	339,350	145,665

Treasury shares

Treasury shares comprise the cost of the Company's shares held by the Group. At 31 December 2018, the Group held 397,000 of the Company's shares (2017: 397,000; 1 January 2017: 397,000).

14 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.

15 BANK BORROWINGS

		Group	
	2018	**2017**	**1 Jan 2017**
	US$	**US$**	**US$**
Current liability			
Secured bank loan	8,596,745	7,800,977	9,009,480

The bank loan is secured by tax credits recoverable from the State of Alaska of US$10,366,986 (2017: US$10,366,986; 1 January 2017: US$12,311,679).

On 6 September 2018, ING Capital proposed an amended term sheet to restructure the remaining amount of the loan to a non-default status and a revised repayment schedule with first payment commencing on 31 December 2019. Currently, the Group, together with other Working Interest Owners, are negotiating to reduce the quarterly payments, extend the schedule of the first payment by another 6 months to align with the expected tax credit receipts and obtain waiver for the default interest (Note 2).

Market and liquidity risks

Information about the Group's and the Company's exposure to interest rate and liquidity risk are disclosed in Note 25.

15 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		
2018		
Secured floating rate bank loan	10.25	2017
2017		
Secured floating rate bank loan	9.15	2017
1 January 2017		
Secured floating rate bank loan	8.45	2017

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Loans from an external party (Note 17) 2018 US$	Bank borrowings 2018 US$	Total 2018 US$
Balance as at 1 January	–	7,800,977	7,800,977
Proceeds from external loans	1,368,901	–	1,368,901
Interest paid	(14,434)	–	(14,434)
Repayment of external loans	(363,901)	–	(363,901)
Total changes from financing cash flows	990,566	–	990,566
Other changes			
Interest expense	84,434	–	84,434
Accrued interest payable (capitalised in exploration and evaluation assets)	–	795,768	795,768
Total other changes	84,434	795,768	880,202
Balance as at 31 December	1,075,000	8,596,745	9,671,745

15 BANK BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities (Cont'd)

	Bank borrowings 2017 US$	Total 2017 US$
Balance as at 1 January	9,009,480	9,009,480
Repayment	(1,944,693)	(1,944,693)
Total changes from financing cash flows	(1,944,693)	(1,944,693)
Other changes		
Accrued interest payable (capitalised in exploration and evaluation assets)	736,190	736,190
Total other changes	736,190	736,190
Balance as at 31 December	7,800,977	7,800,977

16 PROVISION FOR RESTORATION COSTS

		Group	
	2018 US$	2017 US$	1 Jan 2017 US$
At the beginning of the year	547,197	547,197	442,080
Provision capitalised in exploration and evaluation assets	–	–	105,117
At the end the year	547,197	547,197	547,197

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 and calculated using a discount rate of 3.02% (2017: 2.74%; 1 January 2017: 3.06%) which is the risk-free rate in Alaska, United States of America. The plugging and abandonment activities are expected to be completed by 2044 (2017: 2043; 1 January 2017: 2043).

17 TRADE AND OTHER PAYABLES

	Group			Company		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	US$	US$	US$	US$	US$	US$
Non-current						
Other payables	1,629,844	–	–	–	–	–
	1,629,844	–	–	–	–	–
Current						
Trade payables	3,891,064	4,851,805	4,985,480	–	–	–
Other payables	15,383,335	13,163,494	13,176,651	887,054	13,423	42,642
Deferred income	–	–	1,197,751	–	–	–
Loans from an external party (including interest)	1,075,000	–	–	1,075,000	–	–
Accrued operating expenses	388,713	273,288	248,411	372,938	267,302	245,369
	20,738,112	18,288,587	19,608,293	2,334,992	280,725	288,011
Total	22,367,956	18,288,587	19,608,293	2,334,992	280,725	288,011

Trade payables of US$3,891,064 (2017: US$4,851,805; 1 January 2017: US$4,985,480) is made up of an outstanding payable due to an external vendor of US$5,880,063 (2017: US$5,880,063; 1 January 2017: US$5,880,063) incurred by the Mustang Field operator on behalf of the Group, offset by an advance payment of US$1,988,999 (2017: US$1,028,258; 1 January 2017: US$894,583) to the Mustang Field operator. The Group, together with other Working Interest Owners, are currently in negotiation with the external vendor to the Mustang Project to convert the outstanding payable to long-term notes payable (Note 2).

Other payables largely relate to the following:

- deferred consideration payable for the acquisition of the Mustang Project made through the Group's subsidiary, Caracol Petroleum LLC amounting to US$13,125,000 (2017: US$13,125,000; 1 January 2017: US$13,125,000). The Group, together with the other Working Interest Owners, are currently in negotiation with the sellers of the Mustang Project to convert the amount payable to long-term notes payable at a discount (Note 2) ; and

- deferred consideration relating to the acquisition of working interest in the Badami Unit amounting to US$2,934,226 (2017: Nil; 1 January 2017: Nil) and is estimated based on forecasted crude oil prices between 2019 and 2021 and payable over the same period (Note 10).

As at 31 December 2018, the Group had outstanding loans of US$1,005,000 and interest payable of US$70,000 due to an external party. The loan of US$655,000 bears interest of US$35,000 per week and matures on 1 January 2019. The remaining loan of US$350,000 is interest-free, secured by 1.7% of working interest in the Mustang Field and due on 31 December 2018.

