REX INTERNATIONAL HOLDING LIMITED

CLEAR VISION

ANNUAL REPORT 2018

REX
change the game

CONTENTS

SPONSOR STATEMENT

This Annual Report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this Annual Report. The Sponsor has also not drawn on any specific technical expertise in its review of this Annual Report.

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

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

CORPORATE **PROFILE**

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

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

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

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

VALUES

INNOVATION

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

INTEGRITY

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

ENTREPRENEURSHIP

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

VISION

Rex International Holding's vision is to be a leading independent E&P company that has an international portfolio of concessions which have been selected using our game-changing, eco-friendly and proprietary Rex Virtual Drilling technology.

GROUP
CORE STRUCTURE

All percentages represent effective equity interest in significant and core entities held by the Group as at 18 March 2019.

FINANCIAL **HIGHLIGHTS**

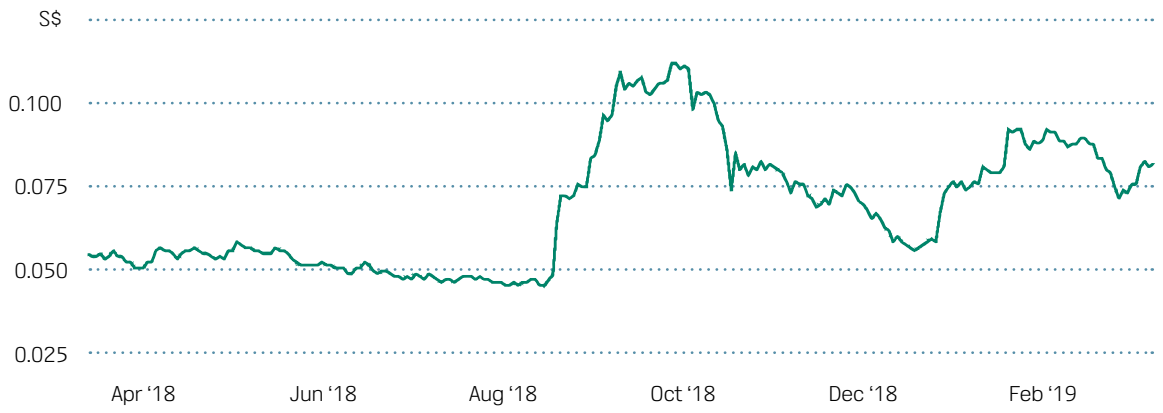
GROUP

US$'000	FY2018	FY2017
Revenue	407	356
Profit/(loss) for the year, net of tax	2,029	(8,931)
Total comprehensive income/(loss) for the year, net of tax	505	(8,636)
Earnings/(loss) per share (US cents)	0.09	(0.67)

US$'000	31 Dec 2018	31 Dec 2017
Non-current assets	141,195	83,997
Current assets	67,701	57,613
Total assets	**208,896**	**141,610**
Non-current liabilities	52,277	13,098
Current liabilities	30,789	3,358
Total liabilities	**83,066**	**16,456**
Net asset value ("NAV")*	**125,830**	**125,154**
Total equity	**125,830**	**125,154**
NAV per share (US cents)	**9.75**	**9.75**

* NAV as disclosed above includes non-controlling interests.

SHARE PRICE



Source: ShareInvestor, dated 18 March 2019

CLEAR **VISION**

DEAR SHAREHOLDERS,

VOLATILITY IN OIL MARKETS

Oil prices took a roller-coaster ride in 2018, rising to a four-year high of over US$86 a barrel in October and then suddenly plunging as much as 42 per cent by end-December, as a result of economic growth fears spurred by US-China trade tensions, rising interest rates, tightening liquidity[1] and US sanctions against Iran that never were. Brent ended the year at US$54 a barrel, US$13 a barrel lower than it began the year, and WTI ended the year at US$45 a barrel, US$15 a barrel lower than it began the year, marking the first time since 2015 that crude oil prices ended the year lower than they began it.[2]

Thankfully, by the second week of January 2019, oil notched its longest stretch of daily gains since 2010 as fresh trade talks between the US and China and the Federal Reserve's wait-and-see approach on interest rate hikes added to market optimism[3]. Additionally, Russia and OPEC (Organization of the Petroleum Exporting Countries) had started to implement their OPEC+ accord on oil output cuts from 1 January 2019.

In its January 2019 Short-Term Energy Outlook report, the US Energy Information Administration (EIA) said that global consumption of petroleum and other liquid fuels grew by 1.4 million barrels per day in 2018, reaching an average of 100.0 million barrels per day for the year. EIA expects consumption growth to average slightly above 1.5 million barrels per day in 2019 and in 2020[4]. For 2019, EIA forecasts Brent prices will average US$61 per barrel[5], while Goldman Sachs forecasts US$62 a barrel and Societe Generale SA, US$64.25 a barrel[6].

The Group recorded a profit net of tax of US$2.03 million for the financial year ended 31 December 2018 ("**FY2018**"), compared to a loss net of tax of US$8.93 million in the financial year ended 31 December 2017 ("**FY2017**"). This profit in FY2018 was largely due to a net reversal of impairment losses on exploration and evaluation assets following the successful horizontal test production well of the Rolvsnes discovery in 2018. As at 31 December 2018, the Group has US$34.12 million in liquid assets comprising cash, cash equivalents and quoted investments.

[1] Bloomberg, "Goldman Slashes Oil Forecasts as New Supply Seen Plentiful", 7 January 2019
[2,6] Energy Voice, "A year in review – Oil benchmarks trail at the end of 2018", 4 January 2019
[3] Bloomberg, "Oil winning streak longest since 2010 as outlook brightens", 10 January 2019
[4,5] EIA, "Short Term Energy Outlook", January 2019
[6] Bloomberg, "Oil winning streak longest since 2010 as outlook brightens", 10 January 2019

In January 2019, the Group announced the divestment of assets in Norway for a total cash consideration of US$45 million, subject to regulatory approvals and conditions precedent.

FOCUS ON DEVELOPING DISCOVERY ASSETS

During FY2018, the Group persevered with its focus to bring its two discovery assets – Rolvsnes in PL338C, Norway and GA South in Block 50, Oman – closer to production.

In Norway, a horizontal test production well was successfully completed in August 2018 at the Rolvsnes discovery, in which the Group had a 30 per cent interest. The drilling results showed good reservoir productivity and connection to a good oil volume, with production rate of up to 7,000 barrels of oil per day (bopd). The success in Rolvsnes had also de-risked the larger Rolvsnes/Goddo area[7]. The Group held a 20 per cent interest in the Goddo prospect in licence PL815, located adjacent to the Rolvsnes discovery.

In Oman, the Group announced on 2 October 2018 that it was considering to maintain a high equity stake in the Block 50 licence, following the completion of feasibility and concept studies on its discovery well, GA South. The feasibility study was based on reprocessed seismic data which were re-analysed with an updated version of Rex Virtual Drilling (RVD version 4) and substantial conventional interpretation.

On 5 November 2018, the Group announced that it had appointed an independent investment bank as financial adviser to review non-dilutive financing options for Block 50 Oman, so as to optimise the use of the Group's capital and preserve the Group's cash resources.

The Group would be evaluating the most suitable strategy to get the GA South discovery to production in the second half of 2019.

STREAMLINING FOR A CLEARER VISION

In line with the Group's vision to centre its efforts on maturing its discovery assets, the Group and its subsidiaries had been progressively divesting its non-core assets.

In 2018, Rex International Holding's 90 per cent subsidiary Lime Petroleum AS ("**LPA**") divested its 20 per cent stake in Norwegian Sea licence PL762 and its 20 per cent stake in Barents Sea licence PL850. The Group also divested its entire holding of 30.29 per cent in FRAM Exploration AS, an available-for-sale investment in the US, and its entire holding of 25.72 per cent in Steeldrum Oil Co. Inc., an available-for-sale investment in Trinidad & Tobago.

EYEING MORE EXTERNAL CLIENTS FOR REX VIRTUAL DRILLING

The Group had used Rex Virtual Drilling ("**RVD**") to assess its licences and had since its inception, achieved discoveries in Norway and Oman. Equally important, RVD has also proven to be highly accurate in predicting dry wells. The Group had declined to participate in many drilling campaigns which turned out to be dry wells, saving the Group tens of millions of dollars in futile exploration costs.

Research and development efforts on RVD had continued unabated during the past few years. In 2015, RVD was further improved to allow for better depth control (vertical resolution) and more precise reservoir extent (lateral resolution). In 2016, a multi-attribute version was developed, for greater independence from geological estimates on porosity and permeability. In 2017, the technology was further enhanced to be even more accurate and faster than previous versions, allowing the Group to scale up on the number of licences to be analysed at any one time. Recently, the technology took another leap forward by also incorporating dispersion analysis to further assess the potential presence of oil.

In early 2018, the Group began to offer the technology as a service to companies outside of the Rex Group. During the year, RVD studies had been made for companies in Norway, the UK, the Middle East and South America. Marketing efforts for RVD will continue in 2019.

BRINGING ITS VISION TO FRUITION

On 28 January 2019, the Group announced LPA's divestment of its 30 per cent interests in the Rolvsnes discovery in PL338C and PL338E, and its 20 per cent interest in the

[7] Lundin Petroleum AB press release, "Successful appraisal well and production test on Rolvsnes", 27 August 2018

Goddo prospect in PL815 for a total cash consideration of US$45 million, subject to certain conditions precedent and regulatory approvals. This divestment is a prime example of the fruition of the Group's intrinsic business model to unlock value: use its proprietary technology RVD to de-risk the prospect; participate in exploration drilling; find oil; sell oil-in-the-ground (mature assets); and recycle the capital for other exploration and production activities.

However, it had been challenging to execute this business strategy during the oil price rout which started in mid-2014 and bottomed at Brent crude price of US$27 a barrel in late 2016, when there were nearly no buyers for oil-in-the-ground.

As oil prices started to recover to US$60 a barrel, the Group worked towards maturing the Rolvsnes discovery asset (discovered in 2015) with a production test in 2018 and targeted extended well testing / early production in 2021. The Rolvsnes discovery, having been taken further to the mature stage of successful production testing, attracted several unsolicited offers, which culminated in LPA seizing the opportunity to monetise these assets.

LOOKING AHEAD

In Norway, LPA remains a pre-qualified company and will continue to benefit from the Norwegian tax system with 78 per cent cash rebates of all exploration expenditures annually. After the asset divestment, LPA will still hold 30 per cent interests in licences PL818 and PL818B in the North Sea, and a 20 per cent interest in licence PL841 in the Norwegian Sea. PL818 and PL818B are located in the Utsira High, where potential commercialisation of discoveries can be fast-tracked as they are located close to existing oil production infrastructure. LPA may also look at farming-in to other assets that can be fast-tracked commercially.

The optimum business model in Norway for a company like Rex International Holding is to sell oil-in-the-ground upon a discovery, given that the 78 per cent tax concessions for oil exploration activities cease when oil production starts. The fiscal policy in Oman is different in that exploration expenditure will only be recovered in the form of cost recovery by reduction of tax upon production.

In Oman, the Group's strategy will be to advance its GA South discovery further before considering any exit. Rex International Holding's 92.65 per cent subsidiary Masirah Oil Ltd ("**MOL**"), holds a 100 per cent interest in the Block 50 licence and has to date more than US$100 million in its cost pool. MOL is considering to develop one or two more prospects in the same area around the GA South discovery, as potential new discoveries would present economies of scale opportunities for cost reduction and increase the estimated value for the area considerably.

CASTING AN EYE ON ENERGY'S FURTHER HORIZON

While the Group believes that oil has not reached its peak yet and will be a demanded commodity for a long time still to come, the trend in the energy market is nevertheless clear - there is a general move from fossil fuel towards clean and sustainable energy. Renewables are also quickly representing the largest growth area in new energy supply. Being a company driven by new and game-changing technology, the Group has started studying new opportunities related to sustainable solutions for energy production and materials used in various industries. The Group will, if the right opportunities arise, consider investments in these fields.

ACKNOWLEDGEMENTS

We would like to thank our Directors for their continued guidance and commitment to steer the Group in a volatile business environment, and to our employees for their steadfast efforts. We would like to express our sincere appreciation to our shareholders for their understanding, patience and support.

Dan Broström
Executive Chairman

Måns Lidgren
Chief Executive Officer

18 March 2019

CORPORATE DATA

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

BOARD COMMITTEES
Nominating Committee
Sin Boon Ann, Chairman
Dr Karl Lidgren
Muhammad Sameer Yousuf Khan

Remuneration Committee
Sin Boon Ann, Chairman
Muhammad Sameer Yousuf Khan
Dan Broström

Audit Committee
Muhammad Sameer Yousuf Khan, Chairman
Sin Boon Ann
Dan Broström

TECHNICAL REVIEW COMMITTEE
Svein Kjellesvik
Dr Christopher Atkinson
Dr Rabi Bastia

COMPANY SECRETARY
Selena Leong Siew Tee

REGISTERED OFFICE
80 Robinson Road #02-00
Singapore 068898
Telephone: (65) 6557 2477
Facsimile: (65) 6438 3164
Website: http://rexih.com
Email: ir@rexih.com; info@rexih.com
Reg. No. : 201301242M

SPONSOR
Novus Corporate Finance Pte. Ltd.
9 Raffles Place
#17-05 Republic Plaza Tower 1
Singapore 048619

AUDITORS
KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

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

SHARE REGISTRAR
Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898
Telephone: (65) 6236 3333

PRINCIPAL BANKERS
Skandinaviska Enskilda Banken AB
UBS AG
United Overseas Bank Limited

BOARD OF **DIRECTORS**

DAN BROSTRÖM
Chairman and Executive Director

Mr Dan Broström has been with the Group since 2011. He was appointed as an Executive Director on 11 January 2013 and re-elected to the Board on 29 April 2016. He is currently the Executive Chairman of the Board and a member of the Remuneration and Audit Committees.

Prior to joining the Company, Mr Broström was a senior partner at MVI Holdings Ltd between 1993 and 2005, where as a consultant, he assisted Swedish companies in setting up businesses in Singapore through fund-raising activities and sourcing for suitable business partners. From 1990 to 1993, Mr Broström was the chief executive officer at Hufvudstaden UK Ltd, a real estate company. Before Hufvudstaden UK Ltd, Mr Broström worked in the shipping industry, where he was based in London and held the position of chief executive officer of Brostrom UK Ltd for the period from 1980 to 1987.

Mr Broström has a degree in Economics from Stanford University in the United States of America, and a Bachelor of Arts in Economics from Gothenburg University in Sweden.

DR KARL LIDGREN
Non-Independent Executive Director

Dr Karl Lidgren was appointed as a Non-Independent Non-Executive Director on 1 May 2013 and was re-designated as a Non-Independent Executive Director on 15 January 2015. He was last re-elected to the Board on 28 April 2017 and is a member of the Nominating Committee.

Dr Lidgren and his brother, Mr Hans Lidgren, have since the 1980s, utilised satellite altimeter data in oil exploration activities which enabled major oil and gas findings. A founder of Rex International Holding, Dr Lidgren represents the interests of Limea Ltd on the Company's Board of Directors.

Dr Lidgren graduated from Lund University in Sweden in 1970 with a degree in Economics. Upon graduation, he taught in Lund University until 1972 before taking on the role of an investigator for the Swedish Government from 1972 to 1980. He concurrently obtained a Doctor of Philosophy in Economics from Lund University in 1976. Dr Lidgren taught in Lund University as a Professor from 1980 until his retirement in 2000.

SIN BOON ANN BBM, PBM
Lead Independent Non-Executive Director

Mr Sin Boon Ann was appointed as an Independent Non-Executive Director on 26 June 2013 and was appointed as the Lead Independent Director on 24 February 2014. He was re-elected to the Board on 27 April 2018. Mr Sin is Chairman of the Nominating and Remuneration Committees and a member of the Audit Committee.

He received his Bachelor of Arts and Bachelor of Laws from the National University of Singapore in 1982 and 1986 respectively, and a Master of Laws from the University of London in 1988. Mr Sin was admitted to the Singapore Bar in 1987 and was a member of the teaching staff of the law faculty, National University of Singapore from 1987 to 1992.

Mr Sin joined Drew & Napier LLC in 1992. He was the Deputy Managing Director of Drew & Napier's Corporate and Finance Department and the Co-head of the Capital Markets Practice before he retired to be a consultant with the firm in March 2018.

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

MUHAMMAD SAMEER YOUSUF KHAN
Independent Non-Executive Director

Mr Muhammad Sameer Yousuf Khan was appointed as an Independent Non-Executive Director on 26 June 2013 and re-elected to the Board on 28 April 2017. He is Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees.

Mr Khan has more than 40 years of experience in the fields of accounting, business and financial advisory. He began his career in 1972 at Ernst & Young's London office. Subsequently in 1983, he joined Drydocks World Group, a large maritime group based in the Middle East.

Mr Khan held various positions in Drydocks World Group and was Group Chief Financial Officer and Executive Director from 2007 to 2011. He was responsible for Drydocks World Group's acquisition of two SGX listed companies, namely, Pan United Marine and Labroy Marine. After leaving Drydocks World Group, Mr Khan has been providing consultancy and advisory services in Singapore.

Mr Khan is a Fellow of the Institute of Chartered Accountants (England and Wales) and a member of the Institute of Management Consultants (UK) and the Singapore Institute of Directors.

DR CHRISTOPHER ATKINSON
Independent Non-Executive Director

Dr Christopher Atkinson was appointed as an Independent Non-Executive Director on 6 January 2015 and was re-elected to the Board on 27 April 2018. He is a member of the Group's Technical Review Committee.

Dr Christopher Atkinson is a professional geologist with over 30 years of experience in the upstream oil and gas sector. He is currently the founder and director of Worldwide Petroleum Services Pte Ltd and a director of Sonoro Energy Limited. Prior to this, Dr Atkinson was a founding investor in several exploration and production start-up ventures in Southeast Asia, the UK and Canada. He has also worked for Shell International Petroleum Company and was a 15-year career veteran with the Atlantic Richfield Company (ARCO), where his last held position was Vice President of Exploration, Europe/ North Africa.

Dr Atkinson holds a PhD in Geology and a BSc (Hons) Geology (1st Class) from the University of Wales, Swansea. He has been a Fellow of the Geological Society of London since 1996 and is a Life Member of the Petroleum Exploration Society of Southeast Asia, where he served as President from 2002 to 2003.

SENIOR MANAGEMENT - CORPORATE

MÅNS LIDGREN
Chief Executive Officer ("**CEO**")

Mr Måns Lidgren is the Chief Executive Officer and is responsible for overseeing the strategic positioning and business expansion of the Group, including making major business and finance decisions.

Prior to joining the Company in January 2013, Mr Lidgren was interim chief executive officer and director of Lime Petroleum Plc from August 2011 to December 2012 and chief financial officer of his family's business from August 2009 to August 2011. He has seven years of experience in financial structuring, mergers & acquisitions, investments and business development. From January 2008 to August 2009, Mr Lidgren was vice president of business development under the private banking division of Credit Suisse, where he managed his own client portfolio, acted as a broker for sourcing of new business and pre-screened business proposals. From 2002 to 2007, he joined his family business in private investments first as a business analyst in 2002, and subsequently a merger & acquisitions manager in 2003 and 2004. From 2005 to 2007, he assumed the position of senior investment manager in his family's business, and carried out portfolio management, liaison with partner banks and private equity transactions. Upon his graduation, Mr Lidgren also provided consultancy services to Global Responsibility, an organisation that seeks to promote responsible citizenship worldwide, where he helped companies communicate their efforts in environmental, health and safety issues.

Mr Lidgren graduated from Lund University in Sweden with a Bachelor of Science and a Master of Science, both in Business Administration and Economics in 1999 and 2000 respectively.

SVEIN KJELLESVIK
Chief Operating Officer

Mr Svein Kjellesvik is the Chief Operating Officer and Executive Chairman of the Group's 90 per cent subsidiary, Lime Petroleum AS. He is responsible for the Group's overall operations, including the integration of new business development plans into the Group's operations.

Prior to joining the Company, Mr Kjellesvik has been an independent entrepreneur and he has been involved in the start-up of Rex Middle East Ltd (formerly known as Rex Oil & Gas Ltd) and Lime Petroleum Plc. Before retiring from Schlumberger in 2002, Mr Kjellesvik held leading positions in Schlumberger's seismic division and corporate headquarters. He has also been the President of their Global Marine Seismic Division. Mr Kjellesvik has played leading roles in key innovations in the seismic industry which includes multi-cable 3D seismic, 4 component seismic, and seismic 4D.

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

PER LIND
Chief Financial Officer

Mr Per Lind is the Chief Financial Officer overseeing the Group's finance, legal, administration and group structural matters. He also works with the CEO in business development.

Prior to joining the Company, from 2009 to 2013, he was Vice President, Investments at Tangerine Time, a Singapore-based investment company investing in real estate and financial services in Singapore, India and the UK. Mr Lind was an active group management member and Director of Investments at Raffles Residency. Before being Senior Vice President of Finance in AEP Investment Management, a Singapore-based investment management company in 2008, Mr Lind spent five years as Director of Finance & Corporate Development with 1st Software Corporation Ltd, a software company listed on the mainboard of the Singapore Exchange from 2003 to 2008. He had also worked for six years in the London and Singapore offices of Merchant Venture Investments, an international federation of private equity investors.

Mr Lind holds a Master of Science in Business and Economics from the School of Economics and Commercial Law at the Gothenburg University in Sweden.

KRISTOFER SKANTZE
Chief Commercial Officer

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

Prior to joining the Company, he was the Head of Sales and Marketing at textile chemical company HeiQ Materials AG from 2007 to 2012, where he forged partner alliances with well-known textile brands. From 2000 to 2007, Mr Skantze worked for Anoto Group AB, a Swedish high-tech company. He held various positions within the company's headquarters in Lund, Sweden from 2000 to 2005, and was Business Development Manager of Anoto Inc. in Boston from 2005 to 2007, where he managed the partner network and was responsible for all new North American customers. During his stint in Anoto Group AB in Sweden, Mr Skantze also invented and filed for several patents, of which at least nine were granted.

Mr Skantze holds a Master's degree in Engineering Physics from the Faculty of Engineering of University of Lund in Sweden.

LINA BERNTSEN
Chief Technology Officer

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

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

Mrs Berntsen obtained a Master of Science in Chemical Engineering from the University of Lund, Sweden in 2007.

MOK LAI SIONG
Group General Manager
Investor Relations & Communications

Ms Mok Lai Siong is Group General Manager, Investor Relations & Communications, and is responsible for the Group's strategic communications with shareholders, potential investors, analysts and the media, as well as for branding and marketing.

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

Ms Mok holds a Master in Business (International Marketing) degree from the Curtin University of Technology, Australia, and a Bachelor of Arts degree in English and Philosophy from the National University of Singapore.

SENIOR MANAGEMENT - OPERATIONS

DR RABI BASTIA
Masirah Oil Ltd
– Chairman

Dr Rabi Narayan Bastia was appointed the Chairman of Masirah Oil Ltd on 29 September 2016. Dr Rabi worked in different capacities and at various locations during his 16 years at the Oil and Natural Gas Corporation (ONGC) in India. In 1996, he started the E&P business in Reliance Industries Limited, a member of the Reliance Group, India's largest private sector enterprise. His last position after more than 16 years in the group was as the Head of the Exploration Management Team for Reliance Industries Limited. The highlights of his career include the gas discovery of the Krishna-Godavari basin in 2002, the Mahanadi Basin gas discovery in North East Coast of India in 2003, and an oil and gas discovery in the deep waters of the Cauvery basin in India in 2007.

He holds a Bachelor of Science (1st Class Honours) degree in Applied Geology from the Indian Institute of Technology, Kharagpur, India; a Bachelor of Science (1st Class Honours) degree in Petroleum Exploration & Reservoir Management from the Norwegian Technological University, Norway; a PhD in Petroleum/Structural Geology from the Indian Institute of Technology, Kharagpur, India and a Doctor of Science degree in Petroleum Geology from Indian School of Mines, Dhanbad (examined by Alberta University, Canada and Oklahoma University, USA).

CHRISTOPHER DYAS
Masirah Oil Ltd
- General Manager

Mr Chris Dyas has 30 years of experience in exploration and production engineering and projects. He also has contractual and financial experience with skills in assessing companies and projects, and the development of business plans.

He started his career in 1983 with Cooper Energy Services (now a subsidiary of Rolls-Royce) heading the Testing Department for the oil and gas industry. Between 1986 and 2002, he was with Marathon Oil (UK) Ltd; Atlantic Power and Gas in Aberdeen, Scotland; and the Wood Group, first in Aberdeen, Scotland and then in Kuala Lumpur, Malaysia. In 2002, Mr Dyas joined SapuraCrest Petroleum Berhad as Project Director/General Manager. He has been overseeing operations in the Block 50 Oman concession since 1 January 2012.

Mr Dyas holds an MSc in Thermal Power from Cranfield Institute of Technology, UK and a Master in Business Administration (MBA) at the Cranfield School of Management.

SVEIN KJELLESVIK
Lime Petroleum AS
- Executive Chairman

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

Please refer to page 12 for more details.

TERJE HAGEVANG
Lime Petroleum AS
– Chief Executive Officer

Mr Terje Hagevang has a long experience working as a professional and in managerial positions from Amerada Hess and Saga Petroleum. He was a founding partner of Sagex, heading the successful consultancy and subsequently the oil company. Mr Hagevang also has extensive international experience and in-depth knowledge of all areas of the Norwegian Continental Shelf.

He joined Lime Petroleum AS as Chief Operating Officer in March 2014, heading the operating activities, ensuring the building of a portfolio that is able to deliver exploration and production success. He was appointed Chief Executive Officer on 1 November 2016. Mr Hagevang holds a Master degree in Geology and Applied Geophysics from the University of Oslo in 1978.

REX
VIRTUAL DRILLING

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

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

REX
VIRTUAL DRILLING

Rex Virtual Drilling ("**RVD**") is a highly advanced, proprietary technology that can extract information about the presence of liquid hydrocarbons from conventional seismic data. The technology does not require new methods of data collection but works best on abundant, conventional seismic data. Such data is collected by shooting acoustic energy – sound pulses – into the ground and listening to the responding sounds. Although seismic data has been the standard for the exploration industry for many decades, its use is typically limited to the identification of geological structures in the ground, such as faults and lithological changes. The industry's exploration focus is to understand as much about the subsurface as possible to assess the possibility of finding oil. This includes identifying and contextualising predominantly geological structures and features which may provide indirect support of pre-conditions for oil presence. Yet with some exceptions, such traditional seismic analysis does not provide any direct indication of oil. This is also the reason why the global average oil exploration hit rate today is estimated at only 10 to 15 per cent.

With the liquid hydrocarbon indicator RVD, the exploration success rate can be significantly increased. This is because with RVD, we are able to extract additional, previously unidentified, information from the seismic data which is correlated with the presence of oil. These RVD results can be integrated into existing de-risking processes for oil exploration, to provide additional insight into the presence and location of oil. The efficiency of RVD has been extensively tested in blind tests, live tests and actual drilling campaigns.

The Group has achieved two oil discoveries in Oman and in Norway over the last few years with the support of RVD – the GA South prospect in Block 50 Oman in February 2014 and in the Rolvsnes prospect in Norway's North Sea licence PL338C in December 2015.

