ANNUAL REPORT

2019

ALPHA ENERGY

ALPHA ENERGY

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ALPHA ENERGY HOLDINGS LIMITED ANNUAL REPORT 2019

This annual report has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document. The Sponsor has also not drawn on any specific technical expertise in its review of this annual report.

The contact person for the Sponsor is Ms Gillian Goh, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.

Letter to 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", or together with its subsidiaries, the "Group") in respect of the financial year ended 31 December 2019 ("FY2019").

MUSTANG PROJECT

During FY2019, the Group successfully completed the Mustang Project Transactions and consolidated the Group's interest in the Mustang Project. Due to unforeseen circumstances and coupled with greater than expected logistical challenges, the project has finally achieved First Oil on 3 November 2019, after a delay of more than 6 months from the initial target date of first quarter 2019. The continuing delay in oil sales and cost overrun resulted in the Group going into a default in repayment to one of its lenders.

The Group had subsequently entered into non-binding term sheet with the lender for the repayment of the loan subject to conditions which includes, inter-alia, a further fund-raising to continue to support the project. However, the Group's efforts came to naught when the downturn in the oil market during the first quarter of 2020 and the COVID-19 pandemic further drove down the global oil demand which hampered all of the Group's fund-raising efforts. Notwithstanding the impending foreclosure of the Group's leases and assets, taking into consideration the overall economic outlook and the outlook of the oil and gas industry, the Group is of the view that it is extremely difficult for the Group to continue developing the Mustang Project in the foreseeable future. The public auction was held on 23 September 2020 and the Mustang Road, Mustang Pad and all the Group's leases except for the leases relating to the Badami oil field was awarded to the highest bidder, a wholly owned subsidiary of the lender.

DIVERSIFY FROM CURRENT CORE BUSINESS

In order to preserve shareholders' value, the Group has been looking into the possibility of diversifying its business ("**Business Diversification**") to generate additional revenue streams and has identified an opportunity in the business of providing learning and education services. The Group has entered into a conditional sale and purchase agreement with a vendor for a proposed acquisition by the Company of 100% of existing shares in the target ("**Proposed Acquisition**") as well as a definitive agreement with a potential investor ("**Proposed Capital Investment**") for amongst others, to fund the acquisition. The target's focus in the area of Education Technology and it is less capital intensive as compared to the Group's current core business, and the demand for such services continue to thrive amidst the COVID-19 pandemic. With the completion of the Proposed Capital Investment and Proposed Acquisition, the Board believes that the Business Diversification would therefore position the Group in a positive pathway for growth and enhance shareholders' value. Further details on the Business Diversification can be found in the Company's circular dated 24 September 2020 to shareholders.

ACKNOWLEDGEMENTS

On behalf of the Board, we would like to express our sincere appreciation to all our vendors, business partners, bankers and shareholders for their continued support. We would also like to thank the directors, management and staff for their dedicated work and commitment during the past year.

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

MR DAIJI YAMADA
Executive Director

Operations Review And Financial Highlights

OPERATIONS REVIEW

The Group has a single business segment, namely the Exploration and Production segment. During FY2019, the Group successfully completed the transactions relating to Mustang Project ("Mustang Project Transactions") which resulted consolidation of the Group's interest in the Mustang Project. After a delay of more than 6 months from the initial target date of 1Q 2019, the project has finally achieved First Oil on 3 November 2019. However, the Group's operations ceased on 28 November 2019 as a result of a default notice received by the Group from its lender notifying the Group that the lender had elected to accelerate the Group's indebtedness owing to it immediately due and payable. Consequently, the lender elected to sell all of the Group's oil and gas leases in a public auction to satisfy the Group's indebtedness under the loan agreement with the lender. Given the foreclosure of the Group's leases and assets and taking into the consideration of the overall economic outlook and the outlook of the oil and gas industry, the Group is of the view that it is extremely difficult for the Group to continue developing the Mustang Project and on 28 November 2019 brought the Mustang oil field to a minimal maintenance state.

FINANCIAL HIGHLIGHTS

Financial Performance

Revenue

Revenue pertains to oil sales from the North Tarn #1A well on 3 November 2019 to a multinational energy corporation.

Cost of sales

Cost of sales was mainly due to lease operating expenses in relation to the development of Mustang Field and amortisation of exploration and evaluation assets ("E&E assets").

Other income

The increase in other income was mainly due to (i) the dividend income from Badami oil field where the Group holds a working interest of 7.5% amounting to US$1.05 million as compared to 3.75% in FY2018 amounting to US$0.61 million; (ii) gain from reversal of fair value of expired share options issued as purchase consideration of US$2.56 million; and (iii) gain on bargain purchase approximately US$5.99 million arising from the acquisition of TPNSD and MRLLC.

General and administrative expenses

The increase in general and administrative expenses comprises largely of (i) non-recurring professional fees amounting to US$0.8 million incurred for the corporate actions undertaken by the Group such as Mustang Project Transactions and Rights Issue; (ii) staff cost amounting to US$1.1 million arising from the consolidation of BRPC; and (iii) undertaking fees for Rights Issue of US$0.24 million. These expenses are not expected to be recurring.

Gain on remeasurement of previously held in interest in the associate arising from step acquisition of a subsidiary corporation

A gain on remeasurement amounting to US$2.12 million arising from disposal of Brooks Range Petroleum Corporation ("BRPC") previously accounted for as an associate company, which was thereafter consolidated as a subsidiary corporation in FY2019.

Impairment loss on non-financial assets
Loss on impairment comprises impairment of MOC1 classified as assets held-for-sale, E&E assets and goodwill on acquisition of MOC1. Loss on impairment of US$48.75 million for MOC1 which is held under asset held for sale was arrived at using its distress sale price. Loss on impairment of US$122.75 million for E&E assets due to the disposition of collateral by AIDEA to satisfy the Group's indebtedness under the loan agreement and the Group determine the recoverable amount for the E&E assets and Badami unit to be reduce to the entire principal sum of all indebtedness, owed to AIDEA. Loss on impairment of US$8.1 million for goodwill arising from acquisition of MOC1 was recognised as the Group did not expect to generate any recoverable amount from MOC1 other than the fair value of the assets held-for-sale.

Other expenses
The increase in other expenses comprises of foreign exchange loss mainly arising from offsetting rights issue proceeds against a short term loan settlement.

Finance income and finance costs
Finance income related to interest from an outstanding amount due from a former director for the sale of the IT business of the Group.

Finance cost was largely due to interest expense (i) incurred on the loan from AIDEA amounting to US$4.26 million; (ii) unwind from the discounting for present value as non-current borrowings arising from the reclassification of borrowings from non-current to current amounting to US$4.5 million; (iii) incurred on short term loan from non-related parties for working capital purposes amounting to US$1.07 million; (iv) incurred on existing loan from the Department of Revenue, Alaska from the consolidation of MOC1 amounting to US$0.27 million; and (v) incurred on deferred payment amounting to US$8.51 million.

Associate results
There was no share of results of associate for FY2019 and FY2018. The Group has written down the carrying value of the Group's interest in BRPC to nil and the Group does not have any further obligation for accumulated losses incurred by BRPC in excess of its initial investment. BRPC became from associate to subsidiary corporation of the Group in FY2019.

Other comprehensive loss
Relates to the investment in Badami and MRLLC, classified as equity investments designated at FVOCI. At acquisition date, the Group recognised a gain on remeasurement of previously held interest in equity investment in MRLLC of US$0.05 million, offset by fair value loss of US$2.42 million arising from equity investment in Badami. Accordingly, the Group recorded a net change in fair value loss of US$2.37 million. Additionally, the Group written down the fair value of investment in Badami in light of the foreclosure notice from AIDEA, resulted an additional fair value loss of US$4.3 million. Collectively, the Group recorded fair value loss of US$6.67 million in the FY2019.

Financial Position

Non-current assets
During FY2019, the consolidation of acquired subsidiary corporations in Mustang Project Transactions increased the E&E assets by approximately US$86.64 million. There was also further development and capitalisation of E&E assets amounting to US$40.87 million, offset by impairment of E&E assets of approximately US$122.75 million.

The decrease in the Group's equity investments – at fair value through other comprehensive income ("FVOCI") was due to impairment provided on the Group's equity investment for Badami Unit due to the disposition of collateral by AIDEA to satisfy the Group's indebtedness under the loan agreement.

The increase in other receivables was mainly due to the consolidation of acquired subsidiaries in Mustang Project Transactions and additional tax credit approved by the State of Alaska.

Operations Review And Financial Highlights

Current assets
The decrease in the trade and other receivables was mainly due to there was receipt of tax receivables amounting to US$2.57 million in 1Q 2019, offset by an increase of US$1.0 million due from the sale of the IT business (as a result from reclassification of receivables of US$1.1 million from non-current to current receivables as it's receivable in the next 12 months, where the net movement of US$0.14 million arising from the receipt of US$0.38 million in FY2019 was offset by finance income of US$0.24 million), trade receivables from oil sales of US$0.47 million (including royalty payment mainly for the government of Alaska) and other receivables of US$0.71 million mainly due to recharges to other working interest parties.

Non-current liabilities
Provision for restoration cost increased due to the consolidation of TPNSD and BRPC's share of working interest in Mustang Field.

The increase in bank loan mainly due to the consolidation of acquired subsidiary corporations in Mustang Project Transactions, which accordingly increased the bank loan balance and accrued interest of the bank loan during the year. The bank loan is secured by the State of Alaska tax credits. The increase in borrowing due to loan payable to a vendor was due to from the consolidation of BRPC.

The decrease in other payables was due to the consolidation of TPNSD increased other payables by US$1.21 million, offset by the reclassification of payables due in FY2020 of US$2 million from non-current to current in FY2019, which are contingent to certain terms set out in the sales and purchase agreement for the acquisition of working interest in the Badami oil field.

Current liabilities
The increase in current borrowings mainly due to loan payable to AIDEA for the acquisition of MOC1 and MRLLC and loan from State of Alaska arising from the consolidation of MOC1.

The increase in current trade and other payables mainly resulting from the consolidation of acquired subsidiary corporations in Mustang Project Transactions which consist of (i) trade payables in relation to the Mustang Field of the amount of US$21.81 million for operating expenditure; (ii) surface developments of US$5.32 million; and (iii) deferred payment of US$22.26 million relates to deferred consideration payable to previous vendors of the Mustang Field of the current working interest owners which has been consolidated due to the Mustang Project Transactions.

Cashflow
Net cash used in operating activities of approximately US$3.16 million in FY2019 was mainly due to the payments made to the Group's vendors for purchases and services in relation to operations.

Net cash used in investing activities of approximately US$9.48 million in FY2019 was mainly due to capital expenditure on the Mustang Project on exploration and evaluation assets and construction in progress for the development of the field.

Net cash generated from financing activities in FY2019 of approximately US$12.81 million was mainly due to proceeds from the issuance of right shares and loans from non-related parties, offset by repayment of loans and interest.

The financial statements for the year ended 31 December 2019 are prepared on a going concern basis notwithstanding the Group incurred a net loss of US$190.8 million for the current financial year and has a negative equity position of US$85.53 million as at 31 December 2019. Please refer to pages 64 to 65 of the audited report for the basis for the preparation of the audited financial statement on going concern. In view that there are material uncertainties that may cast doubts about the ability of the Group and the Company to continue operating as going concern, the Board recommends that the trading of its shares on the SGX-ST continue to be suspended pursuant to Listing Rule 1303(3).

Disclosures Relating To Mineral, Oil And Gas Companies

The Group has engaged US-based petroleum consulting company, Petrotechnical Resources of Alaska, LLC to provide a summary of reserves of on the Group's assets in the Mustang Field as at 31 December 2019.

MUSTANG FIELD RESERVES AND PROJECT ECONOMICS

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 2019, expressed in millions of barrels (MMbbl), for the Mustang Project are summarized as follows:

Category	Gross Attributable to Southern Miluveach Unit (MMbbl)	Net Attributable to Caracol (MMbbl)	Change from Previous Update (Percent)	Remarks
Oil Reserves				
1P	14.6	10.5	-31%	Approximately 30-Percent Recovery
2P	24.4	17.6	-26%	Approximately 35-Percent Recovery
3P	35.1	25.3	-8%	Approximately 40-Percent Recovery

Name of Qualified Person
Peter J. Stokes of Petrotechnical Resources of Alaska, LLC

Date
11 September 2020

Professional Society Affilication/Membership
Society of Petroleum Engineers

The changes from previous update on the Mustang Field reserves was due to revisions in drilling method to ascertain the reserves, from horizontal to deviated (slant) on the Southern Miluveach Unit development drilling plan as a result of limited cash flow and funding.

The Qualified Person had considered, in his view, necessary to include the additional geological risk relating to the revised drilling method for the existing well penetrations to the Kuparuk "C" reservoir. The Qualified Person had also included the added commercial risk of the successful production of the planned wells in 2021 to generate sufficient cash flow to continue fund the drilling programs in 2022. The inclusion of the risks has resulted in changes from previous reserves.

Disclosures Relating To Mineral, Oil And Gas Companies

SUSTAINABILITY

The Group's sustainability mission has been to operate a safe, environmentally responsible North Slope oil exploration and development project. Utilising experienced land, exploration and operations employees, the Group intended to grow from a start-up oil exploration company to a significant business enterprise. However, the Group's operations ceased on 28 November 2019 as a result of a default notice received by the Group on 14 November 2019 from its lender notifying the Group that the lender had elected to accelerate the Group's indebtedness owing to it and on 22 May 2020 the lender had elected to sell all the Group's oil and gas leases in a public auction to satisfy the Group's indebtedness under the loan agreement with the lender. Following that, the downturn in the oil market during the first quarter of 2020 and the COVID-19 pandemic further drove down the global oil demand and the Group had brought the Mustang oil field to a minimal maintenance state which has lowered any potential operational risk exposure to the environment and its employees.

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

Safety, Health and Environmental Management Policy

Notwithstanding that the Group's operation has been suspended, the Group still assumes its responsibility and is committed to ensure HSE is in compliance even in the Group's current maintenance state of the oil and gas assets as detailed in the Sustainability Report.

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 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 non-compliance actions;
- Implements environmental controls and strategies to ensure zero spills or compliance actions;
- 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 ensures that its current operations in maintaining its assets are 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.

More information on the Group's efforts on sustainability management in FY2019 can be found in the Group's FY2019 Sustainability Report which will be published by 7 October 2020 through SGXNet and the Company's website.

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 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.

Board Of Directors

Mr Fabian Sven Bahadur Scheler
Non-Independent
Non-Executive Director

Mr Fabian was appointed to our Board on 7 May 2019 and is presently the portfolio manager of Amadeus Capital SA, a limited company based in Geneva which is owned by the private holding company of Mr Tim Brockmann's family. Mr Fabian started his career in 2011 at BHF-BANK in Frankfurt, nowadays known as Oddo BHF, through their training program and worked in their Equity Sales and Trading department, focusing on Special Situations and German Small-and Mid Caps. In 2015, he joined ETHENEA Independent Investors, a Luxembourg based multi-asset house, in Zurich as an equity specialist. Aside from covering US and European single stocks, he also worked on the development of quantitative models for asset allocation and market timing. Mr Fabian holds a master degree in Finance from Frankfurt School of Finance and Management.

Mr Max Ng Chee Weng
Independent Non-Executive Director

Mr Max Ng was appointed to our Board on 25 July 2019 and is presently the Managing Director of Gateway Law Corporation. He practices in the field of Intellectual Property & Technology Law, amongst others. He is a Fellow with the Singapore Institute of Arbitrators and the Asian Institute of Alternative Dispute Resolution, and sits on the panel of arbitrators and mediators of the Asian International Arbitration Centre. He is also an Associate Mediator with the Singapore Mediation Centre, and sits on the Panel of Mediators for the Law Society Mediation Scheme. He is also a Commissioner for Oaths and a Notary Public. He is listed as a leading lawyer in publications such as Asia Pacific Legal 500, Chambers Asia-Pacific, Asia Law Leading Lawyers and Who's Who Legal.

Mr Daiji Yamada
Executive Director

Mr Daiji Yamada was appointed to our Board on 14 May 2020. As Executive Director, he is responsible for the day to day operations and spearheads the Group's corporate exercises, including the fund raising and business diversification of the Group. He has more than 25 years of experience in the corporate restructuring and education business. He is presently the President of NPO Asnaro Japan and was previously the President and Chief Executive Officer of United Vision, Inc and Chief Executive officer of MasterLingual Academy of Communication, Japan. Mr Yamada graduated with a Master of Business Administration from the Almeda University.

Corporate Information

BOARD OF DIRECTORS
Mr Ravinder Singh Grewal s/o Sarbjit Singh
Mr Tan Ser Ko
Mr Max Ng Chee Weng
Mr Fabian Sven Bahadur Scheler
Mr Daiji Yamada

REGISTERED OFFICE
438B Alexandra Road,
#05-08/10 Alexandra Technopark,
Singapore 119968
Tel : (65) 6571 0206
Fax : (65) 6571 0207
Website : www.alphaenergy.com.sg
Email : enquiries@alphaenergy.com.sg

AUDIT COMMITTEE
Mr Ravinder Singh Grewal s/o Sarbjit Singh (Chairman)
Mr Max Ng Chee Weng
Mr Fabian Sven Bahadur Scheler

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

REMUNERATION COMMITTEE
Mr Max Ng Chee Weng (Chairman)
Mr Ravinder Singh Grewal s/o Sarbjit Singh
Mr Tan Ser Ko

INDEPENDENT AUDITORS
Nexia TS Public Accounting Corporation
80 Robinson Road #25-00
Singapore 068898
Partner-in-charge: Ms Meriana Ang Mei Ling
(Appointed since financial year ended
31 December 2019)

NOMINATING COMMITTEE
Mr Ravinder Singh Grewal s/o Sarbjit Singh (Chairman)
Mr Tan Ser Ko
Mr Max Ng Chee Weng

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

COMPANY SECRETARY
Mr Tan Wee Sin

Corporate Governance Report

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

This report outlines the Company's corporate governance practices that were in place during the financial year ended 31 December 2019 ("**FY2019**") with references to the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**"), the accompanying practice guidance (the "**Guide**") issued on 6 August 2018 by the Monetary Authority of Singapore, and guidelines from Code of Corporate Governance 2012 ("**Code 2012**") which are still in effect. The Company has complied with the principles and guidelines as set out in the Code and the Guide, where appropriate. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code.

(A) BOARD MATTERS

The Board's Conduct of its Affairs
Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

As at the date of this report, the Board has five (5) members and comprises the following:

Name of Director	Designation
Mr. Ravinder Singh Grewal s/o Sarbjit Singh	Independent Non-Executive Chairman
Mr. Tan Ser Ko	Non-Executive Director
Mr. Max Ng Chee Weng	Independent Non-Executive Director
Mr. Fabian Sven Bahadur Scheler	Non-Independent Non-Executive Director
Mr. Daiji Yamada[1]	Executive Director

Notes:

(1) Mr. Daiji Yamada was appointed as Executive Director with effect from 14 May 2020.

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 long term objectives;

(ii) establishing and maintaining a sound risk management framework of prudent and effective internal control systems 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) to review and appoint CEO and Directors as well as Board Committees;

Corporate Governance Report

(vi) setting the Group's value and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met;
(vii) considering sustainability issues (e.g. environmental and social factors), as part of its strategic formulation; and

(viii) generally managing the affairs of the Group.

The Board has put in place a code of conduct and ethics, which set out a code of conduct and ethical standards for Directors and staff to adhere to, and sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. Directors who face a conflict of interest recuse themselves from discussions and decisions involving the issues of conflict.

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. Further details of AC, NC and RC are set out in Principles 10, 4 and 6, respectively.

Frequency of Meetings

The Board held two (2) scheduled meetings in FY2019. Ad-hoc meetings are convened as warranted by circumstances. Dates of Board meetings, Board Committees meetings and shareholders 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 meeting 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. Directors with multiple board representations have ensured that sufficient time and attention were given to the affairs of the Company in FY2019.