Included in accrued operating expenses were accrued employee benefits of US$ Nil (2017: US$20,654) in FY2018.

17. TRADE AND OTHER PAYABLES (CONT'D)

Currency, interest rate and liquidity risks

The Group's and the Company's exposures to currency risk, interest rate risk and liquidity risk related to trade and other payables are disclosed in Note 25.

18. SHARE BASED PAYMENTS

At 31 December 2018, the Group has the following share-based payment arrangements:

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.

Share options

On 23 May 2014, 5,000,000 share options held by SF Ventures were transferred to 2 directors of the Company, Ravinder Singh Grewal s/o Sarbjit Singh and Tan Ser Ko, 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.

On 15 December 2015, 3,000,000 share options held by SF Ventures were transferred to former Executive Director, Dean Lloyd Gallegos, 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.

No share options were issued and transferred to employees of the Group and Company for the year ended 31 December 2018.

18. SHARE BASED PAYMENTS (CONT'D)

Alpha Energy Employee Share Option Scheme

The Alpha Energy Employee Share Option Scheme (the "Scheme") was approved and adopted by its members at an Extraordinary General meeting held on 29 July 2016. The Scheme is administered by the Company's Remuneration Committee. All Directors and Employees of the Group shall be eligible to participate in the Scheme.

Other information regarding the Scheme is set out below:

Option granted on 2 March 2017 ("Grant Date 1")

- The exercise price of each option is fixed at S$0.067.
- The share option shall be exercised, in whole or in part, after the first anniversary of Grant Date 1.
- All options are settled by physical delivery of shares.
- The options granted expire after 10 years where a participant is an Executive Director or Non-Executive Director or upon cessation of the employment of employees.
- The options include 2,400,000 share options granted to the former Executive Director, Dean Lloyd Gallegos and 480,000 share options granted to each of the directors, Ravinder Singh Grewal s/o Sarbjit Singh, Lee Sek Leong Christopher, Tan Ser Ko, and to former directors, Yong Boon Chuan Leslie and Lim Yeok Hua.
- With effect from 28 April 2017, Yong Boon Chuan Leslie resigned as a non-executive director of the Company.
- With effect from 2 August 2017, Dean Lloyd Gallegos resigned as an executive director of the Company.
- With effect from 27 April 2018, Lim Yeok Hua resigned as a non-executive director of the Company.

Option granted on 5 May 2017 ("Grant Date 2")

In 2017, the Company granted a total of 480,000 options pursuant to the Scheme, details as follows:

- The exercise price of each option is fixed at S$0.078.
- The share option shall be exercised, in whole or in part, after the first anniversary of Grant Date 2.
- All options are settled by physical delivery of shares.
- The options granted expire after 10 years where a participant is an Executive Director or Non-Executive Director or upon cessation of the employment of employees.
- The options include 480,000 share options granted to the director, Ang Yew Jin Eugene.

18 SHARE BASED PAYMENTS (CONT'D)

Alpha Energy Employee Share Option Scheme (Cont'd)

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

Date of grant of options	Exercise prices per share	Options outstanding at 1 January 2018	Options exercised	Options cancelled	Options outstanding at 31 December 2018	Number of option holders at 31 December 2018	Exercise period
		'000	'000	'000	'000		
2 March 2017	S$0.067	4,800	–	–	4,800	6	2 March 2018 to 2 March 2027
5 May 2017	S$0.078	480	–	–	480	1	5 May 2018 to 5 May 2027
		5,280	–	–	5,280		

Fair value of share options and assumptions

The grant-date fair value of share options granted was measured based on the Black-Scholes option-pricing model formula as the fair value of services performed by employees and directors cannot be measured reliably. Expected volatility is estimated by considering historic average share price volatility. Option lives are based on the assumption that each tranche of share options will be exercised once the vesting period is over.

Options granted

	2 March 2017	5 May 2017
Fair value (S$)	0.066	0.076
Share price (S$)	0.070	0.080
Exercise price (S$)	0.067	0.078
Expected volatility	121%	124%
Expected dividends (Singapore cents)	–*	–*
Risk-free interest rate	1.90%	1.90%

* Less than 0.01 Singapore cents

There is no market condition associated with the share option grants.

19 FINANCE INCOME AND FINANCE COST

	Group	
	2018	2017
	US$	US$
Unwinding of discount on amount due from a director	–	21,290
Finance income	–	21,290
Interest expense	(84,434)	–
Finance cost	(84,434)	–

20 LOSS BEFORE INCOME TAX

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

		Group	
	Note	2018	2017
		US$	US$
Depreciation of plant and equipment	6	493	483
Change in fair value of equity investment – at FVTPL		26,533	–
Impairment of available-for-sale financial assets		–	800,345
Loss on disposal of available-for-sale financial assets		–	67,835
Foreign exchange loss/(gain), net		33,565	(180,129)
Audit fees:			
- Auditors of the Company		106,645	104,687
- Other auditors		7,126	12,572
Non-audit fees:			
- Auditors of the Company		8,929	22,738

	Group	
	2018	2017
	US$	US$
Employee benefits expense:		
Contribution to defined contribution plans	–	66
Directors' remuneration	–	132,841
Share-based payments	69,159	193,685
	69,159	326,592

The employee benefits expense is recognised in general and administrative expenses in consolidated statement of profit or loss.