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

Research and development efforts on RVD have continued unabated during the past few years. In 2015, RVD was further improved to allow for better depth control (vertical resolution) and more precise reservoir extent (lateral resolution). In 2016, a multi-attribute version was developed, for greater independence from geological estimates on porosity and permeability. In 2017, the technology was further enhanced by achieving reduction in noise levels for the RVD results and faster processing time, allowing the Group to scale up on the number of licences to be analysed at any one time. Recently the technology took another leap forward by also incorporating advanced acoustic dispersion analysis to further assess the potential presence of oil.

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EXPLORATION

REX VIRTUAL DRILLING – RVDv4

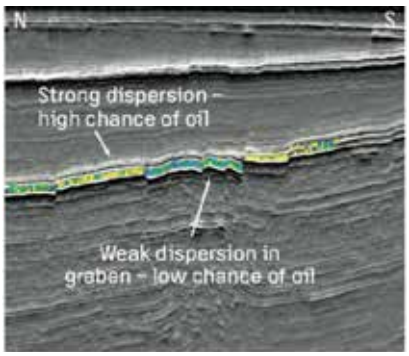
The new version RVDv4 is a multi-attribute seismic analytical tool which studies dispersion events in the seismic data utilising its unique spectral decomposition engine. The RVD spectral decomposition engine is state-of-the-art in its ability to identify frequencies in the data, a prerequisite for further detailed seismic analysis. Dispersion is an indicator of the presence of liquid and a high degree of dispersion in seismic data correlates strongly with the presence of liquid hydrocarbons (oil). A lack of dispersion correlates strongly with a dry rock, i.e. a rock without any moveable liquid.

RVDv4 is used for de-risking in all steps of the E&P value chain, from exploration de-risking and appraisal planning, and all the way to reservoir control, including optimal water injection management for producing fields.

REFERENCE CASE – NORWEGIAN BARENTS SEA

The RVDv4 attribute provides valuable liquid presence insight about the subsurface. The example section below illustrates its usefulness in oil exploration. The graben area in the centre of the picture in green/blue indicates less dispersion and therefore less chance of finding oil. The adjacent areas in yellow indicate strong dispersion and therefore a strong correlation with a presence of oil.

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



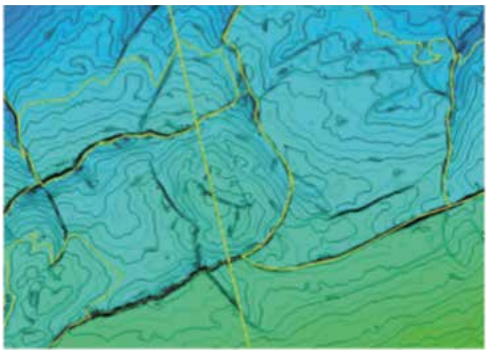


Image left: RVD values draped over horizon. Less dispersive signal in graben itself.

REFERENCE CASE – NORWAY PINCH-OUT

In another example, we see how RVD can help with assessing potential fluid content:

Here, the RVD results indicate higher likelihood of hydrocarbons higher up in the structure. The results corroborate the common situation of oil migrating upwards in a structure. The reflectors suggest a pinch-out and therefore an explanation why oil could be located as is suggested by RVD.

Further downdip, the RVD indications for oil are weaker (green/blue), which correlate with a lack of oil and instead a presence of water in the reservoir. A potential oil-water contact point can be identified.

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

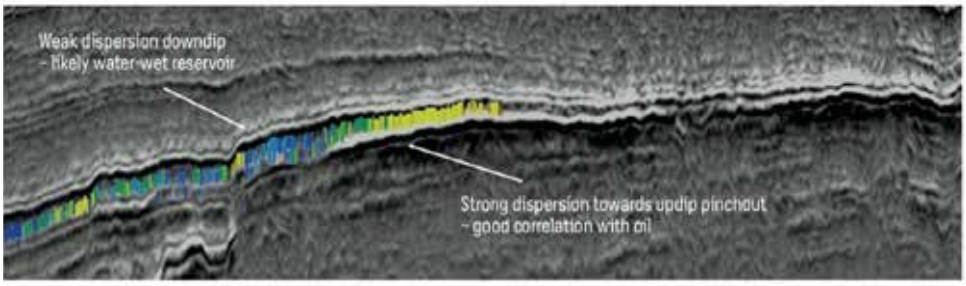


Image: RVD results demonstrating increased values of dispertions higher up in structure, towards pinch-out. High chance of oil at the structural high and water further downdip. Possible approximate oil-water contact identified..

MILESTONES

9 JANUARY 2018
Rex Technology Management is awarded approximately US$1.95 million in arbitration with HiRex.

18 JANUARY 2018
Lime Petroleum AS ("**LPA**") is awarded one new licence in Awards in Predefined Areas (APA) 2017.

29 JANUARY 2018
Liquidators sell Lime Petroleum Plc's ("**Lime**") assets to Rex subsidiary.

30 JANUARY 2018
LPA sells stake in Norwegian Sea licence PL762 as part of Rex's value creation strategy in Norway, to focus on areas close to infrastructure in the North Sea, while fully leveraging on the Group's unique technology-led, de-risked approach.

9 FEBRUARY 2018
Isle of Man Court orders Hibiscus subsidiaries to pay costs of appeal in Lime case.

3 APRIL 2018
LPA participates in drilling of a horizontal test production well on the Rolvsnes discovery.

17 APRIL 2018
Rex International Holding disposes of its entire holding of 30.29% in FRAM Exploration AS, the Group's available-for-sale investment.

16 JULY 2018
Rex International Holding subsidiary divests its entire holding of 25.72% in Steeldrum Oil Co. Inc., an available-for-sale investment.

27 AUGUST 2018
The drilling of the horizontal test production well of the Rolvsnes discovery is completed successfully, with drilling results showing good reservoir productivity and connection to a good oil volume, and production rate of up to 7,000 barrels of oil per day.

17 SEPTEMBER 2018
Rex International Holding receives unsolicited, non-binding indications of interest for assets in LPA.

2 OCTOBER 2018
Rex International Holding on track to achieve production in Oman in 2019, following completion of feasibility and concept studies on the GA South discovery well.

8 OCTOBER 2018
Rex International Holding subsidiary's divestment of its entire 25.72% stake in Steeldrum Oil Co. Inc., an available-for-sale investment, is completed.

15 OCTOBER 2018
LPA divests its 20% interest in non-core Barents Sea asset, PL850.

5 NOVEMBER 2018
Rex International Holding appoints a financial adviser to review non-dilutive financing options and conduct fixed income securities meetings for 92.65% subsidiary Masirah Oil Ltd, to fund oil production activities at the GA South discovery in offshore Oman.

10 DECEMBER 2018
The Kuala Lumpur High Court's winding up order and appointment of Mr Duar Tuan Kiat of Ernst & Young in Kuala Lumpur as liquidator for the winding up of HiRex is lodged on 4 December 2018 with the Companies of Commission Malaysia, following the receipt of the written Winding-Up Order dated 27 November 2018.

28 JANUARY 2019
LPA enters into agreement to divest its interests in the Rolvsnes discovery in PL338C, PL338E and the Goddo prospect in PL815 for a total consideration of US$45 million, subject to regulatory approvals and conditions precedent.

QUALIFIED **PERSON'S REPORT**

This Summary Qualified Person's Report ("**QPR**") has been prepared by the Group's in-house qualified person, Lars Hübert, Exploration Manager of Lime Petroleum AS located at Drammensveien 145A, N-0277 Oslo, Norway, and has been prepared in accordance with the disclosure requirements in Practice Note 4C of the Catalist Rules.

Lars Hübert has 23 years of technical, managerial, and financial experience in the oil industry. He holds a BSc Geology from the University of Oslo, Norway; an MSc Geology from the University of Wyoming, USA and an MBA from the Heriot Watt University, Scotland. He is a member of the American Association of Petroleum Geologists and the Society of Petroleum Engineers.

Prepared by: Lars Hübert
Exploration Manager / Lime Petroleum AS

Confidentiality and Disclaimer Statement

This document is confidential and has been prepared for the exclusive use of Lime Petroleum AS and its parent company Rex International Holding Limited. No person or company other than those for whom it is intended may directly or indirectly rely upon its contents. The author is acting in an advisory capacity only and, to the fullest extent permitted by law, disclaim all liability for actions or losses derived from any actual or purported reliance on this document or any related statements or opinions thereof by Lime Petroleum AS or by any other person or entity.

SUMMARY

Gaffney, Cline & Associates ("**GCA**") prepared a Qualified Person's Report of the Rolvsnes Discovery for Lime Petroleum AS ("**LPA**") in early 2018. The current report provides an update prepared in line with the standards set out under the Petroleum Resource Management System ("**PRMS**") to include the results of the horizontal test production well 16/1-28S drilled in summer 2018.

The Rolvsnes Discovery was made by the vertical well 16/1-12 in 2009 and appraised by the slightly deviated well 16/1-25S in 2015. Both wells confirmed oil in fractured and weathered basement reservoir, and the well analyses suggested a single pool. The oil column was proven to be 30-40m, with the oil of good quality without a free gas cap and a gas-to-oil ratio giving moderate amounts of associated gas.

Well 16/1-28S was drilled in 2018 to further appraise the discovery and to provide a production test from a 2,500m long horizontal section through the basement reservoir, with the heel in the vicinity of well 16/1-12, and the toe near well 16/1-25S. A maximum constrained production rate of 7,000 barrels of oil per day ("**bopd**") was achieved during the clean-up flow, while the 5-day main flow period was held at a production rate of 4,200 bopd. The test results show good reservoir productivity and connection to a significant oil volume that benefits from aquifer pressure support, which are positive factors towards demonstrating commercial recovery at Rolvsnes. Following these positive well results, Lundin has increased the gross resource range for the Rolvsnes discovery to between 14 and 78 million barrels of oil equivalent ("**mmboe**") (Source: Lundin Petroleum AB press release, 27 August 2018).

Production from the Rolvsnes discovery is considered likely, but no development decision has been taken and the way forward is being clarified. As such, the discovered resources are classified as Contingent under PRMS.

A sound basis for updating the resource estimate was provided by the extensive data package gathered in the test production well. A new volumetric assessment has been made quantifying the stock tank oil initially in place ("**STOIIP**") and recoverable volumes of oil and gas using stochastic modelling.

The proven volumes ("**1C**") are taken to be represented by the 90%-probability ("**P90**") on the Monte Carlo curve, while proven and probable ("**2C**") are taken to be represented by the mean probability ("**Pmean**") and the proven, probable and possible ("**3C**") as the 10%-probability ("**P10**"). The gross recoverable volumes of oil and gas are summarised in Table 1.

The effect of the test production well is to give better comfort on the base case (2C) estimate, leading to a 27% increase compared with the previous number. However, there are still uncertainties with respect to how the field will produce, i.e. the relative contribution to production from matrix and fractures, and thus the recovery factor. This is reflected by increasing the low and high side of the resource range with just under 10%.

The operator is proposing an extended test of well 16/1-28S over a 12-month period, with start-up tentatively in 2021. Upon success, the test will be followed by a staged development of the field. The development will likely involve up to 4 production wells (of which the first will be well 16/1-28S) and one injector well. With the staged development, each well can be assessed prior to the next well being drilled. The wells will be tied back to the Edvard Grieg platform.

BACKGROUND

The report serves to update the Qualified Person's Report on the contingent resources of the Rolvsnes discovery issued by GCA on 2 February 2018. After the GCA report, well 16/1-28S has been drilled, providing significant new data, including flow properties of a horizontal well. This new data justifies an update of the contingent resource estimate of the Rolvsnes discovery.

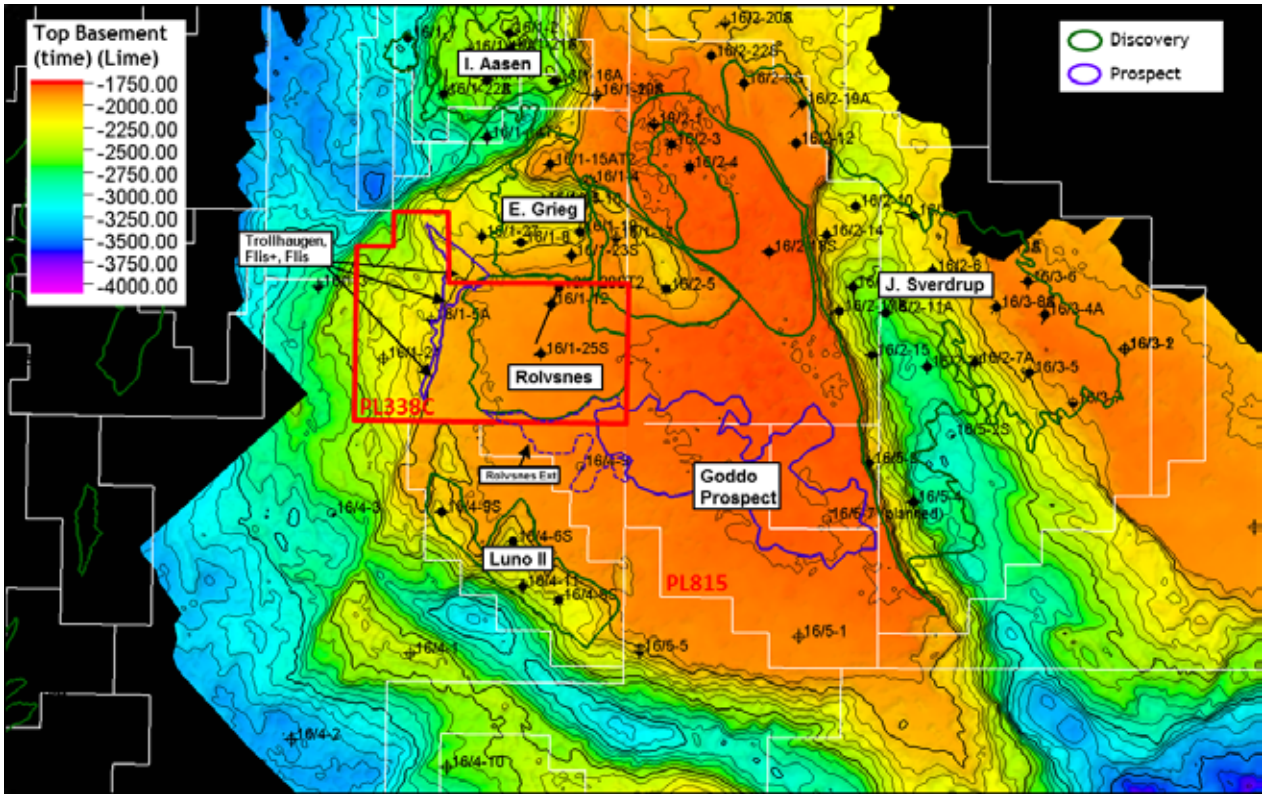
Current ownership of LPA includes Rex International Holding Limited with 90%, and Schroder & Co Banque SA with 10%.

Table 1: Rolvsnes contingent resources

CATEGORY	GROSS ATTRIBUTABLE TO LICENCE (mmboe)	NET ATTRIBUTABLE TO LPA (mmboe)	CHANGE FROM PREVIOUS UPDATE (%)	RISK FACTORS	REMARKS
CONTINGENT RESOURCES OF OIL					
1C	9	3	-9	P90	
2C	40	12	27	Pmean	
3C	85	25	9	P10	
CONTINGENT RESOURCES OF NATURAL GAS					
1C	2	0.5	-9	P90	Associated gas
2C	7	2	27	Pmean	
3C	15	5	9	P10	

P90: 90% - probability; Pmean: mean probability; P10 - 10% - probability

Figure 1: Map of southern part of Utsira High, showing the location of PL338C and the Rolvsnes discovery.



The Rolvsnes discovery was made within the PL388C licence located in the North Sea part of the Norwegian Continental Shelf (Figure 1). The licence is operated by Lundin Norway AS (50%), with LPA (30%) and OMV (Norge) AS (20%) as partners. With the recent drilling on Rolvsnes and a commitment to drill an exploration well on the Flis prospect made in the beginning of December 2018, the next licence milestone is in January 2022.

TECHNICAL REVIEW

The GCA report from early 2018 gives a brief overview of the geological setting and history of the licence and this is hence not repeated here. Well 16/1-28S, however, was drilled during 2018, providing crucial new information leading to material changes to the resource estimates. An overview of the new information and its relevance for changing the resource estimates is given below.

16/1-28S WELL OPERATIONS

The 16/1-28S well was spudded 26 March 2018, and the rig was released on 24 August 2018, after successfully drilling and testing a 2,500m horizontal section through the basement reservoir. The main objective of the well was to confirm Rolvsnes as a commercial oil discovery, through a successful well test. In addition to the well-test providing information about the flow properties of the basement reservoir, reservoir properties data was gathered in the well.

The surface location of the well was just north of the initial Rolvsnes discovery well 16/1-12, entering the reservoir close to the discovery-well and drilled a horizontal reservoir section south-southwest towards well 16/1-25S. The objective of drilling a 2,500m horizontal section was achieved, with the well total depth ("**TD**") at 4,880m measured depth, corresponding to 1,919m true vertical depth ("**TVD**").

The drilling of the well progressed relatively smoothly. Some difficulties arose above the reservoir, while building angle, resulting in the need to run a contingent liner string. This had no adverse impact on the drilling of the reservoir section. Drilling through the reservoir progressed much easier than expected, with only 1-bit trip needed, rather than the 8-bit trips included in the plan. During drilling, Logging While Drilling ("**LWD**") tools were deployed. These tools were used actively during drilling to geo-steer the well through the reservoir. The LWD data was subsequently used for reservoir characterisation. In addition to standard logging data (gamma-ray, resistivity, density/neutron, sonic, and nuclear magnetic resonance), reservoir pressure measurements were taken. Also, formation images were made using both a resistivity imaging tool and a sonic imaging tool.

Wireline logging, assisted by a tractor, was planned to obtain further pressure measurements, fluid samples and side-wall core samples. There were significant problems entering the hole, with the tractor getting stuck above the reservoir. The tool was fished out, and no harm was made to the well. However, it was decided not to attempt further wireline logging and risk losing the well before the test was

conducted. Subsequently, screens were run to TD with no issues, thereby securing the well.

With the well secured with the screens, a drill stem test was conducted. The test consisted of a clean-up flow period of 2.5 days, followed by a short build-up. The main flow-period followed, with 5 days of flow, and a subsequent build-up period. The well was flowed one last time for 3.5 days, with production logging tools ("**PLT**") deployed. Finally, the well was temporarily plugged and abandoned.

RESERVOIR PROPERTIES

The reservoir consists of fractured and weathered granite. The LWD logs and the drilling data clearly shows variability in the reservoir, i.e. hard, un-weathered granite; softer, weathered granite; and fractures. Hard un-weathered granite manifests with slower rate of penetration, higher resistivity, higher density, and lower neutron measurements. Furthermore, denser rock appears to correlate with higher topography of the top of the reservoir layer, suggesting that un-weathered granite likely formed hills prior to burial during the Cretaceous. Weathered granite has lower bulk density, higher neutron measurements, lower resistivity, and drills at a much higher penetration rate. Fractures are identified in the image log and seen as light or dark sinusoidal lineaments in the image. Light lineaments indicate a conductive fracture, i.e. an open fracture, whereas dark lineaments indicate resistive fractures, which are closed. The first 250m of the reservoir section displays low bulk density, and significant fracturing, with over 10 fractures per metre (Figure 2).

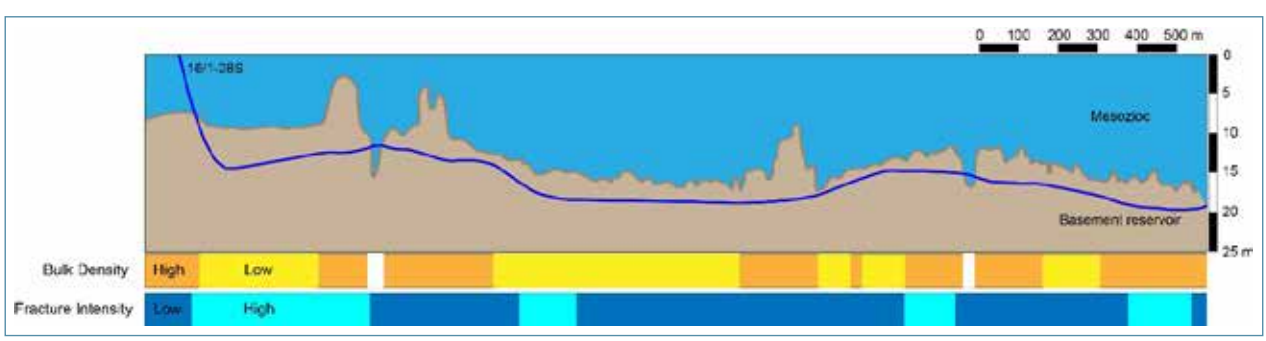
This is followed by some 450m of denser rock. This dense section first exhibits significant fracturing, with over 10 fractures per metre, however, fracture intensity decreases deeper in the section, to below 5 fractures per metre. A 600m section of low bulk density, with fewer fractures follows, consistently with less than 5 fractures per metre, except a few streaks which reach up to 10 fractures per metre. The final 1,100m exhibits more variable bulk density, and more variable fracture intensity (ranging from below 5 to above 10 fractures per metre), though not to the level seen at the heel of the well. Porosity in the low-density section averages around 12%, whereas porosity in the denser sections is typically between 4 and 6 porosity units. This porosity is measured by the density/neutron log and is thus a good measure of matrix porosity. Fracture porosity is more difficult to quantify, but is likely not more than 1%, based on analogues. There does not appear to be a strong relationship between low bulk density rock (i.e. weathered) and fracture intensity. On one hand, fractures would tend to increase the amount of weathering, but on the other hand, fractures would likely be seen better in an un-weathered rock, as the weathering may tend to obfuscate individual fracture planes in the image log. Permeability, as seen by the nuclear magnetic resonance log, is higher in the low bulk density sections, where it ranges between 0.1 and 10 milliDarcy, whereas it approaches 0.01 milliDarcy and less in the un-weathered sections.

Oil saturation was proven difficult to estimate using a traditional Archie approach. In the previously drilled vertical wells, the resistivity logs do not appear to distinguish between oil saturation and water saturation as defined by the pressure data. Rather, oil saturation is estimated based on mercury injection and capillary pressure measurements in core plugs, and the J-function. This suggests oil saturations between 50% and 70%.

WELL TEST RESULTS

The well test was kept at a sustained stable flow of 4,200 barrels per day during the main flow period. The water production was approximately 2%, with an increase in water production during the PLT flow period, reaching perhaps as high as 7%. Chemical analysis suggests this to be formation water. The PLT data and the sonic logging suggest the entire wellbore is contributing, some zones that are contributing more than others. Transient analysis of the build-up pressure supports this conclusion. The pressure measurements taken during drilling suggest that the heel of the well, closest to the Edvard Grieg field, is depleted by 10 bars. Pressure transient analysis does not show this depleted zone at the heel to be in direct contact with virgin pressure areas closer to the toe, with the dense section discussed above possibly acting as a pressure barrier. The analytical model suggests a radius of investigation of 1,000-1,500m. A constant pressure boundary is seen some 900-1,200m from the well, which possibly is the Edvard Grieg field to the north.

Figure 2: Section along well 16/1-28S showing areas of relatively high and low bulk density and relatively high and low fracture intensity.



Another boundary is seen some 1,000 - 1,200m away, representing possibly the southern extent of the Rolvsnes discovery. Linear flow is seen from 2 sides, likely to the east and west.

PLT data includes sonic tools detecting noise from fluid flow, spinners run inside the wellbore during production, and temperature logs. In addition, tracers were used to track flow. The PLT logging suggests that the entire wellbore is contributing to flow, although some zones are contributing more than others. There does not, however, appear to be a strong link between the reservoir properties as defined by the LWD logs and the fluid flow seen in the PLTs. The toe of the well has the highest flow contribution, and rather variable reservoir properties. The heel of the well has low bulk density, and high fracture intensity, but does not appear to contribute more than the central section of the well with low bulk density and low fracture density.

The oil from the basement reservoir is 33° API, with a gas oil ratio of 130 – 175 Sm^3/Sm^3.

STOIIP ESTIMATES

The volumetric assessment has been updated with the new data from well 16/1-28S. STOIIP can be estimated through a traditional volumetric calculation using average reservoir properties with a range of values for each property, i.e. a stochastic approach. Alternatively, a model-based approach may be employed, whereby geo-cellular models are constructed, with each cell populated with reservoir properties based on rules created from the data, and the in-place oil resulting from summing the individual cells. The approach herein has been to use traditional stochastic volumetrics.

The updated volumetrics maintains the oil-water contact (free water-level) at 1927m TVD and uses an updated top reservoir depth map to find the gross rock volume.
The limits of the discovery to the north and west are faults, throwing the basement reservoir down, whereas the limits to the south and east are characterised by changes in lithology to a harder, un-weathered basement rock type as seen in well 16/4-5 (Figure 1). The southern and eastern boundaries are defined by seismic refraction velocities, in which low velocities indicate weathered basement, whereas higher refraction velocities indicate tight rock. A +/- 15% uncertainty is applied to this base case gross rock volume ("**GRV**") value to get a high and a low estimate. The porosity value includes both matrix and fracture porosity, with the fracture porosity accounting for 1 porosity unit. It was decided to use a net/gross factor to account for the higher density sections having limited storage capacity.
These sections appeared to have contributed to fluid flow in the drill stem test, likely through fractures. The net/gross ratio thus represents a horizontal distribution of reservoir rock with matrix storage, rather than a vertical distribution of reservoir as typically used in a traditional clastic system.

The reservoir properties are adjusted slightly upwards from the previous report, based on the new data from the well, as shown in Table 2.

These parameters were used as input to a stochastic modelling tool (Monte Carlo simulation), with all parameters based on a normal distribution. The simulation results give the range of in-place volumes (Table 3).

The tornado chart in Figure 3 shows the relative importance of the various parameters, with the porosity having the largest impact.

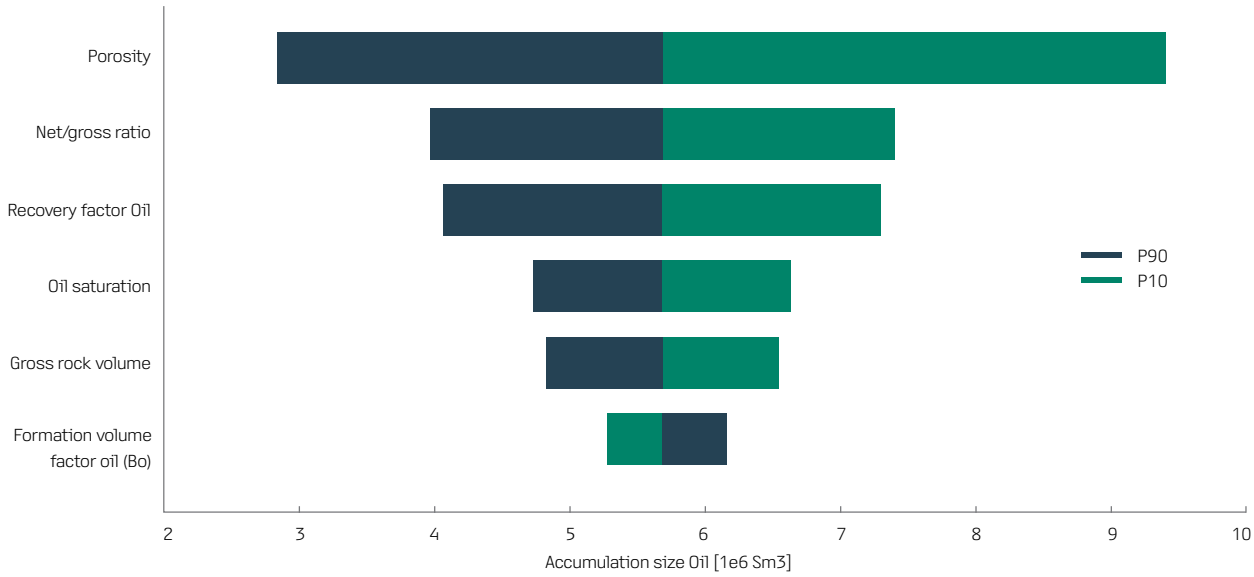
Table 2: Reservoir properties input to Monte Carlo simulation

Reservoir Properties	Low	Med	High
GRV (mill m^3)	1530	1800	2070
Porosity – matrix and fracture	0.05	0.09	0.17
Net/gross	0.40	0.58	0.75
Water Saturation	0.50	0.40	0.30
Oil formation factor	1.43	1.54	1.67
GOR (1/1)	130	152.5	175

Table 3: In-place volumes (STOIIP)

Rolvsnes Discovery	STOIIP			
	P90	P50	P10	Mean (P38)
mmSTboe	83	259	701	342

Figure 3: Tornado chart showing the impact of the various input parameters.