The number of meetings of the Board and Board Committees and shareholders held in FY2019, as well as the attendance of each Board member thereat, is set out below:

				Board Committees		
Type of Meetings	**AGM#**	**EGM***	**Board**	**AC**	**NC**	**RC**
Number of meetings held	1	2	2	2	1	1
Name of Director				**Number of meetings attended**		
Mr. Ravinder Singh Grewal s/o Sarbjit Singh	1	2	2	2	1	1
Mr. Ang Yew Jin Eugene(1)	1	2	2	2	1	1
Mr. Lee Sek Leong Christopher(2)	1	1	1	1	1	1
Mr. Tan Ser Ko(3)	1	2	2	2	1	1
Mr. Fabian Sven Bahadur Scheler(3)(4)	1	1	1	1	N.A.	N.A.
Mr. Majid Alexander Jourabchi(3)(4)(5)	1	1	1	1	N.A.	N.A.
Mr. Max Ng Chee Weng	N.A.	1	1	1	N.A.	N.A.
Mr. Daiji Yamada(6)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Corporate Governance Report

Notes:

[#] Annual General Meeting [*] Extraordinary General Meeting

(1) Mr. Ang Yew Jin Eugene attended both NC and RC meetings held during FY2019 by invitation. Mr. Ang Yew Jin Eugene resigned as Non-Executive Director with effect from 22 November 2019. Following his resignation, Mr. Ang Yew Jin Eugene ceased as a member of the AC.

(2) Mr. Lee Sek Leong Christopher retired as an Independent Non-Executive Director on 26 April 2019. Following his retirement, Mr. Lee Sek Leong Christopher ceased as the Chairman of the NC and RC and a member of the AC.

(3) Mr. Tan Ser Ko, Mr. Fabian Sven Bahadur Scheler and Mr. Majid Alexander Jourabchi attended the AC meetings held during FY2019 by invitation.

(4) Mr. Fabian Sven Bahadur Scheler and Mr. Majid Alexander Jourabchi attended the AGM held on 26 April 2019 by invitation.

(5) Mr. Majid Alexander Jourabchi resigned as a Non-Independent Non-Executive Director w.e.f. 26 April 2020.

(6) Mr. Daiji Yamada was appointed as Executive Director on 14 May 2020.

N.A. – Not applicable

The Company believes that the flow of relevant, complete and accurate information on a timely basis is critical for the Board to discharge of its duties effectively. The Management provides the Directors with half-year management accounts, as well as relevant background and explanatory information relating to the matters that would be discussed in the Board meetings, prior to the scheduled meetings. All Directors are also furnished with timely updates on the financial position and any material development of the Group as and when necessary.

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;
- investment and divestment proposals;
- funding decisions of the Group;
- nomination of Directors and appointment of key executives;
- half-year and full-year results announcements, the annual report and financial statements;
- material acquisitions and disposals of assets;
- matters in relation to the overall strategic and management of the Group; and
- matters which require approval as specified under Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of the Catalist ("**Catalist Rules**"), Companies Act, Chapter 50 of Singapore (the "**Companies Act**") and other relevant laws and regulations.

Training for Directors

The Board ensures that 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.

Corporate Governance Report

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

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 (1) year of the appointment.

There were two (2) first time Directors appointed in FY2019, namely Mr. Fabian Sven Bahadur Scheler and Mr. Majid Alexander Jourabchi. Mr. Majid Alexander Jourabchi resigned as a Non-Independent Non-Executive Director on 26 April 2020. Mr. Majid Alexander Jourabchi did not attend the mandatory courses conducted by Singapore Institute of Directors during his tenure as director as the available sessions during the year cannot accommodate to his schedule to attend the courses before he resigned as director, which was before the one year dateline since his appointment. Subsequent to the financial year, one (1) first time Director, Mr. Daiji Yamada, was appointed.

Mr. Fabian Sven Bahadur Scheler was appointed as a Non-Independent Non-Executive Director with effect from 7 May 2019. He has been briefed on the roles and responsibilities of the director of a listed company. Mr. Fabian Sven Bahadur Scheler had attended the relevant seminars and/or courses conducted by Singapore Institute of Directors on the roles and responsibilities of a director of a listed company under Rule 406(3)(a) of the Catalist Rules.

Mr. Max Ng Chee Weng was appointed as an Independent Non-Executive Director with effect from 25 July 2019. Mr. Max Ng Chee Weng, being a director of a company listed on the Singapore Stock Exchange, is not required to attend the Listed Entity Directors Programme conducted by the SID under Rule 406(3)(a) of the Catalist Rules.

Mr. Daiji Yamada was appointed as an Executive Director with effect from 14 May 2020. He has been briefed on the roles and responsibilities of the director of a listed company. The Company will make arrangement for Mr. Daiji Yamada to attend the relevant seminar and/or course conducted by SID on the roles and responsibilities of a director of a listed company under Rule 406(3)(a) of the Catalist Rules.

All the newly appointed directors have been briefed on the Group's business and its operations.

Directors are informed of and encouraged to attend relevant training programmes organised by the SID and seminars to develop the necessary skills in facilitating the discharge of their duties and responsibilities as Directors, the funding of which will be provided by the Company.

Directors are provided with regular updates on changes to the Catalist Rules, relevant laws, regulations and accounting standards. 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.

During FY2019, 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 Board has separate and independent access to the Company Secretary and the Management at all times. The role of the Company Secretary includes responsibility for ensuring the Board's procedures are followed and that the applicable rules and regulations are complied with. The Company Secretary attends and prepares minutes of meetings of the Board, Board Committees and shareholders and assists the Board in ensuring that the Company complies with the relevant statutory requirements. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

Each member of the Board has direct access to the Group's independent professional advisors as and when necessary to enable each member to discharge his responsibility effectively. Any cost of obtaining professional advice will be borne by the Company.

Corporate Governance Report

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Board comprises of five (5) members, four (4) of whom are Non-Executive Directors, out of which two (2) are independent, including the Chairman. The Non-Executive Directors make up a majority of the Board.

In determining the independence of the Independent Directors, the Board takes into account the existence of relationships or circumstances, including those identified by the Code, that are relevant in its determination as to whether a Director is independent. In addition, the NC reviews the individual Directors' declaration in their assessment of independence.

The Directors come from different background and possess different core competencies, qualifications and skills. The Board comprises members with management experience, industry knowledge, strategic planning experience and includes professionals with financial, accounting and legal backgrounds. They bring with them a wealth of experience that enhances the overall quality of the Board.

As the Chairman is independent, the Company is not required to have a majority of the Board as Independent Directors. Nevertheless, the Company endeavours to maintain a strong and independent element on the Board with the Independent Directors make up at least one-third of the Board.

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 FY2019. 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 and Board Committees comprises Directors who as a group provide an appropriate balance and diversity of skills, experience, knowledge and expertise for the Board and Board Committees to be effective. Details of the Directors' qualifications and experience are presented in pages 9 to 10 of this Annual Report under the heading "Board of Directors" and in this report.

There is no formal diversity policy adopted by the Company as it is in the midst of restructuring its operations and undertaking business diversification. The Board will consider adopting a formal diversity policy once it has completed its corporate exercises.

Notwithstanding the above, the Board has taken the following steps to maintain and to 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.

Corporate Governance Report

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 long term objectives. The Non-Executive Directors also monitor the 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. During FY2019, the Non-Executive Directors met and communicated among themselves once in the absence of the Management.

Chairman and Chief Executive Officer
Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The roles of the Chairman and Chief Executive Officer ("**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. The Chairman leads the Board and ensures that the Directors engage the Management in constructive discussions on various strategic issues.

The Chairman is assisted by the Board, the Company Secretary and the Management. The Chairman leads the Board and ensure the effectiveness in all aspects of its role. The responsibilities of the Chairman include, *inter alia*:

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

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

(iii) fostering effective communication and constructive relation amongst the Directors, within Board Committees, between shareholders, between the Directors and Management;

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

(v) ensuring compliance with the Code.

The Company does not have an Executive Director and/or CEO for FY2019. 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. However, for FY2020, Mr. Daiji Yamada, the newly appointed Executive Director, will be responsible for the day to day operations and involved in corporate exercises, including the fund raising and business diversification of the Group.

The Company has not created a separate CEO position as the Board is of the view that the current Board composition is appropriate and effective for the purposes for which the Board's roles and responsibilities are set up.

As the Chairman is independent and there are adequate safeguards and checks in place to ensure that the process of decision-making by the Board is based on collective decision of the Directors, without any concentration of power or influence residing in any individual. In view thereof, there is no need for the Company to have a lead independent director.

The Board is of the view that the Independent Directors are available to shareholders during the general meetings or via email to whistleblowing@alphaenergy.com.sg where they have concerns and for which contact through the normal channels of communication with the Management are inappropriate or inadequate.

Corporate Governance Report

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

The NC comprises of three (3) members, two (2) of whom, including the NC Chairman, are independent.

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

Mr. Ravinder Singh Grewal s/o Sarbjit Singh	Chairman
Mr. Tan Ser Ko	Member
Mr. Max Ng Chee Weng	Member

Responsibilities of the NC

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

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

(ii) to determine annually, and as and when circumstances require, whether or not a Director is independent (bearing in mind the guidelines of the Code and 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 recommend process and procedures for assessing the effectiveness of the Board as a whole, its Board Committees and each of the individual Director, and propose objective performance criteria, subject to Board's approval, which address how the Board enhances long-term shareholders' value; and

(vi) to review succession plans for Directors and CEO, in particular the appointment and/or replacement of Chairman, the CEO and key management personnel as well as review the training and professional development programs for the Board.

The NC acknowledged the importance of succession planning for Directors and CEO and was satisfied with the existing board composition. In view of the ongoing organisational restructuring, the Board has assessed and concurred with the NC's recommendation that the Board and CEO succession plans is not relevant and will be put on hold to be reviewed at a later stage.

Each member of the NC will abstain, and had in FY2019 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.

As of the date of this report, the Company does not have any alternate Director.

Corporate Governance Report

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 AGM of the Company 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. 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, Mr. Ravinder Singh Grewal s/o Sarbjit Singh, the Independent Non-Executive Director, will be retiring by rotation at the forthcoming AGM. Mr. Ravinder Singh Grewal s/o Sarbjit Singh has indicated his intention to retire as a Director of the Company and he is not offering himself for re-election at the forthcoming AGM. Hence, Mr. Ravinder Singh Grewal s/o Sarbjit Singh will retire as a Director of the Company upon conclusion of the forthcoming AGM. Upon his retirement, Mr. Ravinder Singh Grewal s/o Sarbjit Singh will cease to be the Chairman of the Board, AC and NC and a member of the RC. The Company will, in consultation with the NC, appoint an independent director/chairman within three months, from Mr Ravinder Singh s/o Sarbjit Singh's cessation, in compliance to the Code and Catalist Rules. the Company is currently still in progress of identifying and evaluating potential new directors.

Pursuant to Article 114 of the Constitution, Mr. Max Ng Chee Weng, Mr. Fabian Sven Bahadur Scheler and Mr. Daiji Yamada will be retiring as Directors of the Company at the forthcoming AGM and being eligible, had consented to stand for re-election as Directors at the forthcoming AGM.

The NC has recommended that the abovementioned Directors be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC had considered and is satisfied with the Directors' overall contributions and performance. Board has assessed and concurred with the NC's recommendation.

Corporate Governance Report

Information regarding the Directors nominated for re-election/re-appointment, including the information required under Appendix 7F of the Catalist Rules is given in the "Board of Directors" section and on pages 21 to 34 of the Annual Report.

The NC had reviewed the declaration of independence provided by each of the Independent Directors in accordance with the Code and Catalist Rules. The NC and Board consider a Director as independent if he has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere or be reasonably perceived to interfere with the exercise of the Director's independent business judgement with a view to the best interests of the Company. Under the Catalist Rules, a director will not be independent if (i) he is employed or has been 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 any of the past three financial years, and whose remuneration is or was determined by the remuneration committee of the Company.

The NC, taking into consideration the above, determined that Mr. Ravinder Singh Grewal s/o Sarbjit Singh and Mr. Max Ng Chee Weng are independent according to the Code and Catalist Rules. The Independent Directors have also confirmed their independence in accordance with the Code and Catalist Rules.

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

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

Having assessed the capacity of the Directors based on factors disclosed below in this report, the Board is of the view that Directors with multiple board representation 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.

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 FY2019 based on the attendance of the Directors and their contributions at meetings of the Board and Board Committees and their time commitment to the affairs of the Company.

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

(i) expected and/or competing time commitments of Directors, 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 directorships in other listed companies and principal commitments;
- attention to the Company's affairs, having regard to his/her other commitments; and
- assessment of the individual Directors' performance based on the performance criteria set.

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. Tan Ser Ko	Mr. Max Ng Chee Weng	Mr. Fabian Sven Bahadur Scheler	Mr. Daiji Yamada
Appointment	Independent Non-Executive Chairman	Non-Executive Director	Independent Non-Executive Director	Non-Independent Non-Executive Director	Executive Director
Date of initial appointment	6 June 2014	6 June 2014	25 July 2019	7 May 2019	14 May 2020
Date of last re-election	28 April 2017	26 April 2019	N/A	N/A	N/A
Directorship in other listed companies– Present	Thai Union Group Public Company Limited Scomi Energy Services Bhd	Charisma Energy Services Limited & Subsidiaries	Challenger Technologies Limited	N/A	N/A
Directorship in other listed companies and/ or other principal commitments – Past (in the last three preceding years)	N/A	Surface Mount Technology (Holdings) Limited	N/A	N/A	N/A
Present Principal Commitments	MW Brands Holdings Providence Eventures Pte. Ltd. Sellinall Pte. Ltd.	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 "**Present Principal Commitments**" as set out in the table for Mr Ng's re-election as set out in the table disclosing the requirements of Appendix 7F of the Catalist Rules below.	Amandeus Capital SA	Yamanashi Gakuin School Corporation Please refer to "**Principal Commitments**" as set out in the table for Mr Yamada's re-election as set out in the table disclosing the requirements of Appendix 7F of the Catalist Rules below.

Corporate Governance Report

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

	Mr. Max Ng Chee Weng
Date of Appointment	25 July 2019
Age	49
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 NC and assessed the qualifications and experience and suitability of Mr. Max Ng Chee Weng for re-appointment as Independent Non-Executive Director, Chairman of the RC and a member of the AC and NC of the Company. The Board have reviewed and concluded that Mr. Max Ng Chee Weng possess the requisite experience, knowledge and capabilities to assume the duties and responsibilities as an Independent Non-Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director, Chairman of the RC and a member of the AC and NC
Professional memberships / qualifications	Mr. Max Ng Chee Weng is an Associate Mediator, a Fellow with the Singapore Institute of Arbitrators and the Asian Institute of Alternative Dispute Resolution, an associate with the Chartered Institute of Arbitrators and sits on the panel of arbitrators of the Asian International Arbitration Centre. He is also a Commissioner for Oaths and a Notary Public, and a member of the Board Diversity committee of the Singapore Institute of Directors.
Working experience and occupation(s) during the past 10 years	2006 to present – Advocate & Solicitor of Gateway Law Corporation
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
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes

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	Mr. Max Ng Chee Weng
Other Principal Commitments (for the last 5 years)	
Present	Achilles Sports Pte Ltd Advantage Property Services Pte. Ltd. Amaroo Blackdown Investments Pte. Ltd. Aryaka Networks Singapore Pte. Ltd. BelleKimia Singapre Pte. Ltd. Challenger Technologies Limited Dawei LNG Terminal Holding Pte. Ltd. Dawei Power Holding Pte. Ltd. Dawei Residence Holding Pte. Ltd. Dawei Telecom Holding Private Limited DMPH Holdings Pte. Ltd. Euro Moto Sport Pte. Ltd. Eurobikes Trading Company Pte. Ltd. Finscore Pte. Ltd. Full Prospect (IP) Pte. Ltd. Hebe Fashions Pte. Ltd. Hillmorton Pte. Ltd. Inforserve Holdings Pte. Ltd. Kingkow (IP) Pte. Ltd. Kolon Sport China (IP) Pte. Ltd. La Plantation Management Pte. Ltd. Laumes International Resorts Pte. Ltd. LNG Plus International (Singapore) Pte. Ltd. Lukela Pte. Ltd. McLarty Asia Pte. Ltd. Mitik Nature Pte. Ltd. MOBH Holding Pte. Ltd. Motive Force Sport Products (Singapore) Pte. Ltd. Myandawei Industrial Estate Holding Pte. Ltd Oatly APAC Pte. Ltd. Oatly Pte. Ltd. Oatly Singapore Operations & Supply Pte. Ltd. Oventure Pte. Ltd. Pay All Lifestyle Payment Network Pte. Ltd. Phyto Medichem Singapore Pte. Ltd. Sintech CLC Pte. Ltd. SLTI Pte. Ltd. Thai International Industrial Estate Development Private Limited Thai Power Development Private Limited Thai Telecom Development Private Limited Wing (Cambodia) Pte. Ltd. Xcoal Energy & Resources Singapore Pte. Ltd. Xnergy & Resources Pte. Ltd.

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		Mr. Max Ng Chee Weng
Other Principal Commitments (for the last 5 years)		
Past		AquaAgro Projects Pte. Ltd. Adamas Pharmaceuticals Asia Pte. Ltd. Bloom Aqua Pte. Ltd. Discoperi Pte. Ltd. Law In Order Pte. Ltd. Phyto Medichem Singapore Pte. Ltd. Quang Minh Vietnam-Singapore Pte. Ltd. Sea Aquaculture Pte. Ltd. Techjet Aviation Pte. Ltd. Tradeways Pte. Ltd. Ventura Pacific Corporation Pte. Ltd.
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, 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
(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

Corporate Governance Report

		Mr. Max Ng Chee Weng
(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
(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

Corporate Governance Report

		Mr. Max Ng Chee Weng
(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, where 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. This is a re-election of a director.

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	Mr. Fabian Sven Bahadur Scheler
Date of Appointment	7 May 2019
Age	29
Country of principal residence	Switzerland
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 NC and assessed academic and professional qualifications, expertise, working experience and knowledge of Mr. Fabian Sven Bahadur Scheler for re-appointment as Non-Independent Non-Executive Director and a member of the AC of the Company. The Board have reviewed and concluded that Mr. Fabian Sven Bahadur Scheler possess the requisite competencies and experience to assume the responsibilities as a Non-Independent Non-Executive Director of the Company.
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-Independent Non-Executive Director and a member of the AC
Professional memberships / qualifications	Mr. Fabian Sven Bahadur Scheler holds a Master of Science in Finance and Bachelor of Science from Frankfurt School of Finance and Management.
Working experience and occupation(s) during the past 10 years	April 2018 to present: Amadeus Capital SA - Portfolio Manager January 2016 to March 2018: ETHENEA Independent Investors (Schweiz) AG - Assistant Portfolio Manager March 2015 to January 2016: ETHENEA Independent Investors (Schweiz) AG - Equity Analyst (Buy-Side) July 2013 to March 2015: BHF-BANK AG - Employee August 2011 to June 2013: BHF-BANK AG – Apprentice
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	Yes. Mr. Fabian Sven Bahadur Scheler is a nominee of the substantial shareholder of the Company, Neo Holding SA.
Conflict of interest (including any competing business)	No

Corporate Governance Report

		Mr. Fabian Sven Bahadur Scheler
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer		Yes
Other Principal Commitments (for the last 5 years)		
Present		Amadeus Capital SA – Portfolio Manager
Past		None
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, 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
(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

Corporate Governance Report

		Mr. Fabian Sven Bahadur Scheler
(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
(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

Corporate Governance Report

		Mr. Fabian Sven Bahadur Scheler
(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, where 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. 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. This is a re-election of a director.