21 INCOME TAX EXPENSE

	Group	
	2018	**2017**
	US$	**US$**
Current tax expense		
Tax expense	–	–
Reconciliation of effective tax rate		
Loss before income tax	(1,004,181)	(306,847)
Share of results of associate, net of tax	–	–
Loss before tax excluding share of results of associate, net of tax	(1,004,181)	(306,847)
Tax calculated using Singapore tax rate of 17% (2017: 17%)	(170,711)	(52,164)
Expenses not deductible for tax purposes	16,351	180,599
Income not subject to income tax	(104,653)	(234,301)
Unutilised tax losses not carried forward	259,013	105,866
	–	–

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.

22 LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share for the year ended 31 December 2018 and year ended 31 December 2017 was based on the loss attributable to ordinary shareholders of the Company of US$1,004,181 (2017: US$306,847) and a weighted average number of ordinary shares outstanding (excluding treasury shares) of 361,366,462 (2017: 354,939,065), calculated as follows:

	Group	
	2018	**2017**
	US$	**US$**
Loss attributable to ordinary shareholders	(1,004,181)	(306,847)

22 LOSS PER SHARE (CONT'D)

Weighted average number of ordinary shares

	Group	
	2018	**2017**
Issued ordinary shares at 1 January	354,939,065	354,939,065
Effect of shares issued in October 2018	10,334,247	–
Weighted-average number of ordinary shares during the year	365,273,312	354,939,065

Diluted loss per share

As the Group is in a loss position for the year ended on 31 December 2018, share options were not included in the computation of diluted earnings per share because these potential ordinary shares were anti-dilutive.

Hence, the diluted loss per share for the year ended 31 December 2018 and year ended 31 December 2017 were the same as the basic loss per share for the same periods.

23 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	
	2018	**2017**
	US$	**US$**
Management fees paid/payable to a related corporation	10,800	10,800

23 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	
	2018	**2017**
	US$	**US$**
Short-term benefits	–	132,841
Post-employment benefits	–	66
Directors' fees	136,861	135,745
	136,861	268,652

All interest income accrued in 2018 and 2017 on the amount due from a director were waived off in the respective financial years (Note 11).

24 COMMITMENTS

Acquisition of assets and liabilities of MOC1

In 2014, the Group, together with the other Working Interest Owners entered into a charter agreement with MOC1 to construct an oil facility. An addendum to the charter agreement that was signed in February 2016 requires the Working Interest Owners to acquire MOC1's interest in the oil processing facility if they were unable to secure financing for the completion of the construction by 1 December 2016. MOC1 has the contractual right to foreclose on all leases owned by the Working Interest Owners if the acquisition of MOC1's interest is not completed by 1 April 2018. As the necessary financing was not secured by 1 December 2016, the Working Interest Owners now have a contractual commitment to acquire MOC1's interests on 1 June 2018.

As of reporting date, the Group has entered into a sale and purchase agreement with the shareholders of the entity to acquire MOC1 as part of the Mustang Project Transactions (see note 27). This is expected to release the Group's obligations under the current agreement.

Contingent payment to sellers of Mustang Project

In accordance with the sale and purchase agreements with the sellers of Mustang Project, on the three hundred sixty-fifth day after the date on which the cumulative volume of hydrocarbons produced and sold from the Mustang Field equals two hundred thousand barrels of oil, the Group is required to pay a sum of US$10,5000,000 to the sellers of the Mustang Project. As of reporting date, production has yet to commence and as such, no accruals related to the payments have been made as at 31 December 2018. The Group, together with the other Working Interest Owners are in negotiation with the sellers of Mustang Project to adjust the terms and conditions of the purchase agreement to reduce the total purchase consideration and payment terms.

25 FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

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

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's other receivables.

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

The carrying amount of financial assets represents the maximum credit exposure.

Tax credit receivables

Tax credit receivables of US$10,366,986 as at 31 December 2018 (2017: US$10,366,986; 1 January 2017: US$12,311,679) are due from the State of Alaska that has a credit rating of Aa3 from Moody's, which is evidence of low credit risk. Impairment on the balance has been measured on the lifetime expected loss basis. The amount of the allowance on the tax credit receivables is insignificant.

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Amount due from a director

The Group and the Company held amount due from a director of US$1,465,416 as at 31 December 2018 (2017: US$1,870,417; 1 January 2017: US$2,573,149). The Company considers that the amount due from the director has a low credit risk based on the loss pattern of the director. In addition, the amount outstanding is secured by the 15,000,000 shares owned by the director in the Company, whose fair value covers a substantial portion of the outstanding balance. As such, impairment on the balance has been measured on the 12-month expected loss basis, which reflects the low credit risk of the exposure. The amount of the allowance on amount due from a director is insignificant.

Non-trade amounts due from subsidiaries

The Company held non-trade receivables from its subsidiaries of US$58,188,143 (2017: US$52,993,835; 1 January 2017: US$52,282,204). These balances are amounts lent to subsidiaries to satisfy its working capital requirements. Impairment on these balances has been measured on the 12-month expected loss basis, which reflects the low credit risk of the exposures based on the loss patterns of its subsidiaries. In addition, the Company expects to recover the outstanding amounts due from subsidiaries through the cash flows generated from the Mustang Field production and refinancing once production starts. The amount of the allowance on these balances is insignificant.