CONTINGENT RESOURCES

Several models can be used to simulate the flow through the Rolvsnes reservoir, with variable fracturing and matrix contributions, and various wellbore placements. The results from a selection of models suggest a range of recovery factors from 10% to 18%. Applying this range of recovery factors as input to a Monte Carlo simulation gives the recoverable resources detailed in Table 1 and summarised in Table 4. Rolvsnes is an oil field without a free gas cap and about 85% of the total resources are oil and only some 15% associated gas.

Significant upside may be possible by considering production from below the defined oil-water contact. This contact is determined from pressure data in wells 16/1-12 and 16/1-25S. Considering a complex capillary system, it is likely that there is mobile oil beneath the defined oil water contact. This could likely contribute to production, albeit with a high water cut. Further upside is possible through effective enhanced oil recovery, thereby increasing the recovery rate.

Financial analysis was not part of this report, but is currently being studied, prior to a final decision on the extended well test.

WAY FORWARD

The next deadline for the project is a Decision Gate 2 scheduled for late March 2019, in which it will be formally decided whether to proceed with the extended well test.

In the extended well test, the well will be completed as a production well, and tied back to the Edvard Grieg field. The test will have a duration of 12 months, after which, the well can be put on regular production. At that point in time, a decision will be made whether or not to proceed with further development of the Rolvsnes field.

On 28 January 2019, Rex International Holding Limited announced that LPA had entered into an agreement to divest LPA's interests in several assets, including the Rolvsnes discovery, to Lundin Norway AS. The divestment is subject to Norwegian regulatory approval and conditions precedent.

Table 4: Contingent Resources, oil and associated gas combined

CATEGORY	GROSS ATTRIBUTABLE TO LICENCE (mmboe)	NET ATTRIBUTABLE TO LPA (mmboe)	CHANGE FROM PREVIOUS UPDATE (%)	RISK FACTORS	REMARKS
CONTINGENT RESOURCES OF OIL AND GAS COMBINED					
1C	11	3.3	-9	P90	-
2C	47	14.1	27	Pmean	
3C	100	30	9	P10	

OPERATIONS **REVIEW**

In FY2018, the Group further progressed its efforts to take its discovery assets in Oman and Norway further towards monetisation.

OMAN

Continued efforts have been made to progress the GA South discovery, targeting first oil in end-2019.

OVERVIEW

Oman is the largest oil and natural gas producer in the Middle East outside the Organization of the Petroleum Exporting Countries (OPEC). According to Thomson Reuters, Oman has an estimated 4.7 billion barrels of proved oil reserves as of 2018. [1]

The National Centre for Statistics and Information (NCSI) reported that the Sultanate's crude oil production, including condensates, stood 0.8 per cent higher at 326.3 million barrels till November 2018. This is against an output of 323.7 million barrels for the corresponding period of 2017. Of the total production, crude oil production was down 1.7 per cent at 290.2 million barrels.

Oman recorded a daily average crude oil production of 977.1 thousand barrels during the January-November period of 2018. The average price of Oman Crude surged by 35 per cent to US$68.7 per barrel during the January-November period, from US$50.9 per barrel in the same period in 2017.[2]

One of Oman's critical infrastructure projects is the development of a port and industrial area (including a refinery and petrochemical complex) in the strategically located town of Duqm, on the Arabian Sea. A US$400 million crude oil storage terminal is also being built in Duqm, the first phase of which will have a storage capacity of 10 million barrels of crude oil.[3]

BLOCK 50 OMAN

The approximately 17,000 sq km offshore concession is located in Gulf of Masirah, offshore east Oman and the town of Duqm.

Masirah Oil Ltd ("**MOL**") holds 100 per cent of the Block 50 Oman concession. Rex International Holding holds an effective interest of 92.65 per cent in MOL through its indirect wholly-owned subsidiary Rex Oman Ltd. MOL is also 2.35 per cent held by Petroci, the National Oil Company of the Ivory Coast (also known as Côte D`Ivoire) and 5 per cent held by Schroder & Co Banque S.A.

Block 50 Oman is one of the first concessions secured by the founders of Rex International Holding before the Company's initial public offering (IPO). The Company's founders were involved in Lundin Petroleum's (then known as International Petroleum Corporation (IPC)) commercial oil discovery in the Bukha field, offshore Oman in 1986.

On 4 February 2014, an oil discovery was announced in Block 50 Oman. The second exploration well that was drilled in the concession had successfully reached the well target depth of more than 3,000 metres into the Cambrian formation. Hydrocarbons were discovered in several formations with good oil sample extracted. The oil discovery is significant as it is the first offshore discovery east of Oman, after 30 years of exploration activity in the area and won the 'Offshore Discovery of the Year' award.

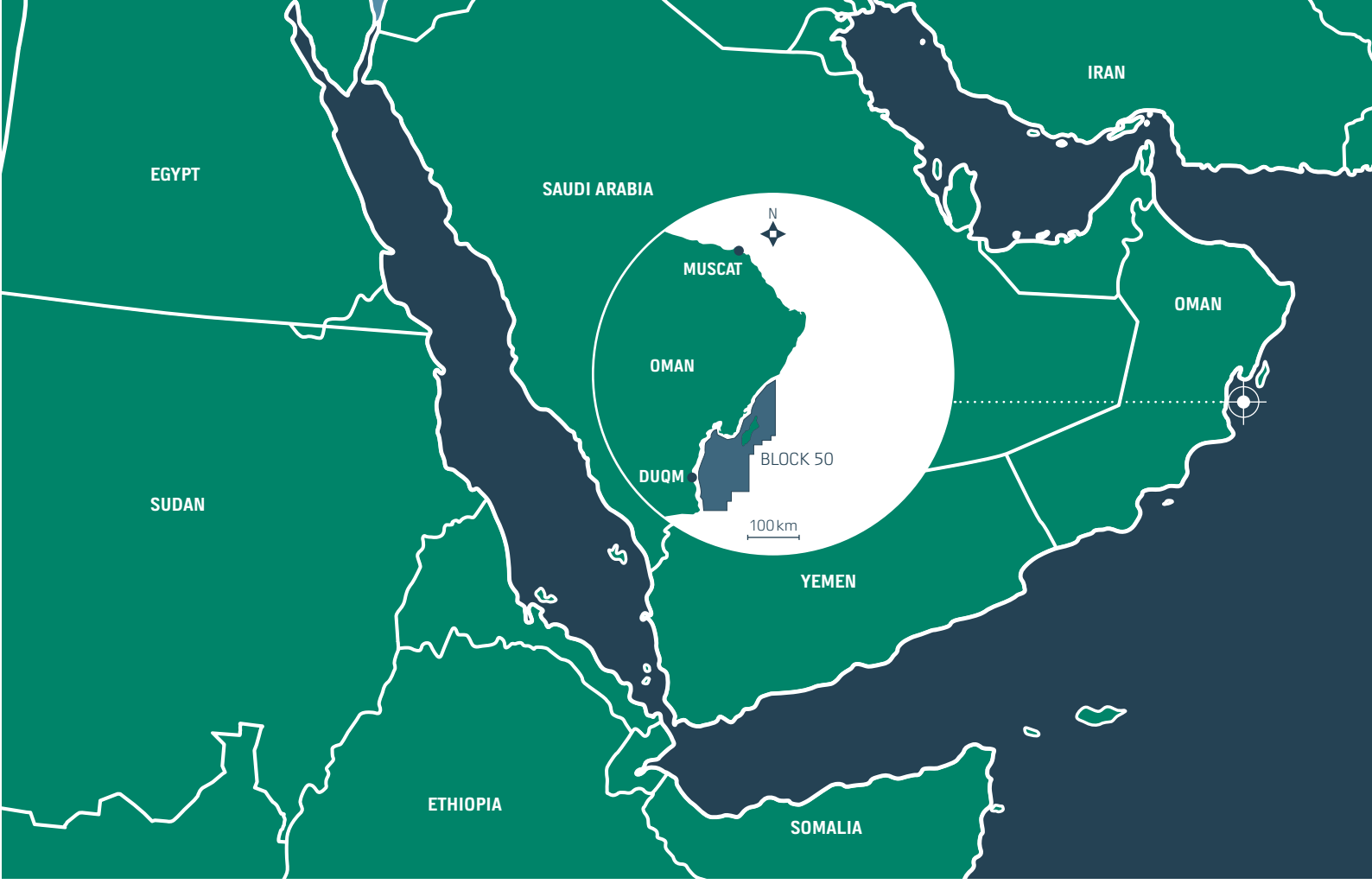
During a 48-hour test, hydrocarbons were flowed to the surface and the well achieved a restricted flow rate of 3,500 barrels per day of light oil of high quality without water production from a sandstone reservoir of excellent quality.

In 2017, the Karamah#1 well which was drilled identified a 5-metre oil bearing interval on the wireline logs in a carbonate reservoir, further confirming the presence of a working petroleum system in the block.

2018 OPERATIONS UPDATE

- Carried out feasibility study on discovery well GA South, based on reprocessed seismic data which were re-analysed with an updated version of Rex Virtual Drilling (RVD version 4) and substantial conventional interpretation.
- Finalised updated mapping of the block with the view to determine possible drilling of prospects that could be taken forward for production in parallel or sequentially with the GA South discovery.

[1] Thomson Reuters, "Oil and gas regulation in Oman: overview", 2018
[2] Business Live Middle East, "Oman's oil production up by 0.8 %", 20 January 2019
[3] Thomson Reuters, "Oil and gas regulation in Oman: overview", 2018



- Announced the Group's consideration to maintain a high equity stake in Block 50, following the encouraging results of the feasibility and concept studies on the GA South discovery well.
- Appointed an independent investment bank as financial adviser to review non-dilutive financing options and to conduct fixed income securities meetings to fund the development activities at the GA South discovery.

GOING FORWARD

PLANS TO UNLOCK VALUE IN OMAN

A recoverable cost pool of more than US$100 million has been accrued from the exploration activities on the licence. This cost pool can be deducted against revenue in the production phase, significantly increasing the economic attractiveness of the GA South discovery. The extensive technical work carried out on the licence has de-risked the substantial exploration potential. The plan is to use free cash flow from production at GA South to fund a new exploration drilling campaign focussed on the prospects adjacent to and similar with the discovery.

New discoveries could be developed in parallel or sequentially with GA South, utilising the same equipment. Hence, production could be increased in volume and duration, giving high economic reward.

ABOUT THE GA SOUTH DISCOVERY

The reservoir of GA South consists of high-quality sandstones at relatively shallow depth at some 1,650m. The oil is light and fresh, and the restricted production test of the discovery well gave 3,500 barrels oil per day.

The evaluation of the GA South discovery concluded with a positive feasibility report in the first quarter of 2018, concluding with oil volumes and a technical development solution that would be commercially attractive.

The Omani authorities are supportive of this possible first offshore evelopment on the Arabian Sea part of Oman.

The work was taken further into a concept selection phase, concluding with the invitation of several contractors to bid for delivery and operations of the production equipment. At the time of writing, negotiations with selected contractors are on-going with the view to start production by end-2019.

NORWAY

In January 2019, subsidiary Lime Petroleum AS announced the monetisation of its interests in PL338C, PL338E and PL815, after the successful production test well at the Rolvsnes discovery in PL338C, which also further de-risked the Goddo prospect in PL815. The company continues to have interests in two licences in the North Sea that are close to existing producing fields and pipeline infrastructure, allowing a fast-track path to potential commercialisation and return on investment when more discoveries are made in its assets.

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

OVERVIEW[1]

According to the Norwegian Petroleum Directorate (NPD), Norway produced a total of 86.2 million Sm^3 oil (1.49 million barrels per day) in 2018, compared with 92.2 million Sm^3 (1.59 million barrels per day) in 2017, a reduction of 6.3 per cent. In addition, similar amounts of gas was produced.

The NPD forecasts production to increase from 2020 to 2023, following a slight decline in 2018/2019. Total production of oil and gas in 2022/2023 is estimated to be close to the record-breaking year of 2004. In the 50 years since Norwegian petroleum activities began, about 47 per cent of the estimated total recoverable resources have been produced and sold. Thus, there are large remaining resources, and it is expected that the level of activity on the Norwegian shelf will remain high for the next 50 years as well.[2]

All of Norway's oil reserves are located offshore on the Norwegian Continental Shelf, which is divided into three sections: the North Sea, the Norwegian Sea, and the Barents Sea. The bulk of Norway's oil production occurs in the North Sea. New exploration and production activity is taking place further north in the Norwegian Sea and Barents Sea.

According to the NPD, 53 exploration wells were spudded in 2018, compared with 36 in 2017. Most of the wells drilled in 2018 were drilled in the North Sea. Eleven discoveries were made, with a preliminary resource estimate of 82 million standard cubic metres of recoverable oil equivalents (o.e.). This is higher than each of the three previous years. Exploration costs are expected to increase by 10 per cent from 2018 to 2019, after which a moderate reduction is expected for the next few years.[3]

In the Awards in Predefined Areas (APA) 2017, which were awarded in early 2018, 75 new licences were awarded to 34 companies. Of these, 45 are in the North Sea, 22 in the Norwegian Sea and eight in the Barents Sea.[3]

STRATEGY

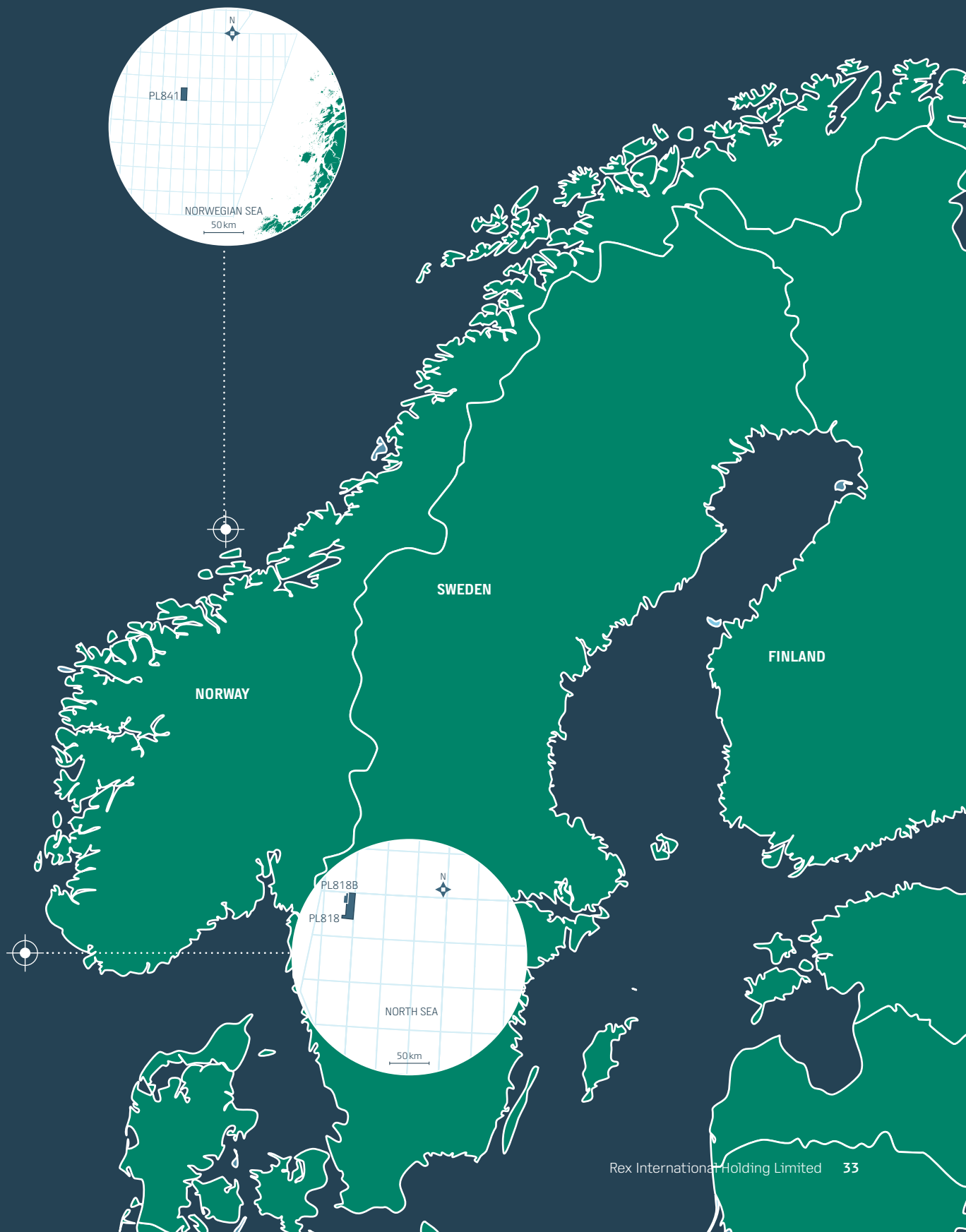
The Group has adopted a value creation strategy – particularly in the North Sea – built on its unique technology-led, de-risked exploration approach. The portfolio will be re-built through awards in licensing rounds and farm-in transactions with the view to participate in one exploration well per year, giving the potential for step change value increase.

LICENCES

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

Assuming the completion of LPA's divestment of its interests in PL338C, PL338E and PL815, LPA will retain its interests in three licences in Norway – two in the North Sea and one in the Norwegian Sea - totalling about 208 sq km.

Sources: [1] NPD website: http://www.npd.no/
[2] Norwegian Petroleum Directorate, "Historical and expected production in Norway, 1970-2023", 10 January 2019
[3] Norwegian Petroleum Directorate, "The Shelf in 2018 – Barely halfway through the Norwegian oil and gas story", 10 January 2019


N
PL841
NORWEGIAN SEA
50 km
SWEDEN
FINLAND
NORWAY
PL818B
PL818
N
NORTH SEA
50 km

2018 OPERATIONS UPDATE

- Announced the award of one new licence in the APA 2017 licensing round in January 2018.
- Divested stake in non-core asset, PL762 in the Norwegian Sea, effective from 1 January 2018 against a cash consideration.
- Participated in the drilling of a horizontal test production well on the Rolvsnes discovery in PL338C.
- Successfully completed the drilling of the horizontal test production well of the Rolvsnes discovery, with drilling results showing good reservoir productivity and connection to a significant oil volume, with production rate of up to 7,000 barrels of oil per day.
- Received and evaluated unsolicited, non-binding indications of interest for assets in LPA, guided by an independent financial adviser.
- Divested 20 per cent interest in non-core asset, PL850 in the Barents Sea.

2019 OPERATIONS UPDATE

- Entered into agreement to divest LPA's interests in the Rolvsnes discovery in PL338C, PL338E and the Goddo prospect in PL815 for a total cash consideration of US$ 45 million, subject to conditions precedent and regulatory approvals.

GOING FORWARD

- Pro-active evaluation of farm-in opportunities.
- Extensive applications in the upcoming annual licensing round for cost-effective portfolio growth.
- Continue to use Rex Virtual Drilling ("**RVD**") to de-risk the geological evaluations.

LICENCE	LOCATION	AREA (SQ KM)	LPA'S STAKE	REX'S EFFECTIVE STAKE IN LICENCE HOLDING ENTITY	OPERATOR	OTHER PARTNERS	EXPIRY DATE
PL 818	North Sea	77	30.0%	27.0%	Aker BP	Equinor	05.02.2023
PL818B	North Sea	20	30.0%	27.0%	Aker BP	Equinor	05.02..2023
PL 841	Norwegian Sea	111	20.0%	18.0%	Edison	Equinor, Petoro	05.02.2023

VALUE CREATION STRATEGY FOR NORWAY

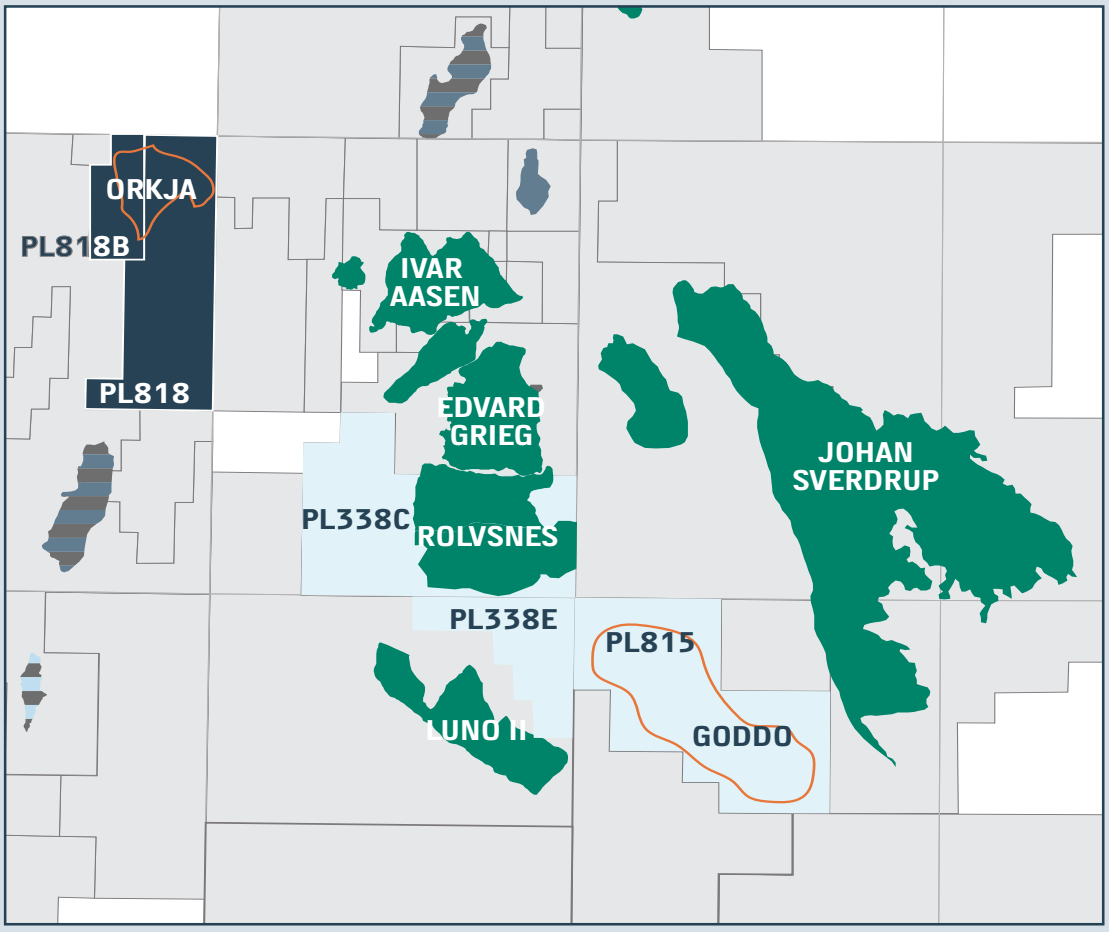
LPA was established in 2012 with offices in Oslo. The company was pre-qualified as a licence holder in February 2013 with a focus on mature areas and following a technology and infrastructure-led strategy.

LPA has used the Group's RVD technology to select and build a cluster of investments in the North Sea, located near to Johan Sverdrup, one of the five largest oilfields on the Norwegian continental shelf with expected resources of between1.9 to 3.0 billion barrels of oil[4], and adjacent to the producing Edvard Grieg and Ivar Aasen fields with estimated combined reserves of some 400 million barrels of oil[5]. Being in an oil prolific area that already has producing fields and pipeline infrastructure in place allows for a fast-track path to potential commercialisation and return on investment when more oil discoveries are made in LPA's assets.

LPA's entry into an agreement to divest its interests in PL338C, PL338E and PL815 in January 2019 is a prime example of the execution of this monetisation strategy.

LPA is retaining its interests in the Utsira High area: 30 per cent interests in licences PL818 and PL818B, with the Orkja prospect straddling the two licences. The prospect is located within easy tie-back distance to the producing Ivar Aasen field. AkerBP is the common operator of the two licences and the Ivar Aasen field. Ocean Bottom Seismic will be processed in 2019, with prospect evaluation and well planning in 2020 followed by drilling in 2021. Should this be successful, a discovery can be developed swiftly as a satellite to the Ivar Aasen field.

Besides the two licences in the North Sea, LPA holds a 20 per cent interest in one licence in the Norwegian Sea.



Map of the Utsira area: Dark blue - Licences with LPA participation, Light blue - Licences divested, Green - Oil fields/discoveries, Orange outline - prospects

Sources: [4] https://www.statoil.com/en/what-we-do/johan-sverdrup.html
[5] https://www.lundin-petroleum.com/eng/development_EdvardGrieg.php; http://www.akerbp.com/en/production-started-at-the-ivar-aasen-field/

FINANCIAL **REVIEW**

REVENUE AND COST OF SERVICES

The Group recorded total service revenue of US$0.41 million for the financial year ended 31 December 2018 ("**FY2018**"), as compared to total service revenue of US$0.36 million for the financial year ended 31 December 2017 ("**FY2017**"), from technical services rendered to external clients by Rex Technology Management Ltd ("**RTM**"). Corresponding cost of services of US$0.59 million and US$0.23 million were recorded in FY2018 and FY2017 respectively. The increase was due to additional costs associated with technical services being allocated to cost of services in FY2018.

EXPLORATION AND EVALUATION EXPENDITURE

Total exploration and evaluation ("**E&E**") expenditure of US$2.09 million and US$3.16 million were recorded in FY2018 and FY2017 respectively. The lower E&E expenditure in FY2018 was due to capitalisation of costs relating to exploration activities in Norway.

ADMINISTRATIVE EXPENSES

Total administrative expenses decreased slightly to US$10.52 million in FY2018, from US$11.27 million in FY2017, due to lower Group operational costs.

OTHER EXPENSES

Total other expenses of US$2.01 million in FY2018 mainly arose from fair value loss on quoted investments of US$1.47 million and writedown of inventories of US$0.51 million due to stock obsolescence.

Comparatively in FY2017, total other expenses of US$2.15 million in FY2017 was due to the impairment of the carrying value of its investment in a jointly controlled entity, Rexonic. The Group's share of equity-accounted losses of US$0.68 million in FY2017 was related to Rexonic.

OTHER INCOME

Total other income of US$28.84 million in FY2018 largely comprised of 1) net gain on disposal of an unquoted investment (previously classified as an available-for-sale investment) of US$0.43 million, and 2) net reversal of impairment losses on exploration and evaluation assets of US$28.26 million as a result of the successful horizontal test production well of the Rolvsnes discovery, which showed good reservoir productivity and connection to a significant oil volume, and confirmed sustainable commercial oil flow. Please refer to press release dated 27 August 2018 for further details.