Corporate Governance Report

	Mr. Daiji Yamada
Date of Appointment	14 May 2020
Age	54
Country of principal residence	Japan
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 NC and assessed the academic and professional qualifications, expertise, working experience and knowledge of Mr Daiji Yamada for re-appointment as Executive Director of the Company. The Board have reviewed and concluded that Mr. Daiji Yamada possess the requisite competencies and experience to assume the responsibilities as an Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. Mr. Daiji Yamada is responsible for the day to day operations and is involved in corporate exercises, including the fund raising and business diversification of the Group.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director
Professional memberships / qualifications	Mr. Daiji Yamada holds a Master of Business Administration from the Almeda University
Working experience and occupation(s) during the past 10 years	2005 to 2020- NPO Asnaro Japan President 2007 to 2012 - United Vision, Inc President / Chief Executive Officer 2015 to 2020 - Asnaro Challengers, LLC Managing Director 2017 to 2020 - MasterLingual Academy of Communication, Japan Chief Executive Officer 2018 to 2020- Yamanashi Gakuin School Corporation Chief Strategy Officer 2020 to Present - Yamanashi Gakuin School Corporation Executive Management Advisor
Shareholding interest in the listed issuer and its subsidiaries	Nil

Corporate Governance Report

		Mr. Daiji Yamada
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
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer		Yes
Other Principal Commitments (for the last 5 years)		
Present		NPO Asnaro Japan, President Yamanashi Gakuin School Corporation, Executive Management Advisor
Past		Asnaro Challengers, LLC, Managing Director MasterLingual Academy of Communication, Japan, CEO Yamanashi Gakuin School Corporation, Chief Strategy Officer
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, 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

Corporate Governance Report

		Mr. Daiji Yamada
(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
(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

Corporate Governance Report

		Mr. Daiji Yamada
(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, where 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. This is a re-election of a director.

Corporate Governance Report

Board Performance

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

The NC had adopted processes for the evaluation of the performance and effectiveness of the Board as a whole, the Board Committees and contribution of each of the individual Directors based on performance criteria set by the Board.

For the evaluation of the Board's performance, the criteria for the evaluation are in respect of Board composition, procedures, training, strategy and performance. The NC also undertook an evaluation of the Board Committees based on, amongst others, the size, training in accounting, legal and oil and gas knowledge and their performance in relation to discharging their responsibilities as set out in their respective terms of reference. For the evaluation of the performance of each of the individual Director, 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 NC would review the criteria on a periodic basis to ensure that the criteria used is able to provide an accurate and effective performance assessment, taking into consideration factors such as industry standards and the industry operating environment, with the objective to enhance long term shareholders value, and thereafter propose amendments if any, to the Board for approval. No changes were made to the criteria for FY2019.

The assessment process for the evaluation of the Board, Board Committees and each of the individual Director involves and includes the completion of a questionnaire by Board members annually, 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 and deliberation. 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 conducted and reviewed its assessments of the Board as a whole, its Board Committees and each of the individual Director for FY2019. The Chairman of the NC confers with the Chairman of the Board on the findings and ensures appropriate follow-up actions are taken as necessary. The NC and Board is satisfied that the Directors have discharged their duties adequately in FY2019 and during the ongoing organisational restructuring exercise of the Group.

No external facilitator was used in the evaluation process in FY2019.

Corporate Governance Report

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC comprises of three (3) members, the majority of whom, including the RC Chairman, are independent. All members of the RC are Non-Executive Directors.

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

Mr. Max Ng Chee Weng	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.

No Director is involved in deciding his own remuneration, except in providing information and documents if specifically requested by the RC to assist in its deliberations.

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 FY2019.

Corporate Governance Report

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

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

The remuneration framework for Directors and key management personnel is aligned with the interests of the shareholders and other relevant stakeholders and appropriate to attract, retain and motivate them to provide good stewardship of the Company for the long-term success of the Company. 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.

The Independent and Non-Executive Directors are paid directors' fees, taking into account factors such as effort and time spent, and their responsibilities. The Non-Executive Directors received a base director's fees. The Independent Directors are not over-compensated to the extent that their independence may be compromised. Directors' fees are recommended by the Board for approval at the Company's AGM.

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

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 recommendations of the RC on the remuneration of Directors and key management personnel have been submitted for endorsement by the Board. The members of the RC do not participate in any decisions concerning their own remuneration.

The remuneration packages for Executive Directors and the key management personnel take into account the performance of the Group and each individual Executive Director and the key management personnel, giving due regard to the financial and commercial health and business needs of the Group. The remuneration of Executive Directors and key management personnel include a fixed monthly salary, an annual wage supplement and a variable incentive bonus which is designed to align the interests of such 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 FY2019.

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The breakdown, showing the level and mix of each individual Director's remuneration for FY2019, by percentage (%), are as follows:

Remuneration Bands and Name of Director	Base / Fixed salary	Directors' fees[1]	Variable or performance benefits related income / Bonus	Share Plan Awards	Other Benefits	Total
Below S$250,000						
Mr. Ravinder Singh Grewal s/o Sarbjit Singh	–	100%	–	–	–	100%
Mr. Ang Yew Jin Eugene[2]	–	100%	–	–	–	100%
Mr. Lee Sek Leong Christopher[3]	–	100%	–	–	–	100%
Mr. Tan Ser Ko	–	100%	–	–	–	100%
Mr. Fabian Sven Bahadur Scheler	–	100%	–	–	–	100%
Mr. Majid Alexander Jourabchi[4]	–	100%	–	–	–	100%
Mr. Max Ng Chee Weng	–	100%	–	–	–	100%
Mr. Daiji Yamada[5]	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Notes:

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

(2) Mr. Ang Yew Jin Eugene resigned as Non-Executive Director on 22 November 2019.

(3) Mr. Lee Sek Leong Christopher retired as Independent Non-Executive Director on 26 April 2019.

(4) Mr. Majid Alexander Jourabchi resigned as Non-Independent Non-Executive Director on 26 April 2020.

(5) Mr. Daiji Yamada was appointed as Executive Director on 14 May 2020.

For FY2019, there was only one (1) key management personnel in the Company. The key management personnel received remuneration of less than S$250,000.

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 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 FY2019. Details of the Performance Share Plan can be found in the "Directors' Statement" as set out in this Annual Report.

There were no termination, retirement and post-employment benefits granted to Directors, the CEO and key management personnel other than the payment in lieu of notice in the event of termination in their respective employment contracts in FY2019.

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The RC is 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.

There were no employees who were immediate family members of a Director, the CEO or a substantial shareholder of the Company whose remuneration exceeded S$100,000 in the Group's employment in FY2019.

(C) ACCOUNTABILITY AND AUDIT

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

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 are maintained 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 Group to the Board;
- reviews the risk management methodology adopted by the Group;
- reviews the strategic, financial, operational, regulatory, compliance, information technology and other emerging risks relevant to the Group identified by Management; and
- reviews Management's assessment of risks and Management's action plans to mitigate such risks.

Based on the risk management framework and internal controls established and maintained by the Group, assurance received from the CEO (or equivalent) and FC, 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) are of the opinion that the Group's risk management and internal control systems addressing financial, operational, compliance and information technology risks, were adequate and effective for FY2019.

In respect of FY2019, the Board has obtained such assurance from the CEO (or equivalent) and the FC:-

(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 adequate and 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.

Corporate Governance Report

Audit Committee
Principle 10: The Board has an AC which discharges its duties objectively.

The AC comprises of three (3) members, the majority of whom, including the AC 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. Max Ng Chee Weng	Member
Mr. Fabian Sven Bahadur Scheler	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. On top of that, Mr Fabian Sven Bahadur Scheler, possess financial management expertise and experience. Therefore, the Board is of the view that the AC members are appropriately qualified to discharge their responsibilities.

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 the significant financial reporting issues and judgement 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) review and report to the Board at least annually the adequacy and effectiveness of the Group's material internal controls and risk management systems with the FC and the internal auditors and external auditors, including financial, operation, compliance and information technology controls via reviews carried out by the internal auditors;

(vi) review the assurance from the CEO and FC on the financial records and financial statements;

(vii) 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;

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(viii) 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;

(ix) 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;

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

(xi) review all interested person transactions, if any;

(xii) 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;

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

(xiv) 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;

(xv) 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;

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

(xvii) 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;

(xviii) 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

(xix) 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 obtained the co-operation of the Management and has full discretion to invite any Director or executive officer to attend its meetings.

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

The AC had reviewed the Company's various announcements and all related disclosures, including the audited financial statements and unaudited half year and full year results announcements for FY2019, 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.

None of the AC members are former partners or directors of the Group's auditing firm within the last two (2) years and none of the AC members hold any financial interest in the external audit firm.

The Group has complied with Rules 712 and 715 of the Catalist Rules in relation to the appointment of Nexia TS Public Accounting Corporation as the external auditors of the Company and its significant subsidiaries.

Corporate Governance Report

The AC reviews the independence of the external auditors annually. The AC has reviewed the non-audit services provided by the external auditors in FY2019 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 FY2019 can be found on page 111 of this Annual Report. The AC has recommended the Board that Nexia TS Public Accounting Corporation be nominated for re-appointment as the Company's external auditors at the forthcoming AGM.

Whistle-Blowing Policy

The Company has put 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. For the time being, the public may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting to the AC a whistle-blowing report to whistleblowing@alphaenergy.com.sg. 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 Independent 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. No whistle blowing reports have been received during FY2019.

Internal Audit

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 reviews the adequacy of the internal audit function annually to ensure that the internal audits are performed effectively. The AC confirms 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 FY2019 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.

The AC also met with the external auditors and the internal auditors, without the presence of the Management once in FY2019.

Corporate Governance Report

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meeting

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company give shareholders a balanced and understandable assessment of its performance, position and prospects.

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. Both shareholders and 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 provide 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 general meetings.

Separate resolutions are proposed for each substantially separate issues 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 requires all Directors to be present at all general meetings, unless of exigencies. The members of the Board Committees, including the respective Chairman of the Board Committees, 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. For FY2019, Shareholders can submit questions in advance via email to the Company at enquiries@alphaenergy.com.sg or in hard copy by sending personally or by post and lodging the same at the registered office of the Company.

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 does 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 may attend and vote at each general meeting.

Corporate Governance Report

An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures at the general meetings of the Company. 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.

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. The Company has published the meeting minutes for the EGM on 29 June 2020. The minutes of the AGM for the financial year ended 31 December 2019 onwards would be published on SGXNET and its corporate website within one month from the AGM.

Dividend Policy

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 FY2019, as the Company was not profitable for FY2019 and the Management is of the view that it can better utilise the cash for the Group's diversification into the education business segment.

Engagement with Shareholders
Principle 12: The company communicates regularly with its shareholders and facilities the participation of shareholders during general meeting and other dialogues to allow shareholders to communicate their view on various matters affecting the company.

The Company's primary avenue to solicit and understand the views of shareholders is via general meetings.

The Company strives for timeliness and consistency in its disclosures to shareholders. It is the Company's policy to keep all shareholders informed of developments or changes that will have a material impact on the Company's share price, through announcements via SGXNET. Such announcements are communicated on an immediate basis, or as soon as possible where immediate disclosure is not participated. Shareholders are provided with an update on the Group's performance position and prospects through the Company's annual report.

The Company's half-year and full-year results announcements, are issued via SGXNET. Shareholders have access to information on the Group via the Company's website. The Company discloses all material information on a timely basis to all shareholders. Where there is inadvertent disclosure made to a selected group, the Company will endeavour to make same disclosure publicly promptly.

The Company does not have a formal investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. Pertinent information is regularly disseminated to the shareholders through SGXNET and the Company's website. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arises.

Corporate Governance Report

(E) MANAGING STAKEHOLDERS RELATIONSHIPS

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

The Company has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. Such stakeholders include employees, community, government and regulators and shareholders and investors. The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders.

The Company's approach to shareholder engagement, materiality assessment and disclosures of its strategy and key areas of focus in relation to the management of stakeholder relationships can be found in the Company's Sustainability Report 2019 which will be published separately from the 2019 Annual Report on or before 7 October 2020 and also available in electronic format.

Dealings in Securities

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

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

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

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

Non-Sponsor Fees

The total amount of non-sponsor fees paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. ("PPCF") for FY2019 was S$140,000.

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 supplement agreement on 31 January 2019 and an addendum to the third supplement agreement on 5 April 2019 with Mr Ang Yew Jin Eugene (former Non-Executive Director of the Company) for the disposal of the information technology ("IT") business. On 30 March 2020, the Company has entered into a novation agreement, whereby the outstanding amount from the sale of the IT business is assigned to settle one of the outstanding short-term loan from an external party of US$1.24 million.

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 FY2019 or if not then subsisting, entered into since the end of the previous financial year.

Corporate Governance Report

Sustainability Management

The Group's Sustainability Report for FY2019 will be prepared in accordance with the GRI standards and in line with the Singapore Exchange requirements on sustainability reporting. The report will highlight the key economic, environmental, social and governance (ESG) factors such as workplace healthy and safety, the environment and our community. More details and information will be available in the full report that will be published on or before 7 October 2020.

Use of proceeds

The Company has reallocated S$896,289 of the Net Proceeds from the right shares placement completed in September 2019 ("Net Proceeds") which was earlier allocated for the Group's general working capital to be used for the 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	1,767,095	870,806	870,806[1]	-
For acquisition and development of oil and gas assets	10,322,451	11,218,740	11,218,740	-

Note:

[1] *General working capital utilised consisted of payments of administrative and corporate related expenses which consists of payment of professional fees and undertaking fee for the Project Mustang transaction.*

Interested Person Transactions ("IPT")

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.

The Group had on 5 March 2019 obtained shareholder's approval for interested person transactions in proposed acquisition of 3.67% of the membership interest in Mustang Operations Center 1 LLC from CES Oil Services Pte. Ltd. (the "**Acquisition**").

Corporate Governance Report

Details of IPTs transacted during FY2019 are as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) US$	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) US$
Purchase consideration paid/payable to CES Oil Services Pte. Ltd. * in relation to the Acquisition	*	9,000,000	Nil

* Ezion Holdings Limited ("Ezion") was a controlling shareholder of the Company until the completion of the Company's rights issue, whereby Ezion's shareholding was diluted and has ceased to be a controlling shareholder on 12 September 2019. CES Oil Services Pte. Ltd. is a wholly-owned subsidiary of Charisma Energy Services Limited. Ezion is the controlling shareholder of Charisma Energy Services Limited. Consequently, CES Oil Services Pte. Ltd. is an associate of Ezion Holdings Limited within the meaning of the Catalist Rules and is therefore an interested person. The transaction occurred on 5 March 2019, when Ezion was still a controlling shareholder.

Save as disclosed above, there were no interested person transactions with value equal to or above S$100,000 transacted in FY2019.

Financial Contents

Directors' Statement

For the financial year ended 31 December 2019

We are pleased to submit this annual report to the members of the Company together with the audited financial statements of the Group for the financial year ended 31 December 2019 and the statement of financial position of the Company as at 31 December 2019.

In our opinion:

(a) the financial statements set out on pages 58 to 129 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 2019 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 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	
Tan Ser Ko	
Fabian Sven Bahadur Scheler	(Appointed on 7 May 2019)
Max Ng Chee Weng	(Appointed on 25 July 2019)
Daiji Yamada	(Appointed on 14 May 2020)

DIRECTORS' INTERESTS

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

	Holdings at beginning of the financial year	Holdings at end of the financial year
Ordinary shares in the Company		
Ang Yew Jin Eugene (Resigned on 22 November 2019)	53,617,539	–
Deemed shares in the Company		
Ang Yew Jin Eugene (Resigned on 22 November 2019)	–	160,852,617
Options granted by the Company		
Ravinder Singh Grewal s/o Sarbjit Singh	3,480,000	480,000
Tan Ser Ko	2,480,000	480,000
Lee Sek Leong Christopher (Resigned on 26 April 2019)	480,000	480,000
Ang Yew Jin Eugene (Resigned on 22 November 2019)	480,000	480,000

Directors' Statement

For the financial year ended 31 December 2019

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 2020.

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 options (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 2019	Options exercised	Options forfeited	Options outstanding as at 31 December 2019	Number of option holders as at 31 December 2019	Exercise period
	S$	'000	'000	'000	'000		
22 May 2014	0.09	261,000	50	260,950	–	–	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.

Directors' Statement

For the financial year ended 31 December 2019

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, comprising three directors, Max Ng Chee Weng, Ravinder Singh Grewal s/o Sarbjit Singh and Tan Ser Ko.

Other information regarding the Scheme is set out below:

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

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, Tan Ser Ko, and to former directors, Lee Sek Leong Christopher, Yong Boon Chuan Leslie and Lim Yeok Hua.

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 former director, Ang Yew Jin Eugene.

Directors' Statement

For the financial year ended 31 December 2019

Option granted on 1 March 2019 ("Grant Date 3")

In 2019, the Company granted a total of 10,500,000 options pursuant to the Scheme, details as follows:

- The exercise price of each option is fixed at S$0.070.
- The share option shall be exercised, in whole or in part, after the first anniversary of Grant Date 3.
- 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 2,000,000 share options granted to the former director, Majid Alexander Jourabchi.
- With effect from 26 April 2020, Majid Alexander Jourabchi resigned as a Non-Independent Non-Executive Director of the Company.

PERFORMANCE SHARES

The Company's employee share award scheme ("Share Plan") was approved and adopted by its members at an Extraordinary General Meeting held on 22 July 2011. The Share Plan is administered by the Company's Remuneration Committee, comprising three directors, Max Ng Chee Weng, 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 subsidiary corporations.

Directors' Statement

For the financial year ended 31 December 2019

AUDIT COMMITTEE

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

Ravinder Singh Grewal s/o Sarbjit Singh	(Chairman and independent director)
Max Ng Chee Weng	(Independent director)
Fabian Sven Bahadur Scheler	(Non-independent non-executive director)

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 the independent auditor 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 the statement 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 independent auditor's report on those financial statements;

(iv) reviews the half-yearly and annual announcements on the financial 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 the independent auditor;

(vi) makes recommendations to the Board on the appointment of independent auditor 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 independent auditor has unrestricted access to the Audit Committee.

The Audit Committee confirmed that it has undertaken a review of all non-audit services provided by the independent auditor to the Group and is satisfied that the nature and extent of such services would not affect the independence of the independent auditor. The Audit Committee is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board of Directors that Nexia TS Public Accounting Corporation, be nominated for re-appointment as the Company's independent auditor at the forthcoming Annual General Meeting of the Company.

In appointing the independent auditor for the Company and its subsidiary corporations, the Company has complied with Rules 712 and 715 of the Rules of Catalist of the SGX-ST.

Directors' Statement

For the financial year ended 31 December 2019

AUDITORS

The independent auditor, Nexia TS Public Accounting Corporation, has indicated its willingness to accept re-appointment.

On behalf of the Board of Directors

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Daiji Yamada
Director

____

Tan Ser Ko
Director

7 October 2020

Independent Auditor's Report

to the Members of Alpha Energy Holdings Limited

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 subsidiary corporations (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 2019, 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 2019, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 58 to 129.

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

Going concern

As disclosed in Note 2 to the financial statements, as at 31 December 2019, the Group's current liabilities exceeded its current assets by US$165.42 million. In addition, the Group incurred a net loss of US$190.80 million and recorded net operating cash outflows of US$3.16 million during the financial year ended 31 December 2019.

The Group has also ceased to generate revenue from its business of sale of crude oil as the drop in oil prices, coupled with the Covid-19 situation affecting the global oil demand, had stifled the Group's hopes of obtaining a favourable outcome for funding required to continue with the development of the Group's exploration and evaluation assets in relation to the Mustang Project. The Group is, therefore, currently looking into diversification of its business through proposed acquisition of 100% of existing shares in Kydon Learning Systems Institute Pte. Ltd., a Singapore based education technology business to be funded by a potential capital investment.

As the date of these financial statements, certain creditors of the Group have filed liens against certain assets of the Group and/or have taken legal action against the Group in an attempt to recover the outstanding amounts due to them from the Group as at 31 December 2019, as well as claims for certain damages from the Group. Although management has considered the impact of the legal actions taken against the Group and recognised the related liabilities, it is uncertain whether additional liabilities might be incurred as a result of these ongoing legal claims, or any other claims which management may not be, and which we are, not aware of.