Cash and cash equivalents

The Group held cash and cash equivalents of US$1,063,654 at 31 December 2018 (2017: US$1,316,906; 1 January 2017: 1,227,379). Cash and cash equivalents are held in banks and financial institutions counterparties, which are regulated.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its critical liabilities when due, under both normal and stressed conditions or renegotiate payment terms of the liabilities, without incurring unacceptable losses or risking damage to the Group's reputation.

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (Cont'd)

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's basic operations and to mitigate the effects of fluctuations in cash flows.

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting arrangements:

			Cash flows		
	Carrying amount	Contractual cash flows	Within 1 year	Within 1 to 5 years	More than 5 years
	US$	US$	US$	US$	US$
Group					
31 December 2018					
Non-derivative financial liabilities					
Bank borrowings	8,596,745	(9,214,242)	(9,214,242)	–	–
Trade and other payables	22,367,956	(22,593,730)	(20,843,730)	(1,750,000)	–
	30,964,701	(31,807,972)	(30,057,972)	(1,750,000)	–
Group					
31 December 2017					
Non-derivative financial liabilities					
Bank borrowings	7,800,977	(8,526,468)	(8,526,468)	–	–
Trade and other payables	18,288,587	(18,288,587)	(18,288,587)	–	–
	26,089,564	(26,815,055)	(26,815,055)	–	–
Company					
31 December 2018					
Non-derivative financial liabilities					
Trade and other payables	2,334,992	(2,404,992)	(2,404,992)	–	–
31 December 2017					
Non-derivative financial liabilities					
Trade and other payables	280,725	(280,725)	(280,725)	–	–

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

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (Cont'd)

The Group has a secured bank loan which contain certain non-financial covenants. 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. As disclosed in Note 15, on 6 September 2018, ING Capital proposed an amended term sheet to restructure the remaining amount of the loan to a non-default status and a revised repayment schedule with first payment commencing on 31 December 2019. Currently, the Group, together with other Working Interest Owners, are negotiating to reduce the quarterly payments, extend the schedule of the first payment by another 6 months to align with the expected tax credit receipts and obtain waiver for the default interest.

As disclosed in Note 24, the Group, together with the other Working Interest Owners, have a contractual commitment to acquire MOC1's interest in the oil processing facility. As of reporting date, the Group has entered into a sale and purchase agreement with the shareholders of the entity to acquire MOC1 as part of the Mustang Project Transactions (Note 27). This is expected to release the Group's obligations under the current agreement.

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 equity investment – FVTPL. The Group monitors price risk on an ongoing basis to minimise its exposure. The Group and Company's exposure to price risk is immaterial.

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. The other borrowings of the Group are based on fixed 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.

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets and liabilities at FVTPL. Therefore, in respect of the fixed-rate instruments, a change in interest rates at the reporting date would not affect profit or loss.

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Cash flow sensitivity analysis for variable rate instruments

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) the carrying amount of total assets shown below. This analysis assumes that all other variables, in particular, foreign currency rates, remain constant.

	Group			
	2018		2017	
	100bp increase	100bp decrease	100bp Increase	100bp decrease
	US$	US$	US$	US$
Bank borrowings	85,967	(85,967)	78,010	(78,010)

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 Singapore dollars (S$).

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.

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risks (Cont'd)

The currency that gives rise to this risk is primarily Singapore dollar (2017: Singapore dollar). The Group's net exposure to foreign currency is as follows:

	Singapore dollars US$
Group	
31 December 2018	
Equity investment – FVTPL	1,809
Other receivables	1,498,678
Cash and bank balances	20,868
Trade and other payables	(1,226,280)
Net exposure	295,075
31 December 2017	
Available-for-sale financial assets	28,342
Other receivables	1,870,417
Cash and bank balances	358,082
Trade and other payables	(280,725)
Net exposure	1,976,116

	Singapore dollars US$
Company	
31 December 2018	
Equity investment – FVTPL	1,809
Other receivables	1,498,678
Cash and bank balances	13,364
Trade and other payables	(1,226,280)
Net exposure	287,571
31 December 2017	
Available-for-sale financial assets	28,342
Other receivables	1,870,417
Cash and bank balances	349,974
Trade and other payables	(280,725)
Net exposure	1,968,008

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risks (Cont'd)

Sensitivity analysis

A 10% strengthening of US$ against the following currency at the reporting date would increase loss by the pre-tax and equity amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2018		2017	
	Loss before tax	Equity	Loss before tax	Equity
	US$	US$	US$	US$
Group				
S$	(29,508)	–	(197,612)	–
Company				
S$	(28,757)	–	(196,801)	–

A 10% weakening of US$ 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's and the Company's financial instruments, except those discussed below are not materially different from their fair values as at 31 December 2018 and 31 December 2017 due to their short-term nature and where the effect of discounting is immaterial.