Comparatively in FY2017, total other income of US$1.82 million largely arose from 1) net change in fair value of an available-for-sale investment, net of tax (reclassified from equity on disposal) of US$0.83 million upon disposal of the Group's shares in North Energy, 2) fair value gain on quoted investments of US$0.58 million, and 3) certain ad-hoc consultancy work performed by one of the subsidiaries of US$0.22 million.

NET FINANCE COSTS

Total finance income of US$0.90 million and US$1.01 million were recorded in FY2018 and FY2017 respectively, mainly from interest income generated from quoted investments. Finance costs of US$1.55 million and US$1.38 million were recorded in FY2018 and FY2017 respectively, mainly due to short-term bank borrowings.

TAXATION

The Group recorded tax expense of US$11.01 million in FY2018, as opposed to tax credit of US$6.48 million in FY2017, from the Norwegian authorities in relation to exploration costs incurred in Norway. The tax expense in FY2018 was attributable to an increase in deferred tax liabilities as a result of the reversal of impairment losses on the exploration and evaluation asset.

PROFIT FOR THE YEAR

Overall, the Group registered a profit before tax of US$13.04 million (profit after tax of US$2.03 million) in FY2018 as compared to a loss before tax of US$15.41 million (loss after tax of US$8.93 million) in FY2017.

NON-CURRENT ASSETS

Non-current assets of the Group increased to US$141.20 million as at 31 December 2018, from US$84.00 million as at

31 December 2017, mainly due to an increase in exploration and evaluation expenditure of US$30.85 million, pursuant to exploration activities mainly in Norway and partly in Oman in FY2018 and reversal of impairment losses on exploration and evaluation assets subsequent to the successful horizontal test production well of the Rolvsnes discovery.

CURRENT ASSETS

In FY2018, the Group had sold its stake in Steeldrum Oil Company Inc., in exchange for shares in Columbus Energy Resources Plc ("**Columbus**") (the "**Transaction**"). As a result of the Transaction, the Group had derecognised its unquoted investment (previously classified as available-for-sale investment) of US$1.11 million, and correspondingly, recorded its stake in Columbus under quoted investments and a net gain of US$0.43 million in the profit or loss in FY2018. The quoted investment was subsequently marked-to-market at US$1.04 million as at 31 December 2018.

Trade and other receivables of the Group increased to US$31.27 million as at 31 December 2018, from US$9.53 million as at 31 December 2017, largely due to increase in income tax receivables from the Norwegian authorities in FY2018.

Quoted investments decreased to US$28.82 million as at 31 December 2018, from US$33.57 million as at 31 December 2017, due to the maturity of debt securities in FY2018, and was partially offset by the recognition of Columbus shares pursuant to the Transaction as described above.

NON-CURRENT LIABILITIES

The Group recorded decommissioning provisions of US$11.33 million and US$10.74 million as at 31 December 2018 and 31 December 2017 respectively, in relation to provisions for decommissioning costs in Oman.

Deferred tax liabilities increased to US$40.95 million as at 31 December 2018, from US$2.36 million as at 31 December 2017, due to an increase in capitalised exploration and evaluation costs from exploration activities in Norway in FY2018 and the reversal of impairment losses on exploration and evaluation assets (and corresponding increase in deferred tax liabilities) subsequent to the successful horizontal test production well of the Rolvsnes discovery.

CURRENT LIABILITIES

The Group recorded short-term bank borrowings of US$26.41 million as at 31 December 2018, as a result of drawn-down credit facilities to fund exploration activities in Norway. All short-term bank borrowings outstanding in FY2017 were fully repaid as at 31 December 2017.

Trade and other payables increased to US$4.38 million as at 31 December 2018, from US$3.36 million as at 31 December 2017, due to an increase in accrued expenses for exploration activities in Norway in FY2018.

CASH FLOWS

At 31 December 2018, the Group's cash and cash equivalents and quoted investments totalled US$34.12 million (31 December 2017: US$45.27 million); with cash and cash equivalents at US$5.30 million (31 December 2017: US$11.70 million) and quoted investments at US$28.82 million (31 December 2017: US$33.57 million).

The Group reported net cash used in operating activities of US$3.56 million in FY2018, after accounting for movements in working capital. This was primarily due to changes in working capital and administrative and operational expenses incurred in relation to the Group's business, which was partially offset by the receipt of tax refunds of US$7.07 million from the Norwegian tax authorities in relation to the exploration costs incurred in Norway.

Net cash used in investing activities of US$30.00 million in FY2018 was largely attributable to exploration and evaluation expenditure of US$35.91 million in Norway and Oman, partially offset by proceeds from the disposal of quoted investments of US$4.81 million and interest received from quoted investments of US$0.90 million.

Net cash generated from financing activities of US$27.60 million in FY2018 was largely attributable to proceeds from short-term bank borrowings of US$33.12 million for exploration activities in Norway, partially offset by repayment of short-term bank borrowings of US$4.59 million and payment of interest expense of US$0.82 million.

Overall, the Group recorded a net decrease in cash and cash equivalents of US$5.95 million in FY2018 (before taking into account of the effect of exchange rate changes on balances held in foreign currency).

INVESTOR RELATIONS & COMMUNICATIONS

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

The Group announces its financial results quarterly and these are made available on SGXNet and the Company's website, which is a primary source of information.

All announcements released on SGXNet are also available on the Company's website. Investors can subscribe to email alerts on the Company's new announcements at http://rex.listedcompany.com/email_alerts.html.

2018 INVESTOR RELATIONS ACTIVITIES

1Q2018

Release of FY2017 financial results

2Q2018

Release of 1Q 2018 financial results
Annual General Meeting
Extraordinary General Meeting
Group Analyst Briefing

3Q2018

Release of 2Q 2018 financial results

4Q2018

Release of 3Q 2018 financial results

>40

announcements and press releases were issued.

119

in the Singapore Corporate Transparency Index 2018, out of 589 companies listed on both the Singapore Exchange's Mainboard and Catalist. The Company achieved a score of 69, well above the mean score of 56.3 for the year. It continued to be the highest ranked among Singapore-listed oil exploration & production companies for the third consecutive year.

CONTACT US

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

SHAREHOLDER ENQUIRIES

Rex International Holding Limited
1 George Street #14-01
Singapore 049145
Phone: +65 6557 2477
Fax: +65 6438 3164
Email: info@rexih.com or ir@rexih.com
Website: http://rexih.com

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898
Telephone: +65 6236 3333
Website: www.sg.tricorglobal.com

SHARE DEPOSITORY

The Central Depository (Pte) Limited
4 Shenton Way
#02-01 SGX Centre 2
Singapore 068807
Phone: +65 6535 7511
Fax: +65 6535 0775
Email: cdp@sgx.com
Website: www.cdp.com.sg

SUSTAINABILITY REPORT

BOARD STATEMENT

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

Sustainability efforts at Rex International Holding are led by the Company's management team, which reports directly to the Board. For this 2018 Sustainability Report, the Board has considered sustainability issues, and together with the management team, has determined the material ESG factors for the Group. Two new materiality topics, namely Procurement Practices and Environmental Compliance, have been added in the 2018 Sustainability Report.

Rex International Holding aims to progressively add metrics and targets that are material to its business in its subsequent sustainability reports.

ABOUT THIS SUSTAINABILITY REPORT

This is the third Sustainability Report by Rex International Holding, which is headquartered in Singapore. This Sustainability Report covers the financial year from 1 January to 31 December 2018 and is aligned with the Group's financial year. This report has been prepared in accordance with the Global Report Initiative (GRI) Standards: Core option. The GRI Standards were chosen, given its longstanding universal application and robust guidance. The GRI content index and the relevant references are provided at the back of this report.

The Company has also referenced the Sustainability Accounting Standards Board's (SASB) Oil & Gas Exploration & Production ("**E&P**") Sustainability Accounting Standard (October 2018) for sustainability issues most likely to impact the operating performance or financial condition of E&P companies, regardless of location.

These issues include Environment; Social – Community Relations and Workforce Health & Safety; as well as Leadership & Governance – Business Ethics & Transparency, Risk Management and Legal & Regulatory Environment.

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

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

The report can be read or downloaded from http://rexih.com.

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

The Company will publish the Sustainability Report annually, to account for its performance and strategy on key ESG issues that matter to our stakeholders.

STAKEHOLDER ENGAGEMENT

The Company engages its stakeholders regularly through various communications channels. Such engagement with stakeholders allows for the Company to identify, review and add to its sustainability efforts.

STAKEHOLDER GROUPS	PURPOSE & GOAL	MODES OF ENGAGEMENT	KEY CONCERNS RAISED BY STAKEHOLDER GROUPS
Shareholders & Investors – institutional investors, analysts, retail shareholders	Provide timely and accurate information to shareholders and the investing public	Dedicated Investor Relations section on the company's website SGXNet announcements Annual / Extraordinary General Meetings Quarterly Financial Reports Annual Reports/Circulars Meetings with investors and analysts, roadshows and conferences Corporate and marketing videos, factsheets Communications via telephone, email and social media	Business performance and strategy Debt position Sustainable delivery of returns Industry conditions Market presence
Partners and Clients	Collaborative efforts with partners to find oil in exploration drilling campaigns Provide timely and accurate Rex Virtual Drilling ("**RVD**") analyses to clients	Regular meetings, feedback and correspondence Electronic communications	Timely financial contribution to exploration drillings Fast and accurate RVD analyses Environment, health & safety
Employees	Inclusive environment with enhanced well-being and productivity, with opportunities to develop skills	Weekly internal meetings Employment incentives Training courses / seminars Staff bonding activities	Reward and recognition Training and career development
Regulators and service providers	Compliance with government policies, rules and regulations Fair and reasonable treatment	Regular meetings, feedback and correspondence	Compliance with rules and regulations Sharing of best practices
Community	Contribute to the communities we operate in	Corporate social responsibility efforts	Environment Corporate philanthropy

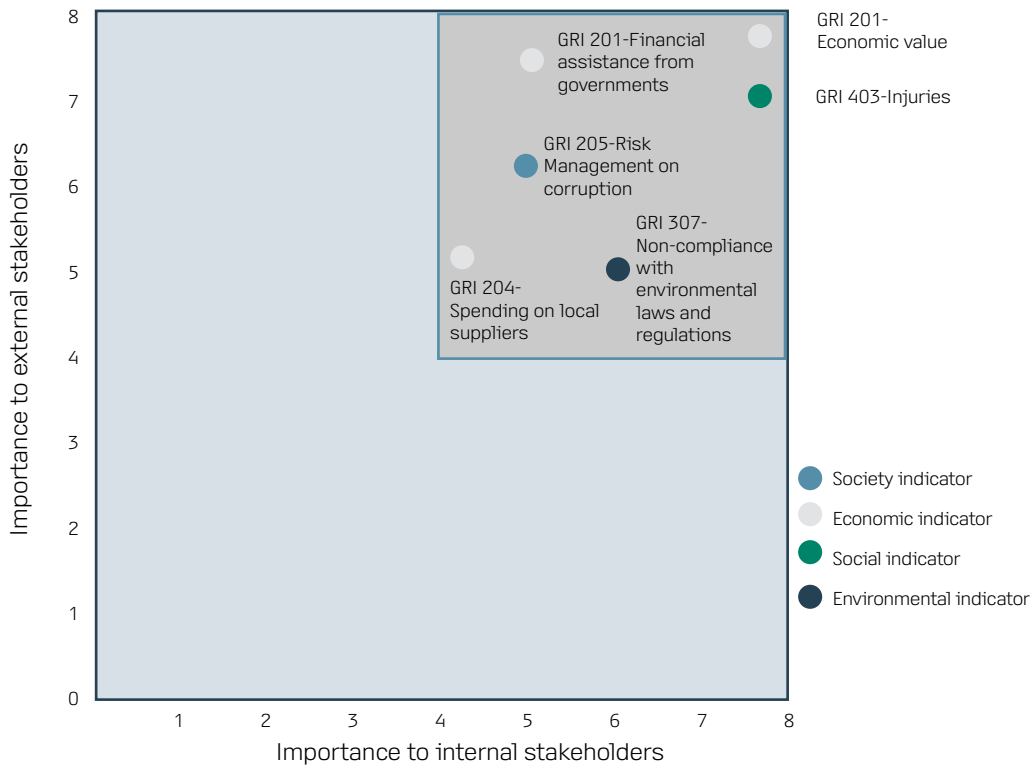
MATERIALITY ASSESSMENT

A materiality assessment was conducted by the Management, referencing the GRI Standards, to define the key material topics for Rex International Holding.

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

The Group identified, rated, prioritised, and then validated the materiality topics. For FY2018, two new material topics – Procurement Practices and Environmental Compliance – have been identified, in addition to the four materiality topics from the previous year that are kept. The Management and Board have reviewed and endorsed the following materiality matrix:

MATERIALITY MATRIX



MATERIAL TOPICS SELECTED FOR SUSTAINABILITY REPORTING

NO.	CATEGORY	ESG ISSUES	MAPPED TO GRI ASPECTS
1	Economic	Economic and financial performance	GRI 201-1 - Economic value generated and distributed
2	Economic	Economic consideration for investment	GRI 201-4 – Financial assistance received from government
3	Social	Worker Health and Safety	GRI 403-2 – Injury, lost days and total number of work-related fatalities, by region and by gender
4	Society	Risk Management	GRI 205-1 – Total number and percentage of operations assessed for risks related to corruption and significant risks identified
5	Economic	Procurement Practices	GRI 204-1 – Spending on local suppliers
6	Environment	Environmental Compliance	GRI 307-1 – Non-compliance with environmental laws and regulations

TARGETS FOR MATERIAL TOPICS

NO.	MATERIAL TOPICS	TARGETS	FY2018 ACHIEVEMENTS
1	**Economic value**	Short-term goal: To unlock value by achieving more oil discoveries and building up on its contingent resources and reserves. Long-term goal: To become profitable.	The drilling of the horizontal test production well of the Rolvsnes discovery was successful, with drilling results showing good reservoir productivity and connection to a good oil volume and production rate of up to 7,000 barrels of oil per day.
2	**Financial assistance from government**	To invest in exploration assets in jurisdictions that offer attractive tax incentives.	In FY2018, Lime Petroleum AS ("**LPA**") received US$7.07 million in tax rebates from the Norwegian government, compared to US$22.38 million in FY2017.
3	**Employee health and safety**	Zero fatality rate. No down time related to Environment, Health, Safety and Security ("**EHSS**") issues.	Zero fatality rate in the drilling of the Rolvsnes well in which LPA participated and no down time related to EHSS issues.
4	**Anti-corruption**	Zero tolerance towards fraud, corruption and unethical actions.	No instance of whistle-blowing, and no instances of bribery or corruption have been identified in 2018.
5	**Sustainable Supply Chain Management**	To procure all services from local suppliers, provided they can deliver the required quality on cost and time.	Majority of contracts for the drilling of the Rolvsnes well was procured from Norwegian service providers.
6	**Compliance with environmental laws and regulations**	100% compliance.	100% compliance achieved.

It is to be noted that the targets for the materiality topics, which form part of the corporate performance objectives, are linked to the variable component of the remuneration for the Executive Directors and key management personnel. Further information on the performance criteria for remuneration can be found in the Corporate Governance section of this Annual Report.

APPROACH TO SUSTAINABILITY

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

SUSTAINABILITY GOVERNANCE

- The Management, headed by the Chief Executive Officer, oversees sustainability at Rex International Holding. This sets the tone for the integration of business and sustainability strategy from the top. Management also reviews the Company's sustainability strategy, approach and performance.
- Rex International Holding was ranked No. 119 in the Singapore Corporate Transparency Index 2018, out of 589 companies listed on both the Singapore Exchange's Mainboard and Catalist. The Company achieved a score of 69, well above the mean score of 56.3 for the year. It continued to be the highest ranked among Singapore-listed oil E&P companies for the third consecutive year.

ECONOMIC

ECONOMIC AND FINANCIAL PERFORMANCE *

- The Company's short-term goal is to unlock value by achieving more oil discoveries in its exploration assets and building up on its contingent resources and reserves.
- The Company's long-term goal is to become profitable.
- Details of the Company's economic and financial performance are found in the Financial Statements section of this Annual Report.

FINANCIAL ASSISTANCE RECEIVED FROM THE GOVERNMENT *

- With oil exploration being a capital intensive industry, the Company looks to invest in exploration assets in jurisdictions that offer attractive tax incentives. Incentives or financial assistance from the governments in these jurisdictions are a key determining factor for the Group's investment decisions as these will have a bearing on the Group's return on investment in the long term.
- In Norway, the Company's subsidiary LPA was established in 2012 and became a Pre-qualified Petroleum Company in February 2013. Hence, the company is eligible for tax rebates of 78% of all oil exploration costs, regardless of any oil discovery or not. This allows the Group to participate in a highly developed oil market among reputed operators in Norway. In FY2018, LPA received US$7.07 million in tax rebates from the Norwegian government, compared to US$22.38 million in FY2017.
- In Oman, an audit of recoverable costs and proposed budget are regularly presented to the Omani Ministry of Oil & Gas for approval.
- This aspect would continue to be a major consideration for the Company's investment decisions in the future.

SOCIAL

WORKER HEALTH & SAFETY*

- The upstream or oil E&P sector is a capital and labour intensive sector that carry significant risks. The drilling of exploratory wells requires a technically specialised crew to be on-site for weeks in a potentially combustible environment. As such, the Company considers worker health and safety to be a material ESG factor.
- Operators managing exploration drillings in which the Company participates have to adhere to strict EHSS regulations and are subject to prequalification and audit for every drilling undertaken in the respective jurisdictions.
- Where Rex International Holding or any of its subsidiaries is the operator, risks associated with our operations are managed through the implementation of our Operations Risk Management System ("**ORMS**"). The ORMS is adapted to the local rules and regulations in each jurisdiction where necessary.
- The Group aims to have zero major injuries and fatalities in drilling campaigns and no downtime related to EHSS issues whereby its subsidiary is the operator.
- The Group participated in one drilling in Norway in 2018. Some technical problems were encountered while drilling. However, no major injuries nor fatalities were sustained during the entire drilling operations and no days were lost.
- Safety training is compulsory for all crew working offshore and safety meetings and work briefings are held with the contractors' staff on a regular basis.

**Key material topic*

PROCUREMENT PRACTICES*

- The Group has in place a detailed tender process for the appointment of contractors and service providers and spending on local suppliers.
- Authorisation of expenditure by the associated partners in a licence before the start of any drilling project is required. This is preceded by detailed documentation of the proposed capital expenditure related to exploration, development and production.

TALENT MANAGEMENT

- As a relatively young company, the Company considers human capital as one of its key assets. The Company aims to inculcate its values of innovation, integrity and entrepreneurship among its staff by availing learning and development opportunities to them.
- In 2018, the Company's employees have been assessed against a set of internal performance targets, which also includes ESG targets.
- Rex International Holding offers fair compensation packages, based on practices of pay-for-performance and promotion based on merit, to its employees. Employees are also entitled to various healthcare and insurance subsidies, as well as annual leave including parental leave.
- The Company agrees with international human rights conventions, such as the Universal Declaration of Human Rights and the International Labour Organisation (ILO) Conventions, against coerced labour and discrimination in any form.

STAFF DEVELOPMENT

- The provision of appropriate development and training opportunities to employees is one of the key internal performance targets monitored by the Company. In 2018, employees in Singapore attended a variety of seminars , averaging 13 hours of staff training per employee.

CORPORATE GOVERNANCE

- Singapore Institute of Directors - Corporate Governance Briefing: Understanding the Revised Code

FINANCE

- Singapore Business Federation (SBF) - PayNow Corporate (DBS)
- SBF - Briefing on Company's Tax Filing Obligations and CorpPass
- Financial Reporting: IFRS 15 Revenue from Contracts with Customers
- Singapore Budget 2018
- SBF - Common GST Errors & Zero Rating
- KPMG - Financial Reporting Changes on the Horizon

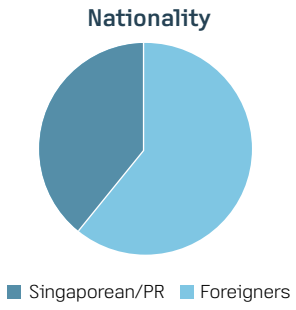
INVESTOR RELATIONS

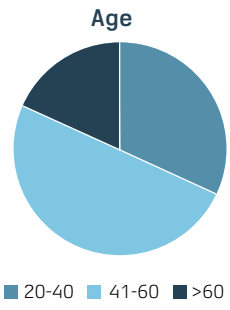
- Investor Relations Professionals Association (Singapore) - How MiFID has Shaken the Equities World. What are the Solutions?

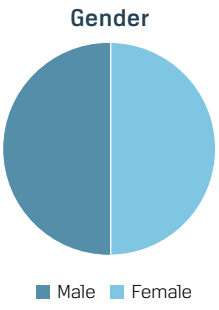
- The Company also engages its employees and seeks to forge stronger relationships through regular social events and feedback channels.

DIVERSITY AND INCLUSION

- The Company embraces diversity in terms of gender, age and ethnicity in its work force.
- In FY2018, there were no departures and no new hires.







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

**Key material topic*

SOCIETY

RISK MANAGEMENT

- The Company views Risk Management as a key governance factor and is committed to maintaining a sound system of risk management and internal controls to safeguard shareholders' interest and the Company's assets.
- A Risk Management Committee, overseen by the Audit Committee, is in place. KPMG Services Pte. Ltd. (KPMG), an independent third party, has been engaged since FY2013 to develop and review a Board Assurance Framework that includes an enterprise risk management framework to assess the Company's evolving risk profile and risk mitigation plans.
- Identified risks include strategic, financial, operational, compliance, fraud and corruption, litigation and cyber security risks.
- Further details of the Company's enterprise risk management framework and internal controls are found in the Corporate Governance section of this Annual Report.
- Regular discussions are held with our employees to focus on addressing any specific risks identified from time to time in connection with the Group's operations. The Group also carries out follow-up reviews from time to time to ensure the effective implementation of our risk management procedures. The Company aims to continue to mitigate risks effectively and to ensure that internal controls remain robust.

CODE OF CONDUCT & ETHICS POLICY*

- All board committees are chaired by independent non-executive Directors.
- Each year, the Nominating Committee ("**NC**") undertakes a process to evaluate the effectiveness of the Board as a whole and the Board Committees, facilitated by an independent external consultant if and when necessary. More details are found in the Corporate Governance section of this Annual Report.
- The Company has in place a code of ethics and business conduct policy and a conflict of interest policy, which encompass the Company's zero tolerance stance against bribery and corruption. A whistle-blowing policy is also in place. There was no incidence of whistle-blowing, bribery or corruption, anti-competitive behaviour nor fines for non-compliance with the law in FY2018, as was the case in FY2017 and FY2016.

**Key material topic*

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

DATA PRIVACY AND PROTECTION

- We conduct our business in compliance with the Personal Data Protection Act (PDPA) in Singapore.
- Before the European Union General Data Protection Regulation (GDPR) took effect on 25 May 2018, the Company communicated to its database of European subscribers via email, a summary of how the Company collects, processes/uses, discloses and stores their personal data. These subscribers were also given an option to continue to receive the Company's email alerts.

COMMUNITY

- As a young company, we aspire to do good in the communities we operate in. In 2018, Rex International Holding's Singapore office participated in the "Gifts of Joy" initiative by its landlord to fulfil wishes for 778 students at two of Rainbow Centre's Special Education (SPED) schools serving children and youth aged seven to 18 years old with a diverse range of developmental and learning needs. This is the fourth time that the Company has participated in its landlord's "Gifts of Joy" initiative.

PRODUCT RESPONSIBILITY

MARKETPLACE & CUSTOMERS

- The Company had previously used its proprietary technology Rex Virtual Drilling ("**RVD**") on its own assets. With the collapse of oil prices since mid-2014, the Company has made the strategic decision to also offer RVD as a service for oil exploration companies, as an additional tool to de-risk their assets.
- Research and development efforts on RVD have continued unabated during the past few years. The latest version, RVD version 4, incorporates dispersion analysis to further assess the potential presence of oil.
- In marketing communications, the Company strives for a high standard in fair marketing communications.
- In the last quarter of 2018, a new external client was clinched for RVD services. The Company aims to garner more external clients for its RVD services in 2019.

ENVIRONMENTAL

ENVIRONMENTAL COMPLIANCE *

- The Group is committed to participating in oil exploration and production projects that minimise the impact of its activities on the surrounding natural environment, particularly in environmentally sensitive areas or areas with elevated operational risks, such as deep water or high pressure areas.
- In FY2018, Rex International Holding's subsidiary in Norway, LPA, participated in the horizontal test production well of the Rolvsnes discovery. The operator, Lundin Norway AS, had performed extensive environmental baseline and impact studies prior to the drilling, in order to ensure protection of the environment. There was only one minor incidence of non-compliance with Norway's strict environmental laws and regulations for this well. The incident related to the unintentional release of a small amount of saltwater fluid to the sea due to human errors when operating the control panel.
- In Oman, Rex International Holding's subsidiary Masirah Oil Ltd has appointed a third party consultancy to manage its environment-related insurance.

REDUCING CARBON FOOTPRINT

- The Group's proprietary liquid hydrocarbon indicator, the RVD technology, empowers the Group to have a higher chance of success in finding oil, and in turn, minimises the use of resources and the adverse impact on the environment as fewer dry wells will be drilled.
- With SGX allowing the move towards electronic transmission of shareholder documents with effect from March 2017, the Company obtained shareholders' approval at its 2018 Annual General Meeting to change its Constitution accordingly so as to adopt the e-communication regime for its shareholder base. With effect from 2019, the Company has done away with mailing out physical copies of the Annual Report and CD-ROMs of the Qualified Person's Reports. Shareholders can view the aforementioned reports on the Company's website, http://rexih.com. However, physical copies of the Annual Report will still be made available upon request. This e-communication regime will help in reducing the Company's environmental footprint while lowering operational costs.
- Despite its lean staff strength, the Company has made efforts to reduce energy consumption in its Singapore office. Rex International Holding participated in Eco Action Day, an annual nationwide campaign in Singapore encouraging awareness and action for the environment, culminating in the celebration of World Environment Day on 5 June 2018. This leading campaign for positive environmental action in Singapore is an established platform for organisations and individuals to pledge environmental actions that will reduce energy and resource consumption, thereby minimising carbon emissions.
- The Company pledged the following:
  - Set all electronic equipment to energy saving mode (PCs, laptops, photocopiers).
  - Avoid switching on lights in areas where natural light is abundantly available.
  - Assign a proper recycling company to collect recycled waste, used office equipment, and toner cartridges and bottles.
  - Encourage staff to read email via PC instead of printing.
  - Set office printers to automatic double-sided printing mode to save on paper consumption.
  - Set office print option to black & white printing to consume less ink.
  - Make mugs and cutlery freely available in the pantry, to help staff use fewer disposable cups and cutlery.
  - Use telephone conferencing and video-conferencing technologies to reduce overseas travel for business meetings.
  - Use refillable pens and markers.
- The Singapore office's electricity consumption in 2018 was 3% lower than that in 2017. Water consumption remained unchanged. The Company aims to continue the trend of conservation in the coming year.