Notwithstanding that these events and conditions cast significant doubt about the Group's and the Company's abilities to continue as going concerns, the directors of the Company believe that the going concern basis of preparation of the financial statements of the Group is appropriate, having considered the following:

- The restructuring of the Group's business which includes the diversification into the learning and education sector and the completion of public auction on 23 September 2020 in relation to the Mustang Project following the receipt of the notices of default and sale served by Alaska Industrial Development and Export Authority ("AIDEA") on 22 May 2020, and accordingly, the Group would no longer incur further development costs and liable for the indebtedness under the AIDEA loan agreement. In addition, the Company is not expected to be liable for any liabilities related to the Mustang Project, which is held through its subsidiary corporation, JK North Slope LLC;

Independent Auditor's Report

to the Members of Alpha Energy Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

- The Company has, on 7 September 2020 entered into a forbearance and release agreement with a provider of a bank loan (the "Lender") ("Forbearance and Release Agreement") in relation to a corporate guarantee provided by the Company in 2015 to its US subsidiary corporation, namely Caracol Petroleum LLC, in consideration for the bank's provision of a loan to the subsidiary corporation. Under the Forbearance and Release Agreement, the Lender had agreed to forbear the outstanding loan owed by the Group amounting to US$14,914,479 and the release of the Company's corporate guarantee upon the earlier of the payment of the tax credits receivable from the State of Alaska of US$16,594,114 (net amount of US$15,227,043 after discounting for present value as non-current assets) or transfer in full of the membership interest owned by the subsidiary corporation to a transferee acceptable to the Lender.

- The completion of the proposed acquisition of education service business through acquisition of 100% of existing shares in Kydon Learning Systems Institute Pte. Ltd. pursuant to the conditional sale and purchase agreements dated 14 July 2020 and 17 September 2020; and

- The completion of the proposed capital investment in the form of a convertible loan of S$24.0 million (equivalent to US$17.81 million) pursuant to the convertible loan agreement entered between the Company and Didi Investments, Inc on 17 September 2020.

The financial statements have been prepared on going concern basis based on the above assumptions which are premised on future events and market conditions, the outcome of which is inherently uncertain. Therefore, we are unable to obtain sufficient audit evidence to be able to form an opinion as to whether the going concern basis of preparation of the accompanying financial statements of the Group and the Company 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, further liabilities may be required to be recognised by the Group arising from the various legal claims. The consolidated financial statements do not reflect these adjustments.

Other matter

The financial statement of the Group for the financial year ended 31 December 2018 were audited by another independent auditor who issued a disclaimer of opinion on those financial statements on 5 April 2019 due to its inability to obtain sufficient appropriate audit evidence regarding the going concern assumptions used by the directors in preparing the financial statements of the Group.

Responsibility 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)"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Independent Auditor’s Report

to the Members of Alpha Energy Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT’D)

Auditor’s Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company’s 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 for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (“ACRA”) *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, 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 auditor, have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor’s report is Ms. Meriana Ang Mei Ling.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore

7 October 2020

Statements of Financial Position

As at 31 December 2019

	Note	Group 2019 US$	Group 2018 US$	Company 2019 US$	Company 2018 US$
Non-current assets					
Exploration and evaluation assets	5	74,005,851	69,316,223	–	–
Plant and equipment	6	26,795	547	–	547
Investments in subsidiary corporations	7	–	–	–	1
Investment in associate	9	–	–	–	–
Other investments	10	–	7,235,112	–	–
Other receivables	11	29,166,918	8,893,663	–	1,099,062
		103,199,564	85,445,545	–	1,099,610
Current assets					
Other investments	10	1,809	1,809	1,809	1,809
Trade and other receivables	11	2,660,799	3,061,080	1,419,252	58,644,568
Cash and cash equivalents	12	2,333,220	1,063,654	27,675	13,364
		4,995,828	4,126,543	1,448,736	58,659,741
Assets held-for-sale	13	4,950,000	–	–	–
		9,945,828	4,126,543	1,448,736	58,659,741
Total assets		113,145,392	89,572,088	1,448,736	59,759,351
Equity					
Share capital	15	115,103,998	64,695,119	115,103,998	64,695,119
Perpetual securities	16	1,913,045	–	1,913,045	–
Reserves	17	(4,742,030)	401,469	1,936,342	408,509
Accumulated losses		(197,325,557)	(7,036,398)	(120,604,647)	(7,679,269)
Attributable to equity holders of the Company		(85,050,544)	58,060,190	(1,651,262)	57,424,359
Non-controlling interests		(475,562)	–	–	–
Total equity		(85,526,106)	58,060,190	(1,651,262)	57,424,359
Non-current liabilities					
Provision for restoration costs	19	2,480,000	547,197	–	–
Trade and other payables	20	840,231	1,629,844	–	–
Borrowings	18	19,984,849	–	–	–
		23,305,080	2,177,041	–	–
Current liabilities					
Trade and other payables	20	82,758,588	20,738,112	3,099,998	2,334,992
Borrowings	18	92,607,830	8,596,745	–	–
		175,366,418	29,334,857	3,099,998	2,334,992
Total liabilities		198,671,498	31,511,898	3,099,998	2,334,992
Total equity and liabilities		113,145,392	89,572,088	1,448,736	59,759,351

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

Consolidated Statement of Proft or Loss

For the financial year ended 31 December 2019

	Note	2019 US$	2018 US$
Revenue	22	415,021	–
Cost of sales		(510,279)	–
Gross loss		(95,258)	–
Other income	23	9,597,740	619,902
General and administrative expenses		(3,995,160)	(1,479,551)
Other expenses			
- Gain on remeasurement of previously held in interest in the associate arising from step acquisition of a subsidiary corporation	9	2,122,333	–
- Impairment loss on non-financial assets	25	(179,597,902)	(26,533)
- Other expenses		(207,237)	(33,565)
Results from operating activities		(172,175,484)	(919,747)
Finance income		279,345	–
Finance cost		(18,887,112)	(84,434)
Net finance cost	24	(18,607,767)	(84,434)
Loss before income tax	25	(190,783,251)	(1,004,181)
Income tax expense	26	(13,000)	–
Net loss for the financial year		(190,796,251)	(1,004,181)
Net loss attributable to:			
- Equity holders of the Company		(190,239,061)	(1,004,181)
- Non-controlling interests		(557,190)	–
		(190,796,251)	(1,004,181)
Loss per share			
- Basic (cents)	27	(17.01)	(0.27)
- Diluted (cents)	27	(17.01)	(0.27)

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2019

	Note	2019 US$	2018 US$
Net loss for the financial year		(190,796,251)	(1,004,181)
Other comprehensive loss			
Item that are or may be reclassified subsequently to profit or loss:			
Currency translation arising from consolidation of financial statements of foreign operations	17(b)(iii)	(4,723)	(2,893)
Item that will not be reclassified to profit or loss:			
Equity investments at FVOCI – net change in fair value	17(b)(iv)	(6,666,609)	–
Other comprehensive loss for the financial year, net of tax		(6,671,332)	(2,893)
Total comprehensive loss for the financial year		(197,467,583)	(1,007,074)
Total comprehensive loss attributable to:			
- Equity holders of the Company		(196,910,393)	(1,007,074)
- Non-controlling interests		(557,190)	–
		(197,467,583)	(1,007,074)

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2019

	Attributable to equity holders of the Company										
	Share capital US$	Treasury shares US$	Share option reserve US$	Foreign currency translation reserve US$	Fair value reserve US$	Perpetual securities US$	Other reserve US$	Accumulated losses US$	Total US$	Non-controlling interests US$	Total equity US$
Group											
At 1 January 2019	64,695,119	(39,369)	447,878	(7,040)	–	–	–	(7,036,398)	58,060,190	–	58,060,190
Total comprehensive loss for the financial year											
Loss for the financial year	–	–	–	–	–	–	–	(190,239,061)	(190,239,061)	(557,190)	(190,796,251)
Other comprehensive income/ (loss)											
Currency translation differences arising from consolidation of financial statements of foreign operations	–	–	–	(4,723)	–	–	–	–	(4,723)	–	(4,723)
Equity investments at FVOCI – net change in fair value	–	–	–	–	(6,666,609)	–	–	–	(6,666,609)	–	(6,666,609)
Total comprehensive loss for the financial year	–	–	–	(4,723)	(6,666,609)	–	–	(190,239,061)	(196,910,393)	(557,190)	(197,467,583)
Transactions with owners, recognised directly in equity											
Contributions by and distribution to owners											
Sale of treasury shares	–	20,825	–	–	–	–	(12,601)	–	8,224	–	8,224
Exercise of share options	3,298	–	–	–	–	–	–	–	3,298	–	3,298
Reversal of fair value of expired share options issued as purchase consideration	–	–	(2,557,007)	–	–	–	–	–	(2,557,007)	–	(2,557,007)
Accrued perpetual securities distributions	–	–	–	–	–	–	–	(50,098)	(50,098)	–	(50,098)
Issuance of ordinary shares pursuant to rights issue	15,318,411	–	–	–	–	–	–	–	15,318,411	–	15,318,411
Issuance of share to offset loan from non-related parties	531,250	–	–	–	–	–	–	–	531,250	–	531,250
Equity issued as purchase considerations for acquisition of subsidiary corporations	34,555,920	–	4,076,616	–	–	1,913,045	–	–	40,545,581	–	40,545,581
Total transactions with owners	50,408,879	20,825	1,519,609	–	–	1,913,045	(12,601)	(50,098)	53,799,659	–	53,799,659
Acquisition of subsidiary Corporations with Non-controlling interests	–	–	–	–	–	–	–	–	–	81,628	81,628
At 31 December 2019	115,103,998	(18,544)	1,967,487	(11,763)	(6,666,609)	1,913,045	(12,601)	(197,325,557)	(85,050,544)	(475,562)	(85,526,106)

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2019

	Attributable equity holders of the Company					
	Share capital	Treasury shares	Share option reserve	Foreign currency translation reserve	Accumulated losses	Total equity
	US$	US$	US$	US$	US$	US$
Group						
At 1 January 2018	60,909,734	(39,369)	378,719	(4,147)	(6,032,217)	55,212,720
Total comprehensive loss for the financial year						
Loss for the financial year	–	–	–	–	(1,004,181)	(1,004,181)
Other comprehensive loss						
Currency translation differences arising from consolidation of financial statements of foreign operations	–	–	–	(2,893)	–	(2,893)
Total comprehensive loss for the financial year	–	–	–	(2,893)	(1,004,181)	(1,007,074)
Transactions with owners, recognised directly in equity						
Contributions by and distribution to owners						
Issuance of ordinary shares	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

For the financial year ended 31 December 2019

	Note	2019 US$	2018 US$
Cash flows from operating activities			
Net loss for the financial year		(190,796,251)	(1,004,181)
Adjustments for:			
- Income tax expense	26	13,000	–
- Depreciation of plant and equipment	6	547	493
- Amortisation of exploration and evaluation assets	5	75,777	–
- Change in fair value of equity investment – at FVPL	10	–	26,533
- Finance income	24	(279,345)	–
- Finance cost	24	18,887,112	84,434
- Share-based payments	17(b)(ii)	–	69,159
- Gain on remeasurement of previously held in interest in the associate arising from step acquisition of a subsidiary corporation	9	(2,122,333)	–
- Reversal of fair value of expired share options issued as purchase consideration	23	(2,557,007)	–
- Gain on bargain purchase	23	(5,985,470)	–
- Impairment loss on non-financial assets	25	179,597,902	–
- Unrealised currency translation losses		10,110	–
Operating cash flows before changes in working capital		(3,155,958)	(823,562)
Changes in working capital, net of effects from acquisition of subsidiary corporations:			
- Trade and other receivables		1,175,260	(55,763)
- Trade and other payables		(1,179,231)	57,614
Net cash used in operating activities		(3,159,929)	(821,711)
Cash flows from investing activities			
Acquisition of subsidiary corporations, net of cash acquired	32(b)	1,239,095	–
Exploration and evaluation expenditures		(9,405,257)	(3,050,894)
Additions to construction-in-progress classified as assets held-for-sale	13	(1,500,400)	–
Investment of equity investment – at FVOCI		(196,296)	(1,525,444)
Proceeds from disposal of IT business		383,704	371,739
Increase in restricted cash		–	(84,000)
Net cash used in investing activities		(9,479,154)	(4,288,599)
Cash flows from financing activities			
Interest paid		(2,313,007)	(14,434)
Interest received		16,007	–
Proceeds from exercise of share options	15(a)	3,298	–
Proceeds from sale of treasury shares	15(e)	7,823	–
Proceeds from issuance of share capital	15(d)	9,241,313	3,785,385
Proceeds from loans from a non-related party	18	879,250	1,368,901
Proceeds from borrowings	18	10,899,524	–
Repayment of loans from a non-related party	18	(725,000)	(363,901)
Repayment of borrowings	18	(5,197,426)	–
Net cash generated from financing activities		12,811,782	4,775,951
Net change in cash and cash equivalents		172,699	(334,359)
Cash and cash equivalents at beginning of financial year		26,778	364,030
Effects of exchange rate changes on cash and cash equivalents		(4,723)	(2,893)
Cash and cash equivalents at end of financial year	12	194,754	26,778

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

Notes to the Financial Statements

For the financial year ended 31 December 2019

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 7 October 2020.

1. DOMICILE AND ACTIVITIES

Alpha Energy Holdings Limited (the “Company”) is incorporated in Singapore. The address of the Company’s registered office is 438B Alexandra Road, Alexandra Technopark #05-08/10 Singapore 119968. 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 financial year ended 31 December 2019 comprise the Company and its subsidiary corporations (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 subsidiary corporations 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$190,796,251 (2018: US$1,004,181) for the financial year and is in a net current liabilities position of US$165,420,590 (2018: US$25,208,314) and recorded net operating cash outflows of US$3,159,929 (2018: US$821,711) as at 31 December 2019.

The Group has also ceased to generate revenue from its business of sale of crude oil as the drop in oil prices, coupled with the Covid-19 situation affecting the global oil demand, had stifled the Group’s hopes of obtaining a favourable outcome for funding required to continue with the development of the Group’s exploration and evaluation assets in relation to the Mustang Project. The Group is, therefore, currently looking into diversification of its business through proposed acquisition of 100% of existing shares in Kydon Learning Systems Institute Pte. Ltd., a Singapore based education technology business to be funded by a potential capital investment.

As the date of these financial statements, certain creditors of the Group have filed liens against certain assets of the Group and/or have taken legal action against the Group in an attempt to recover the outstanding amounts due to them from the Group as at 31 December 2019, as well as claim certain damages from the Group. Although management has considered the impact of the legal actions taken against the Group and recognised the related liabilities, it is uncertain whether additional liabilities might be incurred as a result of these ongoing legal claims, or any other claims which management may not be, and which we are, not aware of.

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

- The restructuring of the Group’s business which includes the diversification into the learning and education sector and the completion of public auction on 23 September 2020 in relation to the Mustang Project following the receipt of the notices of default and sale served by Alaska Industrial Development and Export Authority (“AIDEA”) on 22 May 2020, and accordingly, the Group would no longer incur further development costs and liable for the indebtedness under the AIDEA loan agreement. In addition, the Company is not expected to be liable for any liabilities related to the Mustang Project, which is held through its subsidiary corporation, JK North Slope LLC;

- The Company has, on 7 September 2020 entered into a forbearance and release agreement with a provider of a bank loan (the “Lender”) (“Forbearance and Release Agreement”) in relation to a corporate guarantee provided by the Company in 2015 to its US subsidiary corporation, namely Caracol Petroleum LLC, in consideration for the bank’s provision of a loan to the subsidiary corporation. Under the Forbearance and Release Agreement, the Lender had agreed to forbear the outstanding loan owed by the Group amounting to US$14,914,479 and the release of the Company’s corporate guarantee upon the earlier of the payment of the tax credits receivable from the State of Alaska of US$16,594,114 (net amount of US$15,227,043 after discounting for present value as non-current assets) or transfer in full of the membership interest owned by the subsidiary corporation to a transferee acceptable to the Lender.

Notes to the Financial Statements

For the financial year ended 31 December 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 remains appropriate: (cont'd)

- The completion of the proposed acquisition of education service business through acquisition of 100% of existing shares in Kydon Learning Systems Institute Pte. Ltd. pursuant to the conditional sale and purchase agreements dated 14 July 2020 and 17 September 2020; and

- The completion of the proposed capital investment in the form of a convertible loan of S$24.0 million (equivalent to US$17.81 million) pursuant to the convertible loan agreement entered between the Company and Didi Investments, Inc on 17 September 2020.

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, further liabilities may be required to be recognised by the Group arising from the various legal claims. The consolidated financial statements do not reflect these adjustments.

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").

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 dollar (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") and fair value through profit or loss ("FVPL"). 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. The carrying of equity investments at FVOCI and FVPL as at the end of financial year is disclosed in Note 10.

Notes to the Financial Statements

For the financial year ended 31 December 2019

3. BASIS OF PREPARATION (CONT'D)

3.4 Use of estimates and judgements (cont'd)

Impairment of exploration and evaluation assets

Hydrocarbon reserves are estimates of the amount of oil which can be economically and legally extracted by the Group in approved fields. For the purpose of estimating reserves, several factors are considered, among others, such as: geological, technical and economic, production techniques, recovery rates, production costs, transportation costs, demand and prices for commodities and exchange rates. Estimating the quantity and grade of reserves requires determining the size, shape and depth of the reservoirs or fields to be determined by analysing geological data and drilling samples. This process may require interpreting complex and difficult geological 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. The carrying amount of exploration and evaluation assets and the amount of impairment loss recognised are disclosed in Note 5.

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. The carrying amount of tax credit receivables is disclosed in Note 11.

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 2020, 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 2020.

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. The carrying amount of provision for restoration costs is disclosed in Note 19.

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

Estimates are made based on forecasted crude oil prices between 2020 and 2022 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. Based on management's assessment, no additional deferred consideration needs to be recognised for the current financial year. The carrying amount of the deferred consideration payable is disclosed in Note 20.

Notes to the Financial Statements

For the financial year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Basis of consolidations

(i) Business combinations

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

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 ("NCI") 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 corporation 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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidations (cont'd)

(ii) Subsidiary corporations

Subsidiary corporations 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 subsidiary corporations 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 corporation 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 corporation, it derecognises the assets and liabilities of the subsidiary corporation, 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 corporation 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 is 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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidations (cont'd)

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

Investments in subsidiary corporations 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 financial year, adjusted for effective interest and payments during the financial year, and the amortised cost in foreign currency translated at the exchange rate at the end of the financial 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;

(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 date. 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. However, if the foreign operation is a non-wholly-owned subsidiary corporation, 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 corporation that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

Notes to the Financial Statements

For the financial year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Foreign currency (cont'd)

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

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.

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

Office equipment	5 - 10 years
Production facility	28 years (estimated life of the Mustang Project)
Road and production pad	28 years (estimated life of the Mustang Project)

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

Notes to the Financial Statements

For the financial year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 ("FVPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost; fair value through other comprehensive income ("FVOCI"); or fair value through profit or loss ("FVPL").

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 FVPL:

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

Equity investments at FVOCI

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

Financial assets at FVPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVPL. 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 FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Notes to the Financial Statements

For the financial year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial instruments (cont'd)

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

Financial assets: Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

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

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable-rate features;

- prepayment and extension features; and

- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

Notes to the Financial Statements

For the financial year ended 31 December 2019

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 (cont'd)

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

Financial assets at FVPL

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

Financial assets at amortised cost

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

Equity investments at FVOCI

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

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

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVPL 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).

Notes to the Financial Statements

For the financial year ended 31 December 2019

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 expired. 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.

Perpetual securities

The perpetual securities do not have a maturity date and the Company is able to elect to defer making a distribution subject to the terms and conditions of the securities issued. Accordingly, the Company is not considered to have a contractual obligation to make principal repayments or distributions in respect of its perpetual securities issued and the perpetual capital securities are presented within equity. Distributions are treated as dividends which will be directly debited from equity. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

Notes to the Financial Statements

For the financial year ended 31 December 2019

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

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.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves 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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Impairment (cont'd)

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

General approach (cont'd)

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Impairment (cont'd)

(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 and only to the extent that the recoverable amount increases.

(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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

(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.

Sale of crude oil

Revenue from sale of crude oil is recognised at the point in time when risks and rewards of ownership are transferred to the customer, which would generally be the date of delivery. At this date, the amount of revenue to be recognised will be estimated based on the forward market price of the crude oil being sold. The provisionally priced contracts are marked to market at each reporting date with any adjustments being recognised within revenue.

Notes to the Financial Statements

For the financial year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 4.1(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates.