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial instruments by category

	Note	Carrying amount				
		FVOCI – equity instruments	FVTPL – equity instruments	Financial assets at amortised cost	Other financial liabilities	Total
		US$	US$	US$	US$	US$
Group						
31 December 2018						
Financial assets measured at fair value						
Other investments	10	7,235,112	1,809	–	–	7,236,921
Financial assets not measured at fair value						
Other receivables[1]	11	–	–	11,950,572	–	11,950,572
Cash and cash equivalents	12	–	–	1,063,654	–	1,063,654
		7,235,112	1,809	13,014,226	–	20,251,147
Financial liabilities not measured at fair value						
Bank borrowings	15	–	–	–	(8,596,745)	(8,596,745)
Trade and other payables	17	–	–	–	(22,367,956)	(22,367,956)
		–	–	–	(30,964,701)	(30,964,701)

	Note	Carrying amount			
		Available-for-sale	Loans and receivables	Other financial liabilities	Total
		US$	US$	US$	US$
Group					
31 December 2017					
Financial assets measured at fair value					
Available-for-sale investments	10	2,791,255	–	–	2,791,255
Financial assets not measured at fair value					
Other receivables[1]	11	–	12,269,355	–	12,269,355
Cash and cash equivalents	12	–	1,316,906	–	1,316,906
		2,791,255	13,586,261	–	16,377,516

[1] Excludes prepayments

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial instruments by category (Cont'd)

	Note	Carrying amount			
		Available-for-sale	Loans and receivables	Other financial liabilities	Total
		US$	US$	US$	US$
Group					
31 December 2017					
Financial liabilities not measured at fair value					
Bank borrowings	15	–	–	(7,800,977)	(7,800,977)
Trade and other payables	17	–	–	(18,288,587)	(18,288,587)
		–	–	(26,089,564)	(26,089,564)

	Note	Carrying amount			
		FVTPL – equity instruments	Financial assets at amortised cost	Other financial liabilities	Total
		US$	US$	US$	US$
Company					
31 December 2018					
Financial assets measured at fair value					
Other investments	10	1,809	–	–	1,809
Financial assets not measured at fair value					
Other receivables[1]	11	–	59,739,776	–	59,739,776
Cash and cash equivalents	12	–	13,364	–	13,364
		1,809	59,753,140	–	59,754,949
Financial liabilities not measured at fair value					
Trade and other payables	17	–	–	(2,334,992)	(2,334,992)
		–	–	(2,334,992)	(2,334,992)

[1] *Excludes prepayments*

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial instruments by category (Cont'd)

		Carrying amount			
	Note	Available-for-sale US$	Loans and receivables US$	Other financial liabilities US$	Total US$
Company					
31 December 2017					
Financial assets measured at fair value					
Available-for-sale investments	10	28,342	–	–	28,342
Financial assets not measured at fair value					
Other receivables[1]	11	–	54,864,252	–	54,864,252
Cash and cash equivalents	12	–	349,974	–	349,974
		28,342	55,214,226	–	55,242,568
Financial liabilities not measured at fair value					
Trade and other payables	17	–	–	(280,725)	(280,725)

[1] *Excludes prepayments*

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.

25 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial assets carried at fair value

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Group				
31 December 2018				
FVOCI – equity instruments	–	–	7,235,112	7,235,112
FVTPL – equity instruments	1,809	–	–	1,809
31 December 2017				
Available-for-sale financial asset	28,342	–	2,762,913	2,791,255
Company				
31 December 2018				
FVTPL – equity instruments	1,809	–	–	1,809
31 December 2017				
Available-for-sale financial asset	28,342	–	–	28,342

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

Level 3

The purchase consideration and additional investment in equity investment in the Badami Unit is expected to approximate the investment's fair value as the transaction only took place in the current year and they were deemed to be at arm's length as they were between 2 independent parties.

The fair value of equity investment in MRLLC 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.

	Group US$
At 1 January 2017	5,059,508
Total gains and losses for the year included in other comprehensive income:	
Impairment of available-for-sale financial assets	(800,345)
Return of capital	(1,496,250)
At 31 December 2017	2,762,913
Purchase	4,472,199
At 31 December 2018	7,235,112

26 OPERATING SEGMENT

For the year ended 31 December 2017 and year ended 31 December 2018, the Group has only one reportable segment, the exploration and production operating segment, which is also the Group's strategic business unit.

The Group's Board of Directors reviews internal management reports of the business unit at least quarterly.

Management monitors the operating results of the segment 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 Board of Directors, 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.

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.

	Exploration and production	
	2018	**2017**
	US$	**US$**
External revenue	–	–
Reportable segment gross profit	–	–
Other income	619,902	1,378,242
Expenses	(1,539,649)	(1,706,379)
Finance income	–	21,290
Finance cost	(84,434)	–
Share of results of associate	–	–
Loss before income tax	(1,004,181)	(306,847)
Income tax expense	–	–
Loss for the year	(1,004,181)	(306,847)

26 OPERATING SEGMENT (CONT'D)

	31 December 2018			31 December 2017		
	Exploration and production	Unallocated	Total	Exploration and production	Unallocated	Total
	US$	US$	US$	US$	US$	US$
Reportable total segment assets	88,104,863	1,467,225	89,572,088	79,950,722	1,898,759	81,849,481
Reportable total segment liabilities	31,511,898	–	31,511,898	26,636,761	–	26,636,761
Other material non-cash items:						
- Depreciation	493	–	493	483	–	483
- Loss on disposal of available-for-sale financial assets	–	–	–	–	67,835	67,835
- Impairment of available-for-sale financial assets	–	–	–	800,345	–	800,345
- Change in fair value of equity investment – at FVTPL	–	26,533	26,533	–	–	–

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.