**Key material topic*

GRI INDEX TABLE
GENERAL STANDARD DISCLOSURES

ITEM	DESCRIPTION	PAGE REFERENCE AND REMARKS
General Disclosures		
GRI 102-14	Statement from senior decision maker	pg 5-7
GRI 102-15	Key impacts, risks and opportunities	pg 5-7
GRI 102-1	Name of the organisation	pg 1
GRI 102-2	Activities, brands, products, and/or services	pg 1
GRI 102-3	Location of headquarters	pg 1, 8
GRI 102-4	Location of operations	pg 2, 28-35
GRI 102-5	Ownership and legal form	pg 2
GRI 102-6	Markets served	pg 20-35
GRI 102-7	Scale of the organisation	pg 2, 3, 5-7
GRI 102-8	Information on employees and other workers	pg 39-46
GRI 102-41	Collective bargaining agreements	NA
GRI 201-9	Supply chain	pg 44
GRI 102-10	Significant changes to the organisation and its supply chain	NA
GRI 102-11	Precautionary principle or approach	NA
GRI 102-12	External initiatives	NA
GRI 102-13	Membership of associations	Member of Singapore Business Federation and Investor Relations Practitioners' Association of Singapore
GRI 102-45	Entities included in the consolidated financial statements	pg 137-142
GRI 102-46	Defining report content and topic boundaries	pg 39-46
GRI 102-47	List of material topics	pg 41-46
GRI 102-48	Restatements of information	Nil
GRI 102-49	Changes in reporting	
GRI 102-40	List of stakeholder groups	pg 40
GRI 102-42	Identifying and selecting stakeholders	pg 40
GRI 102-43	Approach to stakeholder engagement	pg 40
GRI 102-44	Key topics and concerns raised	pg 40-46
GRI 102-50	Reporting period	pg 39
GRI 102-51	Date of most recent report	pg 39
GRI 102-52	Reporting cycle	pg 39
GRI 102-53	Contact point for questions regarding the report	pg 38, 39
GRI 102-54	Claims of reporting in accordance with the GRI Standards	
GRI 102-55	GRI content index	pg 47-48
GRI 102-56	External assurance	Nil
GRI 102-18	Governance structure	
GRI 102-16	Values, principles, standards and norms of behaviour	pg 1, 45
GRI 102-17	Mechanisms for advice and concerns about ethics	pg 45
Management Approach		
GRI-103-1	Explanation of the material topic and its boundary	pg 41, 42
GRI 103-2	The management approach and its components	
GRI 103-3	Evaluation of the management approach	

SPECIFIC STANDARD DISCLOSURES

PERFORMANCE INDICATORS		PAGE REFERENCE AND REMARKS
Economic Performance		
GRI 201-1	Direct economic value generated and distributed	pg 3, 36-37
GRI 201-4	Financial assistance received from government	pg 7, 31, 42, 43, 105
Market Presence		
GRI 202-2	Proportion of senior management hired from local community	pg 44
Procurement Practices		
GRI 204-1	Proportion of spending on local suppliers	pg 44
Energy		
GRI 302-1	Energy consumption within the organisation	pg 46
Effluents and Waste		
GRI 306-3	Significant spills	Nil
Environmental Compliance		
GRI 307-1	Non-compliance with environmental laws and regulations	pg 46
Employment		
GRI 401-1	New employee hires and employee turnover	pg 44
GRI 401-3	Parental leave	pg 44
Occupational Health and Safety		
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities	pg 43, 44
Training and Education		
GRI 404-2	Programmes for upgrading employee skills and transition assistance programmes	pg 44
Non-Discrimination		
GRI 406-1	Incidents of discrimination and corrective actions taken	Nil
Anti-Corruption		
GRI 205-1	Operations assessed for risks related to corruption	pg 45
GRI 205-2	Communication and training on anti-corruption policies and procedures	pg 45
GRI 205-3	Confirmed incidents of corruption and actions taken	Nil
Marketing & Labelling		
GRI 417-3	Incidence of non-compliance concerning marketing communications	Nil
Customer Privacy		
GRI 418-1	Substantiated complaints regarding breaches of customer privacy and loss of data	Nil

10 UN GLOBAL COMPACT PRINCIPLES

PRINCIPLE	DESCRIPTION	PAGE REFERENCE
HUMAN RIGHTS		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	pg 44
Principle 2	Make sure that they are not complicit in human rights abuses.	NA
LABOUR		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	NA
Principle 4	The elimination of all forms of forced and compulsory labour;	NA
Principle 5	The effective abolition of child labour; and	NA
Principle 6	The elimination of discrimination in respect of employment and occupation.	pg 44
ENVIRONMENT		
Principle 7	Businesses should support a precautionary approach to environmental challenges;	pg 46
Principle 8	Undertake initiatives to promote greater environmental responsibility; and	pg 46
Principle 9	Encourage the development and diffusion of environmentally friendly technologies.	pg 46
ANTI-CORRUPTION		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	pg 45

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**") of Rex International Holding Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is committed to achieving and maintaining high standards of corporate governance principles and processes in managing its business and affairs to enhance long-term shareholder value and business performance, by embracing the tenets of good governance, including accountability, transparency and sustainability of the Group.

During the financial year under review, the Board of Directors of the Company (the "**Board**" or the "**Directors**") has reviewed its corporate governance practices and ensured that they are in compliance with the applicable provisions of the Code of Corporate Governance 2018 (the "**Code**") issued by the Monetary Authority of Singapore and the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**"). Where applicable, deviations from the Code have been explained.

This corporate governance report sets out how the Company has applied the principles of good corporate governance in a disclosure-based regime where the accountability of the Board to the Company's shareholders and the Management to the Board provides a framework for achieving a mutually beneficial tripartite relationship aimed at creating, enhancing and growing sustainable shareholders' value.

GUIDELINE

General

Compliance to the Code

The Company has complied with the principles and guidelines as set out in the Code and the disclosure guide developed by the SGX-ST in 2018 (the "**Guide**"), where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1 ***The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.***

1.1

Role of the Board

Composition of the Board	
Name of Director	**Designation**
Dan Broström	Executive Chairman
Dr Karl Lidgren	Executive Director
Sin Boon Ann	Lead Independent Non-Executive Director
Muhammad Sameer Yousuf Khan	Independent Non-Executive Director
Dr Christopher Atkinson	Independent Non-Executive Director

CORPORATE GOVERNANCE REPORT

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

The Board sees as its role to:

(a) Provide leadership guidance, set corporate strategic objectives and directions for Management, which should include appropriate focus on value creation, innovation and sustainability;

(b) Set the appropriate tone-from-the-top and desired organisational culture, and to ensure proper accountability within the Company;

(c) Ensure that the necessary resources are in place for the Company to meet its strategic objectives;

(d) Establish and maintain a sound risk management framework to effectively monitor and control risks;

(e) Constructively challenge Management and review its performance;

(f) Instil an ethical corporate culture and ensure that the Company's values, standards, policies and practices are consistent with the culture; and

(g) Oversee the overall corporate governance of the Group and ensure transparency and accountability to key stakeholder groups.

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

Conflicts of Interest

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

1.2 ### *Director Competencies*

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

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

All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of a director of a listed company. To get a better understanding of the Group's business, the Directors will also be given the opportunity to visit the Group's operational facilities and meet with Management, whenever required.

Except for Mr Sin Boon Ann and Mr Muhammad Sameer Yousuf Khan, the rest of the Directors of the Company do not have prior experience holding directorship(s) in public listed companies in Singapore. All of the Directors have been on the Company's board for more than four years. To prepare and familiarise themselves with the roles and responsibilities of Directors of a public listed company Mr Dan Broström and Dr Karl Lidgren had completed the Listed Company Director courses conducted by the Singapore Institute of Directors (the "**SID**") in 2013 while Dr Christopher Atkinson did so in 2018, on top of a session on Director's Duties for a Listed Company conducted by Baker McKenzie in 2016.

Directors are also regularly updated with the latest professional developments in relation to the Catalist Rules and other applicable regulatory updates or amendments to relevant laws, rules and regulations to ensure the compliance of the same by all Directors.

In 2018, the Directors attended the following:

Dan Broström	(1)	ACRA: SGX-SID Audit Committee Seminar 2018 (Rebooting Corporate Governance)
	(2)	PrimePartners Corporate Finance: Talk on Key Trends on Remuneration Matters
Sin Boon Ann	(1)	Public Lecture by Professor Mark Anielski: "What's our Bottom Line? Wealth, Winning or Well-being"
	(2)	Singapore Management University (SMU): Dentons Rodyk Dialogue 2018 - Insights to the future of international trade and global integration
	(3)	SMU School of Law: Seminar on "The United States' Foreign Corrupt Practices Act: Understanding Its Reach And Implications" (2018) by Mr V Jesudevan
	(4)	Russia Singapore Business Forum 2018
Sameer Khan	(1)	ACRA: SGX-SID Audit Committee Seminar 2018 (Rebooting Corporate Governance)
	(2)	SID Feedback Session on the Recommendations of the Corporate Governance Council
	(3)	PrimePartners Corporate Finance: Talk on Key Trends on Remuneration Matters
Dr Christopher Atkinson	(1)	SID: Listed Company Director Essentials - Understanding the Regulatory Environment in Singapore
	(2)	Geological Society of London, UK: Seismic Characterisation of Carbonate Platforms and Reservoirs
	(3)	Petroleum Exploration Society of Great Britain Prospect Exhibition, London, UK

1.3 ***Material Transactions Requiring Board Approval***

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

- Overall Group business and budget strategy;
- Capital expenditures exceeding certain material limits;
- Investments or divestments;
- All capital-related matters including capital issuance;
- Significant policies governing the operations of the Company;
- Corporate strategic development and restructuring;
- Interested person transactions exceeding S$100,000 threshold; and
- Risk management strategies.

1.4 ***Board Committees***

The Board has delegated certain responsibilities to the Audit Committee (the "**AC**"), the Remuneration Committee (the "**RC**") and the Nominating Committee (the "**NC**") (collectively, the "**Board Committee(s)**"). The composition of the Board Committees are as follows:

Composition of the Board Committees

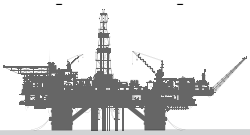
Board Committee	AC	NC	RC
Chairman	• Muhammad Sameer Yousuf Khan	• Sin Boon Ann	• Sin Boon Ann
Member	• Sin Boon Ann	• Muhammad Sameer Yousuf Khan	• Muhammad Sameer Yousuf Khan
Member	• Dan Broström	• Dr Karl Lidgren	• Dan Broström

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

1.5 ***Board Meetings and Attendance***

The Board meets on a quarterly basis, and as and when circumstances require. In the financial year ended 31 December 2018 ("**FY2018**"), the number of Board and Board Committee meetings held and the attendance of each Board member at such meetings as well as at the Annual General Meeting ("**AGM**") and the Extraordinary General Meeting ("**EGM**") held on 27 April 2018 are shown below:

Board, Board Committee and General Meetings in FY2018						
	Board	**AC**	**NC**	**RC**	**AGM**	**EGM**
Number of Meetings Held	4	4	1	2	1	1
Name of Director	**Number of Meetings Attended**					
Dan Broström	4	4	-	2	1	1
Dr Karl Lidgren	4	-	1	-	-	-
Sin Boon Ann	4	4	1	2	1	1
Muhammad Sameer Yousuf Khan	4	4	1	2	1	1
Dr Christopher Atkinson	4	-	-	-	-	-



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

Regular meetings are held by the Board to deliberate the strategic policies of the Company including significant acquisitions and disposals, review and approve annual budgets, review the performance of the business and approve the public release of periodic financial results. The Board will also convene additional meetings for particular matters as and when they are deemed necessary.

While the Board considers Directors' attendance at Board meetings to be important, it is not the only criterion which the Board uses to measure Directors' contributions. The Board also takes into account the contributions by Board members in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Group.

The responsibility of day-to-day management, administration and operation of the Group are delegated to the Executive Chairman, the Executive Director and the Chief Executive Officer of the Group (the "**CEO**"). The CEO does not sit on the Board. The CEO has accumulated sufficient and valuable experience to hold his position in order to ensure that his fiduciary duties can be carried out in an effective and efficient manner.

1.6 ***Complete, adequate and timely information***

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

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

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

Board Induction and Training

Management is available to provide explanatory information in the form of emails, telephone conferences or briefings to the Directors or formal presentations in attendance at Board meetings, or such information can also be provided by external consultants engaged on specific projects. Directors are also provided with the contact details of key management personnel to facilitate direct and independent access to Management.

Management will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed decision or assessment of the Group's performance, position and prospects.

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

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

Company Secretary

The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, is as follows:

- Ensuring that Board procedures are observed and that the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289 of Singapore), the Companies Act (Chapter 50 of Singapore) and the Catalist Rules, are complied with;
- Assisting the Executive Chairman to ensure good information flow within the Board and its committees and Management;
- Attending and preparing minutes for all Board meetings;
- Assisting to ensure coordination and liaison between the Board, the Board Committees and Management, in its capacity as secretary to all other Board Committees; and
- Assisting the Executive Chairman, the Chairman of each Board Committee and Management in the development of the agenda for the various Board and Board Committee meetings.

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

Independent Professional Advice

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

Board Composition and Balance

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

2.1 ***Independent Directors***

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

The NC has reviewed and confirmed the independence of the Independent Directors in accordance with the Code and Rule 406(3)(d) of the Catalist Rules. The Independent Directors have also confirmed their independence in accordance with the Code and Rule 406(3)(d) of the Catalist Rules.

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

Duration of Independent Directors' Tenure

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

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

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

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

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

Lead Independent Director

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

2.4 ***Board Diversity***

The Board comprises five directors: One Executive Chairman, one Executive Director and three Independent Non-Executive Directors, who have the appropriate mix of core competencies and diversity of experience, to direct and lead the Company. There is a good balance between the Executive and Non-Executive Directors, with a strong and independent element on the Board.

The composition of the Board will be reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender, ethnicity or nationality. The current five Board members are of four different nationalities. The Company is also receptive to achieving gender diversity on the Board and appointment of a female director to the Board if it encounters suitable candidates.

The Board is of the view that the current board size is appropriate to effectively facilitate decision making in relation to the operations of the Group, taking into account the nature and scope of the Company's operations. The Board believes that the current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group. The NC is also of the view that the current Board members comprise persons with a broad range of expertise and experience in diverse areas including accounting, finance, legal, business and management, technology, oil and gas, strategic planning and regional business experience.

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

- Annual review by the NC and periodic engagement of external consultants to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

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

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

2.5 *Non-Executive Director Meetings in Absence of Management*

The Independent Non-Executive Directors constructively challenge and help develop proposals on strategies. From time to time, the Independent Non-Executive Directors, led by any independent director as appropriate, have met in the absence of Management in FY2018 to discuss concerns or matters such as overall Group business strategies and investments. The chairman of such meetings provides feedback to the Board and/or the Executive Chairman as appropriate.

Chairman and Chief Executive Officer

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

3.1 ***Segregation of the Role of Chairman and the CEO***

The roles of the Executive Chairman and the CEO are separate to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision making. The Executive Chairman is not related to the CEO and is not a substantial shareholder of the Company.

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

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

(b) Facilitating the effective contribution of all Directors; and

(c) Promoting high standards of corporate governance.

The Executive Chairman sets the Board's meeting agenda and ensures the quality, quantity and timeliness of the flow of information between the Board and Management to facilitate efficient decision making. He chairs the Board meetings and encourages the Board members to present their views on topics under discussion at the meetings in a boardroom culture that promotes open interaction and contributions by all. He also assists in ensuring compliance with the Group's guidelines on corporate governance.

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

The CEO is responsible for the business management and day-to-day operations of the Group. The CEO takes a leading role in developing and expanding the businesses of the Group, including making major business and finance decisions. The CEO also oversees the execution of the Group's business and corporate strategy as set out by the Board and ensures that the Directors are kept updated and informed of the Group's businesses.

3.2 The Board has established and set out in writing the division of responsibilities between the Executive Chairman and the CEO. The Executive Chairman's performance and appointment to the Board were reviewed by the NC. The Executive Chairman and CEO's remuneration packages were reviewed by the RC. As the roles of the Executive Chairman and the CEO are separate, and the AC, NC and RC comprise a majority of Independent Directors of the Company, the Board believes that there are adequate safeguards in place to ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

3.3 ***Lead Independent Director***

The Board has a Lead Independent Director, Mr Sin Boon Ann, to provide leadership in situations where the Executive Chairman is conflicted. The appointment of Mr Sin Boon Ann as the Lead Independent Director, where the Executive Chairman is part of the management team and is not an independent director, is in line with the recommendation under Guideline 3.3 of the Code. The Lead Independent Director is a key member of the Board, representing the views of the Independent Directors and facilitating a two-way flow of information between shareholders, the Chairman and the Board.

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

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

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

Independent Director Meetings in Absence of Other Directors

To facilitate well-balanced viewpoints on the Board, the Lead Independent Director will, where necessary, chair meetings with the Independent Directors without the involvement of other Directors, and the Lead Independent Director will provide feedback to the Executive Chairman after such meetings.

Board Membership

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

4.1 ***Nominating Committee***

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

(a) The review of succession plans for the Company's Directors, in particular, the appointment and/or replacement of the Executive Chairman, the CEO and key management personnel;

(b) The process and criteria for evaluation of the performance of the Board, its board committees and directors;

(c) The review of training and professional development programmes for the Board and its directors;

(d) The appointment and re-appointment of directors (including alternate directors, if any), in accordance with the Constitution, having regard to the Director's contribution and performance (for example, attendance, preparedness, participation and candour) including, if applicable, as an Independent Non-Executive Director. All Directors shall be required to submit themselves for re-nomination and re-election at regular intervals and at least once every three years;

(e) Reviewing and approving any new employment of related persons and their proposed terms of employment;

(f) Determining annually, and as and when circumstances require, whether or not a Director is independent;

(g) Reviewing and deciding whether or not a Director who has multiple board representations on various companies is able to and has been adequately carrying out his/her duties as Director, having regard to the competing time commitments that are faced when serving on multiple boards and discharging his/her duties towards other principal commitments;

(h) Deciding whether or not a Director of the Company is able to and has been adequately carrying out his/her duties as a Director; and

(i) Developing a process for evaluation of the performance of the Board, the Board Committees and Directors and proposing objective performance criteria, as approved by the Board that allows comparison with its industry peers, and addresses how the Board has enhanced long-term shareholders' value.

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

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

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

Board Nomination Process

The Board has adopted the following nomination process for the Company in the last financial year for selecting and appointing new directors and re-electing incumbent directors:

Process for the Selection and Appointment of New Directors:		
1.	Determination of selection criteria	• The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills, experience, knowledge and gender to complement and strengthen the Board and increase its diversity.
2.	Search for suitable candidates	• The NC would consider candidates drawn from the contacts and networks of existing Directors and may approach relevant institutions such as the SID, professional organisations or business federations to source for a suitable candidate.
3.	Assessment of shortlisted candidates	• The NC would meet and interview the shortlisted candidates to assess their suitability.
4.	Appointment of Director	• The NC would recommend the selected candidate to the Board for consideration and approval. • The Company will provide each newly appointed Director with a formal letter of appointment setting out the Director's duties and obligations.

Process for the Re-election of Incumbent Directors:		
1.	Assessment of director	• The NC would assess the performance of the Director in accordance with the performance criteria set by the Board. • The NC would also consider the current needs of the Board.
2.	Re-appointment of director	• Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval.

The Constitution requires that at least one-third of the Board (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each AGM. A retiring Director is eligible for re-election by the shareholders at the AGM. Accordingly, the Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years.

4.4 The NC has determined in 2018 that none of the Independent Directors have any relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence to the Board.

4.5 The NC ensures that new Directors are aware of their duties and obligations. The NC also decides if a Director is able to and has been adequately carrying out his or her duties as a Director of the Company.

Directors' Key Information

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

Name of Director	Position	Date of Initial Appointment	Date of Last Re-election / Re-appointment	Current Directorships in Other Listed Companies Current / Principal Commitments	Directorships in Other Listed Companies Over the Past Three Years
Dan Broström	Executive Chairman	11 January 2013	29 April 2016	NA	NA
Dr Karl Lidgren	Executive Director	1 May 2013	28 April 2017	NA	NA
Sin Boon Ann	Lead Independent Non-Executive Director	26 June 2013	27 April 2018	- HRnetGroup Limited - OUE Limited - CSE Global Limited - TIH Limited - Datapulse Technology Limited - The Farrer Park Company Limited	- OSIM International Pte. Ltd. - Transcorp Holding Limited (f.k.a. Transview Holding Limited)
Muhammad Sameer Yousuf Khan	Independent Non-Executive Director	26 June 2013	28 April 2017	NA	NA
Dr Christopher Atkinson	Independent Non-Executive Director	6 January 2015	27 April 2018	- Sonoro Energy Limited [1]	NA

[1] Listed on TSX Venture Exchange.
NA – Not Applicable

Further information on the Directors are set out on pages 9 to 11 of this Annual Report.

Multiple Directorships

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

Notwithstanding the above, the NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions, after taking into account his other listed company board directorships and other principal commitments. The NC also believes that it is for each Director to assess his own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively, whilst taking into consideration the maximum number of listed company board representations each Director may hold. The NC does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.

The considerations in assessing the capacity of Directors include the following:

- Expected and/or competing time commitments of Directors;
- Geographical location of Directors;
- Size and composition of the Board; and
- Nature and scope of the Group's operations and size.

The NC takes into consideration the following measures and evaluation tools in its assessment of competing time commitments of Directors:

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

The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors have discharged their duties adequately for FY2018.

Alternate Directors

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

Re-election of Directors

The NC has recommended to the Board that Dr Karl Lidgren and Mr Dan Broström, who are due to retire pursuant to the Constitution, be re-elected at the forthcoming AGM.

Dr Karl Lidgren will, upon re-election as a Director, remain as an Executive Director and a member of the NC. Further information on Dr Karl Lidgren can be found on page 9 of the Annual Report.

Mr Dan Broström will, upon re-election as a Director, remain as an Executive Director and a member of the RC and the AC. Further information on Mr Dan Broström can be found on page 9 of the Annual Report.

The Constitution further provides that any Director appointed to fill a casual vacancy shall hold office only until the next AGM of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

Each member of the NC has abstained from voting on any resolutions and making recommendation and/or participating in respect of matters in which he has an interest.

Board Performance

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

5.1 ***Performance Criteria***

The Board has established processes including taking into consideration the attendance record at the meetings of the Board and the Board Committees for monitoring and evaluating the performance of the Board as a whole and effectiveness and contribution of individual directors. At the same time, the processes also identify weaker areas where improvements can be made. The Board and individual directors can direct more effort in those areas for achieving better performance of the Board and better effectiveness of individual directors.

The NC has been tasked to evaluate the Board's performance covering areas that include, *inter alia*, size and composition of the Board, Board's access to information, Board processes, strategic planning and accountability.

The NC shall also review the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole. The Board is of the opinion that a separate assessment on the effectiveness of the Board Committees is not necessary as the Board Committees share common members.

The review of the performance of the Board is conducted by the NC annually. The review of the performance of each Director is also conducted at least annually and when the individual Director is due for re-election.

5.2 For FY2018, the review process was as follows:

1. All Directors individually completed a board evaluation questionnaire on the effectiveness of the Board based on criteria disclosed;
2. The Company Secretary collated and submitted the questionnaire results to the NC Chairman in the form of a report;
3. The NC discussed the report and concluded the performance results during the NC meeting; and
4. Each individual Director was also requested to send a duly completed confidential individual director self-assessment checklist to the NC chairman for review.

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

The assessment criteria include, *inter alia*, Director's attendance, commitment of time, candour, participation, knowledge and abilities, teamwork, and overall effectiveness.

The NC would review the aforementioned criteria on a periodic basis to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholders value, and thereafter propose amendments if any, to the Board for approval. There has been no change in assessment criteria for FY2018 as the assessment criteria for FY2017 was considered adequate for the aforementioned assessment.

The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole, is of the view that the performance of the Board has been satisfactory in FY2018 and that the Board has met its performance objectives in FY2018. The evaluation process of the overall performance of the Board was conducted without an external facilitator in FY2018.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

6.1 ***Remuneration Committee***

To effect the best corporate governance, the Company has established an RC. The RC recommends to the Board a framework of remuneration for the Directors and key management personnel, and determines specific remuneration packages for each Director as well as for the key management personnel. The recommendations will be submitted for endorsement by the Board.

All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits in kind, will be covered by the RC. The RC will also review annually the remuneration of employees related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC will also review and recommend any bonuses, pay increases and/or promotions for the employees related to the Directors and substantial shareholders. Each RC member will abstain from participating in the deliberations of and voting on any resolution in respect of his remuneration package or that of employees related to him.

The RC is guided by key terms of reference as follows:

(a) Review and recommend to the Board a general framework of remuneration and specific remuneration packages for each Director and key management personnel;

(b) Review and recommend to the Board the service contracts of Executive Directors and key management personnel and ensure that such services contracts are fair and not excessively long or with onerous renewal/termination clauses; and

(c) In respect of such long-term incentive schemes (if any) including share schemes as may be implemented, to consider whether Directors should be eligible for benefits under such long-term incentive schemes.

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

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

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

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

6.4 ***Remuneration Consultant***

The RC may from time to time, where necessary or required, seek advice from external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management, so that the Group remains competitive in this regard. The Company engaged an independent remuneration consultant, Mercer (Singapore) Pte Ltd ("**Mercer**"), to review remuneration matters for FY2016 including competitiveness and performance targets with respect to Directors and employees of the Company. For FY2017, the RC relied on the previous year's remuneration review by Mercer and the Company appointed an independent remuneration consultant, Robinson Consulting Pte Ltd ("**RCPL**"), to review remuneration matters for FY2017, to ensure that the Company's remuneration policy is in line with the prevailing market standards. Save for the aforementioned engagement, Mercer and RCPL do not have any relationship with the Company and its independence and objectivity are not affected. No external remuneration consultant was engaged for FY2018.

Level and Mix of Remuneration

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

7.1 ***Remuneration Structure***

In setting remuneration packages, the RC will take into consideration the pay and employment conditions within the industry and in comparable companies. The RC also seeks to ensure that the structure of remuneration packages for the Executive Chairman, the Executive Director and key management personnel are appropriate in linking rewards with performance and that is aligned with the interests of shareholders and promote the long-term success of the Group.

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

Performance Criteria for Remuneration

The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2018. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.

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

The remuneration of the Executive Chairman includes a per hour rate with a cap and a variable performance related bonus, which is designed to align the interests of the Executive Chairman with those of shareholders.

The Independent Non-Executive Directors receive Directors' fees based on their responsibilities, effort and time spent. The Directors' fees are recommended by the RC and endorsed by the Board for approval by the shareholders of the Company at the AGM.

The Company had entered into a service agreement with the Executive Chairman, Mr Dan Broström, which became effective from 1 February 2014. The service agreements with key management personnel, namely, Mr Måns Lidgren, Mr Svein Kjellesvik and Mr Per Lind, commenced on 1 October 2018, 8 October 2015 and 27 November 2013 respectively. Mr Måns Lidgren's previous service agreement covering the period before 1 October 2018 was dated 1 August 2013 and amended by an addendum on 1 August 2015. In connection with Mr Svein Kjellesvik becoming an employee of Lime Petroleum AS, serving as the company's executive chairman with effect from 1 June 2017, an addendum to Mr Svein Kjellesvik's service agreement was made with the effective date of 1 June 2017. A service agreement, effective from 1 August 2015, was entered with Mr Kristofer Skantze. An addendum to Ms Mok Lai Siong's service agreement dated 1 August 2013 was made on 1 August 2016. A service agreement was entered into with Executive Director, Dr Karl Lidgren on 15 January 2015. The aforesaid service agreements shall collectively be referred to as "**Service Agreements**".