4.11 Assets held-for-sale

Assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held-for-sale. Immediately before classification as held-for-sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, classified as held-for-sale are generally measured at the lower of their carrying amount and fair value less costs to sell.

Intangible assets and property, plant and equipment once classified as held-for-sale are not amortised or depreciated.

4.12 Leases

The Group has applied SFRS(I) 16 Leases using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I)1-17 *Lease* and SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*.

Policy applicable from 1 January 2019

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

As a lessee

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Leases (cont'd)

Policy applicable from 1 January 2019 (cont'd)

As a lessee (cont'd)

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

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

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

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

- fixed payments, including in-substance fixed payments;

- variable less payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

Notes to the Financial Statements

For the financial year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Leases (cont'd)

Policy applicable from 1 January 2019 (cont'd)

As a lessee (cont'd)

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

The Group presents right-of-use assets that do not meet the definition of investment property in "right-of-use assets" and lease liabilities in "financial liabilities" in the statement of financial position.

Short term leases and leases of low-value assets

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

Policy applicable before 1 January 2019

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 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.

4.14 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 subsidiary corporations, 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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 Income tax expense (cont'd)

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 subsidiary corporations 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.

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.

4.15 Earnings per share

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

4.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's 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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 New standards and interpretation not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

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

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business (Amendments to SFRS(I) 3)*
- *Definition of Material (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)*
- *SFRS(I) 17 Insurance Contracts*

5. EXPLORATION AND EVALUATION ASSETS

	Group	
	2019	**2018**
	US$	**US$**
Cost		
At the beginning of the financial year	69,316,223	65,469,561
Acquisition of subsidiary corporations (Note 32(c))	86,644,494	–
Additions	40,871,093	3,846,662
At the end of the financial year	196,831,810	69,316,223
Accumulated amortisation		
At the beginning of the financial year	–	–
Amortisation for the financial year (Note 25)	75,777	–
At the end of the financial year	75,777	–
Accumulated impairment		
At the beginning of the financial year	–	–
Impairment loss (Note 25)	122,750,182	–
At the end of the financial year	122,750,182	–
Net book value	74,005,851	69,316,223

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 working interest as disclosed in Note 8 in oil and gas exploration segment (Note 31). Amortisation was recorded upon commencement of production in November 2019.

Notes to the Financial Statements

For the financial year ended 31 December 2019

5. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Included in exploration and evaluation assets are the following:

- US$9,111,591 (2018: US$795,768) that represents borrowing costs capitalised during the financial year using a capitalisation rate of 8.69% (2018: 9.63%).

- US$1,932,803 (2018: Nil) that represents the provision for restoration cost capitalised during the financial year (Note 19).

- US$852,402 (2018: Nil) that was settled through tax credit approved during the financial year.

- US$21,273,844 (2018: Nil) that are unpaid as at 31 December 2019 and included in the trade payables.

Impairment

The Group performed impairment assessment on the exploration and evaluation assets in Alaska at the end of the financial year by comparing the carrying amount of the exploration and evaluation assets against the fair value less cost of disposal. The fair value less cost of disposal was determined based on the principal sum of all indebtedness owed to creditor, Alaska Industrial Development and Export Authority, amounting to US$74,005,851 (Note 18), as the Group has received notices of default and sale to sell properties pledged to the loans, to satisfy the obligation secured subsequent to the end of the financial year (Note 33(a)).

Notes to the Financial Statements

For the financial year ended 31 December 2019

6. PLANT AND EQUIPMENT

	Office equipment US$
Group	
Cost	
At 1 January 2018 and 31 December 2018	2,463
Acquisition of subsidiary corporations (Note 32(c))	26,795
At 31 December 2019	29,258
Accumulated depreciation	
At 1 January 2018	1,423
Depreciation charge for the year	493
At 31 December 2018	1,916
Depreciation charge for the financial year (Note 25)	547
At 31 December 2019	2,463
Carrying amounts	
At 31 December 2018	547
At 31 December 2019	26,795
Company	
Cost	
At beginning and end of the financial year ended 31 December 2018 and 2019	2,463
Accumulated depreciation	
At 1 January 2018	1,423
Depreciation charge for the year	493
At 31 December 2018	1,916
Depreciation charge for the financial year	547
At 31 December 2019	2,463
Carrying amounts	
At 31 December 2018	547
At 31 December 2019	–

Notes to the Financial Statements

For the financial year ended 31 December 2019

7. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2019	**2018**
	US$	**US$**
Unquoted equity shares, at cost		
Beginning of the financial year	1	1
Addition	40,545,582	–
End of the financial year	40,545,583	1
Impairment loss		
Beginning of financial year	–	–
Impairment loss	40,545,583	–
End of financial year	40,545,583	–
End of financial year	–	1

Management assessed for impairment whenever there is any objective evidence or indication that investments in subsidiary corporations may be impaired. An allowance for impairment loss was made in respect of the Company's investment in the subsidiary corporations to reduce the carrying amount of the investments to the recoverable amounts which were determined based on value-in-use of nil, after taking into consideration the financial performance and position of the subsidiary corporations.

Notes to the Financial Statements

For the financial year ended 31 December 2019

7. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONT'D)

The details of the subsidiary corporations are as follows:

Name of subsidiary corporations	Principal activities	Principal place of business/Country of incorporation	Effective equity interest 2019 %	Effective equity interest 2018 %
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	United States of America	100	100
Held by Caracol Petroleum LLC				
Brooks Range Petroleum Corporation[4]	Operator of Mustang Project	United States of America	97.5	50
Mustang Operations Center 1 LLC[4]	Provide access to oil and gas exploration activities	United States of America	100	–
Mustang Road LLC[3]	Operator of the access road into Mustang Field and the Gravel Pad where the processing facility will be located.	United States of America	100	–
TP North Slope Development LLC[4]	Oil and gas exploration through working interests	United States of America	100	–

(1) 1% held by Conquest Energy Pte Ltd

(2) Audited by Nexia TS Public Accounting Corporation

(3) Not required to be audited in accordance with the law of the country of incorporation. These subsidiary corporations are not significant as defined under Listing Rule 718 of the Singapore Exchange Listing Manual. For this purpose, a subsidiary corporation 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 Nexia TS Public Accounting Corporation, Singapore for the Group's consolidation purposes

Notes to the Financial Statements

For the financial year ended 31 December 2019

8. WORKING INTEREST

Upon the completion of the acquisition of subsidiary corporations (Note 32), the Group holds 90.1% (2018: 36.2% held through the joint operation, Caracol Petroleum LLC) of ownership interest in the Mustang Field, located at Alaska United States of America. The details of the working interest are as follows:

Entities held by the Group	**Ownership interest**	
	2019	**2018**
	%	**%**
Caracol Petroleum, LLC [1]	36.2	36.2
TP North Slope Development, LLC [1]	22.5	–
Brooks Range Petroleum Corporation [1]	10.4	–
Mustang Operations Center 1, LLC	20.0	–
Mustang Road, LLC	1.0	–
	90.1	36.2

(1) During the financial year, the Group, through the three entities has an effective interest of 100% (2018: 52.5%) in capital expenditure.

9. INVESTMENT IN ASSOCIATE

	Group and Company	
	2019	**2018**
	US$	**US$**
Beginning of the financial year	–	–
Fair value of previously held interest in the associate (Note 32(a))	(2,122,333)	–
Gain on remeasurement of previously held interest in the associate arising from step acquisition of a subsidiary corporation	2,122,333	–
End of the financial year	–	–

The details of the associate are as follows as at 31 December 2018:

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2019

9. INVESTMENT IN ASSOCIATE (CONT'D)

On 5 April 2019, the Group through its wholly-owned subsidiary corporation, TP North Slope Development LLC, acquired an additional 32.5% equity interest in its associated company, Brooks Range Petroleum Corporation ("BRPC"), which resulted in the Group obtaining control over Brooks Range Petroleum Corporation, as 65% super-majority is required for all resolutions to be passed.

At the same time, the Group has also recognised the additional 15% of equity interest that was retained in the treasury shares of BRPC. The management's intention was to find a potential buyer for 15% equity interest but to no avail since the date of transferred from the vendor in 2017.

As a result, the Group's shareholding interest increased from 50% to 97.5% and accordingly accounted for it as subsidiary corporation (Note 32).

As Brooks Range Petroleum Corporation is accounted for as the Group's subsidiary corporation, no summarised financial information is presented for the financial year ended 31 December 2019.

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$
Brooks Range Petroleum Corporation:	
Revenue	2,354,559
Profit from operations, representing total comprehensive income for the financial year	1,025,036
Non-current assets	17,600,436
Current assets	9,246,798
Current liabilities	(28,206,663)
Net liabilities	1,359,429

	2018 US$
Group's interest in net assets of investee at beginning of the financial year	–
Share of results of associate:	
- Group's share of profit from operations	512,518
Reduction in accumulated unrecognised losses	(512,518)
Carrying amount of interest in investee at end of the financial year	–

There were no contingent liabilities as at 31 December 2018.

In the previous financial year, the Group did not recognise accumulated losses of US$386,959 in relation to its interest in the associate, because the Group has no contractual obligation in respect of those losses.

Notes to the Financial Statements

For the financial year ended 31 December 2019

10. OTHER INVESTMENTS

	Group		Company	
	2019	2018	2019	2018
	US$	US$	US$	US$
Non-current investments				
Equity investments – at FVOCI				
(a) *Investment in Mustang Road, LLC*				
At the beginning of the financial year	2,762,913	2,762,913	–	–
Gain on remeasurement of previously held interest in equity investment – at FVOCI (Note 17(b)(iv))	51,940	–	–	–
Fair value of equity investments – at FVOCI after remeasurement	2,814,853	2,762,913	–	–
Acquisition of subsidiary corporations (Note 32(c))	2,546,772	–	–	–
Reclassification from investment in equity investments – at FVOCI to subsidiary corporations (Note 32(a))	(5,361,625)	–	–	–
At end of the financial year	–	2,762,913	–	–
(b) *Investment in Badami unit*				
Beginning of the financial year	4,472,199	–	–	–
Additions	196,296	4,472,199	–	–
Acquisition of subsidiary corporations (Note 32(c))	2,050,054	–	–	–
Fair value loss (Note 17(b)(iv))	(6,718,549)	–	–	–
At the end of the financial year	–	4,472,199	–	–
Total	–	7,235,112	–	–
Current investments				
Equity investments – at FVPL				
At the beginning of the financial year	1,809	28,342	1,809	28,342
Fair value loss (Note 25)	–	(26,533)	–	(26,533)
At the end of the financial year	1,809	1,809	1,809	1,809

Notes to the Financial Statements

For the financial year ended 31 December 2019

10. OTHER INVESTMENTS (CONT'D)

During the financial year, the Group through its newly acquired subsidiary corporation, TP North Slope Development, LLC ("TPNSD"), acquired additional 3.7% working interest in the Badami Unit. As a result, the Group has 7.5% working interest in Badami Unit. The Group's working interest in Badami Unit is pledged as collateral for the Group's borrowing 1 (Note 18). Fair value loss of US$6,718,549 (2018: Nil) has been recognised during the financial year as the Group has received notices of default and sale to sell the working interest in Badami Unit that is pledged to the loans, to satisfy the obligation secured subsequent to the end of the financial year and no amount is expected to be received.

The cost of investment includes present value of deferred consideration of US$5,446,525 (2018: US$2,934,226) which is estimated based on forecasted crude oil prices between 2020 and 2021 and payable over the same period, and has been recorded under trade and other payables as at 31 December 2019 and 2018 (Note 20).

During the financial year, the Group recognised the net profit distribution from the investment in Badami Unit of US$1,053,596 (2018: US$615,608) in other income (Note 23).

No strategic investments were disposed of during 2019 and 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 30.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	**2018**	**2019**	**2018**
	US$	**US$**	**US$**	**US$**
Non-current				
Tax credit receivables	29,166,918	7,794,601	–	–
Amount due from a former director	–	1,099,062	–	1,099,062
	29,166,918	8,893,663	–	1,099,062
Current				
Trade receivables	468,843	–	–	–
Non-trade amounts due from subsidiary corporations	–	–	72,132,596	58,188,143
Less: Loss allowance (Note 30)	–	–	(72,132,596)	–
	–	–	–	58,188,143
Other receivables	768,758	118,170	56,054	86,217
Prepayments	60,000	4,171	–	3,854
Tax credit receivables	–	2,572,385	–	–
Amount due from a former director	1,363,198	366,354	1,363,198	366,354
	2,660,799	3,061,080	1,419,252	58,644,568
Total	31,827,717	11,954,743	1,419,252	59,743,630

Notes to the Financial Statements

For the financial year ended 31 December 2019

11. TRADE AND OTHER RECEIVABLES (CONT'D)

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. As of the date of this report, the Group has not received any tax credit (2018: US$2,572,385 received in January 2019) based on the budget in 2020. The Group has pledged all the tax credits recoverable as collateral for a loan extended by a bank (Note 18).

The amount due from a former director relates to consideration receivable for sale of the Group's IT business in the previous financial 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 former director, the Group has recognised interest income of US$263,338 (2018: No interest income recognised as the Group agreed to waive off the interest income for the financial year) (Note 24).

The non-trade amounts due from subsidiary corporations 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 loss allowances, are disclosed in Note 30.

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019	**2018**	**2019**	**2018**
	US$	**US$**	**US$**	**US$**
Cash and cash equivalents in the statements of financial position	2,333,220	1,063,654	27,675	13,364
Less: Restricted cash	(2,138,466)	(1,036,876)	–	–
Cash and cash equivalents as per consolidated statement of cash flows	194,754	26,778	27,675	13,364

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.

Notes to the Financial Statements

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13. ASSETS HELD-FOR-SALE

The assets held-for-sale relate to the construction of the permanent processing facility, arising from the acquisition of Mustang Operations Center, LLC ("MOC1") with carrying amount of US$52,200,705 (Note 32(c)). Since the date of acquisition till reclassification as assets held-for-sale, the Group has incurred additional cost of US$1,500,400. As a result, the carrying amount as at reclassification date amounts to US$53,701,105.

On 5 December 2019, the Group's subsidiary corporation, Brooks Range Petroleum Corporation, has entered into a sale and purchase agreement to dispose of parts of the Group's construction in progress for a purchase consideration of US$2,500,000. As of date of this report, the Group is still actively looking for potential buyers for the remaining parts of the Group's construction in progress.

Impairment assessment

The Group performed impairment assessment on the construction in progress asset by comparing the carrying amount against the fair value less cost of disposal. The fair value less cost of disposal was determined based on sales and purchase agreement for the sold parts and independent valuer report on the remaining parts.

	Group
	2019
	US$
Beginning of the financial year	–
Reclassified from construction in progress	53,701,105
Impairment losses (Note 25)	(48,751,105)
End of the financial year	4,950,000

Notes to the Financial Statements

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14. GOODWILL

	Group
	2019
	US$
Cost	
Beginning of the financial year	–
Acquisition of subsidiary corporations (Note 32(e))	8,096,615
End of the financial year	8,096,615
Accumulated impairment losses	
Beginning of the financial year	–
Impairment loss (Note 25)	8,096,615
End of the financial year	8,096,615
Net book value	–

Impairment tests for goodwill

Goodwill is allocated to the Group's CGUs, identified to be the entity, Mustang Operations Center 1, LLC ("MOC1").

The Group performed impairment test of goodwill at the end of the financial year by comparing the carrying value of the CGU against the fair value less cost of disposal. The carrying value of the CGU has been determined by taking the net asset value of cash generating assets and the goodwill attributable to the CGU. The fair value was determined based on the valuation of the construction in progress, that was subsequently impaired and reclassified to held-for-sale (Note 13). The held-for-sale assets are the MOC1's sole asset which had been written-down to their fair value less cost of disposal. Accordingly, management has fully impaired the goodwill of US$8,096,615 (Note 25) during the financial year.

Notes to the Financial Statements

For the financial year ended 31 December 2019

15. SHARE CAPITAL

	Group and Company	
	No. of shares (1)	Amount US$
2019		
At the beginning of the financial year	400,939,065	64,695,119
Exercise of share options (a)	50,000	3,298
Issuance of shares for business combination (b)	345,288,379	34,555,920
Issuance of shares to offset loan (c)	5,308,333	531,250
Issuance of ordinary shares pursuant to rights issue (d)	1,503,591,554	15,318,411
Sale of treasury shares (e)	210,000	–
At the end of the financial year	2,255,387,331	115,103,998
2018		
At the beginning of the financial year	354,939,065	60,909,734
Issuance of placement shares (f)	46,000,000	3,785,385
At the end of the financial year	400,939,065	64,695,119

(1) Exclude treasury shares (Note 17)

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.

Issue of ordinary shares

(a) On 3 January 2019, the Company issued 50,000 new ordinary shares pursuant to the option agreement entered on 4 April 2014, at the exercise price of S$0.09 per share for total cash proceeds of US$3,298 (equivalent to S$5,000).

(b) (i) On 5 April 2019, the Company issued 295,716,379 new ordinary shares at the fair value of US$0.1001 per share for the acquisition of TP North Slope Development, LLC for an aggregate value of US$29,594,832 (Note32(a)).

(ii) On 5 April 2019, the Company issued 49,572,000 new ordinary shares at fair value of US$0.1001 per share for the acquisition of 3.67% of the membership interest in Mustang Operations Center 1, LLC for an aggregate value of US$4,961,088 (Note 32(a)).

(c) On 5 April 2019, the Company issued 5,308,333 new ordinary shares pursuant to deed of pledge agreement entered on 24 September 2018, at fair value of US$0.1001, amounting to US$531,250 (Note 18).

(d) On 12 September 2019, the Company allotted and issued 1,503,591,554 new ordinary shares at US$0.01008 (equivalent to S$0.014 per share), amounting to US$15,318,411 (equivalent to S$21,050,282), pursuant to the rights issue exercise. The proceeds from issuance of 602,049,424 new ordinary shares are paid directly to offset the short-term loan, amounting to US$6,077,098 (equivalent to S$8,428,919) (Note 18).

(e) On 21 June 2019, the Company sold 210,000 treasury shares at a consideration of US$8,224 (equivalent to S$11,340). The cost of the treasury share sold amounted to US$20,825 (equivalent to S$21,043) (Note 17(b)(i)). Accordingly, a loss on the sales of treasury share of US$12,601 is recognised in other reserve (Note 17(a)).

(f) 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).

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For the financial year ended 31 December 2019

15. SHARE CAPITAL (CONT'D)

Outstanding share options

As at 31 December 2019, 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 2019	Options exercised	Options forfeited	Options granted	Options outstanding as at 31 December 2019	Exercise period
	S$	'000	'000	'000	'000	'000	
22 May 2014	0.09	261,000	(50)	(260,950)	–	–	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
1 March 2019	0.07	–	–	(2,500)	10,500	8,000	1 March 2019 to 1 March 2020
5 April 2019	0.09	–	–	(65,000)	65,000	–	5 April 2019 to 21 May 2019
24 May 2019	0.20	–	–	–	40,652	40,652	24 May 2019 to 23 May 2024
		266,280	(50)	(328,450)	116,152	53,932	

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 2019 and 31 December 2018.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

15. SHARE CAPITAL (CONT'D)

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

	Group		Company	
	2019	2018	2019	2018
	US$	US$	US$	US$
Trade and other payables	83,598,819	22,367,956	3,099,998	2,334,992
Financial liabilities	112,592,679	8,596,745	–	–
Less:				
Cash and cash equivalents[1]	(194,754)	(26,778)	(27,675)	(13,364)
Net debt	195,996,744	30,937,923	3,072,323	2,321,628
Total equity	(85,526,106)	58,060,190	(1,651,262)	57,424,359
Total capital	110,470,638	88,998,113	1,421,061	59,745,987
Gearing ratio (%)	*	35%	*	4%

[1] *Excludes restricted cash*

* *Not meaningful*

16. PERPETUAL SECURITIES

On 5 April 2019, the Company completed the placement of US$4,500,000 (equivalent to $6,196,500) 1.35% convertible perpetual capital securities (the "Capital Securities"), as part of the purchase consideration for the acquisition of Mustang Operations Center 1, LLC (Note 32(a)). The fair value of the perpetual securities as determined by the independent valuer for the purpose of the purchase price allocation amounts to US$1,913,045 (Note 32(a)).