	Singapore	USA	Total
	US$	US$	US$
31 December 2018			
Revenue	–	–	–
Non-current assets [(1)]	1,099,609	77,110,824	78,210,433
31 December 2017			
Revenue	–	–	–
Non-current assets [(1)]	1,040	75,836,547	75,837,587

(1) Non-current assets presented consist of plant and equipment, investment in associate, exploration and evaluation assets and other receivables.

26 OPERATING SEGMENT (CONT'D)

Major customers

The Group and the Company do not have any customers during the year ended 31 December 2018 and 31 December 2017.

27 SUBSEQUENT EVENT

Significant acquisition – Mustang Project Transactions

In the Extraordinary General Meeting held on 5 March 2019, shareholders voted for the acquisition of 100% ordinary and preferred membership in MOC1, 100% of equity interest in MRLLC and 100% equity interest in TP North Slope Development, LLP (TPNSD) (collectively known as the "Mustang Project Transactions").

With the completion of the Mustang Project Transactions, the Group will own the following:

- 90.1% working interest in the Mustang Field;
- 97.5% shareholding interest in BRPC;
- 100% ownership of MRLLC, which holds the title of the road and Gravel Pad that support the development of the Mustang Field;
- 100% ownership of MOC1, which owns the MOC1 Processing Facility for the Mustang Field; and
- 7.5% working interest in the Badami Unit.

The Mustang Project Transactions would allow the Group to consolidate its interest in the Mustang Project into a controlling block with a view to eventually acquiring all the working interests in the Mustang Field. This will allow the Group to:

- drive the Mustang Project forward and increase the ability of the Group to raise sufficient funds in both the short and long-term to extract value from the field development program;
- enable cost effectiveness and consistency of production in both the short and long-term by leveraging on the efficiencies created through the vertical integration of supporting facilities in the Mustang Field;
- take control of the strategic and operational aspects of the Mustang Project to maximise value of the Group's working interest in the Mustang Field;
- effectively engage the Alaskan regulators, agencies and authorities and other stakeholders as a controlling block and gain continuing supporting from these parties, which is key to the success of Mustang Project; and
- strengthen the Group's financial position and capital base, align the interests of various stakeholders of the Mustang Project with the Group's interests and to leverage on their substantial expertise and resources.

27 SUBSEQUENT EVENT (CONT'D)

Significant acquisition – Mustang Project Transactions (Cont'd)

In addition, with respect to the proposed acquisitions of MOC1 from Alaska Industrial Development and Export Authority ("AIDEA") and CES Oil Services, the entry into the Mustang Project Transactions will allow the Company to take control of MOC1 and release their obligations under the MOC1 Charter Agreement while at the same time, benefit from the Tax Credits which are expected to be paid out to MOC1.

Upon the completion of the Mustang Project Transactions, the Group will:

- Issue and allot up to 308,606,430 new ordinary shares in the capital of the Group and the Company at the issue price of S$0.125, as consideration pursuant to the acquisition of TPNSD;
- Issue and allot 49,572,000 new ordinary shares in the capital of the Group and the Company at the issue price of S$0.125, as part of the consideration pursuant to the acquisition of MOC1;
- Issue S$6,196,500 1.35 per cent convertible perpetual capital securities, which are convertible into 14,824,800 new fully paid ordinary shares in the capital of the Group and the Company, as part of the consideration pursuant to the acquisition of MOC1;
- Grant 40,651,090 non-transferable options to AIDEA, with each options carrying the right to subscribe for one (1) new ordinary share in the capital of the Group and the Company at the exercise price of S$0.20 per option; and
- Grant 65,000,000 transferable options to TPNSD and Neo Alaska Venture, LLC, with each options carrying the right to subscribe for one (1) new ordinary share in the capital of the Group and the Company at the exercise price of S$0.09 per option.

28 EXPLANATION OF TRANSITION TO SFRS (I) AND ADOPTION OF NEW STANDARDS

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

As stated in Note 3.1, these are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I).

The accounting policies set out in Note 4 have been applied in preparing the financial statements for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of the opening SFRS(I) statement of financial position at 1 January 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

28 EXPLANATION OF TRANSITION TO SFRS (I) AND ADOPTION OF NEW STANDARDS (CONT'D)

In preparing the opening SFRS(I) statement of financial position, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with previous FRS.

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and
- SFRS(I) INT 22 F*oreign Currency Transactions and Advance Consideration.*

The application of the above standards and interpretations do not have a material effect on the financial statements, except for SFRS(I) 9 on the classification of financial assets and liabilities, which is explained in below.

SFRS (I) *1 First-time adoption of Singapore Financial Reporting Standards (International)*

In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) 1 with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 31 December 2018 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. The application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any impact on the financial statements.

SFRS(I) *15 Revenue from Contracts with Customers*

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

Revenue from sale of crude oil is expected to be the Group's main revenue stream when the Group commences commercial production in 2019. There was no revenue generated prior to the adoption of SFRS(I) 15 hence there was no impact the Group from the adoption of SFES(I) 15.

28 EXPLANATION OF TRANSITION TO SFRS (I) AND ADOPTION OF NEW STANDARDS (CONT'D)

SFRS(I) *9 Financial Instruments*

SFRS(I) 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' (ECL) model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 January 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement.* There are no differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 will generally be applied by the Group retrospectively, except as described below:

- The following assessments were made on the basis of facts and circumstances that existed at 1 January 2018.
  - The determination of the business model within which a financial asset is held;
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
  - The designation of an equity investment that is not held-for-trading as at FVOCI.