Service Agreements except for Mr Måns Lidgren's and Mr Svein Kjellesvik's, are for an initial period of three years with automatic renewal annually for such annual period thereafter unless otherwise agreed in writing between the Company and the executive or terminated in accordance with the terms of the Service Agreements. Where any of the initial period of the aforementioned Service Agreements have expired, those Service Agreements have been automatically renewed on an annual basis with no material amendments or modifications. Mr Måns Lidgren's service agreement is not on a fixed term and may be terminated by either party giving the other not less than six months' notice in writing. Mr Svein Kjellesvik's service contract is for his role as executive chairman of Lime Petroleum AS. There is no service contract with the Independent Directors and the term of their appointment is not fixed.

The Company will submit the quantum of Directors' fees of each financial year to the shareholders for approval at each AGM.

Contractual Provisions

The present Service Agreements do not include the contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company will consider to include this provision for future new service agreements and renewal of service agreements. However, the Company has included in the terms of the Rex International Performance Share Plan, to allow for the Company to cancel the share awards before the date of the vesting of the awards in the event of misconduct at its discretion. The Company has also included in the terms of the Rex International Employee Share Option Scheme, to allow for the share option committee to cancel unexercised options in the event of misconduct at its discretion.

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

Disclosure on Remuneration

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

8.1 ***Directors' Remuneration***

8.1 (a) The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market.

The breakdown for the remuneration of the Directors and the CEO for FY2018 is as follows:

Name of Director/CEO	Salary S$	Benefits S$	Shares S$	Bonus/ Commission S$	Directors' Fee S$	Total S$
Måns Lidgren[1]	790,930	563,571	435,028	123,012	–	1,912,541
Dan Broström	415,000	50,043	–	–	161,045	626,088
Dr Karl Lidgren	404,820	–	–	148,637	72,730	626,187
Muhammad Sameer Yousuf Khan	–	–	–	–	129,875	129,875
Sin Boon Ann	–	–	–	–	145,460	145,460
Dr Christopher Atkinson	–	–	–	–	62,340	62,340

Note:

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

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

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

The breakdown of directors' fees for FY2018 paid to the respective Directors is as follows:

Name of Director	Board S$	AC S$	RC S$	NC S$	Others S$	Total S$
Dan Broström	124,680	20,780	15,585	–	–	161,045
Dr Karl Lidgren	62,340	–	–	10,390	–	72,730
Muhammad Sameer Yousuf Khan	62,340	41,560	15,585	10,390	–	129,875
Sin Boon Ann	62,340	20,780	31,170	20,780	10,390 [1]	145,460
Dr Christopher Atkinson	62,340	–	–	–	–	62,340

Note:

[1] Remuneration for Lead Independent Director.

There were no termination, retirement or post-employment benefits (excluding CPF) granted to the Directors and the CEO in FY2018.

8.1 (b)

Key Management Personnel's Remuneration

In the interest of maintaining good morale and a strong spirit of teamwork within the Company, the breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO) for FY2018 is disclosed in bands of S$250,000 as follows:

Name of Key Management Personnel	Salary %	Benefits %	Bonus %	Total %
S$500,000 to S$750,000				
Per Lind	75	16	9	100
S$250,000 to S$500,000				
Kristofer Skantze[1]	73	21	6	100
Mok Lai Siong	91	1	8	100

Note:

[1] Remuneration is paid indirectly from various Group companies.

The annual aggregate remuneration paid to the three key management personnel of the Company (excluding the CEO) for FY2018 was S$1,312,048.

There were no termination, retirement or post-employment benefits (excluding CPF) granted to the top three key management personnel in FY2018.

8.2 ***Parties Related to a Director or the CEO***

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

Mr Hans Lidgren, an executive of Rex Technology Management Ltd, is the brother of the Executive Director, Dr Karl Lidgren and the uncle of Mr Måns Lidgren, the CEO. Mr Hans Lidgren's remuneration for FY2018 was in the band of S$200,000 to S$250,000.

Mrs Lina Berntsen, Chief Technology Officer, is the daughter of Mr Hans Lidgren, the niece of the Executive Director Dr Karl Lidgren and cousin of Mr Måns Lidgren, the CEO. Mrs Lina Berntsen's remuneration for FY2018 was in the band of S$150,000 to S$200,000.

Mr Martin Lidgren, Technology Specialist at Equus Consulting AB, a wholly-owned subsidiary of Rex Technology Management Ltd, is the son of the Executive Director, Dr Karl Lidgren and the brother of Mr Måns Lidgren, the CEO. Mr Martin Lidgren's remuneration for FY2018 was in the band of S$150,000 to S$200,000.

Mr Magnus Lidgren, Technology Specialist at Equus Consulting AB, a wholly-owned subsidiary of Rex Technology Management Ltd, is the brother of the Executive Director, Dr Karl Lidgren and the uncle of Mr Måns Lidgren, the CEO. Mr Magnus Lidgren's remuneration for FY2018 was in the band of S$150,000 to S$200,000.

Mr Måns Lidgren, Mr Hans Lidgren, Mrs Lina Berntsen, Mr Martin Lidgren and Mr Magnus Lidgren had also been granted share awards under the Rex International Performance Share Plan in FY2017, details of which are set out in Guideline 8.3 below.

Save for the aforementioned, there is no other employee of the Company who is an immediate family member of a Director and/or the CEO, whose remuneration exceeded S$100,000 during FY2018.

8.3 ***Employee Share Scheme***

Rex International Employee Share Option Scheme ("ESOS")

The Company has an ESOS which was approved and adopted by the members of the Company at an EGM on 24 June 2013. The ESOS is designed to reward valuable and outstanding employees or Non-Executive Directors (including Independent Directors), and incentivise them to continue contributing to the long-term growth and success of the Group.

The ESOS allows for participation by employees or Non-Executive Directors (including Independent Directors) of the Group who have attained the age of 21 years and above on or before the date of grant of the option, provided that none of them is a discharged bankrupt. Controlling shareholders and their associates are not eligible to participate in the ESOS.

The ESOS is administered by the RC in consultation with the CEO. Please refer to Guideline 6.2 for the members of the RC. The total number of new shares over which options may be granted pursuant to the ESOS, when added to the number of shares issued and issuable in respect of all options granted under the ESOS and all awards granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed 15 per cent of the number of all issued Shares of the Company (excluding treasury shares), on the day preceding the date of the relevant grant.

Other salient information regarding the ESOS is set out below:

Exercise price of options

The exercise price of options shall be determined at the discretion of the RC on the date which the options are granted and may be set at:

- A price equal to the average of the last dealt prices for the Company's shares on SGX-ST over the five consecutive trading days immediately preceding the date that option was granted, as determined by the RC by reference to the daily official list or any other publication published by the SGX-ST, rounded to the nearest whole cent in the event of fractional prices (the "**Market Price**"); or
- A discount to the Market Price not exceeding 20 per cent of the Market Price (or such other percentage or amount as may be determined by the RC) in respect of options granted at the time of grant, provided that shareholders in general meeting have authorised, in a separate resolution, the making of offers and grants of options under the ESOS at a discount not exceeding the maximum discount as aforesaid.

For the options granted with exercise price set at Market Price, they can be exercised one year from the date of the grant and will expire five years from the date of the grant.

For the options granted with exercise price set at a discount to Market Price, they can be exercised two years from the date of the grant and will expire five years from the date of the grant.

Duration of the ESOS

The ESOS shall be in force for a maximum of 10 years from the date on which the ESOS was adopted. Upon obtaining the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may be required, the ESOS may continue beyond 10 years from the date it was adopted.

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

Date of Grant of Options	Exercise Price of Options	Number of Options					Number of Holders at 31 Dec 2018	Exercise Period of Options
		At 1 Jan 2018	Granted in FY2018	Lapsed in FY2018	Exercised in FY2018	At 31 Dec 2018		
29 Nov 2013	S$0.65[1]	1,525,000	–	(1,525,000)	–	–	–	29 Nov 2014 to 28 Nov 2018
29 Nov 2013	S$0.52[2]	762,500	–	(762,500)	–	–	–	29 Nov 2015 to 28 Nov 2018
		2,287,500	**–**	**(2,287,500)**	**–**	**–**		

[1] Market Price

[2] 20 per cent discount to the Market Price

Details of options granted to directors of the Company under the ESOS are as follows:

Name of Director	Options Granted in FY2018	Aggregate Options Granted Since Commencement of ESOS to 31 Dec 2018	Aggregate Options Lapsed Since Commencement of ESOS to 31 Dec 2018	Aggregate Options Outstanding as at 31 Dec 2018
Muhammad Sameer Yousuf Khan	–	375,000[1]	(375,000)	–
Sin Boon Ann	–	375,000[1]	(375,000)	–
	–	**750,000**	**(750,000)**	**–**

[1] Comprising 250,000 options with exercise price set at Market Price and 125,000 options with exercise price set at a 20 per cent discount to Market Price.

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.

No options were granted by Company during FY2018.

There were no options which were granted under the ESOS to participants other than Directors of the Company, who receive options comprising Shares representing five per cent or more of the aggregate of the total number of new Shares available under the ESOS. Controlling shareholders and their associates and the directors and employees of the Company's parent company and its subsidiaries are not eligible participants.

As at 31 December 2018, there are no options outstanding as all options granted have expired. Further details on the ESOS were set out in the Company's Offer Document dated 22 July 2013.

Rex International Performance Share Plan

The Company has a performance share plan under the Rex International Performance Share Plan (the "**Plan**") which was adopted by the Company on 24 June 2013 and amended with shareholders' approval at an EGM of the Company on 30 April 2014 and on 28 April 2017. The objective of the Plan is to promote higher performance goals and recognise the achievements of employees or Non-Executive Directors (including Independent Directors) ("**Participants**") by motivating and aligning their interests to the Group's pre-determined goals. The Plan is administered by the RC in consultation with the CEO. Please refer to Guideline 6.2 for the members of RC.

The Plan contemplates the award of fully-paid Shares ("**Awards**"), free of charge, to Participants after certain pre-determined benchmarks have been met. Awards granted under the Plan may be time-based or performance-related. Performance targets set are based on short to medium-terms corporate objectives including market competitiveness, quality of returns, business growth and productivity growth. These performance targets include targets set based on criteria such as shareholders' return, return on equity and earnings per share.

No minimum vesting periods are prescribed under the Plan for Awards and the length of the vesting period in respect of each Award will be determined on a case-by-case basis by the RC.

Vesting of Awards Granted

On 9 May 2018, the Company issued and allotted 7,909,600 new ordinary shares in the Company pursuant to the vesting of the Awards granted on 29 April 2016 to Mr Måns Lidgren, the CEO and an associate of a controlling shareholder of the Company, in respect of his performance in the financial year ended 31 December 2016, under the Plan.

Grant of Awards Granted in FY2018

No Awards were granted by the Company during FY2018.

Details of the outstanding Awards granted as at 31 December 2018 are as follows:

Date of Grant of Awards	Number of Awards					Number of Holders at 31 Dec 2018
	At 1 Jan 2018	Granted in FY2018	Lapsed in FY2018	Vested in FY2018	At 31 Dec 2018	
29 Apr 2016	11,407,100	–	(3,497,500)[1]	(7,909,600)[2]	–	–
28 Apr 2017	156,288,800[3]	–	–	–	156,288,800	18
	167,695,900	**–**	**(3,497,500)**	**(7,909,600)**	**156,288,800**	

(1) On 28 April 2018, 3,497,500 Awards had lapsed, after a two-year period from the date of grant of the Awards.

(2) On 9 May 2018, the Company issued and allotted 7,909,600 new ordinary shares in the capital of the Company, pursuant to the share award granted on 29 April 2016 to Mr Måns Lidgren, the CEO of the Company and an associate of a controlling shareholder of the Company, in respect of his performance in the financial year ended 31 December 2016, under the PSP. Please refer to the Company's announcement dated 9 May 2018 for further details.

(3) The actual number of Awards to be delivered are based on the average of the Company's closing market prices of shares over a consecutive period of five market days in which transactions in the shares were recorded, at any time within a two-year period from the date of grant of the Awards ("**Average Performance Market Price**"). If the Average Performance Market Price is S$0.15 and above, 40% of the number of shares in the Awards shall be released after the vesting period. If the Average Performance Market Price is S$0.30 and above, an additional 60% of the number of shares in the Awards shall be released. If the Average Performance Market Price is less than S$0.15, none of the Shares in the Award shall be released unless otherwise determined by the committee administering the PSP. Please refer to the Company's announcement dated 28 April 2017.

Details of the Awards granted to participants who are directors and controlling shareholders or associates of the controlling shareholders and participants who received more than five per cent of the total grants available in FY2018 are as follows:

Name of Participant	Awards Granted for Financial Year Ended 31 Dec 2018	Aggregate Awards Granted Since Commencement of the Plan to 31 Dec 2018	Aggregate Awards Lapsed/ Adjusted Since Commencement of the Plan to 31 Dec 2018	Aggregate Awards Released Since Commencement of the Plan to 31 Dec 2018	Aggregate Awards Outstanding as at 31 Dec 2018
Directors					
Dan Broström[1]	–	16,248,200	–	–	16,248,200
Dr Karl Lidgren[2]	–	16,358,400	–	–	16,358,400
Muhammad Sameer Yousuf Khan[3]	–	2,600,000	–	–	2,600,000
Sin Boon Ann[4]	–	3,000,000	–	–	3,000,000
Dr Christopher Atkinson[5]	–	1,400,000	–	–	1,400,000
Controlling Shareholders or Associates of the Controlling Shareholders					
Måns Lidgren[6]	–	45,185,064	–	(14,241,464)	30,943,600
Lina Berntsen[7]	–	5,124,100	(1,748,700)	–	3,375,400
Martin Lidgren[8]	–	4,249,800	(874,400)	–	3,375,400
Magnus Lidgren[9]	–	4,249,800	(874,400)	–	3,375,400
Hans Lidgren[10]	–	10,164,800	–	–	10,164,800
Participants who Received More Than 5% of the Total Grants Available					
Svein Kjellesvik	–	15,552,000	–	–	15,552,000
Per Lind	–	22,290,500	(593,934)	(4,610,366)	17,086,200
Kristofer Skantze	–	18,200,100	(486,496)	(3,718,004)	13,995,600
Mok Lai Siong	–	14,995,000	(379,968)	(2,976,032)	11,639,000

(1) Mr Dan Broström is the Chairman and Executive Director of the Company.

(2) Dr Karl Lidgren is the Executive Director and a controlling shareholder of the Company.

(3) Mr Muhammad Sameer Yousuf Khan is an Independent Non-Executive Director of the Company.

(4) Mr Sin Boon Ann is an Independent Non-Executive Director of the Company.

(5) Dr Christopher Atkinson is an Independent Non-Executive Director of the Company.

(6) Mr Måns Lidgren (the CEO of the Company) is an associate of Dr Karl Lidgren, the Executive Director and a controlling shareholder of the Company.

(7) Ms Lina Bernsten (the Group's Chief Technology Officer) is an associate of Mr Hans Lidgren, a controlling shareholder of the Company.

(8) Mr Martin Lidgren (key employee of Equus Consulting AB, an indirect wholly-owned subsidiary of the Company) is an associate of Dr Karl Lidgren, the Executive Director and a controlling shareholder of the Company.

(9) Mr Magnus Lidgren (key employee of Equus Consulting AB, an indirect wholly–owned subsidiary of the Company) is an associate of Dr Karl Lidgren, the Executive Director and a controlling shareholder of the Company.

(10) Mr Hans Lidgren (an executive of Rex Technology Management Ltd) is a controlling shareholder of the Company.

Directors and employees of the Company's parent company and its subsidiaries are not eligible participants of the Plan.

The vesting and release of the Awards granted to eligible participants (including Mr Måns Lidgren) under the Plan are based on pre-determined performance goals and conditional on the satisfactory completion of time-based service conditions.

Further details on the Plan were set out in the Company's circular to shareholders dated 30 March 2017.

ACCOUNTABILITY AND AUDIT

Accountability

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

9.1 The Board, with the assistance from the AC and the Risk Management Committee ("**RMC**"), is responsible for risk governance and ensuring that Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the Company's assets. The Board appreciates that risk management is an on-going process in which Management continuously participates to evaluate, monitor and report to the Board and the AC on significant risks. The RMC was formed in October 2013. The current RMC consists of the following members: Mr Per Lind (Chief Financial Officer ("**CFO**")), Mr Svein Kjellesvik (COO) and Ms Wu Lixian (Financial Controller).

Since FY2013, the Company has engaged an independent third party, KPMG Services Pte. Ltd., to develop and establish a Board Assurance Framework ("**BAF**"). The BAF, which includes an enterprise risk management framework, was utilised by the Company to identify and manage the significant and material risks it faces, the potential impact and likelihood of those risks occurring, the control effectiveness and action plans being taken to mitigate those risks. The risks identified include strategic, financial, operational, compliance and cyber security risks. The Company has also defined and documented clear roles and responsibilities for the Board and Management in risk mitigation, monitoring and reporting.

The Company has established risk appetite statements with tolerance limits to monitor shifts in its significant risks and to proactively manage them within acceptable levels. These appetite statements have been reviewed and approved by the Board and are monitored on a quarterly basis.

The Company has appointed an independent third party, Ernst and Young Advisory Pte Ltd ("**EY**"), as the Internal Auditors ("**IA**") to perform internal audit reviews and highlight all significant matters to Management and the AC.

9.2 ***Adequacy and Effectiveness of Internal Controls***

The Board is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2018.
The bases for the Board's view are as follows:

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

The AC is responsible for making the necessary recommendations to the Board regarding the adequacy and effectiveness of the risk management and internal control systems of the Company. In this regard, the AC is assisted by the enterprise risk reports from the RMC.

For FY2018, the Board has obtained the following assurance:

i) From the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
ii) From the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

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

The Board has additionally relied on the IA's reports in respect of the BAF issued to the Company since FY2013 as assurances that the Company's risk management and internal control systems are effective. The IA's scope of work includes conducting risk assessments to identify the risk categories and major risk areas of the Company's subsidiaries; developing a risk-based internal audit plan based on the risk assessment results; and conducting a detailed process for audit programmes for the internal audit. The IA also performs analytics and fieldwork for areas in the scope of work for the audit period and discusses the findings with Management, which are then incorporated into the final report that is presented to the AC in a timely manner.

In relation to sustainability, the Group, as a young company, aspires to do good in the communities it operates in, be it to have minimal impact on the environment in its operations, or in helping the underprivileged. Please refer to the Sustainability section on pages 39 to 48 of this Annual Report for more details.

Audit Committee

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

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

(a) Reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(b) Reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;

(c) Reviewing the assurance from the CEO and CFO on the financial records and financial statements;

(d) Making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors ("**EA**"); and (ii) the remuneration and terms of engagement of the EA;

(e) Reviewing the adequacy, effectiveness, independence, scope and results of the Company's IA and EA, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and Management's response, and results of the audits compiled by the IA and EA;

(f) Reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns;

(g) Assisting the Board of Directors in the discharge of its responsibilities on financial reporting matters;

(h) Reviewing the quarterly financial statements and results announcements before submission to the Board of Directors for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements;

(i) Reviewing the effectiveness and adequacy of the Group's internal control and procedures, including accounting and financial controls and procedures and ensure co-ordination between the IA, the EA and Management, reviewing the assistance given by Management to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of Management where necessary);

(j) Reviewing the scope and results of the external audit, and the independence and objectivity of the EA;

(k) Reviewing and discussing with the EA any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and Management's response;

(l) Making recommendations to the Board of Directors on the proposals to the shareholders on the appointment, re-appointment and removal of the EA, and approving the remuneration and terms of engagement of the EA;

(m) Assessing the quality of the work carried out by the EAs, and the basis of such assessment;

(n) Reviewing and reporting to the Board of Directors at least annually the adequacy and effectiveness of the Group's material internal controls including financial, operation, compliance and information technology controls via reviews carried out by the internal auditors;

(o) Reviewing and approving transactions falling within the scope of Chapters 9 and 10 of the Catalist Rules (if any);

(p) Reviewing any potential conflicts of interest;

(q) Reviewing and approving all hedging policies and instruments (if any) to be implemented by the Group;

(r) Undertaking such other reviews and projects as may be requested by the Board of Directors and reporting to the Board of Directors its findings from time to time on matters arising and requiring the attention of the AC;

(s) Reviewing and establishing procedures for receipt, retention and treatment of complaints received by the Group, *inter alia*, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group, including the oversight of whistleblowing; and

(t) Generally undertaking such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

Authority of AC

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. Each member of the AC will abstain from participating in the deliberations of and voting in respect of matters in which he is interested.

The AC has the power to conduct or authorise investigations into any matters within the AC's terms of reference. The AC has full access to and co-operation of the Management and has full discretion to invite any Director or executive officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC is authorised to obtain independent professional advice as it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

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

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

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

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

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

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

Qualifications of AC

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

10.5 ### *Meeting between Audit Committee and Auditors*

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

The AC has separately met with the IA and the EA once in the absence of Management for FY2018.

Independence of External Auditor

The AC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA, and has recommended the re-appointment of the EA at the forthcoming AGM.

Fees Paid / Payable to the EA for FY2018		
	S$	**% of total**
Audit fees	214,252	92
Non-audit fees		
- Tax advice advisory	10,700	5
- Enterprise risk management	8,000	3
	232,952	**100**

Notwithstanding the volume of non-audit services rendered to the Company, the AC is satisfied that the EA remains independent after considering the following:

- That all relationships and/or arrangements between the audit firm and the Company that may reasonably be thought to affect the EA's objectivity and as disclosed by the audit engagement partner did not impair the independence and objectivity of the EA; and
- The audit engagement partner has confirmed that, in his professional judgment, the audit firm is independent.

The AC also periodically receives updates on changes in accounting standards provided by the EA and circulated to members of AC.

There is no disagreement between the Board and AC regarding the selection, appointment, resignation or dismissal of the EA. In re-appointing the EA, the AC evaluates the performance of the EA, taking into consideration the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority.

Whistle-blowing Policy

The Company has in place a whistle-blowing policy. The Company's staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting to the AC a whistle-blowing report to whistleblowing@rexih.com, as stated on the Company's webpage http://rex.listedcompany.com/whistle_blowing_policy.html.

The AC has ensured that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. The details of the policy have been disseminated and made available to all parties concerned in the Company's code of conduct.

Audit Committee Activities

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

Significant matters that were discussed with Management and the EA have been included as key audit matters (KAMs) in the audit report for the financial year ended 31 December 2018. Refer to pages 94 to 95 of this Annual Report.

In line with the terms of reference of the AC, the following activities were carried out by the AC during FY2018 in the discharge of its functions and duties including the deliberation and review of:

- The unaudited quarterly financial results of the Group and announcements prior to submission to the Board for approval and release on the SGXNet;
- The internal and external audit plans in terms of their scope of audit prior to their commencement of their annual audit;
- The EA's report in relation to audit and accounting issues arising from the audit;
- The system of risk management and internal controls;
- The full year financial results of the Group and related announcements prior to submission to the Board of Directors for consideration and approval;
- The external audit and internal audit fees for FY2018 and recommendation to the Board for approval;
- The independence and re-appointment of the EA and recommendation to the Board for approval; and
- Interested person transactions falling within scope of Chapters 9 and 10 of the Catalist Rules and any potential conflicts of interests.

Internal Audit

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

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

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

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

The primary functions of the IA are to:

(a) Assess if adequate systems of internal controls are in place to protect the funds and assets of the Group and to ensure control procedures are complied with;
(b) Conduct regular in-depth audits of high-risk areas; and
(c) Identify and recommend improvement to internal control procedures, where required.

The AC has reviewed the report submitted by EY on internal procedures, the EA's report and the internal controls in place, and is satisfied that there are adequate internal controls in the Company.

The AC will review on an annual basis the adequacy and effectiveness of the IA function.

The AC had reviewed and is of the view that the IA function is adequate and effective in FY2018.

SHAREHOLDER RIGHTS AND ENGAGEMENT
SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

Shareholder Rights

The Company treats all shareholders fairly and equitably, and recognise, protect and facilitate the exercise of shareholders' rights and continually review and update such governance arrangement.

The Company is committed to making timely, full and accurate disclosure to the shareholders and the public. All information on the Company's new initiatives which would be likely to materially affect the price or value of the Company's shares will be promptly disseminated via SGXNet to ensure fair communication with shareholders.

The Company has endeavoured to provide a longer notice period of 28 days for its Annual General Meetings and Extraordinary General Meetings over the past few years.

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

Shareholders are encouraged to attend the AGM/EGM to ensure a high level of accountability and to stay apprised of the Group's strategy and goals. Shareholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions to be passed. Notice of the General Meetings will be advertised in newspapers and announced on SGXNet.

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

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

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

All resolutions are put to vote by poll, and their detailed results will be announced via SGXNet after the conclusion of the general meeting. Electronic poll voting has been adopted since 2017 so as to better reflect shareholders' interest and ensure greater transparency. Votes cast for and against each resolution will be tallied and displayed live-on-screen to shareholders immediately at the meeting.

11.3 The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless in cases of exigencies. The EA is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report. Directors' attendance at the 2018 AGM is tabled on page 52 of this Annual Report.

11.4 The Company's Constitution allows for absentia voting (including but not limited to the voting by mail, electronic mail or facsimile). A shareholder is entitled to attend and vote or to appoint not more than two proxies who need not be a shareholder of the Company, to attend and vote at the meetings on his behalf.

With effect from 3 January 2016, the Companies Act provides that a relevant intermediary (as defined in Section 181 of the Companies Act) (such as a corporation, person or the Central Provident Fund Board that provide nominee or custodial services) may appoint more than two proxies in relation to a meeting to exercise all or any of his rights to attend and to speak and vote at the meeting. The Constitution of the Company allows a member (other than a relevant intermediary as defined in Section 181 of the Companies Act) to appoint not more than two proxies to attend and vote at its general meetings.

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

11.6 ***Dividend Policy***

The Company does not have a fixed dividend policy. Nonetheless, Management will review, *inter alia*, the Group's performance in the relevant financial period, projected capital needs and working capital requirements and make appropriate recommendations to the Board on dividend declaration.

The Board has not declared or recommended dividends for FY2018, as the Group has just turned profitable in FY2018, mainly due to the reversal of impairment losses on exploration and evaluation assets subsequent to the successful test production well at the Rolvsnes discovery. This has been communicated to shareholders.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12 ***The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.***

12.1 ***Communication with Shareholders***

The Company solicits feedback from and addresses the concerns of shareholders via the following:

- One-on-one and group meetings;
- Investor/analyst briefings;
- Conferences and roadshows;
- Annual General Meetings and Extraordinary General Meetings; and
- Responses to email queries.

In 2018, the Company issued more than 40 announcements and press releases and conducted one-on-one and group meetings, as well as conference calls, with local and foreign investors or analysts, as well as with the media.

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

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

12.3 The Company's Investor Relations policy sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions. Contact details to the Company's investor relations team (ir@rexih.com) are available on the Company's corporate website http://rexih.com.

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

13.1 The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups. Further details can be found in the Sustainability Report section of this Annual Report.

13.2 The Company has disclosed in this Annual Report, its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period. Further details can be found in the Sustainability Report section of this Annual Report.

13.3 The Company maintains a current corporate website, http://rexih.com, to communicate and engage with stakeholders. The Company's profile, latest news and announcements, share price information, publications such as annual reports, qualified person's reports, fact sheets and presentations can be accessed on the corporate website. Investors can also opt for email alerts on the Company's latest announcements.