The securities are perpetual, subordinated and the distribution interest of 1.35% per annum may be deferred at the sole discretion of the Company. The perpetual securities do not have a maturity date and the Company is able to elect to defer or not make a distribution subject to terms and conditions of the securities. These perpetual securities are classified as equity instruments and recorded in equity in the consolidated statement of financial position. The Company has no contractual obligations to repay the principal or to pay any distributions which means the instruments do not meet the definition as a financial liability under SFRS(I) 1-32 *Financial Instruments: Presentation*.

The Capital Securities will, at the option of the holders of the Capital Securities, be converted into fully paid shares of the Company at a conversion price of S$0.0212 per share. For the financial year ended 31 December 2019, no new ordinary shares in the capital of the Company had been allotted and issued by the Company pursuant to the conversion of convertible perpetual capital securities.

As at 31 December 2019, the Group has accrued perpetual securities distribution of US$50,098 (2018: Nil).

Notes to the Financial Statements

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17. RESERVES

(a) Composition

	Group 2019 US$	Group 2018 US$	Company 2019 US$	Company 2018 US$
Treasury shares	(18,544)	(39,369)	(18,544)	(39,369)
Share options reserve	1,967,487	447,878	1,967,487	447,878
Foreign currency translation reserve	(11,763)	(7,040)	–	–
Fair value reserve	(6,666,609)	–	–	–
Other reserve	(12,601)	–	(12,601)	–
	(4,742,030)	401,469	1,936,342	408,509

All the above reserves are non-distributable.

(b) Movement

	Group 2019 US$	Group 2018 US$	Company 2019 US$	Company 2018 US$
(i) Treasury shares				
Beginning of the financial year	(39,369)	(39,369)	(39,369)	(39,369)
Sale of treasury shares [1]	20,825	–	20,825	–
End of the financial year	(18,544)	(39,369)	(18,544)	(39,369)

[1] On 21 June 2019, the Company sold 210,000 treasury shares for a consideration of US$8,224 (equivalent to S$11,340) of which an amount of US$401 remained outstanding and was included in other receivables. The cost of the treasury shares sold amounts to US$20,825 (equivalent to S$21,043). The number of treasury share as at 31 December 2019 amount to 187,000 (2018: 397,000).

	Group 2019 US$	Group 2018 US$	Company 2019 US$	Company 2018 US$
(ii) Share options reserves				
Beginning of the financial year	447,878	378,719	447,878	378,719
Employee share based payment scheme - Value of employee services (Note 25)	–	69,159	–	69,159
Issuance of options as purchase consideration for acquisition of new subsidiary corporations (Note 32(a))	4,076,616	–	4,076,616	–
Reversal of fair value of expired share options issued as purchase consideration (Note 23)	(2,557,007)	–	(2,557,007)	–
End of the financial year	1,967,487	447,878	1,967,487	447,878

Notes to the Financial Statements

For the financial year ended 31 December 2019

17. RESERVES (CONT'D)

(b) Movement (cont'd)

		Group		Company	
		2019	2018	2019	2018
		US$	US$	US$	US$
(iii)	*Foreign currency translation reserves*				
	Beginning of the financial year	(7,040)	(4,147)	–	–
	Net currency translation differences of financial statements of foreign operations	(4,723)	(2,893)	–	–
	End of the financial year	(11,763)	(7,040)	–	–
(iv)	*Fair value reserves*				
	Beginning of the financial year	–	–	–	–
	Gain on remeasurement of previously held interest in equity investment – at FVOCI (Note 10(a))	51,940	–	–	–
	Equity investment – FVOCI				
	- Fair value loss (Note 10 (b))	(6,718,549)	–	–	–
	End of the financial year	(6,666,609)	–	–	–

18. BORROWINGS

	Group	
	2019	2018
	US$	US$
Non-current		
Secured bank loan	13,114,479	–
Borrowing 2	6,870,370	–
	19,984,849	–
Current		
Secured bank loan	1,800,000	8,596,745
Borrowing 1	74,005,851	–
Borrowing 3	16,801,979	–
	92,607,830	8,596,745
Total	112,592,679	8,596,745

Notes to the Financial Statements

For the financial year ended 31 December 2019

18. BORROWINGS (CONT'D)

Secured bank loan

The bank loan is secured by corporate guarantees from the Company and tax credits recoverable from the State of Alaska of US$29,166,918 (2018: US$10,366,986) (Note 11).

The bank loan matured in 2017. Subsequently, on 24 May 2019, the Group entered into a second facility amendment agreement to extend the schedule of the first payment commencing from 15 June 2020, in quarterly instalments of US$600,000, on the condition that the loan continues to be paid using the tax credits.

The Group is in default under the terms of the credit agreement. On 7 September 2020, the Group entered into forbearance and release agreement, for which the bank agrees to postpone filing a lawsuit for default or taking any other enforcement action under the loan agreement for the period commencing on 31 August 2020 and terminating on the earlier-of the payment in full of the tax credits certificates or the transfer in full of the membership interest owned by the Group's subsidiary corporations.

Borrowings

(a) *Borrowing 1*

Borrowing 1 relates to the loan payable to Alaska Industrial Development and Export Authority ("AIDEA") for the acquisition of MOC1 and MRLLC (Note 32(a)).

The borrowing is secured by the rights, title, and interest of the Group in the Badami Working Interest (Note 10), SMU leases and other leases (Note 5), MOC1 State of Alaska tax credits, amounting to US$15,008,223 as at 31 December 2019 and all other assets owned by the Group (Note 5).

On 14 November 2019, the Group has received notice of default & sales from AIDEA , which declared that the entire principal sum of all indebtedness owed to AIDEA immediately due and payable. The abovementioned assets pledge under the deed of trust, are to be sold to satisfy the obligations.

(b) *Borrowing 2*

Borrowing 2 is payable to a vendor for BRPC's acquisition of 13.5% of its working interest in Mustang Field.

(c) *Borrowing 3*

Borrowing 3 relates to a loan from the State of Alaska Department of Revenue. The loan is secured by the MOC 1 State of Alaska tax credits, amounting to US$15,008,223 (Note 11) as at 31 December 2019.

Market and liquidity risks

Information about the Group's and the Company's exposure to interest rate and liquidity risk are disclosed in Note 30.

Notes to the Financial Statements

For the financial year ended 31 December 2019

18. BORROWINGS (CONT'D)

Terms and debt repayment schedule

Terms and conditions of outstanding borrowings are as follows:

	Effective interest rate %	Year of maturity
Group		
2019		
Secured floating rate bank loan	9.13	2017
2018		
Secured floating rate bank loan	10.25	2017

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

	Loans from non-related parties (Note 20) 2019 US$	Secured bank loan 2019 US$	Borrowings 2019 US$	Total 2019 US$
Balance as at 1 January 2019	1,075,000	8,596,745	–	9,671,745
Proceed from loans from non-related parties	879,250	–	–	879,250
Proceeds from borrowings	–	–	10,899,524	10,899,524
Interest paid	(524,449)	–	(1,788,558)	(2,313,007)
Repayment of borrowings	–	–	(5,197,426)	(5,197,426)
Repayment of loans from non-related parties	(725,000)	–	–	(725,000)
Total changes from financing cash flows	704,801	8,596,745	3,913,540	13,215,086
Other changes				
Acquisition of subsidiary corporations (Note 32(a) and 32(c))	–	7,510,618	82,903,771	90,414,389
Interest expense	1,069,570	175,878	4,532,524	5,777,972
Unwinding of discount	–	–	4,497,495	4,497,495
Accrued interest payable (capitalised in exploration and evaluation assets)	–	1,203,623	7,907,968	9,111,591
Net off against trade payables (Note 20)	1,282,800	–	–	1,282,800
Repayment of borrowings using tax credits	–	(2,572,385)	–	(2,572,385)
Repayment of loans from non-related parties via issuance of shares (Note 15(c))	(531,250)	–	–	(531,250)
Repayment of borrowings via assignment of proceed from issuance of rights issue (Note 15(d))	–	–	(6,077,098)	(6,077,098)
	1,821,120	6,317,734	93,764,660	101,903,514
Effect of changes in foreign exchange	10,466	–	–	10,466
Balance as at 31 December 2019	2,536,387	14,914,479	97,678,200	115,129,060

Notes to the Financial Statements

For the financial year ended 31 December 2019

18. BORROWINGS (CONT'D)

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

	Loans from non-related parties (Note 20) 2018 US$	Secured bank loan 2018 US$	Borrowings 2018 US$	Total 2018 US$
Balance as at 1 January	–	7,800,977	–	7,800,977
Proceeds from loans from non-related parties	1,368,901	–	–	1,368,901
Interest paid	(14,434)	–	–	(14,434)
Repayment of loans from non-related parties	(363,901)	–	–	(363,901)
Total changes from financing cash flows	990,566	–	–	8,791,543
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

19. PROVISION FOR RESTORATION COSTS

	Group	
	2019 US$	2018 US$
At beginning of the financial year	547,197	547,197
Provision capitalised in exploration and evaluation assets	1,932,803	–
At the end the financial year	2,480,000	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 2.39% (2018: 3.02%) which is the risk-free rate in Alaska, United States of America. The plugging and abandonment activities are expected to be completed by 2046 (2018: 2044). The effect of discounting has not been recognised in view of the insignificant impact.

Notes to the Financial Statements

For the financial year ended 31 December 2019

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2019	**2018**	**2019**	**2018**
	US$	**US$**	**US$**	**US$**
Non-current				
Other payables – Non-related parties	840,231	1,629,844	–	–
Current				
Trade payables – Non-related parties	25,754,766	3,891,064	–	–
Other payables – Non-related parties	53,566,106	15,383,335	1,319,902	887,054
Loans from non-related parties (including interest)	2,536,387	1,075,000	1,241,286	1,075,000
Accrued operating expenses	901,329	388,713	538,810	372,938
	82,758,588	20,738,112	3,099,998	2,334,992
Total	83,598,819	22,367,956	3,099,998	2,334,992

Trade payables relate to outstanding payables due to a non-related vendor for expenses incurred in the oil exploration and production activities in the Mustang Field.

Other payables largely relate to the following:

- deferred consideration payable for the acquisition of the Mustang Project, amounting to US$25,000,000 (2018: US$13,125,000). The deferred consideration payable was due on 31 December 2015 and subsequently extended to 31 May 2016 and bear an interest of 8.5% per annum. In 2019, interest payable amounting to US$8,511,644 (2018: Nil) is recognised.

- deferred consideration relating to the acquisition of working interest in the Badami Unit amounting to US$5,446,525 (2018: US$2,934,226) and is estimated based on forecasted crude oil prices between 2020 and 2021 and payable over the same period (Note 10).

Loans from non-related parties largely relate to the following:

- In 2018, the Group had outstanding loans of US$1,005,000 and interest payable of US$70,000 due to a non-related 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. The Company has fully repaid the loan during the financial year.

- In 2019, the Group entered into loan agreement of US$890,736, that bears interest at a rate of 3% per month for the first six months and 5% per month for the following six months and matures on 31 January 2020.

- In 2019, the Group obtained advances from non-related parties of US$390,000 and US$892,800 that are paid to the trade creditor directly. These advances bear interest of 5% per annum and mature on 31 July 2020 and 31 December 2020 respectively (Note 18).

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 30.

Notes to the Financial Statements

For the financial year ended 31 December 2019

21. SHARE BASED PAYMENTS

At 31 December 2019, 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.

The share options expired on 21 May 2019. No share options were issued and transferred to employees of the Group and Company for the financial year ended 31 December 2019.

TPNSD Options

On 5 April 2019, the Company issues 65,000,000 freely transferable share options ("TPNSD Options") as part of the purchase consideration of the acquisition in TP North Slope Development, LLC to the vendors. The fair value of the TPNSD Options as determined by the independent valuer was US$0.0365 each, totalling to US$2,371,973 (Note 32(a)). Each TPNSD Options carries the right to subscribe for one new ordinary share in the capital of the Company at exercise price of S$0.09. The TPNSD Options expire on 21 May 2019.

No TPSND Options were exercised till the date of expiry.

AIDEA Options

On 24 May 2019, the Company issues 40,651,900 non-transferable options ("AIDEA Options") as part of the purchase consideration of the acquisition in Mustang Operations Center 1, LLC and Mustang Road, LLC from AIDEA. The fair value of the AIDEA Options as determined by the independent valuer was US$0.0419 each, totalling to US$1,704,643 (Note 32(a)). Each AIDEA Options carries the right to subscribe one new ordinary share in the capital of the Company at exercise price of S$0.20. They expire 5 years from the date of issue.

No AIDEA options were exercised for the financial year ended 31 December 2019.

Notes to the Financial Statements

For the financial year ended 31 December 2019

21. 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, Tan Ser Ko, and to former directors, Lee Sek Leong Christopher, 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.
- With effect from 26 April 2019, Lee Sek Leong Christopher resigned as an independent 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 former director, Ang Yew Jin Eugene.

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21. SHARE BASED PAYMENTS (CONT'D)

Alpha Energy Employee Share Option Scheme (cont'd)

Option granted on 1 March 2019 ("Grant Date 3")

In 2019, the Company granted a total of 10,500,000 options pursuant to the Scheme, details as follows:

- The exercise price of each option is fixed at S$0.070.
- The share option shall be exercised, in whole or in part, after the first anniversary of Grant Date 3.
- 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 2,000,000 share options granted to the former director, Majid Alexander Jourabchi.
- With effect from 26 April 2020, Majid Alexander Jourabchi resigned as a Non-Independent Non-Executive Director of the Company.

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 price per share	As at 1 January 2019	Options exercise	Options forfeited	Options granted	As at 31 December 2019	Option holders at 31 December 2019	Exercise period
		'000	'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
1 March 2019	S$0.070	-	-	(2,500)	10,500	8,000	2	1 March 2020 to 1 March 2029
		5,280	-	(2,500)	10,500	13,280		

Notes to the Financial Statements

For the financial year ended 31 December 2019

21. SHARE BASED PAYMENTS (CONT'D)

Fair value of share-based payment and assumptions

TPNSD Options and AIDEA Options granted

The fair values of the TPNSD Options and AIDEA Options granted were measured based on the Black-Scholes option-pricing model formula at the acquisition date, 31 March 2019, as SFRS(I) 3 Business Combination requires the consideration transferred in business combination to be measure at fair value. Expected volatility is estimated by using the medium of volatilities of comparable companies.

	TPNSD Options	AIDEA Options
Fair value (S$)	0.049	0.057
Share price (S$)	0.139	0.141
Exercise price (S$)	0.09	0.20
Expected volatility	47.23%	55.28%
Expected dividends (Singapore cents)	-*	-*
Risk-free interest rate	1.91%	2.93%

Employee Share options granted

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.

	2 March 2017	5 May 2017	1 March 2019
Fair value (S$)	0.066	0.076	0.076
Share price (S$)	0.070	0.080	0.109
Exercise price (S$)	0.067	0.078	0.070
Expected volatility	121%	124%	56.98%
Expected dividends (Singapore cents)	-*	-*	-*
Risk-free interest rate	1.90%	1.90%	2.12%

* Less than 0.01 Singapore cents

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

Notes to the Financial Statements

For the financial year ended 31 December 2019

22. REVENUE

Revenue of the Group is analysed as follows:

	Group	
	2019	2018
	US$	US$
Revenue from contracts with customers		
- Sale of crude oil – point in time	415,021	–

23. OTHER INCOME

	Group	
	2019	2018
	US$	US$
Dividend income (Note 10)	1,053,596	615,608
Gain on bargain purchase (Note 32(c))	5,985,470	–
Reversal of fair value of expired share options issued as purchase consideration (Note 17(b)(ii))	2,557,007	–
Others	1,667	4,294
	9,597,740	619,902

24. NET FINANCE COST

	Group	
	2019	2018
	US$	US$
Finance income		
Interest income from amount due from a former director (Note 11)	263,338	–
Interest income from bank deposits	16,007	–
	279,345	–
Finance cost		
Interest expense on:		
- Loans from non-related parties	(1,069,570)	(84,434)
- Deferred consideration payable	(8,511,644)	–
- Borrowings	(4,708,402)	–
Unwinding of discount on borrowings	(4,497,495)	–
Other finance charges	(100,001)	–
	(18,887,112)	(84,434)
Net finance cost	(18,607,767)	(84,434)

Notes to the Financial Statements

For the financial year ended 31 December 2019

25. LOSS BEFORE INCOME TAX

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

	Group	
	2019	**2018**
	US$	**US$**
Depreciation of plant and equipment (Note 6)	547	493
Amortisation of exploration and evaluation assets (Note 5)	75,777	–
Fair value loss of equity investment – at FVPL (Note 10)	–	26,533
Impairment loss on non-financial assets:		
- Exploration and evaluation assets (Note 5)	122,750,182	–
- Construction in progress classified as assets held-for-sale (Note 13)	48,751,105	–
- Goodwill (Note 14)	8,096,615	–
Foreign exchange loss, net	144,528	33,565
Audit fees paid/payable to:		
- Auditors of the Company	101,143	106,645
- Other auditors	43,858	7,126
Non-audit fees paid/payable to:		
- Auditors of the Company	–	8,929
- Other auditors	181,390	–

	Group	
	2019	**2018**
	US$	**US$**
Employee benefits expense:		
Salaries and wages	1,098,472	–
Contributions to defined contribution plans	7,985	–
Share-based payments (Note 17(b)(ii))	–	69,159
	1,106,457	69,159

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

Notes to the Financial Statements

For the financial year ended 31 December 2019

26. INCOME TAX EXPENSE

	Group	
	2019	**2018**
	US$	**US$**
Deferred tax expense		
Origination and reversal of temporary differences	13,000	–
Reconciliation of effective tax rate		
Loss before income tax	(190,783,251)	(1,004,181)
Share of results of associate, net of tax	–	–
Loss before tax excluding share of results of associate, net of tax	(190,783,251)	(1,004,181)
Tax calculated using Singapore tax rate of 17% (2018: 17%)	(32,433,153)	(170,711)
Expenses not deductible for tax purposes	33,018,615	16,351
Income not subject to income tax	(1,992,129)	(104,653)
Unutilised tax losses not carried forward	1,406,667	259,013
Change in unrecognised temporary differences	13,000	–
Tax charge	13,000	–

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

27. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share for the financial year ended 31 December 2019 was based on the loss attributable to ordinary shareholders of the Company of US$190,239,061 (2018: US$1,004,181) and a weighted average number of ordinary shares outstanding (excluding treasury shares) of 1,118,663,069 (2018: 365,273,312), calculated as follows:

	Group	
	2019	**2018**
	US$	**US$**
Net loss attributable to ordinary shareholders	(190,239,061)	(1,004,181)

	Group	
	2019	**2018**
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	365,273,312	354,939,065
Effect of shares issued	753,389,757	10,334,247
Weighted-average number of ordinary shares during the financial year	1,118,663,069	365,273,312

Notes to the Financial Statements

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27. LOSS PER SHARE (CONT'D)

Diluted loss per share

As the Group incurred net loss for the financial years ended on 31 December 2019 and 2018, share options were not included in the computation of diluted loss per share because these potential ordinary shares were anti-dilutive.

Hence, the diluted loss per share for the financial years ended 31 December 2019 and 2018 were the same as the basic loss per share for the same periods.

28. 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	
	2019	**2018**
	US$	**US$**
Management fees paid/payable to a related corporation	10,800	10,800

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	
	2019	**2018**
	US$	**US$**
Short term employee benefits	138,032	136,861
Post-employment benefits (including Central Provident Fund)	588	–
	138,620	136,861

29. 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$20,000,000 (2018: US$10,500,000) to the sellers of the Mustang Project. As of reporting date, the Group has yet to produce and sell the aforesaid volume of hydrocarbons and as such, no accruals related to the payments have been made as at 31 December 2019. 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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

30. 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$29,166,918 as at 31 December 2019 (2018: US$10,366,986) 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.

Amount due from a former director

The Group and the Company had amount due from a former director of US$1,363,198 as at 31 December 2019 (2018: US$1,465,416). The Company considers that the amount due from former 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 former director in the Company, whose fair value covers a substantial portion of the outstanding balance. Subsequent to the financial year end, the Company assigned the rights, title, interest and benefit of the amount due from a former director to another party. 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 former director is insignificant.