The impact upon adoption of SFRS(I) 9, including the corresponding tax effects, are described below.

(i) Classification of financial assets and financial liabilities

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI – equity instrument; or FVTPL. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 categories of loans and receivables and available-for-sale. Under SFRS(I) 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

28 EXPLANATION OF TRANSITION TO SFRS (I) AND ADOPTION OF NEW STANDARDS (CONT'D)

(i) Classification of financial assets and financial liabilities (Cont'd)

Group

Financial assets	Note	Original classification under FRS 39	New classification under SFRS(I) 9	1 January 2018 Original carrying amount under FRS 39 US$	1 January 2018 New carrying amount under SFRS(I) 9 US$
Equity investments	(a)	Available-for-sale	FVOCI – equity investment	2,762,913	2,762,913
Equity investments	(b)	Available-for-sale	FVTPL – equity investment	28,342	28,342
Other receivables	(c)	Loans and receivables	Amortised cost	12,269,355	12,269,355
Cash and cash equivalents		Loans and receivables	Amortised cost	1,316,906	1,316,906
Total financial assets				16,377,516	16,377,516

Company

Financial assets	Note	Original classification under FRS 39	New classification under SFRS(I) 9	1 January 2018 Original carrying amount under FRS 39 US$	1 January 2018 New carrying amount under SFRS(I) 9 US$
Equity investments	(b)	Available-for-sale	FVTPL – equity investment	28,342	28,342
Other receivables	(c)	Loans and receivables	Amortised cost	54,864,252	54,864,252
Cash and cash equivalents		Loans and receivables	Amortised cost	349,974	349,974
Total financial assets				55,242,568	55,242,568

a) These equity investments represent investments that the Group intend to hold for the long-term for strategic purposes. The Group have designated these investments at 1 January 2018 as measured at FVOCI. Unlike FRS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

28 EXPLANATION OF TRANSITION TO SFRS (I) AND ADOPTION OF NEW STANDARDS (CONT'D)

(i) Classification of financial assets and financial liabilities (Cont'd)

b) Under FRS39, these equity investments were designated as at available-for-sale as they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as mandatorily measured under FVTPL under SFRS(I) 9.

c) Other receivables that were classified as loans and receivables under FRS 39 are now classified at amortised cost.

(ii) Impairment of financial assets

SFRS(I) 9 replaces the 'incurred loss' model in FRS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, but not to equity investments.

There were no impairment losses recognised in FY2018.

29 NEW STANDARDS AND INTERPRETATION NOT ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018, and earlier application is permitted; however the Group has not early adopted the new or amended standards and interpretation in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are effective for annual periods beginning after 1 January 2018:

Applicable to 2019 financial statements

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

29 NEW STANDARDS AND INTERPRETATION NOT ADOPTED (CONT'D)

Applicable to 2021 financial statements

- SFRS(I) 17 *Insurance Contracts*

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28).

The Group has assessed the estimated impact that initial application of SFRS(I) 16 will have on the financial statements. The Group's assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group, is as described below.

SFRS(I) 16 *Leases*

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease,* SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group currently does not have any lease arrangements within the scope of SFRS(I) 16. The Group will assess how leases should be accounted for under SFRS(I) 16 as and when such arrangements arise.

STATISTICS OF SHAREHOLDINGS

As at 18 March 2019

GENERAL INFORMATION ON SHARE CAPITAL

Issued and paid-up capital	:	SGD88,843,820
Total no. of issued shares (including treasury shares)	:	401,386,065
Total no. of issued shares (excluding treasury shares)	:	400,989,065
Number of treasury shares	:	397,000 (0.099%)
Class of shares	:	Ordinary share
Voting rights (excluding treasury shares)	:	One vote per share
Number of subsidiary holdings held	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	48	8.39	2,997	0.00
100 - 1,000	124	21.68	65,863	0.02
1,001 - 10,000	154	26.92	608,354	0.15
10,001 - 1,000,000	202	35.32	29,179,441	7.28
1,000,001 and above	44	7.69	371,132,410	92.55
	572	100.00	400,989,065	100.00

STATISTICS OF SHAREHOLDINGS

As at 18 March 2019

TOP 20 SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	Ezion Holdings Limited	106,000,000	26.43
2	Ang Yew Jin Eugene	53,617,539	13.37
3	Maybank Kim Eng Securities Pte Ltd	39,648,600	9.89
4	DBS Nominees Pte Ltd	13,208,479	3.29
5	SF Ventures Pte Ltd	13,000,000	3.24
6	Patrick Tan Choon Hock	12,000,000	2.99
7	Phillip Securities Pte Ltd	9,326,100	2.33
8	Tan Kim Seng	8,499,700	2.12
9	Thomas Tan Soon Seng (Thomas Chen Shuncheng)	7,500,000	1.87
10	Citibank Nominees Singapore Pte Ltd	6,667,000	1.66
11	CGS-CIMB Securities (Singapore) Pte Ltd	6,650,085	1.66
12	Raffles Nominees (Pte) Limited	6,474,300	1.61
13	RHB Securities Singapore Pte Ltd	5,650,000	1.41
14	Ang Ai Nyuet	5,500,000	1.37
15	OCBC Securities Private Ltd	5,240,900	1.31
16	Christopher Tang Kok Kai	4,946,000	1.23
17	Kek Sin Shen Steve (Guo Xinsheng)	4,702,000	1.17
18	Gay Soon Watt	4,570,000	1.14
19	Tan Chin Hwee (Chen Jinghui)	4,444,000	1.11
20	Tan Wah Sing	4,098,800	1.02
	Total:	**321,743,503**	**80.22**