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH APPLICABLE CATALIST RULES

Appointment of Auditors

1204(6) The Company confirms its compliance to the Catalist Rules 712 and 715. Significant foreign subsidiaries are audited by KPMG LLP, Singapore for consolidation purpose, and other member firms of KPMG International. Both KPMG LLP and the audit partner-in-charge have the relevant experience in providing audit services to various clients in the oil and gas industry. Other foreign subsidiaries are registered BVI companies that have no operational activities in FY2018.

1204(8) ### *Material Contracts*

There were no material contracts entered into by the Group involving the interest of the CEO, any Directors, or controlling shareholders which are either still subsisting at the end of FY2018 or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2017.

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

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

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

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

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

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

There were no IPTs with value of more than S$100,000 transacted during FY2018. The Company does not have an IPT Mandate.

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

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

1204(19) ***Dealing in Securities***

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

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

1204(21) ***Non-sponsor Fees***

No non-sponsor fees were paid to the Company's previous sponsor, PrimePartners Corporate Finance Pte. Ltd., for FY2018. As announced by the Company on 31 January 2019, the Company has changed its sponsor to Novus Corporate Finance Pte. Ltd. as of 1 February 2019.

1204(22) ***Use of Proceeds Raised from Placement Exercise***

The Company had on 6 November 2013, completed a placement of 70 million new ordinary shares at an issue price of S$0.755 per share, raising net proceeds of S$50.87 million (after deducting placement expenses of S$1.98 million).

As at the date of this report, the Company had utilised all the proceeds in the manner as set out in its Annual Report for FY2017, except for the amount allocated to the share buyback mandate of S$5.96 million.

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements of Rex International Holding Limited ("**the Company**") and its subsidiaries ("**the Group**") for the financial year ended 31 December 2018.

In our opinion:

(a) the financial statements set out on pages 98 to 185 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, the financial performance of the Group, the changes in equity of the Group and of the Company, and the cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

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

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

DIRECTORS' INTERESTS

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

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year	Holdings at 21 January 2019
Dan Broström			
Rex International Holding Limited			
Ordinary shares			
- direct interest	1,928,000	1,928,000	1,928,000
- deemed interest	3,000,000	3,000,000	3,000,000

DIRECTORS' INTERESTS – CONTINUED

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year	Holdings at 21 January 2019
Dr Karl Lidgren			
Rex International Holding Limited			
Ordinary shares			
- deemed interest	452,020,422	452,020,422	452,020,422

By virtue of Section 7 of the Act, Dan Broström and Dr Karl Lidgren are deemed to have interests in all the related corporations of the Company at the beginning and at the end of the financial year.

Except as disclosed under the "Share options" and "Share awards" sections of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTIONS

The Employee Share Option Scheme (the "**ESOS**") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 24 June 2013. The ESOS is administered by the Company's Remuneration Committee, comprising 3 directors, Sin Boon Ann, Muhammad Sameer Yousuf Khan and Dan Broström.

Other information regarding the ESOS is set out below:

- The exercise price of the options can be set at a discount to the Market Price[1] not exceeding 20% of the Market Price at the date on which the options are granted.
- For the options granted with exercise price set at Market Price, they can be exercised 1 year from the date of the grant and will expire 5 years from the date on which the options are granted.
- For the options granted with exercise price set at a discount to the Market Price, they can be exercised 2 years from the date of the grant and will expire 5 years from the date on which the options are granted.

(1) The Market Price is calculated based on the average of the last dealt prices for the Company's shares on the Catalist of the SGX-ST over the 5 consecutive trading days immediately preceding the date on which the options are granted.

SHARE OPTIONS – CONTINUED

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

		Number of options						
Date of grant of options	Exercise price of options	At 1 January 2018	Granted	Lapsed	Exercised	At 1 December 2018	Number of holders at 31 December 2018	Exercise period of options
29.11.2013	S$0.65	1,525,000	–	(1,525,000)	–	–	–	29.11.2014 to 28.11.2018
29.11.2013	S$0.52	762,500	–	(762,500)	–	–	–	29.11.2015 to 28.11.2018
		2,287,500	–	(2,287,500)	–	–	–	

Details of options granted to directors of the Company under the ESOS are as follows:

Name of director	Options granted for financial year ended 31 December 2018	Aggregate options granted since commencement of ESOS to 31 December 2018	Aggregate options lapsed since commencement of ESOS to 31 December 2018	Aggregate options outstanding as at 31 December 2018
Muhammad Sameer Yousuf Khan	–	375,000	(375,000)	–
Sin Boon Ann	–	375,000	(375,000)	–
	–	750,000	(750,000)	–

There were no participants who received options comprising shares representing 5% or more of the aggregate of the total number of new shares available under the ESOS. Controlling shareholders and their associates and the directors and employees of the Company's parent company and its subsidiaries are not eligible participants of the ESOS.

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.

At the end of the financial year, there were 3,761,545 unissued ordinary shares of Lime Petroleum AS ("**LPA**") under option relating to the LPA Share Incentive Plan, representing 2.89% of the total outstanding share capital of LPA. None of the unexercised options for ordinary shares are vested and exercisable at the end of the financial year. Details and terms of the options are disclosed in the annual report of LPA.

SHARE AWARDS

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

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

The award of ordinary shares granted under the PSP represent the right of an employee to receive fully paid shares, their equivalent cash value or combination thereof, free of charge upon the achievement of pre-determined benchmarks set over the prescribed performance period, and upon the expiry of the prescribed vesting period.

Details of the movement of the awards of ordinary shares granted under the PSP (the "**Awards**") during the financial year were as follows:

	Number of Awards					
Date of grant of Awards	**At 1 January 2018**	**Granted**	**Lapsed**	**Vested**	**At 31 December 2018**	**Number of holders at 31 December 2018**
29.04.2016	11,407,100	–	(3,497,500)[1]	(7,909,600)[2]	–	–
28.04.2017	156,288,800[3]	–	–	–	156,288,800	18
	167,695,900	–	(3,497,500)	(7,909,600)	156,288,800	

(1) On 28 April 2018, 3,497,500 Awards had lapsed, after a 2-year period from the date of grant of the Awards.

(2) On 9 May 2018, the Company issued and allotted 7,909,600 new ordinary shares in the capital of the Company, pursuant to the share award granted on 29 April 2016 to Mr Måns Lidgren, the Chief Executive Officer of the Company and an associate of a controlling shareholder of the Company, in respect of his performance in the financial year ended 31 December 2016, under the PSP.

(3) The actual number of Awards to be delivered are based on the average of the Company's closing market prices of shares over a consecutive period of 5 market days in which transactions in the shares were recorded, at any time within a 2-year period from the date of grant of the Awards ("**Average Performance Market Price**"). If the Average Performance Market Price is S$0.15 and above, 40% of the number of shares in the Awards shall be released after the vesting period. If the Average Performance Market Price is S$0.30 and above, an additional 60% of the number of shares in the Awards shall be released. If the Average Performance Market Price is less than S$0.15, none of the Shares in the Award shall be released unless otherwise determined by the committee administering the PSP.

SHARE AWARDS - CONTINUED

Details of the Awards granted under the PSP to participants who are directors, controlling shareholders or associates of the controlling shareholders and participants who received more than 5% of the total grants available in FY2018 are as follows:

Name of participant	Awards granted for financial year ended 31 December 2018	Aggregate awards granted since commencement of PSP to 31 December 2018	Aggregate awards lapsed/ adjusted since commencement of PSP to 31 December 2018	Aggregate awards released since commencement of PSP to 31 December 2018	Aggregate awards outstanding as at 31 December 2018
Directors					
Dan Broström	–	16,248,200	–	–	16,248,200
Dr Karl Lidgren	–	16,358,400	–	–	16,358,400
Muhammad Sameer Yousuf Khan	–	2,600,000	–	–	2,600,000
Sin Boon Ann	–	3,000,000	–	–	3,000,000
Dr Christopher Atkinson	–	1,400,000	–	–	1,400,000
Controlling Shareholders or Associates of the Controlling Shareholders					
Måns Lidgren	–	45,185,064	–	(14,241,464)	30,943,600
Lina Berntsen	–	5,124,100	(1,748,700)	–	3,375,400
Martin Lidgren	–	4,249,800	(874,400)	–	3,375,400
Magnus Lidgren	–	4,249,800	(874,400)	–	3,375,400
Hans Lidgren	–	10,164,800	–	–	10,164,800
Participants who received more than 5% of the total grants available					
Svein Kjellesvik	–	15,552,000	–	–	15,552,000
Per Lind	–	22,290,500	(593,934)	(4,610,366)	17,086,200
Kristofer Skantze	–	18,200,100	(486,496)	(3,718,004)	13,995,600
Mok Lai Siong	–	14,995,000	(379,968)	(2,976,032)	11,639,000

The directors and employees of the Company's parent company and its subsidiaries are not eligible participants of the PSP.

The vesting and release of the Awards granted to eligible participants (including Mr Måns Lidgren) under the Plan are based on pre-determined performance goals and conditional on the satisfactory completion of time-based service conditions.

AUDIT COMMITTEE

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

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

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held 4 meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and subsidiaries, the Board of Directors have complied with Rules 712 and 715 of the SGX Listing Manual.

DIRECTORS' STATEMENT

AUDITORS

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

On behalf of the Board of Directors

Dan Broström
Director

Muhammad Sameer Yousuf Khan
Director

18 March 2019

INDEPENDENT AUDITORS' REPORT

Members of the Company
Rex International Holding Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Rex International Holding Limited ("**the Company**") and its subsidiaries ("**the Group**"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 98 to 185.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("**the Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Basis for opinion

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

INDEPENDENT AUDITORS' REPORT

Members of the Company
Rex International Holding Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS - CONTINUED

Key audit matters

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

Impairment risk over Exploration and Evaluation ("E&E") assets

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

DESCRIPTION OF RISK	*OUR RESPONSE TO THE RISK*	*FINDINGS*
There is a risk of impairment on the Group's significant E&E assets (representing 65% of total assets) due to the continued volatility of the oil price and the risk associated with finding sufficient oil reserves for commercial production. Significant judgement and estimates are involved in assessing impairment, particularly the estimates of the future oil prices, production levels, operating costs, and economic assumptions used to estimate the recoverable amounts of the E&E assets.	We discussed with the Group's management and read supporting documents to understand the current status and future plans and intentions for the E&E assets. We challenged the reasonableness of the valuation methodology and key assumptions used by the Group by comparing against market valuation practices, industry market data and external independent reserve report.	We found the valuation methodology used to be in line with market valuation practices. Taking into consideration the Group's future plans, intentions for these E&E assets, industry market data and the range of economic conditions that could exist, we found the key assumptions used by the Group to be reasonable.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS - CONTINUED

Key audit matters - Continued

Contingent liability – litigation claims by Gulf Hibiscus Ltd ("GHL")

Refer to Note 3.10 – Accounting policy: Provisions and Note 33 to the financial statements

DESCRIPTION OF RISK	OUR RESPONSE TO THE RISK	FINDINGS
Since 2016, GHL made claims against the Group in relation to the conduct of the Group with regard to its investee companies in Singapore and Norway jurisdictions where both parties entered into legal proceedings. Significant judgement is involved in determining whether any provision should be set aside for GHL's claims and whether adequate disclosure of the claims are made in the financial statements.	We obtained an update from the Group's external legal counsels on the status of the litigation and the likely outcome of these claims. We also reviewed correspondences between the Group and the legal counsels and legal documents relating to the claims, and discussed with the Group on the status of these claims. We further reviewed and assessed the sufficiency of the related disclosures made in the financial statements.	We found the Group's assessment that the litigation meets the criteria of a contingent liability to be reasonable. We also found the disclosures of the litigation to be balanced.

Other information

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

Members of the Company
Rex International Holding Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS - CONTINUED

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS - CONTINUED

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
18 March 2019

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

		Group			Company		
	Note	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000
Assets							
Exploration and evaluation assets	4	136,060	76,890	58,175	–	–	–
Other intangible assets	5	5,065	5,915	6,765	–	–	–
Plant and equipment	6	70	86	207	9	17	25
Subsidiaries	7	–	–	–	102,426	92,977	90,636
Jointly controlled entities	9	–	–	2,344	–	–	–
Available-for-sale investment	10	–	1,106	2,637	–	–	1,531
Non-current assets		141,195	83,997	70,128	102,435	92,994	92,192
Inventories	11	2,304	2,810	3,188	–	–	–
Trade and other receivables	12	31,273	9,529	22,609	1,078	2,397	2,276
Quoted investments	13	28,819	33,574	31,102	27,775	33,574	31,102
Cash and cash equivalents	14	5,305	11,700	33,240	1,968	8,631	18,108
Current assets		67,701	57,613	90,139	30,821	44,602	51,486
Total assets		208,896	141,610	160,267	133,256	137,596	143,678
Equity							
Share capital	15	256,324	255,758	254,873	256,324	255,758	254,873
Reserves	16	5,551	7,256	7,644	1,152	1,493	2,888
Accumulated losses		(142,884)	(144,470)	(139,241)	(140,144)	(135,248)	(125,890)
Total equity attributable to owners of the Company		118,991	118,544	123,276	117,332	122,003	131,871
Non-controlling interests	8	6,839	6,610	10,160	–	–	–
Total equity		125,830	125,154	133,436	117,332	122,003	131,871
Liabilities							
Deferred tax liabilities	18	40,946	2,358	581	–	–	–
Provisions	19	11,331	10,740	10,821	–	–	–
Non-current liabilities		52,277	13,098	11,402	–	–	–
Loans and borrowings	20	26,413	–	12,488	–	–	–
Trade and other payables	21	4,376	3,358	2,941	15,924	15,593	11,807
Current liabilities		30,789	3,358	15,429	15,924	15,593	11,807
Total liabilities		83,066	16,456	26,831	15,924	15,593	11,807
Total equity and liabilities		208,896	141,610	160,267	133,256	137,596	143,678

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	Note	Group 2018 US$'000	Group 2017 US$'000
Revenue	22	407	356
Cost of sales:			
Cost of services		(592)	(230)
Exploration and evaluation expenditure	4	(2,089)	(3,163)
Gross loss		(2,274)	(3,037)
Administration expenses		(10,522)	(11,265)
Other expenses		(2,007)	(2,148)
Other income	24	28,842	1,823
Results from operating activities		14,039	(14,627)
Finance income	23	899	1,012
Finance costs	23	(1,550)	(1,378)
Foreign exchange (loss)/gain		(345)	263
Net finance costs		(996)	(103)
Share of equity-accounted losses of a jointly controlled entity, net of tax	9	–	(678)
Profit/(loss) before tax	24	13,043	(15,408)
Tax (expense)/credit	25	(11,014)	6,477
Profit/(loss) for the year, net of tax		2,029	(8,931)
Other comprehensive (loss)/ income			
Items that are or may be reclassified subsequently to profit or loss:			
Net change in fair value of an available-for-sale investment, net of tax (reclassified to profit or loss on disposal)	10,16	–	(830)
Foreign currency translation differences from foreign operations		(1,524)	1,125
Other comprehensive (loss)/ income for the year, net of tax		(1,524)	295
Total comprehensive income/ (loss) for the year, net of tax		505	(8,636)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	Note	Group 2018 US$'000	Group 2017 US$'000
Profit/(loss) attributable to:			
Owners of the Company		1,143	(8,524)
Non-controlling interests		886	(407)
Profit/(loss) for the year, net of tax		2,029	(8,931)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		(202)	(8,377)
Non-controlling interests		707	(259)
Total comprehensive income/(loss) for the year		505	(8,636)
Earnings/(loss) per share			
Basic earnings/(loss) per share (cents)	26	0.09	(0.67)
Diluted earnings/(loss) per share (cents)	26	0.09	(0.67)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

		Attributable to owners of the Company									
	Note	Share capital	Merger reserve	Capital reserve	Fair value reserve	Share-based payment reserve	Translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group											
At 1 January 2017		254,873	4,129	1,080	830	1,605	–	(139,241)	123,276	10,160	133,436
Total comprehensive loss for the year											
Loss for the year		–	–	–	–	–	–	(8,524)	(8,524)	(407)	(8,931)
Other comprehensive income/ (loss)											
Net change in fair value of an available-for-sale investment, net of tax (reclassified to profit or loss)	10	–	–	–	(830)	–	–	–	(830)	–	(830)
Foreign currency translation differences		–	–	–	–	–	977	–	977	148	1,125
Total other comprehensive income		–	–	–	(830)	–	977	–	147	148	295
Total comprehensive income/ (loss) for the year		–	–	–	(830)	–	977	(8,524)	(8,377)	(259)	(8,636)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Issuance of shares	15	885	–	–	–	(885)	–	–	–	–	–
Share-based payment transactions - employee share option scheme and performance share plan	17	–	–	–	–	350	–	–	350	4	354
Total contributions by and distributions to owners		885	–	–	–	(535)	–	–	350	4	354
Changes in ownership interests in subsidiaries											
Acquisition of non-controlling interests without a change in control, representing total changes in ownership interests in subsidiaries	8, 29	–	–	–	–	–	–	3,295	3,295	(3,295)	–
Total transactions with owners		885	–	–	–	(535)	–	3,295	3,645	(3,291)	354
At 31 December 2017		255,758	4,129	1,080	–	1,070	977	(144,470)	118,544	6,610	125,154

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

		Attributable to owners of the Company								
	Note	Share capital	Merger reserve	Capital reserve	Share-based payment reserve	Translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group										
At 1 January 2018		255,758	4,129	1,080	1,070	977	(144,470)	118,544	6,610	125,154
Total comprehensive income for the year										
Profit for the year		–	–	–	–	–	1,143	1,143	886	2,029
Other comprehensive income/(loss)										
Foreign currency translation differences, representing total other comprehensive loss		–	–	–	–	(1,345)	–	(1,345)	(179)	(1,524)
Total comprehensive income/(loss) for the year		–	–	–	–	(1,345)	1,143	(202)	707	505
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Issuance of shares	15	566	–	–	(566)	–	–	–	–	–
Share-based payment transactions - employee share option scheme and performance share plan	17	–	–	–	270	–	–	270	1	271
Total contributions by and distributions to owners		566	–	–	(296)	–	–	270	1	271
Changes in ownership interests in subsidiaries										
Acquisition of non-controlling interests without a change in control, representing total changes in ownership interests in subsidiaries	8, 29	–	–	–	(3)	(61)	443	379	(479)	(100)
Total transactions with owners		566	–	–	(299)	(61)	443	649	(478)	171
At 31 December 2018		256,324	4,129	1,080	771	(429)	(142,884)	118,991	6,839	125,830

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

	Note	Share capital US$'000	Capital reserve US$'000	Fair value reserve US$'000	Share-based payment reserve US$'000	Accumulated losses US$'000	Total equity US$'000
Company							
At 1 January 2017		254,873	505	830	1,553	(125,890)	131,871
Total comprehensive loss for the year							
Loss for the year		–	–	–	–	(9,358)	(9,358)
Other comprehensive loss							
Net change in fair value of an available-for-sale investment reclassified to profit or loss net of tax		–	–	(830)	–	–	(830)
Total other comprehensive loss		–	–	(830)	–	–	(830)
Total comprehensive loss for the year		–	–	(830)	–	(9,358)	(10,188)
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Issuance of shares	15	885	–	–	(885)	–	–
Share-based payment transactions - performance share plan	17	–	–	–	320	–	320
Total transactions with shareholders		885	–	–	(565)	–	320
At 31 December 2017		255,758	505	–	988	(135,248)	122,003

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

	Note	Share capital US$'000	Capital reserve US$'000	Share-based payment reserve US$'000	Accumulated losses US$'000	Total equity US$'000
Company						
At 1 January 2018		255,758	505	988	(135,248)	122,003
Total comprehensive loss for the year						
Loss for the year, representing total comprehensive loss for the year		–	–	–	(4,896)	(4,896)
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Issuance of shares	15	566	–	(566)	–	–
Share-based payment transactions - performance share plan	17	–	–	225	–	225
Total transactions with shareholders		566	–	(341)	–	225
At 31 December 2018		256,324	505	647	(140,144)	117,332

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	Note	Group 2018 US$'000	Group 2017 US$'000
Cash flows from operating activities			
Profit/(loss) for the year before tax		13,043	(15,408)
Adjustments for:			
Depreciation	6	50	136
Amortisation of other intangible assets	5	850	850
Net finance costs		651	366
(Reversal of)/impairment losses on exploration and evaluation assets	4	(28,258)	2,477
Writedown of inventories	11	506	–
Net gain on disposal of an unquoted investment (previously classified as an available-for-sale investment)		(432)	–
Impairment of a jointly controlled entity	9	–	2,148
Net change in fair value of an available-for-sale investment, net of tax		–	(830)
Net gain on disposal of an available-for-sale investment, net of tax	10	–	(185)
Share of equity-accounted losses of a jointly controlled entity, net of tax		–	678
Equity settled share-based payment transactions		271	352
Change in fair value of quoted investments		1,469	(579)
Loss on disposal of quoted investments		31	–
		(11,819)	(9,995)
Changes in:			
- Inventories		–	378
- Trade and other receivables		246	(1,911)
- Trade and other payables		940	418
Tax receipts from exploration and evaluation activities in Norway	12(i)	7,074	22,375
Net cash (used in)/from operating activities		(3,559)	11,265

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	Note	Group 2018 US$'000	Group 2017 US$'000
Cash flows from investing activities			
Interest received		899	1,012
Proceeds from disposal of an available-for-sale investment	10	–	1,717
Investment in a jointly controlled entity	9	–	(580)
Purchase of quoted investments	13	(21)	(2,253)
Proceeds from disposal of quoted investments	13	4,812	361
Proceeds from disposal of exploration and evaluation assets		263	–
Exploration and evaluation expenditure	4	(35,913)	(20,237)
Purchase of plant and equipment	6	(32)	(9)
Net cash used in investing activities		(29,992)	(19,989)
Cash flows from financing activities			
Interest paid		(818)	(818)
Acquisition of non-controlling interests in subsidiaries		(100)	–
Proceeds from bank loans		33,115	6,757
Repayment of bank loans		(4,594)	(20,262)
Net cash from/(used in) financing activities		27,603	(14,323)
Net decrease in cash and cash equivalents		(5,948)	(23,047)
Cash and cash equivalents at 1 January		11,700	33,240
Effect of exchange rate fluctuations on cash held		(447)	1,507
Cash and cash equivalents at 31 December	14	5,305	11,700

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

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 18 March 2019.

1 DOMICILE AND ACTIVITIES

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

The financial statements of the Group as at and for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as "**the Group**" and individually as "**Group entities**") and the Group's interest in equity-accounted investees.

The principal activities of the Company are those relating to investment holding. The principal activities of its subsidiaries are set out in Note 7 to the financial statements.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore ("**FRS**"). An explanation of how the transition to SFRS(I) and application of SFRS(I) 9 and SFRS(I) 15 have affected the reported financial position, financial performance and cash flows is provided in Note 35.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise disclosed in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in United States ("**US**") dollars, which is the Company's functional currency. All financial information presented in US dollars have been rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION – CONTINUED

2.4 Use of estimates and judgements

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

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

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which such valuations should be classified.

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2 BASIS OF PREPARATION – CONTINUED

2.4 Use of estimates and judgements – Continued

(i) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of the statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

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

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

- Exploration and evaluation assets — Note 4
- Subsidiaries — Note 7

Amortisation of technology assets

Technology assets are amortised on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation expenses could be revised. The carrying amounts of these assets are disclosed in Note 5 to the financial statements.

Provisions

Estimates of the Group's obligations arising from exploration drilling rehabilitation that exist as at the reporting date may be affected by future events which cannot be predicted with any certainty. The assumptions and best estimates in determining these provisions are made based on management's judgement and experience and therefore, future exploration drilling rehabilitation obligations and expenses could be revised. The carrying amounts of the Group's provisions at the reporting date are disclosed in Note 19 to the financial statements.

2 BASIS OF PREPARATION – CONTINUED

2.4 Use of estimates and judgements – Continued

(ii) Critical judgements made in applying accounting policies

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

Business combinations

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

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

Exploration and evaluation expenditures

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether it is likely that future economic benefits are likely from future exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Group defers or ceases exploration and evaluation expenditure.

The Group's accounting policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, whether an economically viable extraction operation can be established and executed successfully. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in profit or loss in the period when the new information becomes available.

Hydrocarbon reserves

Hydrocarbon reserves are estimates of the amount of oil that can be economically and legally extracted by the Group in approved fields. For the purpose of estimating reserves, several factors are considered, among others, such as geological, technical and economic, production techniques, recovery rates, production costs, transportation costs, demand and prices for commodities and exchange rates. Estimating the quantity and grade of reserves requires determining the size, shape and depth of the reservoirs or fields to be determined by analysing geological data and drilling samples. This process may require interpreting complex and difficult geological judgements. Because the economic assumptions change from period to period and the Group is still generating additional geological data during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the recovery of the carrying amount of oil properties due to changes in estimated future cash flows and the cost of depreciation recorded in profit or loss as it is given in terms of units of production based on total proven reserves.

3 SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combinations* as at the acquisition date, which is the date on which control is transferred to the Group.

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

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

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

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) Subsidiaries

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.1 Basis of consolidation – Continued

(ii) Subsidiaries – Continued

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

(iii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

(iv) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

(v) Investments in associates and jointly controlled entities (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A jointly controlled entity is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and jointly controlled entities are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.1 Basis of consolidation – Continued

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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

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

3.2 Foreign currency

(i) Foreign currency transactions

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

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

(ii) Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to US dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the end of the reporting date.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.2 Foreign currency – Continued

(ii) Foreign operations – Continued

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve ("**translation reserve**") in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or jointly controlled entity that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

3.3 Exploration and evaluation assets

Exploration and evaluation activity involves the search for oil and gas resources, the determination of technical feasibility and the assessment of the commercial viability of an identified resource. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in profit or loss.

Exploration and evaluation costs are capitalised in respect of each area of interest for which the rights to tenure are current and where:

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

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

Exploration and evaluation assets comprise, among others, costs that are directly attributable to researching and analysing existing exploration data, gathering exploration data through topographical, geochemical and geophysical studies, exploratory drilling, trenching and sampling, determining and examining the volume and grade of the resource, examining and testing extraction and treatment methods, surveying transportation and infrastructure requirements, compiling pre-feasibility and feasibility studies and/or gaining access to areas of interest including occupancy and relocation compensation and other directly attributable costs of exploration and appraisal including technical and administrative costs.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.3 Exploration and evaluation assets – Continued

General and administrative costs are allocated to, and included in, the cost of exploration and evaluation asset only to the extent that those costs can be related directly to operational activities in the area of interest to which the exploration and evaluation asset relates. In all other cases, these costs are expensed as incurred.

Exploration and evaluation assets are transferred to development costs, a component of exploration and evaluation assets, when the technical feasibility and commercial viability of extracting the resource are demonstrable and sanctioned by management.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. Where a potential impairment is indicated, assessment is performed for each area of interest in conjunction with the group of operating assets (representing a CGU) to which the exploration and evaluation is attributable. To the extent that capitalised exploration and evaluation is not expected to be recovered, it is charged to profit or loss. Partial or full reversals of impairments of such assets are recognised if there is an indication that a previously recognised impairment loss has reversed and the recoverable amount of the impaired asset has subsequently increased.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are depreciated over the life of the area according to the rate of depletion of the economically recoverable reserves.

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

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

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.4 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.

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

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

(ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset. 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 the plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

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

Furniture and fittings	5 to 10 years
Office equipment	5 years
Office computers	3 years

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.5 Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of equity-accounted investees is measured at the acquisition date and represents the excess of the fair value of the consideration transferred over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Any excess of the Group's share of the net fair value of the equity-accounted investees' identifiable assets acquired and liabilities assumed over the cost of investment is included as income in the determination of the Group's share of the equity-accounted investees' profit or loss in the period in which the investment is acquired.