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For the financial year ended 31 December 2019

30. FINANCIAL RISK MANAGEMENT (CONT'D)

Non-trade amounts due from subsidiary corporations

The Company held non-trade receivables from its subsidiary corporations of US$72,132,596 (2018: US$58,188,143) (Note 11). These balances are amounts lent to subsidiary corporations to satisfy its working capital requirements. Impairment on these balances has been measured on the 12-month expected loss basis. In the financial year ended 31 December 2019, the Company has provided full impairment for non-trade receivables from its subsidiary corporations of US$72,132,596 (2018: Nil) (Note 11).

Cash and cash equivalents

The Group held cash and cash equivalents of US$2,333,220 at 31 December 2019 (2018: US$1,063,654) (Note 12). 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.

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 2019					
Non-derivative financial liabilities					
Borrowings	112,592,679	(117,643,319)	(91,362,355)	(18,894,879)	(7,386,085)
Trade and other payables	83,598,819	(84,550,927)	(83,234,599)	(1,316,328)	–
	196,191,498	(202,194,246)	(174,596,954)	(20,211,207)	(7,386,085)
31 December 2018					
Non-derivative financial liabilities					
Financial liabilities	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)	–

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For the financial year ended 31 December 2019

30. FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

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: (cont'd)

		Cash flows			
	Carrying amount US$	Contractual cash flows US$	Within 1 year US$	Within 1 to 5 years US$	More than 5 years US$
Company					
31 December 2019					
Non-derivative financial liabilities					
Trade and other payables	3,099,998	(3,251,884)	(3,251,884)	–	–
31 December 2018					
Non-derivative financial liabilities					
Trade and other payables	2,334,992	(2,404,992)	(2,404,992)	–	–

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 – FVPL. 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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

30. FINANCIAL RISK MANAGEMENT (CONT'D)

Fair value sensitivity analysis for fixed-rate instruments

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

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			
	2019		2018	
	100 bp increase US$	100 bp decrease US$	100 bp increase US$	100 bp decrease US$
Secured bank loan	149,145	(149,145)	85,967	(85,967)

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 dollar (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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

30. FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risks (cont'd)

The currency that gives rise to this risk is primarily Singapore dollar (2018: Singapore dollar). The Group's net exposure to foreign currency is as follows:

	Singapore dollar US$
Group	
31 December 2019	
Equity investment – FVPL	1,809
Trade and other receivables	1,413,919
Cash and cash equivalents	35,217
Trade and other payables	(2,963,759)
Net exposure	(1,512,804)
31 December 2018	
Equity investment – FVPL	1,809
Other receivables	1,498,678
Cash and cash equivalents	20,868
Trade and other payables	(1,226,280)
Net exposure	295,075

	Singapore dollar US$
Company	
31 December 2019	
Equity investment – FVPL	1,809
Trade and other receivables	1,413,919
Cash and cash equivalents	27,675
Trade and other payables	(2,941,682)
Net exposure	(1,498,279)
31 December 2018	
Equity investment – FVPL	1,809
Other receivables	1,498,678
Cash and cash equivalents	13,364
Trade and other payables	(1,226,280)
Net exposure	287,571

Notes to the Financial Statements

For the financial year ended 31 December 2019

30. FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risks (cont'd)

Sensitivity analysis

A 1.3% (2018: 2.1%) 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.

	2019		2018	
	Loss before tax	Equity	Loss before tax	Equity
	US$	US$	US$	US$
Group				
S$	16,192	–	(5,143)	–
Company				
S$	16,037	–	(5,012)	–

A 1.3% (2018: 2.1%) 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 2019 and 31 December 2018 due to their short-term nature and where the effect of discounting is immaterial.

Notes to the Financial Statements

For the financial year ended 31 December 2019

30. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial instruments by category

		Carrying amount				
	Note	FVOCI – equity instruments US$	FVPL – equity instruments US$	Financial assets at amortised cost US$	Other financial liabilities US$	Total US$
Group						
31 December 2019						
Financial assets measured at fair value						
Other investments	10	–	1,809	–	–	1,809
Financial assets not measured at fair value						
Other receivables[1]	11	–	–	31,767,717	–	31,767,717
Cash and cash equivalents	12	–	–	2,333,220	–	2,333,220
		–	1,809	34,100,937	–	34,103,746
Financial liabilities not measured at fair value						
Borrowings	17	–	–	–	(112,592,679)	(112,592,679)
Trade and other payables	20	–	–	–	(83,598,819)	(83,598,819)
		–	–	–	(196,191,498)	(196,191,498)

[1] *Excludes prepayments*

Notes to the Financial Statements

For the financial year ended 31 December 2019

30. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial instruments by category (cont'd)

	Note	Carrying amount				
		FVOCI – equity instruments	FVPL – 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						
Borrowings	17	–	–	–	(8,596,745)	(8,596,745)
Trade and other payables	20	–	–	–	(22,367,956)	(22,367,956)
		–	–	–	(30,964,701)	(30,964,701)

[1] *Excludes prepayments*

	Note	Carrying amount			
		FVPL – equity instruments	Financial assets at amortised cost	Other financial liabilities	Total
		US$	US$	US$	US$
Company					
31 December 2019					
Financial assets measured at fair value					
Other investments	10	1,809	–	–	1,809
Financial assets not measured at fair value					
Other receivables[1]	11	–	1,419,252	–	1,419,252
Cash and cash equivalents	12	–	27,675	–	27,675
		1,809	1,446,927	–	1,448,736
Financial liabilities not measured at fair value					
Trade and other payables	20	–	–	(3,099,998)	(3,099,998)
		–	–	(3,099,998)	(3,099,998)

[1] *Excludes prepayments*

Notes to the Financial Statements

For the financial year ended 31 December 2019

30. FINANCIAL RISK MANAGEMENT (CONT'D)

Financial instruments by category (cont'd)

		Carrying amount			
	Note	FVPL – 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	20	–	–	(2,334,992)	(2,334,992)
		–	–	(2,334,992)	(2,334,992)

[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.

Notes to the Financial Statements

For the financial year ended 31 December 2019

30. 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 2019				
FVPL – equity instruments	1,809	–	–	1,809
31 December 2018				
FVOCI – equity instruments	–	–	7,235,112	7,235,112
FVPL – equity instruments	1,809	–	–	1,809
Company				
31 December 2019				
FVPL – equity instruments	1,809	–	–	1,809
31 December 2018				
FVPL – equity instruments	1,809	–	–	1,809

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

In 2018, 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. In FY2019, the Group has recognised full fair value loss of the investment.

In 2018 and 2019, 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. Due to acquisition exercise, MRLLC has become subsidiary corporation of the Group (Note 32).

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For the financial year ended 31 December 2019

31. OPERATING SEGMENT

For the financial years ended 31 December 2019 and 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 (the chief operating decision maker) 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	
	2019	**2018**
	US$	**US$**
External revenue	415,021	–
Reportable segment gross loss	(95,258)	–
Other income	9,597,740	619,902
Gain on remeasurement of previously held in interest in the associate arising from step acquisition of a subsidiary corporation	2,122,333	–
Expenses	(183,800,299)	(1,539,649)
Finance income	279,345	–
Finance cost	(18,887,112)	(84,434)
Loss before income tax	(190,783,251)	(1,004,181)
Income tax expense	(13,000)	–
Net loss for the financial year	(190,796,251)	(1,004,181)

Notes to the Financial Statements

For the financial year ended 31 December 2019

31. OPERATING SEGMENT (CONT'D)

	31 December 2019			31 December 2018		
	Exploration and production US$	Unallocated US$	Total US$	Exploration and production US$	Unallocated US$	Total US$
Reportable total segment assets	111,745,169	1,400,223	113,145,392	88,104,863	1,467,225	89,572,088
Reportable total segment liabilities	198,671,498	–	198,671,498	31,511,898	–	31,511,898
Other material non-cash items:						
- Depreciation and amortisation	75,777	547	76,324	493	–	493
- Impairment of exploration and evaluation assets	122,750,182	–	–	–	–	–
- Impairment of construction in progress classified as held-for-sale	48,751,106	–	–	–	–	–
- Impairment of goodwill	8,096,615	–	–	–	–	–
- Fair value loss of equity investment - at FVPL	–	–	–	–	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 US$	USA US$	Total US$
31 December 2019			
Revenue	–	415,021	415,021
Non-current assets [(1)]	–	103,199,564	103,199,564
31 December 2018			
Revenue	–	–	–
Non-current assets [(1)]	1,099,609	77,110,824	78,210,433

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

Major customers

During the financial year, the Group had 1 customer in the exploration and production segment that contribute 100% of the Group's total revenue. The Group and the Company do not have any customers during the financial year ended 31 December 2018.

Notes to the Financial Statements

For the financial year ended 31 December 2019

32. BUSINESS COMBINATION

On 5 April 2019, the Group acquired 100% equity interest in TP North Slope Development, LLC ("TPNSD") from non-related vendors for fair value of consideration of US$31,966,805. The purchase consideration shall be paid in two tranches comprising of share consideration and option. Upon completion of the acquisition, TPNSD is held by the Group's wholly-owned subsidiary corporation, Caracol Petroleum, LLC.

As a result of the acquisition, the Group through its wholly-owned subsidiary corporation, TPNSD, acquired additional 32.5% equity interest in its associate, Brooks Range Petroleum Corporation ("BRPC"). The acquisition resulted in the Group obtaining control with 97.5% shareholding interests in BRPC, which was consolidated with effect from the date of the additional acquisition. The Group has elected to measure the non-controlling interests at the non-controlling interest's proportionate share of BRPC's net identifiable assets.

In addition, through the acquisition of TPNSD and BRPC, the Group acquired additional 47.50% equity interest in its equity investment, at FVOCI, Mustang Road, LLC ("MRLLC"). As a result, the Group holds 100% equity interests in MRLLC. Although the Group holds 100% equity interest in MRLLC, the Group only has 49% of the voting rights, and therefore, the Group has not obtained control of MRLLC. Subsequently, the Group acquired 100% of preference shares in MRLLC, attached with 51% of the voting rights for fair value of consideration of US$10,385,480. The purchase consideration shall be paid in three tranches comprise of cash consideration in the form of borrowings, share consideration and option. Upon the completion of the acquisition, MRLLC became a wholly-owned subsidiary corporation of the Group.

In addition, the Group acquired 100% membership interest in Mustang Operations Center 1, LLC ("MOC1") from vendors for fair value consideration of US$59,027,854. The purchase consideration shall be paid in three tranches comprising of cash consideration in the form of borrowings, share consideration, options and perpetual securities.

Details of the consideration paid, the assets acquired and the liabilities assumed and the effects on the cash flows of the Group at the acquisition date are as follows:

(a) Purchase consideration

	BRPC US$	TPNSD US$	MOC1 US$	MRLLC US$
Fair value of previously held interest in associate (Note 9)	2,122,333	–	–	–
Fair value of previously held interest in equity investment - FVOCI (Note 10)	–	–	–	2,814,853
Fair value of interest held by acquisition of TPNSD (Note 32(c))	1,061,166	–	–	1,742,528
Fair value of interest held by acquisition of BRPC (Note 32(c))	–	–	–	804,244
Fair value consideration shares[1] (Note 15(b))	–	29,594,832	4,961,088	–
Financial liabilities (Note 18)	–	–	50,853,888	9,980,670
Total options[2],[3] (Note 21)	–	2,371,973	1,299,833	404,810
Perpetual securities (Note 16)	–	–	1,913,045	–
Consideration transferred for the business	3,183,499	31,966,805	59,027,854	15,747,104

Notes to the Financial Statements

For the financial year ended 31 December 2019

32. BUSINESS COMBINATION (CONT'D)

(a) Purchase consideration (cont'd)

Note:

[1] 295,716,379 shares and 49,572,000 shares were issued as consideration for acquisition of TPNSD and MOC1 respectively. Fair value of share consideration are determined by the independent valuer of US$0.1001 at the completion date.

[2] 65,000,000 of TPNSD Options were issued as consideration for acquisition of TPNSD. Fair value of TPSND options are determined by the independent valuer of US$0.0365 at the completion date.

[3] 40,651,900 of AIDEA Options were issued as consideration for acquisition of MOC1 and MRLLC. Fair value of AIDEA options are determined by the independent valuer of US$0.0419 at the completion date.

(b) Effect on cash flows of the Group

	BRPC	TPNSD	MOC1	MRLLC
	US$	US$	US$	US$
Cash paid (as above)	–	–	–	–
Less: Cash and cash equivalents in subsidiary corporations acquired	(1,195,058)	–	(44,037)	–
Cash inflow on acquisition	(1,195,058)	–	(44,037)	–

(c) Identifiable assets acquired and liabilities assumed

	BRPC	TPNSD	MOC1	MRLLC
	US$	US$	US$	US$
Cash and cash equivalents	1,195,058	–	44,037	–
Exploration and evaluation assets (Note 5)	23,469,094	47,313,776	–	15,861,624
Construction-in-progress (Note 13)	–	–	52,200,705	–
Property, plant and equipment (Note 6)	26,795	–	–	–
Equity investments – At FVOCI				
- Investment in MRLLC (Note 10) (Note 32(a))	804,244	1,742,528	–	–
- Investment in Badami unit (Note 10)	–	2,050,054	–	–
Investment in BRPC (Note 32(a))	–	1,061,166	–	–
Other receivables, non-current	1,228,264	5,351,775	13,939,875	–
Trade and other receivables, current	7,606,959	121,141	30,979	–
Deferred tax assets	–	13,000	–	–
Total assets	34,330,414	57,653,440	66,215,596	15,861,624

Notes to the Financial Statements

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32. BUSINESS COMBINATION (CONT'D)

(c) Identifiable assets acquired and liabilities assumed (cont'd)

	BRPC US$	TPNSD US$	MOC1 US$	MRLLC US$
Other payables, non-current	–	1,207,916	–	–
Trade and other payables, current	22,162,309	13,129,759	85,514	–
Financial liabilities, non-current (Note 18)	6,870,370	–	15,198,843	–
Financial liabilities, current (Note 18)	2,032,608	5,478,010	–	–
Total liabilities	31,065,287	19,815,685	15,284,357	–
Total identifiable net assets	3,265,127	37,837,755	50,931,239	15,861,624
Less: Non-controlling interest measured at the non-controlling interest's proportionate share of net identifiable assets	(81,628)	–	–	–
Less: Bargain purchase (Note 23)	–	(5,870,950)	–	(114,520)
Add: Goodwill (Note 14)	–	–	8,096,615	–
Consideration transferred for the business	3,183,499	31,966,805	59,027,854	15,747,104

(d) Acquisition-related costs

The acquisition-related costs amounted to US$301,076 has been recognised and included in general and administrative expenses.

(e) Goodwill

Goodwill of US$8,096,615 arising from the acquisition is attributable to the synergies expected to arise from the future economic benefit from operating the exploration and production business in State of Alaska.

(f) Revenue and profit contribution

The acquired business contributed revenue of US$415,021 and net loss of US$190,392,764 to the Group from the period from 1 April 2019 to 31 December 2019. Had the acquired business been consolidated from 1 January 2019, the Group's consolidated revenue and total losses for the financial year ended 31 December 2019 would have been increased by nil and US$759,590, respectively.

33. SUBSEQUENT EVENTS

(a) The Group has, on 22 May 2020, received notices of default and sale (the "Notices") from the Trustee Services of Alaska, Inc (the "Trustee"), at direction of Alaska Industrial Development and Export Authority ("AIDEA"), notifying the Group that AIDEA has elected to sell the assets subject to the Notices consisting of the Gravel Pad, the Mustang Road, as well as all leases held by the Group through its subsidiary corporations, including Caracol Petroleum LLC, TP North Slope Development LLC, Brooks Range Petroleum Corporation, Mustang Operations Center 1 LLC and Mustang Road LLC in relation to the Mustang Project (collectively, the "Mustang Assets"), to satisfy the Group's indebtedness under the AIDEA Loan Agreement to the highest bidder at a public auction. The Group has on 5 September 2020 received notification of disposition of collateral from AIDEA that the said auction has been delayed to 23 September 2020. Following the auction held on 23 September 2020, Mustang Holding LLC was the highest bidder with the bid of US$79.23 million. Mustang Holding LLC has made the bid on Mustang Road, Mustang Pad and all the Group's leases except on the leases relating to Badami oil field ("Sold Assets"). With the conclusion of the auction, Mustang Holding LLC shall assume the control and title of the Sold Assets, subjected to the approval from the Department of Natural Resources of the State of Alaska. The Group's creditor, AIDEA is the sole beneficiary of Mustang Holding LLC. Badami oil field's auction has been delayed to 20 January 2021.

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33. SUBSEQUENT EVENTS (CONT'D)

(b) On 14 July 2020 and 17 September 2020, the Company has entered into a conditional sale and purchase agreement ("SPA") for the Proposed Acquisition by the Company of 100% of existing shares of the Target at an aggregate purchase consideration of S$12,000,000 (the "Aggregate Purchase Consideration").

The settlement of the Aggregate Purchase Consideration is to be fulfilled in the following manner:

(i) the "First Consideration" of S$10,000,000 to be paid on or prior to completion of the Proposed Acquisition ("Completion"), S$8,000,000 of which to be fulfilled in cash and S$2,000,000 to be fulfilled through the allotment of ordinary shares of the Company at the issue price of S$0.005 per Share ("Issue Price") (which shall be adjusted for any consolidation, subdivision or reclassification resulting in an alteration to the total number of Shares before Completion, paid and allotted as the case may be on the date of Completion ("Completion Date")) ("Consideration Shares"); and

(ii) the "Balance Consideration", of S$2,000,000, which shall be paid out by the Company on or after 31 December 2020 and the earlier of:

(i) the end of the month in which the Completion confirms the achievement of the Promised Assets Increase [(1)]; or

(ii) 31 August 2021 (the "Second Payment Date").

(iii) The long stop date being the earlier of (a) fifteen (15) Business Days after the date of the resumption of trading of the Company's shares on the Catalist (b) or 30 November 2020.

(1) Promised Assets Increase" means the increase, collectively, in the total net asset value of the KLSI Group to more than S$5 million, ascertained based on management accounts of the KLSI Group as at the date of achievement of such increase. For the avoidance of doubt, the Vendor shall not be obliged to achieve the Promised Assets Increase, and whilst the "total net asset value" of the KLSI Group shall include capital injection from any person, including the Company, the Company shall not be obliged to inject equity into the KLSI Group to achieve the Promised Assets Increase.

(c) The Company has, on 7 September 2020 entered into a forbearance and release agreement with a provider of a bank loan (the "Lender") ("Forbearance and Release Agreement") in relation to a corporate guarantee provided by the Company in 2015 to its US subsidiary corporation, namely Caracol Petroleum LLC, in consideration for the bank's provision of a loan to the subsidiary corporation. Under the Forbearance and Release Agreement, the Lender had agreed to forbear the outstanding loan owed by the Group amounting to US$14,914,479 and the release of the Company's corporate guarantee upon the earlier of the payment of the tax credits receivable from the State of Alaska of US$16,594,114 (net amount of US$15,227,043 after discounting for present value as non-current assets) or transfer in full of the membership interest owned by the subsidiary corporation to a transferee acceptable to the Lender.

(d) The Company has, on 17 September 2020 entered into a Convertible Loan Agreement with the Investor for the amount of S$24,000,000. The Convertible Loan is converted at the option of the Investor at conversion price of S$0.0035, which equivalent to 6,285,714,286 Conversion Shares. At the same time, the Company entered into an options agreement (the "Options Agreement") with the Investor pursuant to which the Company has agreed to grant, and the Investor has agreed to acquire 3,428,571,428 non-transferrable Options for an aggregate nominal consideration of S$1.00, with each Option carrying the right to subscribe for one (1) new Share (each, an "Option Share" and collectively, the "Option Shares") at the exercise price of S$0.005 per Option, on terms and conditions of the Options Agreement.

