
ANNOUNCEMENT PURSUANT TO RULE 704(4) AND 704(5) OF THE CATALIST RULES

- **AUDITORS UNABLE TO EXPRESS AN OPINION ON THE AUDITED FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 31 DECEMBER 2018**
 - **ADJUSTMENTS TO PRELIMINARY FULL YEAR RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**
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1) AUDITORS UNABLE TO EXPRESS AN OPINION ON THE AUDITED FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 31 DECEMBER 2018

Pursuant to Rule 704(4) of the Listing Rules (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") (the "Catalist Rules"), the Board of Directors (the "Board") of Alpha Energy Holdings Limited (the "Company" and together with its subsidiaries, the "Group") wishes to advise that Group's independent auditor, KPMG LLP could not express an opinion on the financial statements of the Group. Due to the significance of the matters described in the Basis of Disclaimer of Opinion section of the Independent Auditors Report, they could not obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements for the financial year ended 31 December 2018 ("FY2018") (the "Audited Financial Statements").

Notwithstanding the above, the Group continues to restructure its balance sheet to take into account the developments of the Mustang Project.

Progress continues to be made to realign the Group's liabilities with available financial resources albeit such process is still ongoing despite these best efforts. A copy of the Independent Auditors Report and an extract of Note 2 to the Audited Financial Statements are attached to this announcement for further information.

As at 31 December 2018, the Group's audited current assets and current liabilities positions are as follow (in US\$):

Current Assets	4.1 million
Current Liabilities	(29.3 million)
Net Current Liabilities	(25.2 million)

The current liabilities materially comprises of the following amounts:

Mustang Project Deferred Acquisition Payment	13.1 million
Mustang Field Operator	3.9 million
Bank Borrowings	8.6 million
Total	\$25.6 million

Mustang Project Deferred Acquisition Payment

The Group, together with the other working interest owners of the Mustang Field, continue their negotiations with the recipients of this amount to convert the amount payable to long-term notes payable at a discount. The working interest owners of the Mustang Field are confident of reaching an agreement to defer payment of the Acquisition Cost to a date after December 2019.

Mustang Field Operator

The outstanding balance is made up of an advance payment of US\$2.0 million to BRPC for operating purposes and offset by an outstanding payable due to an external vendor of US\$5.9 million incurred by BRPC on behalf of the Group. The Group, together with the other working interest owners of the Mustang Field, continue their negotiations with the external vendor and are confident of reaching an agreement to convert the trade payables due to the external vendor to long-term notes payable.

Bank Borrowings

The bank loan facility matured in September 2017 and the Group, together with the other working interest owners of the Mustang Field, entered into an amended term sheet in September 2019 to restructure 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 default interest, and are confident to complete the negotiation by Q2 2019.

In January 2019, the Group repaid US\$2.57 million to ING Capital upon the receipt of tax credits from the State of Alaska.

In view of the foregoing, the Board:-

- (i) is in the opinion that sufficient information has been disclosed for trading of the Company's securities to continue in an orderly manner;
- (ii) is of the opinion that the Group will be able to fulfil its obligations for the next twelve months and continue as a going concern as there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due; and
- (iii) confirms that all material disclosures have been provided for trading of the Company's shares to continue.

Subsequent to the completion of the Mustang Project Transactions anticipated in April 2019, the Enlarged Group will also assume the following liabilities and are currently in negotiations with the relevant parties to align the payment schedule of these liabilities to the production of Mustang Field:

- 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 as acquisition price for the sale of 13.5% working interest ownership by BRPC.

As at the date of the 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.

The Independent Auditors' Report and a complete set of the Group's Audited Financial Statements will form part of the Company's annual report for FY2018 ("FY2018 Annual Report") which will be

released on SGXNET and sent to the Shareholders of the Company in due course. Shareholders of the Company are advised to refer to the Independent Auditors Report in its entirety in the FY2018 Annual Report.

2) ADJUSTMENT TO PRELIMINARY FULL YEAR RESULTS ON 31 DECEMBER 2018

The Board refers to the unaudited financial results announcement for the FY2018 released via SGXNET on 29 February 2019 (the "Announcement").

Pursuant to Rule 704(5) of the Catalist Rules, the Board wishes to advise the material differences between the Audited Financial Statements and the Announcement following the finalisation of the audit. Below are the details of the material variances between the Audited Financial Statements and the Announcement:

Statement of Financial Position

	Announce- ment	Audited Financial Statements	Change	% Change	Note
Current Assets					
Other receivables	4,160,142	3,061,080	(1,099,062)	26%	A
Non-Current Assets					
Other investments	4,300,886	7,235,112	(2,934,226)	(68%)	B
Other receivables	7,794,601	8,893,663	(1,099,062)	(14%)	A
Current Liabilities					
Trade and other payables	(19,433,730)	(20,738,112)	1,304,382	(7%)	B
Non-Current Liabilities					
Trade and other payables	-	(1,629,844)	1,629,844	NM	B

Notes:

- A:** Subsequent to 31 December 2018, pursuant to the 3rd supplemental agreement entered with the Director, the payment schedule of receivables for sale of the Group's IT business in prior year was revised. Accordingly, the Group reclassified US\$1.1m of receivables from current assets to non-current assets.
- B:** 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. As part of the acquisition, purchase consideration of US\$2.9 million is deferred and to be paid over 2019 and 2021. Out of which, in accordance with the sale and purchase agreement, US\$1.3 million is expected to be settled within the next 12 months.

By Order of the Board

Tan Wee Sin
Company Secretary
6 April 2019

*This announcement 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 announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement. The Sponsor has also not drawn on any specific technical expertise in its review of this announcement.

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 E-mail: sponsorship@ppcf.com.sg).