SUBSTANTIAL SHAREHOLDERS

As per Register of Substantial Shareholders:

	Direct Interest	%	Deemed Interest	%
Ang Yew Jin Eugene	53,617,539	13.37	-	-
Ezion Holdings Limited	106,000,000	26.43	-	-

PERCENTAGE OF SHAREHOLDING HELD IN PUBLIC'S HANDS

Based on information made available to the Company as at 18 March 2019, approximately 59.60% 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 The Singapore Island Country Club, 180 Island Club Road, Singapore 578774, on Friday, 26 April 2019 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 December 2018 together with the Auditors' Report thereon.

(Resolution 1)

2. To note the retirement of Mr. Lee Sek Leong Christopher as a Director of the Company pursuant to Article 104 of the Constitution of the Company (the "Constitution"). (See Explanatory Note (i))

3. To re-elect Mr. Tan Ser Ko who will be retiring pursuant to Article 104 of the Constitution. (See Explanatory Note (ii))

(Resolution 2)

4. To approve the payment of Directors' fees of S$151,251 for the financial year ended 31 December 2018. (FY2017: S$186,375)

(Resolution 3)

5. 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 4)

6. 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:

7. **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 and subsidiary holdings) 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 and subsidiary holdings) 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 and subsidiary holdings) in the capital of the Company at the time of the passing of this 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 (iii))

(Resolution 5)

8. **Authority to allot and issue shares under the Alpha Energy Holdings 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 and subsidiary holdings) of the Company on the day preceding the relevant date of grant or offer of the Award.
(See Explanatory Note (iv))

(Resolution 6)

9. **Authority to issue shares under the Alpha Energy Employee Share Option Scheme ("Scheme")**

That the Directors be hereby authorised and empowered to offer and grant options in accordance with the rules of the Scheme and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme, when added to the number of shares issued and issuable in respect of such Scheme and other shares issued and/or issuable under other share-based incentive schemes of the Company, shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
(See Explanatory Note (v))

(Resolution 7)

By Order of the Board

Tan Wee Sin
Secretary
Singapore, 11 April 2019

Explanatory Notes:

(i) Mr Lee Sek Leong Christopher will, upon retirement as a Director, cease to be the Chairman of the Nominating Committee ("NC") and Remuneration Committee ("RC") and a member of the Audit Committee ("AC"). Please refer to the sections entitled 'Board of Directors' and 'Corporate Governance Report for more information on Mr Lee.

(ii) Mr Tan Ser Ko will, upon re-election as a Director, remain as a member of the NC and RC. Please refer to the sections entitled "Board of Directors" and "Corporate Governance Report" in the Company's annual report for the information relating to Mr Tan Ser Ko. Please refer to the sections entitled 'Board of Directors' and 'Corporate Governance Report for more information on Mr Tan.

(iii) The Ordinary Resolution (5) in item (7) 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 and subsidiary holdings), 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 and subsidiary holdings) 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.

(iv) The Ordinary Resolution (6) in item (8) 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 and subsidiary holdings) of the Company on the day preceding the relevant date of the grant of the Award.

(v) The Ordinary Resolution (7) in item (9) above, if passed, will empower the Directors, effective 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in aggregate, when added to the number of shares issued and issuable in respect of such Scheme and other shares issued and/or issuable under other share-based incentive schemes or share plans of the Company, fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

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.

4. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited ("CDP") at least 72 hours before the time fixed for holding the Meeting in order for the Depositor to be entitled to attend and vote at the Meeting. In view of Section 81SJ(4) of the, Securities and Futures Act (Chapter 289) of Singapore, a Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears in the Depository Register maintained by the CDP at least seventy-two (72) hours before the AGM. Any Shareholder who is holding his shares via the CDP but whose name is not registered with the CDP seventy-two (72) hours before the AGM will not be entitled to attend and vote at the AGM. Accordingly, even if such shareholder deposits his proxy form forty-eight (48) hours before the AGM, his proxy will not be entitled to attend and vote at 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.

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/SRS monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF/SRS Approved Nominees and is sent solely.

FOR INFORMATION ONLY:
3. This Proxy Form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF and SRS 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 The Singapore Island Country Club, 180 Island Club Road, Singapore 578774, on Friday, 26 April 2019 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/their* 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 Auditors' Report for the financial year ended 31 December 2018.		
2	Re-election of Mr Tan Ser Ko as a Director of the Company.		
3	Approval of payment of Directors' fees amounting to S$151,251 for the financial year ended 31 December 2018.		
4	Re-appointment of Messrs KPMG LLP as Auditor of the Company and to authorise the Directors to fix their remuneration.		
5	Authority to allot and issue new shares in the capital of the Company.		
6	Authority to allot and issue shares under the Alpha Energy Holdings Performance Share Plan.		
7	Authority to issue shares under the Alpha Energy Employee Share Option Scheme.		

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______________2019

Total number of shares held in:	
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

* Delete where inapplicable

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 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 11 April 2019.

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.

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ALPHA ENERGY HOLDINGS LIMITED
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15 Hoe Chiang Road,
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