(e) The impact of the COVID-19 outbreak on public life and industry in various countries, including the jurisdictions in which the Group operates, has resulted in the recent plunge in oil prices in anticipation of reduced oil demand as widespread COVID-19 infections depressed output. This could result in a negative impact on the financial performance of the Group in the coming financial years. The Group is unable to quantify the magnitude and duration of such impact and has not considered such impact (if any) on the areas involving critical accounting estimates, assumptions and judgements at this time given the fluidity of the situation.

Statistics Of Shareholdings

As at 28 September 2020

GENERAL INFORMATION ON SHARE CAPITAL

Issued and paid-up capital	:	USD115,103,998
Total no. of issued shares (including treasury shares)	:	2,255,574,331
Total no. of issued shares (excluding treasury shares)	:	2,255,387,331
Number of treasury shares	:	187,000 (0.008%)
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	46	4.75	2,843	0.00
100 - 1,000	121	12.49	62,410	0.00
1,001 - 10,000	144	14.86	535,782	0.03
10,001 - 1,000,000	576	59.44	131,989,541	5.85
1,000,001 and above	82	8.46	2,122,796,755	94.12
	969	100.00	**2,255,387,331**	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	Augustus Trustees Limited (as Trustee of Augustus Trust)	285,453,546	12.66
2	LTB LLC	285,453,546	12.66
3	Citibank Nominees Singapore Pte Ltd	279,102,389	12.37
4	BPSS Nominees Singapore (Pte.) Ltd.	269,810,590	11.96
5	JK Technology Pte Ltd	160,852,617	7.13
6	Patrick Tan Choon Hock	109,046,500	4.83
7	Ezion Holdings Limited	106,000,000	4.70
8	Maybank Kim Eng Securities Pte. Ltd	67,759,200	3.00
9	SF Ventures Pte Ltd	39,000,000	1.73
10	OCBC Securities Private Ltd	38,476,300	1.71
11	Serene Lee Siew Kin	36,950,000	1.64
12	Sim Eng Kiang	34,758,800	1.54
13	DBS Nominees Pte Ltd	33,918,079	1.50
14	ATB LLC	30,693,741	1.36
15	Kenneth Gerard Pereira	25,030,000	1.11
16	Maybank Nominees (Singapore)Pte Ltd	20,274,948	0.90
17	Christopher Tang Kok Kai	17,338,000	0.77
18	Pinnacle Investment Holdings LLC	17,191,713	0.76
19	Raffles Nominees (Pte) Limited	13,130,400	0.58
20	Er Choon Huat	12,000,000	0.53
Total:		**1,822,240,369**	**83.44**

Statistics Of Shareholdings

As at 28 September 2020

SUBSTANTIAL SHAREHOLDERS

As per Register of Substantial Shareholders:

	Direct Interest	%	Deemed Interest	%
Augustus Trustees Limited (as Trustee of Augustus Trust)	285,453,546	12.66	–	–
LTB LLC	285,453,546	12.66	–	–
Lorne Thyssen Bornemisza	–	–	285,453,546[(1)]	12.66
Neo Holding SA	261,214,734	11.58	–	–
Tim Brockmann	–	–	261,214,734[(2)]	11.58
CIMB Islamic Trustee Berhad for Affin Hwang Multi-Asset Fund	227,396,600	10.08	–	–
Nikko Asset Management International Limited	–	–	227,396,600[(3)]	10.08
Nikko Asset Management Co., Ltd.	–	–	227,396,600[(4)]	10.08
Sumitomo Mitsui Trust Holdings, Inc.	–	–	227,396,600[(5)]	10.08
JK Technology Pte. Ltd.	160,852,617	7.13	–	–
JK Tech Holdings Pte. Ltd.	–	–	160,852,617[(6)]	7.13
JK Premier Holdings Pte. Ltd.	–	–	160,852,617[(7)]	7.13
Ang Yew Jin Eugene	–	–	160,852,617[(8)]	7.13
Ezion Holdings Limited	106,000,000	4.70	49,572,000[(9)]	2.20
Patrick Tan Choon Hock	109,046,500	4.83	36,950,000[(10)]	1.64

Notes:

(1) Mr. Lorne Thyssen Bornemisza, the beneficial owner of LTB, LLC, is deemed interested in the shares held by LTB, LLC..

(2) Mr. Tim Brockmann, the ultimate beneficial owner of Neo Holding SA, is deemed interested in the shares held by Neo Holding SA.

(3) Nikko Asset Management International Limited ("NAMIL") holds more than 20% of the shareholdings of Affin Hwang Asset Management Berhad ("AHAM"). AHAM is the fund manager of the Affin Hwang Multi-Asset Fund, which is set up as a unit trust. CIMB Islamic Trustee Berhad is the trustee of the Affin Hwang Multi-Asset Fund. NAMIL is deemed to have an interest in the shares of held by the trustee of the Affin Hwang Multi-Asset Fund, which is managed by AHAM.

(4) Nikko Asset Management Co., Ltd. ("NAM") has a controlling interest in NAMIL. NAMIL holds more than 20% of the shareholdings of AHAM. AHAM is the fund manager of the Affin Hwang Multi-Asset Fund, which is set up as a unit trust. CIMB Islamic Trustee Berhad is the trustee of the Affin Hwang Multi-Asset Fund. NAM is deemed to have an interest in the Shares held by the trustee of the Affin Hwang Multi-Asset Fund, which is managed by AHAM.

(5) Sumitomo Mitsui Trust Holdings, Inc. ("SMTH") has a controlling interest in NAM. NAM has a controlling interest in NAMIL. NAMIL holds more than 20% of the shareholdings of AHAM. AHAM is the fund manager of the Affin Hwang Multi-Asset Fund, which is set up as a unit trust, CIMB Islamic Trustee Berhad,is the trustee of the Affin Hwang Multi-Asset Fund. SMTH is deemed to have an interest in the Shares held by the trustee of the Affin Hwang Multi-Asset Fund, which is managed by AHAM.

Statistics Of Shareholdings

As at 28 September 2020

(6) JK Tech Holdings Pte. Ltd. ("JKTH") is deemed to have interest in the Shares held by JK Technology Pte Ltd. ("JKT"), a wholly-owned subsidiary of JKTH, which in turn wholly-owned by JK Premier Holdings Pte. Ltd. ("JKPH"), which in turn wholly-owned by Mr. Ang Yew Jin Eugene.

(7) JKPH is deemed to have interest in the Shares held by JKT, a wholly-owned subsidiary of JKTH, which in turn wholly-owned by JKPH; which in turn wholly-owned by Mr. Ang Yew Jin Eugene.

(8) Mr. Ang Yew Jin Eugene is deemed to have interest in the Shares held by JKT, a wholly-owned subsidiary of JKTH, which in turn wholly-owned by JKPH; which in turn wholly-owned by Mr. Ang Yew Jin Eugene.

(9) Ezion Holdings Limited is deemed to have interested in the Shares held by CES Oil Services Pte. Ltd. as CES Oil Services Pte. Ltd. is a wholly owned subsidiary of Charisma Energy Services Limited, which is in turn an associate of Ezion Holdings Limited.

(10) Mr. Patrick Tan Choon Hock is deemed interested in the Shares held by his wife Ms Serene Lee Siew Kin.

PERCENTAGE OF SHAREHOLDING HELD IN PUBLIC'S HANDS

Based on information made available to the Company as at 28 September 2020, approximately 32.52% 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 by way of electronic means on Friday, 23 October 2020 at 3.00 p.m. to transact the following business:

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 2019 together with the Auditors' Report thereon. **(Resolution 1)**

2. To note the retirement of Mr. Ravinder Singh Grewal s/o Sarbjit Singh as a Director of the Company pursuant to Article 104 of the Constitution of the Company. (See Explanatory Note (i))

3. To re-elect Mr. Fabian Sven Bahadur Scheler, a Director of the Company retiring pursuant to Article 114 of the Constitution of the Company. (See Explanatory Note (ii)) **(Resolution 2)**

4. To re-elect Mr. Ng Chee Weng @ Max Ng Chee Weng, a Director of the Company retiring pursuant to Article 114 of the Constitution of the Company. (See Explanatory Note (iii)) **(Resolution 3)**

5. To re-elect Mr. Daiji Yamada, a Director of the Company retiring pursuant to Article 114 of the Constitution of the Company. (See Explanatory Note (iv)) **(Resolution 4)**

6. To approve the payment of Directors' fees of S$161,984 for the financial year ended 31 December 2019. (FY2018: S$151,251) **(Resolution 5)**

7. To approve the payment of Directors' fees of up to S$180,000 for the financial year ending 31 December 2020, to be paid quarterly in arrears (FY2019: S$161,984) **(Resolution 6)**

8. To re-appoint Messrs Nexia TS Public Accounting Corporation as the Auditor of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

9. 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:

10. **Authority to 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) 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,

Notice Of Annual General Meeting

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 shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per centum (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 subparagraph (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 convertible securities;

(b) new shares arising from exercising share options or vesting of share awards 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;

Adjustments in accordance with (a) and (b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(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 (v)) **(Resolution 8)**

11. **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,

Notice Of Annual General Meeting

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 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 Award. (See Explanatory Note (vi)) **(Resolution 9)**

12. **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 (vii)) **(Resolution 10)**

By Order of the Board

Tan Wee Sin
Secretary
Singapore, 7 October 2020

Explanatory Notes:

(i) Mr. Ravinder Singh Grewal s/o Sarbjit Singh (Mr. Ravinder") will, upon retirement as a Director, cease to be the Chairman of the Nominating Committee ("NC"), Audit Committee ("AC") and a member of the Remuneration Committee ("RC"). Please refer to the sections entitled "Board of Directors" and "Corporate Governance Report" for more information on Mr Ravinder.

(ii) Mr. Fabian Sven Bahadur Scheler ("Mr.Fabian") will, upon re-election as a Director of the Company, remain as the Non-Independent Non-Executive Director and a member of the audit committee ("AC") of the Company. Please refer to the sections entitled "Board of Directors" and "Corporate Governance Report" in the Annual Report for more information on Mr. Fabian.

(iii) Mr. Ng Chee Weng @ Max Ng Chee Weng ("Mr. Max Ng") will, upon re-election as a Director of the Company, remain as the Independent Non-Executive Director, Chairman of the remuneration committee ("RC") and a member of the AC and nominating committee ("NC") of the Company. Please refer to the sections entitled "Board of Directors" and "Corporate Governance Report" in the Annual Report for more information on Mr. Max Ng.

(iv) Mr. Daiji Yamada will, upon re-election as a Director of the Company, remain as the Executive Director of the Company. Please refer to the sections entitled "Board of Directors" and "Corporate Governance Report" in the Annual Report for more information on Mr. Daiji Yamada.

Notice Of Annual General Meeting

(v) The Ordinary Resolution (8) in item (10) 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) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro-rata basis to 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 (i) the conversion or exercise of the convertible securities, (ii) the exercise of share options or the vesting of share awards and (iii) any subsequent bonus issue, consolidation or subdivision of shares. Adjustments with regards to (i) and (ii) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

(vi) The Ordinary Resolution (9) in item (11) 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) in the capital of the Company on the day preceding the relevant date of Award.

(vii) The Ordinary Resolution (10) in item (12) 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:

Participation in the AGM via Webinar

1. As the AGM will be held by way of electronic means, Shareholders will NOT be able to attend the AGM in person. All Shareholders or their corporate representative (in the case of Shareholders which are legal entities) will be able to participate in the AGM proceeding by accessing a live webcast or live audio feed. To do so, Shareholders must pre-register at the pre-registration website at the http://alphaenergyAGM.availeasemgdwebinar.com from now till **3.00 p.m. on 19 October 2020** to enable the Company to verify their status as Shareholders.

2. Following the verification, authenticated Shareholders will receive an email by 3.00 p.m. 21 October 2020. The email will contain login credentials and instructions to access the live audio-visual webcast of the AGM proceedings. Shareholders who do not receive an email by 21 October 2020, but have registered by 3.00 p.m. on 19 October 2020, should contact the Company at **enquiries@alphaenergy.com.sg.**

3. Shareholders are reminded not to congregate to watch the 'live' webcast and/or listen to the AGM proceedings and ensure that safe distancing measures are practised and to adhere to all government advisories and the COVID-19 (Temporary Measures) (Control Order) Regulations 2020.

Voting by Proxy

1. Shareholders may only exercise their voting rights at the AGM via proxy voting.

2. Shareholders who wish to vote on the resolution at the AGM must appoint the Chairman of the AGM as their proxy to do so on their behalf. In the Proxy Form, a Shareholder should specifically direct the Chairman on how he is to vote for or vote against (or abstain from voting on) the resolution at the AGM.

3. The Chairman of the AGM, as proxy, need not be a Shareholder of the Company.

4. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting in the Proxy From, failing which the appointment will be treated as invalid.

5. If the appointor is a corporate, the instrument of proxy must be executed under seal or the hand of its duly authorised officer or attorney.

Notice Of
Annual General Meeting

6. The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be deposited at the registered office of the Company at **438B Alexandra Road, #05-08/10 Alexandra Technopark, Singapore 119968;** or

   (b) if submitted electronically, be submitted via email to sg.is.proxy@sg.tricorglobal.com;

   in either case not less than forty-eight (48) hours before the time appointed for holding the AGM (i.e. no later than **3.00 p.m. on 21 October 2020)**.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Shareholders to submit the completed proxy forms by post, Shareholders are strongly encouraged to submit the completed proxy forms electronically via email.

7. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly complete, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (such as in the case the appointor submits more than one instrument of proxy).

8. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited at least 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote on any or all of the resolution at the AGM by appointing the Chairman of the AGM as his/her proxy to do so on his/her behalf. In view of Section 81SJ(4) of the Securities and Futures Act (Cap. 289), Singapore, a Depositor shall not be regarded as a shareholder of the Company entitled to attend the AGM and to speak and vote thereat unless his/her 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/her 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/her proxy form forty-eight (48) hours before the AGM, the Chairman of the AGM who is appointed as his/her proxy will not be entitled to vote on his/her behalf at the AGM.

9. SRS Investors who wish to appoint the Chairman of the AGM as proxy should approach their respective SRS Operators at least seven (7) working days before the AGM (i.e. by **3.00 p.m. on 14 October 2020**), to ensure that their votes are submitted.

Access to documents or information relating to the AGM

All documents and information relating to the business of the AGM (including the Annual Report and the Proxy Form) may be assessed on the Company's website at https://www.alphaenergy.com.sg and is also available on the SGXNet at the URL https://www.sgx.com/securities/company-announcements. Printed copies will NOT be sent to Shareholders.

Submitting questions in advance of the AGM

1. Shareholders will not be able to ask questions during the live audio-visual webcast of the AGM proceedings. Therefore, it is important for Shareholders to pre-register and submit their questions in advance of the AGM.

2. Shareholders can submit questions related to the ordinary resolution to be tabled for approval at the AGM to the Chairman of the AGM, in advance, via email to the Company at **enquiries@alphaenergy.com.sg** or in hard copy by sending personally or by post and lodging the same at the registered office of the Company. All questions must be submitted by **3.00 p.m. on 19 October 2020** and the Company will not be able to address questions received after the cut-off time and date. The Company will endeavour to address substantial and relevant questions (as may be determined by the Company in its sole discretion) received by 3:00 p.m. on 19 October 2020, before or during the AGM proceedings.

   In view of the current COVID-19 measures which may make it difficult for Shareholders to submit their questions by post, Shareholders are strongly encouraged to submit their questions electronically via email.

3. The Company will publish the minutes of the AGM, including substantial and relevant comments or queries from shareholders relating to the agenda of the AGM, and responses from the Company, on SGXNet and the Company's website within one month after the date of AGM.

Notice Of Annual General Meeting

Personal Data Privacy

By (a) submitting an instrument appointing the Chairman of the AGM as a proxy to vote at the AGM and/or any adjournment thereof, or (b) completing the Pre-registration in accordance with this Notice, or (c) submitting any question prior to the AGM in accordance with this Notice, a shareholder of the Company consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents or service providers) for the following purposes:

(i) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the AGM as a proxy for the AGM (including any adjournment thereof);

(ii) the processing of the Pre-registration for purposes of granting access to Shareholders (or their corporate representatives in the case of Shareholders which are legal entities) to the live webcast or live audio feed of the AGM proceedings and providing them with any technical assistance where necessary;

(iii) addressing relevant and substantial questions from Shareholders received before the AGM and if necessary, following up with the relevant Shareholders in relation to such questions;

(iv) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and

(v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

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. Shareholder who wish to vote on any or all of the resolutions at the Annual General AGM must appoint the Chairman of the AGM as their proxy to do so on their behalf.
2. For investors who have used their SRS monies to buy the Company's shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. SRS investors who wish to appoint Chairman of the AGM as their proxy should contact their respective Agent Banks or SRS Operators at least seven (7) working days before the AGM to specify voting instructions and to ensure that their votes are submitted.

I/We*, ________________________________ (Name) __________________________ (NRIC/Passport/Co Reg No.*)
of ____

(Address) being a shareholder/shareholders* of Alpha Energy Holdings Limited (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting ("**AGM**") as my/our* proxy to vote for me/us* on my/our* behalf at the AGM of the Company to be held by way of electronic means on Friday, 23 October 2020 at 3.00 p.m. and at any adjournment thereof.

(Voting will be conducted by poll. If you wish the Chairman of the AGM as your proxy to cast all your votes "For" or "Against" the resolution, please tick (√) within the "For" or "Against" box provided in respect of the resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of the resolution.

If you wish the Chairman of the AGM as your proxy to abstain from voting the resolution, please tick (√) within the "Abstain" box provided in respect of the resolution. Alternatively, please indicate the number of votes that the Chairman of the AGM as your proxy is directed to abstain from voting in the "Abstain" box provided in respect of the resolution.)

No.	Resolutions relating to:	For	Against	Abstain
1	Adoption of the Directors' Statement, Audited Financial Statements and Auditors' Report for the financial year ended 31 December 2019.			
2	Re-election of Mr. Fabian Sven Bahadur Scheler as a Director of the Company.			
3	Re-election of Mr. Ng Chee Weng @ Max Ng Chee Weng as a Director of the Company.			
4	Re-election of Mr. Daiji Yamada as a Director of the Company.			
5	Approval of payment of Directors' fees amounting to S$161,984 for the financial year ended 31 December 2019.			
6	Approval of payment of Directors' fees of up to S$180,000 for the financial year ending 31 December 2020, to be paid quarterly in arrears.			
7	Re-appointment of Messrs Nexia TS Public Accounting Corporation as Auditor of the Company and to authorise the Directors to fix their remuneration.			
8	Authority to issue new shares in the capital of the Company.			
9	Authority to allot and issue shares under the Alpha Energy Holdings Performance Share Plan.			
10	Authority to issue shares under the Alpha Energy Employee Share Option Scheme.			

Dated this...............day..................................of 2020

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 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 the Chairman of the AGM as proxy shall be deemed to relate to all the Shares held by you.

2. In light of the current COVID-19 measures in Singapore, shareholders will not be able to attend the AGM in person. A shareholder (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM if such shareholder wishes to exercise his/her/its voting rights at the AGM. This proxy form has been made available on SGXNET (www.sgx.com). A printed copy of this proxy form will NOT be sent to shareholders.

3. Where a shareholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

4. The instrument appointing the Chairman of the AGM as proxy must be deposited at the registered office of the Company at **438B Alexandra Road, #05-08/10 Alexandra Technopark, Singapore 119968** or sent by email to sg.is.proxy@sg.tricorglobal.com not less than forty-eight (48) hours before the time appointed for holding the AGM (i.e. no later than **3.00 p.m. on 21 October 2020). In view of the current COVID-19 measures which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email.**

5. The instrument appointing the Chairman of AGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing the Chairman of the AGM as proxy 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.

6. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy 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 the Chairman of the AGM as proxy.

7. SRS Investors who wish to appoint the Chairman of the AGM as proxy should approach their respective SRS Operators at least seven (7) working days before the AGM (i.e. by i.e. by **3.00 p.m. on 14 October 2020**), to ensure that their votes are submitted.

8. In the case of shareholders of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such shareholders are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting an instrument appointing the Chairman of the AGM as a proxy to vote at the AGM and/or any adjournment thereof, the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 October 2020.

ALPHA ENERGY HOLDINGS LIMITED

ANNUAL REPORT 2019

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