Subsequent measurement

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 equity-accounted investee.

(ii) Other intangible assets

Other intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated based on the cost of asset, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date on which the assets are available for use.

The estimated useful lives are as follows:

Technology	10 years
Customer contracts	10 years

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

3.6 Inventories

Inventories comprise raw materials and are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.7 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

(ii) Classification and subsequent measurement

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

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

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

Financial assets at amortised cost

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

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

Equity investments at FVOCI

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.7 Financial instruments – Continued

(ii) Classification and subsequent measurement – Continued

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

Financial assets at FVTPL

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.7 Financial instruments – Continued

(ii) Classification and subsequent measurement – Continued

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

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

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

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

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

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

Financial assets at FVTPL

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.7 Financial instruments – Continued

(ii) Classification and subsequent measurement – Continued

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

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 assets – Policy applicable before 1 January 2018

The Group classifies non-derivative financial assets into the following categories: fair value through profit or loss, loans and receivables and available-for-sale financial assets.

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

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any interest income and dividend income, are recognised in profit or loss.

Financial assets classified as held for trading comprise debt securities actively managed by the Group's treasury department to address short-term liquidity needs.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.7 Financial instruments – Continued

(ii) Classification and subsequent measurement – Continued

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

Loans and receivables

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

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

Available-for-sale financial assets

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

Where an investment in equity securities classified as available-for-sale does not have a quoted market price in an active market and other methods of determining fair value do not result in a reasonable estimate, the investment is measured at cost less impairment losses.

Available-for-sale financial assets comprise quoted and unquoted equity securities.

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.7 Financial instruments – Continued

(iii) Derecognition

Financial assets

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

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

Financial liabilities

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

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

(iv) Offsetting

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

(v) Cash and cash equivalents

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

(vi) Share capital

Ordinary shares

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.8 Impairment

Non-derivative financial assets and contract assets

Policy applicable from 1 January 2018

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

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

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

Simplified approach

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

General approach

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.8 Impairment – Continued

Non-derivative financial assets and contract assets – Continued

Policy applicable from 1 January 2018 – Continued

General approach – Continued

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

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

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

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.8 Impairment – Continued

Non-derivative financial assets and contract assets – Continued

Policy applicable from 1 January 2018 – Continued

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

Policy applicable before 1 January 2018

(i) Non-derivative financial assets

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

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group considers a decline of 20% to be significant and a period of 9 months to be prolonged.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.8 Impairment – Continued

Policy applicable before 1 January 2018 – Continued

(i) Non-derivative financial assets – Continued

Loans and receivables

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

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

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

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.8 Impairment – Continued

Policy applicable before 1 January 2018 – Continued

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

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

3.10 Provisions

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.11 Leases

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

3.12 Revenue

Rendering of services

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

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

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

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

3.13 Finance income and finance costs

Finance income comprises interest income on funds invested, including debt securities. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance cost comprises bank charges, which are inclusive of cash management and processing fees, and unwinding of discount on exploration drilling rehabilitation.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.14 Tax

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 in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

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

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

3 SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3.14 Tax – Continued

The Group is subjected to the Norwegian oil taxation regime which involves an allocation of indirect costs to exploration expenses as items allowable for tax deductions and subsequent tax refund. The allocation and the calculated tax receivables is based on judgments and understanding by the Group regarding items allowable for tax deduction, and the view may differ from the Norwegian tax authorities' practice in the final settlement of the tax refund.

3.15 Earnings per share

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

3.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment, and intangible assets other than goodwill.

3.17 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in Note 36 to the financial statements.

4 EXPLORATION AND EVALUATION ASSETS

	Group	
	2018	**2017**
	US$'000	**US$'000**
Cost		
At 1 January	142,157	117,956
Additions	35,913	20,237
Adjustments	–	(641)
Disposals	(788)	–
Translation difference on consolidation	(8,108)	4,605
At 31 December	169,174	142,157
Accumulated amortisation and impairment loss		
At 1 January	65,267	59,781
Impairment of capitalised exploration expenditure	–	2,477
Reversal of previously recognised impairment	(28,258)	–
Translation difference on consolidation	(3,895)	3,009
At 31 December	33,114	65,267
Carrying amounts as at 31 December	136,060	76,890

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

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

		Group	
	Note	**2018**	**2017**
		US$'000	**US$'000**
Cost of sales includes:			
Impairment of exploration expenditure previously capitalised	24	–	2,477
Other exploration costs		2,089	686
		2,089	3,163

Adjustments

In 2017, adjustments were made to the exploration and evaluation costs due to a remeasurement of an existing provision for exploration drilling rehabilitation.

4 EXPLORATION AND EVALUATION ASSETS – CONTINUED

Impairment Assessment

Norway

In 2017, the Group recognised total impairment loss of US$2,477,000 with respect to exploration and evaluation assets in Norway as a result of the relinquishment of certain licences in Norway.

In 2018, as a result of the positive production test results on the Rolvsnes oil discovery in PL338C which showed good reservoir productivity and connection to an oil volume, a reversal of prior years' previously recognised impairment of exploration and evaluation assets in Norway of US$28,258,000 was recognised in "other income".

The recoverable amount of the exploration and evaluation assets is determined based on fair value less costs of disposal of the assets (Level 2 fair value hierarchy). The Rolvsnes discovery, having been taken further to the mature stage of successful production testing during the year attracted unsolicited offers. At the reporting date, various strategic options were being considered and the Group had not committed to a plan to recover the carrying amount of the exploration and evaluation assets principally through a sale. The Group seized the opportunity to monetise the assets in late January 2019 to a third party for a post-tax cash consideration of US$43,000,000 and a contingent payment of US$2,000,000. The total consideration for the proposed sale of the licenses is higher than the carrying amount of the exploration and evaluation assets (net of deferred tax liabilities) that would have been determined had no impairment loss been recognised in prior years.

Oman

An impairment assessment was performed over the Group's interests in its exploration and evaluation assets in Oman. Based on the impairment assessment performed, the recoverable amounts were determined to be in excess of the carrying value of these exploration and evaluation assets, and no further impairment loss was recognised.

The recoverable amounts of the exploration and evaluation assets were determined based on value in use calculations. The key assumptions used in the calculation of recoverable amounts include a suitable discount rate, gross unrisked recoverable resource estimates, geological chance of success estimated by the operators of respective concessions, future oil prices and expected capital and operational expenditure which are based on management's forecast.

5 OTHER INTANGIBLE ASSETS

Group	Technology US$'000	Customer Contracts US$'000	Total US$'000
Cost			
At 1 January 2017, 31 December 2017 and 31 December 2018	4,700	3,800	8,500
Accumulated amortisation			
At 1 January 2017	959	776	1,735
Amortisation	470	380	850
At 31 December 2017	1,429	1,156	2,585
Amortisation	470	380	850
At 31 December 2018	1,899	1,536	3,435
Carrying amounts			
At 1 January 2017	3,741	3,024	6,765
At 31 December 2017	3,271	2,644	5,915
At 31 December 2018	2,801	2,264	5,065

Amortisation

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

6 PLANT AND EQUIPMENT

	Furniture and fittings US$'000	Office equipment US$'000	Office computers US$'000	Total US$'000
Group				
Cost				
At 1 January 2017	199	176	146	521
Additions	–	–	9	9
Translation difference on consolidation	7	39	–	46
At 31 December 2017	206	215	155	576
Additions	13	16	3	32
Translation difference on consolidation	(8)	(10)	–	(18)
At 31 December 2018	211	221	158	590
Accumulated depreciation and impairment loss				
At 1 January 2017	57	137	120	314
Depreciation	88	32	16	136
Translation difference on consolidation	3	37	–	40
At 31 December 2017	148	206	136	490
Depreciation	28	11	11	50
Translation difference on consolidation	(9)	(11)	–	(20)
At 31 December 2018	167	206	147	520
Carrying amounts				
At 1 January 2017	142	39	26	207
At 31 December 2017	58	9	19	86
At 31 December 2018	44	15	11	70

6 PLANT AND EQUIPMENT – CONTINUED

	Furniture and fittings US$'000	Office computers US$'000	Total US$'000
Company			
Cost			
At 1 January 2017	25	128	153
Additions	–	8	8
At 31 December 2017	25	136	161
Additions	–	3	3
At 31 December 2018	25	139	164
Accumulated depreciation and impairment loss			
At 1 January 2017	13	115	128
Depreciation	5	11	16
At 31 December 2017	18	126	144
Depreciation	5	6	11
At 31 December 2018	23	132	155
Carrying amounts			
At 1 January 2017	12	13	25
At 31 December 2017	7	10	17
At 31 December 2018	2	7	9

7 SUBSIDIARIES

	Company	
	2018 US$'000	2017 US$'000
Equity investments, at cost	793	793
Loan to a subsidiary, at cost	152,398	142,949
Less: Impairment losses	(50,765)	(50,765)
	102,426	92,977

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

7 SUBSIDIARIES – CONTINUED

The details of significant subsidiaries are as follows:

Name of significant subsidiary	Principal activity	Country of incorporation	Effective equity interest held by the Group	
			2018 %	2017 %
Rex International Investments Pte Ltd (“**RII**”) [(a)]	Investment holding	Singapore	100	100
Lime Petroleum AS (“**LPA**”) [(b)]	Oil and gas exploration	Norway	90.00	87.84
Rex Technology Management Ltd (“**RTM**”) [(c)]	Oil exploration technology	British Virgin Islands	100	100
Masirah Oil Ltd (“**MOL**”) [(d)]	Oil and gas exploration	British Virgin Islands	92.65	92.24

(a) Incorporated on 13 March 2013. Audited by KPMG LLP, Singapore.
(b) Acquired on 10 December 2015. Audited by other member firms of KPMG International.
(c) Acquired on 12 December 2014. Audited by KPMG LLP, Singapore for consolidation purposes.
(d) Acquired on 12 November 2015. Audited by other member firms of KPMG International.

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

Impairment Assessment

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

Based on the impairment assessment performed, the recoverable amounts were determined to be in excess of the carrying value of the CGUs, and no further impairment loss was recognised (2017: Impairment loss of US$7,939,000 was recognised).

8 NON-CONTROLLING INTERESTS

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

Name of subsidiary	Country of incorporation	Operating segment	Ownership interest held by NCI	
			2018	2017
			%	%
Lime Petroleum AS ("**LPA**")	Norway	Oil and Gas	10.00	12.16
Masirah Oil Ltd ("**MOL**")	British Virgin Islands	Oil and Gas	7.35	7.76

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

	LPA	MOL	Total
	US$'000	US$'000	US$'000
31 December 2018			
Revenue	–	–	–
Profit/(loss) for the year	10,359	(2,043)	8,316
Other comprehensive loss	–	–	–
Total comprehensive income/(loss)	10,359	(2,043)	8,316
Attributable to NCI:			
- Profit/(loss)	1,036	(150)	886
- Other comprehensive loss	–	–	–
- Total comprehensive income/(loss)	1,036	(150)	886
Non-current assets	65,346	76,349	
Current assets	34,086	3,066	
Non-current liabilities	(40,946)	(11,331)	
Current liabilities	(36,514)	(4,929)	
Net assets	21,972	63,155	
Net assets attributable to NCI	2,197	4,642	6,839
Cash flows from/(used in) operating activities	2,202	(698)	
Cash flows used in investing activities	(35,055)	(3,028)	
Cash flows from financing activities (dividends to NCI: nil)	34,148	3,500	
Net increase/(decrease) in cash and cash equivalents	1,295	(226)	

8 NON-CONTROLLING INTERESTS – CONTINUED

	LPA US$'000	MOL US$'000	Total US$'000
31 December 2017			
Revenue	–	–	
Loss for the year	(2,325)	(1,592)	
Other comprehensive loss	–	–	
Total comprehensive loss	(2,325)	(1,592)	
Attributable to NCI:			
- Loss	(283)	(124)	(407)
- Other comprehensive loss	–	–	–
- Total comprehensive loss	(283)	(124)	(407)
Non-current assets	7,134	73,330	
Current assets	10,832	3,813	
Non-current liabilities	(2,358)	(10,740)	
Current liabilities	(2,864)	(1,203)	
Net assets	12,744	65,200	
Net assets attributable to NCI	1,550	5,060	6,610
Cash flows from/(used in) operating activities	14,994	(955)	
Cash flows used in investing activities	(4,135)	(16,347)	
Cash flows (used in)/from financing activities (dividends to NCI: nil)	(13,177)	10,340	
Net decrease in cash and cash equivalents	(2,318)	(6,962)	

9 JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Interests in jointly controlled entities	–	–	–	–

9 JOINTLY CONTROLLED ENTITIES – CONTINUED

Details of the jointly controlled entities are as follows:

Name of jointly controlled entity	Principal activity	Country of incorporation	Effective equity interest held by the Group	
			2018 %	2017 %
Lime Petroleum Plc ("**Lime Plc**") [(i)] [(ii)]	Oil and gas exploration	Isle of Man	65	65
Rexonic Holding AG ("**Rexonic Group**") [(ii)]	Oil exploration technology	Switzerland	50	50

(i) In 2016, the High Court of Isle of Man ordered the winding up of Lime Plc. As at 31 December 2018 and 2017, the Group does not expect the completion of the winding up of Lime Plc to generate any surplus cash for distribution to shareholders. The carrying amount of Lime Plc is US$Nil as at 1 January 2018 and 2017 and the Group did not equity account further share of losses incurred in 2018 and 2017 because the Group has no obligation in respect of these losses.

The liquidation process is still ongoing as at 31 December 2018.

(ii) Based on the shareholders' agreements of Lime Plc and Rexonic Group, key decisions over operational and financial matters have to be approved jointly by the shareholders of each of these jointly controlled entities without taking into consideration the board representations or shareholdings held by each partner. The Chairman of the board of each of these jointly controlled entities also has no over-riding casting vote. As such, these investments have been accounted for as jointly controlled entities.

The following table summarises the financial information of each of the Group's material jointly controlled entities, adjusted for any differences in accounting policies and reconciles the carrying amount of the Group's interest in jointly controlled entities and the share of losses and other comprehensive losses of equity-accounted investees (net of tax).

9 JOINTLY CONTROLLED ENTITIES – CONTINUED

	Rexonic Group US$'000
31 December 2017	
Group's interest in net assets of investee at 1 January 2017	2,344
Group's contributions during the year	580
Group's share of loss from continuing operations and total comprehensive loss	(678)
Elimination of unrealised currency gains and losses	(98)
Less: Impairment loss	(2,148)
Carrying amount of interest in investee at 31 December 2017	–

In 2018, the Group did not receive any dividend from its investments in jointly controlled entities (2017: US$Nil).

At the reporting date, the jointly controlled entities have no capital commitments and contingent liabilities (2017: US$Nil).

Impairment Assessment

Rexonic Group

In 2017, an impairment loss of US$2,148,000 was recognised in Rexonic Group after taking into consideration the challenging economic environment and the continued uncertainties of its business as a going concern.

10 AVAILABLE-FOR-SALE INVESTMENT

	Group		Company	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Unquoted equity shares, at cost, net of impairment	–	1,106	–	–

The Group disposed its unquoted equity shares of Steeldrum Group, in exchange for quoted equity shares of Columbus Energy Resources Plc, which was recorded under quoted investments (see Note 13). This resulted in a decrease in the equity interest in Steeldrum Group from 25.72% to Nil.

In 2017, the Group disposed 6,000,000 quoted equity shares in North Energy ASA for a total cash consideration of US$1,717,000 and recognised a gain of US$185,000. This resulted in a decrease in the equity interest in North Energy ASA from 5.04% to Nil.

11 INVENTORIES

	Group	
	2018	2017
	US$'000	US$'000
Raw materials and spares	2,304	2,810

Inventories have been reduced by US$506,000 as a result of the writedown to net realisable value. The writedown is included in "other expenses".

12 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018	2017	2018	2017
	US$'000	US$'000	US$'000	US$'000
Trade receivables	–	38	–	–
Amounts due from related corporations, trade	–	39	–	–
	–	77	–	–
Amounts due from subsidiaries, non-trade	–	–	853	2,084
Amounts due from related corporations, non-trade	–	6	–	6
Deposits	108	111	108	111
Interest receivables	42	61	42	61
Other receivables	1,664	1,383	24	107
	1,814	1,638	1,027	2,369
Prepayments	333	433	51	28
Income tax receivables [(i)]	29,126	7,458	–	–
Trade and other receivables	31,273	9,529	1,078	2,397

(i) Income tax receivables of US$29,126,000 (2017: US$7,458,000) relates to an amount receivable from Norway tax authorities for exploration costs incurred in 2018 (2017: 2017). Oil exploration companies operating on the Norwegian Continental Shelf may claim a 78% refund of their exploration costs limited to tax losses of the year. The refund will be paid out in November the following year.

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

The Group and Company's exposure to credit risks related to trade and other receivables is disclosed in Note 30 to the financial statements.

13 QUOTED INVESTMENTS

	Group		Company	
	2018	2017	2018	2017
	US$'000	US$'000	US$'000	US$'000
Debt securities – mandatorily at fair value through profit or loss	27,775	33,574	27,775	33,574
Equity investments – mandatorily at fair value through profit or loss	1,044	–	–	–
	28,819	33,574	27,775	33,574

Debt securities classified at fair value through profit or loss of the Group and Company bear interest at fixed rates ranging from 2.13% to 3.63% (2017: 1.75% to 3.62%) per annum and mature within 1 year (2017: 1 to 2 years) from the reporting date.

The Group's exposure to interest rate risks and fair value information related to the investments are set out in Note 30 to the financial statements.

14 CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	2017	2018	2017
	US$'000	US$'000	US$'000	US$'000
Cash at bank and on hand	4,064	5,700	727	2,631
Fixed deposits	1,241	6,000	1,241	6,000
	5,305	11,700	1,968	8,631

The effective interest rates for fixed deposits is 2.53% (2017: 1.19%) per annum in 2018.

15 SHARE CAPITAL

	Group and Company			
	2018	**2018**	**2017**	**2017**
	Number of shares '000	**US$'000**	**Number of shares '000**	**US$'000**
Fully paid ordinary shares, with no par value:				
In issue at 1 January	1,283,310	255,758	1,267,421	254,873
Issuance of shares pursuant to vesting of share awards under the Performance Share Plan ("**PSP**")	7,910	566	15,889	885
At 31 December	1,291,220	256,324	1,283,310	255,758

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares ranked equally with regard to the Company's residual assets.

On 9 May 2018, the Company issued and allotted 7,909,600 new ordinary shares in the capital of the Company, pursuant to the vesting of the share awards granted on 29 April 2016 to Mr Måns Lidgren, the Chief Executive Officer of the Company and an associate of a controlling shareholder of the Company, in respect of his performance in the financial year ended 31 December 2016, under the PSP.

In 2017, the Company issued and allotted 15,889,288 new ordinary shares in the Company pursuant to the vesting of the share awards granted to eligible participants and Mr Måns Lidgren, the Chief Executive Officer of the Company and an associate of a controlling shareholder of the Company, based on the achievement of pre-determined performance goals set for the financial year ended 31 December 2016 and the satisfactory completion of time-based service conditions under the PSP.

15 SHARE CAPITAL – CONTINUED

Treasury shares

The Group did not acquire any treasury shares during the year and there were no treasury shares held by the Group at the reporting date (2017: Nil).

Capital management policy

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

The Board's policy is to build a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return of capital, which the Group defines as total shareholders' equity, excluding non-controlling interests, and the level of dividends to ordinary shareholders.

The Group monitors the capital position of the Group to ensure a sufficiently strong capital base so as to maintain investor, creditor and market confidence. This is also a platform to sustain the existing business and for future growth. There has been no change in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

16 RESERVES

Merger reserve

Merger reserve relates to reserve arising from certain acquisitions of businesses under common control accounted for under the merger accounting method.

Capital reserve

Capital reserve relates to capital contribution arising from loans forgiven by equity holders and differences between purchase consideration (of investments) and fair value of the shares issued.

Fair value reserve

The fair value reserve represents the accumulative net change in the fair value of available-for-sale investments until the investments are derecognised.

Share-based payment reserve

Share-based payment reserve relates to the Employee Share Option Scheme and Performance Share Plan established by the Company to compensate its key management personnel and employees.

16 RESERVES – CONTINUED

Translation reserve

Translation reserve relates to foreign currency translation differences arising from the translation of the financial statements of foreign operations.

17 SHARE-BASED PAYMENT ARRANGEMENTS

Description of the share-based payment arrangements

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

*(i) Employee Share Option Scheme ("**ESOS**") (equity-settled)*

The ESOS of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 24 June 2013.

Information regarding ESOS is as follows:

- The exercise price of the options can be set at a discount to the Market Price[(1)] not exceeding 20% of the Market Price at the date on which the options are granted.
- For the options granted with exercise price set at Market Price, they can be exercised 1 year from the date of the grant and will expire 5 years from the date on which the options are granted.
- For the options granted with exercise price set at a discount to the Market Price, they can be exercised 2 years from the date of the grant and will expire 5 years from the date on which the options are granted.

(1) The Market Price is calculated based on the average of the last dealt prices for the Company's shares on the Catalist of the SGX-ST over the 5 consecutive trading days immediately preceding the date on which the options are granted.

Date of grant	Number of options issued	Vesting conditions	Exercise period
Tranche 1 share option grant to employees on 29 November 2013	2,125,000	Exercisable 1 year from date of grant	29.11.2014 – 28.11.2018
Tranche 2 share option grant to employees on 29 November 2013	1,062,500	Exercisable 2 years from date of grant	29.11.2015 – 28.11.2018
	3,187,500		

17 SHARE-BASED PAYMENT ARRANGEMENTS – CONTINUED

*(i) Employee Share Option Scheme ("**ESOS**") (equity-settled) – Continued*

Measurement of fair values

The fair value of the ESOS was measured based on the Black-Scholes formula. The expected volatilities are based on the average historical volatilities of comparable companies operating within the same industry over the previous 3 to 3.5 years immediately preceding the grant date. The expected term used in the model is based on the acceptance date and the end of the performance year.

	Share option programme	
	Tranche 1	**Tranche 2**
Date of grant	29 Nov 2013	29 Nov 2013
Prevailing share price at date of grant (in SGD)	0.61 – 0.65	0.61 – 0.65
Exercise price (in SGD)	0.65	0.52
Expected volatility (weighted average)	39.73%	50.04%
Expected life (weighted average)	3 years	3.5 years
Risk-free interest rate (based on government bonds)	0.49% – 0.62%	0.54% – 0.72%

Reconciliation of outstanding share options

Movements in the number of share options outstanding under the ESOS were summarised below:

	Number of options	
	2018	**2017**
Outstanding at 1 January	2,287,500	3,037,500
Exercised during the year	–	–
Granted during the year	–	–
Lapsed during the year	(2,287,500)	(750,000)
Outstanding at 31 December	–	2,287,500
Exercisable at 31 December	–	2,287,500

17 SHARE-BASED PAYMENT ARRANGEMENTS – CONTINUED

*(ii) Performance Share Plan ("**PSP**") (equity-settled)*

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

Movement of the awards of ordinary shares granted under the PSP (the "**Awards**") during the financial year:

	Number of Awards					
Date of grant of Awards	**At 1 January 2018**	**Granted**	**Lapsed**	**Vested**	**At 31 December 2018**	**Number of holders at 31 December 2018**
29.04.2016	11,407,100	–	(3,497,500)[1]	(7,909,600)[2]	–	–
28.04.2017	156,288,800[3]	–	–	–	156,288,800	18
	167,695,900	–	(3,497,500)	(7,909,600)	156,288,800	

(1) On 28 April 2018, 3,497,500 Awards had lapsed, after a two-year period from the date of grant of the Awards.

(2) On 9 May 2018, the Company issued and allotted 7,909,600 new ordinary shares in the capital of the Company, pursuant to the share award granted on 29 April 2016 to Mr Måns Lidgren, the Chief Executive Officer of the Company and an associate of a controlling shareholder of the Company, in respect of his performance in the financial year ended 31 December 2016, under the PSP.

Vesting conditions

(3) The actual number of Awards to be delivered are based on the average of the Company's closing market prices of shares over a consecutive period of 5 market days in which transactions in the shares were recorded, at any time within a 2-year period from the date of grant of the Awards ("**Average Performance Market Price**"). If the Average Performance Market Price is S$0.15 and above, 40% of the number of shares in the Awards shall be released after the vesting period. If the Average Performance Market Price is S$0.30 and above, an additional 60% of the number of shares in the Awards shall be released. If the Average Performance Market Price is less than S$0.15, none of the Shares in the Award shall be released unless otherwise determined by the committee administering the PSP.

17 SHARE-BASED PAYMENT ARRANGEMENTS – CONTINUED

*(ii) Performance Share Plan ("**PSP**") (equity-settled) – Continued*

Reconciliation of outstanding performance shares

	Number of shares	
	2018	**2017**
At 1 January	167,695,900	22,126,124
Vested during the year	(7,909,600)	(15,889,288)
Granted during the year	–	161,459,064
Lapsed during the year	(3,497,500)	–
Outstanding at 31 December	156,288,800	167,695,900

Measurement of fair values

The estimated fair value at date of grant for each share granted on 9 May 2018 was S$0.055 per share.

In 2017, the estimated fair value at date of grant for each share granted on 28 April 2017 was S$0.057 per share.

Employee expenses

	Group	
	2018	**2017**
	US$'000	**US$'000**
Equity-settled share-based payment transactions		
Total expense recognised for equity-settled share-based payment	271	352

18 DEFERRED TAX LIABILITIES

Movements in deferred liabilities during the year are as follows:

	At 1 January 2017 US$'000	Recognised in profit or loss (Note 25) US$'000	Translation differences US$'000	At 31 December 2017 US$'000
Group				
Deferred tax liabilities				
Exploration and evaluation assets	581	863	914	2,358

	At 1 January 2018 US$'000	Recognised in profit or loss (Note 25) US$'000	Translation differences US$'000	At 31 December 2018 US$'000
Group				
Deferred tax liabilities				
Exploration and evaluation assets	2,358	41,974	(3,386)	40,946

Deferred tax liabilities are offset when there is legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting are included in the statements of financial position as follows:

	Group		Company	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Deferred tax liabilities	40,946	2,358	–	–

18 DEFERRED TAX LIABILITIES – CONTINUED

Unrecognised temporary differences

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group and Company can use the benefits therefrom.

	Group		Company	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Tax losses for which no deferred tax asset was recognised	21,659	19,853	21,659	19,853

The use of the potential tax benefits is also subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the Group and Company operates.

19 PROVISIONS

	Exploration drilling rehabilitation US$'000
Group	
At 1 January 2018	10,740
Unwinding of discount	591
At 31 December 2018	11,331
Comprising:	
Current	–
Non-current	11,331
	11,331

Exploration drilling rehabilitation

The rehabilitation provision represents the present value of the cost of rehabilitating and decommissioning oil field assets and infrastructure such as wells, pipelines and processing facilities in Oman, which are expected to be incurred when the operations are ceased. These provisions have been created based on the Group's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates, including discount rates, are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain.

19 PROVISIONS – CONTINUED

Exploration drilling rehabilitation – Continued

In 2017, as part of the Group's regular review, the provision was revised due to a change in the discount rate and the expected delay in decommissioning works as a result of an extension to the exploration and production sharing agreement in Oman. Accordingly, the Group reversed the provision by US$641,000 and recorded a decrease in the exploration and evaluation asset by the same amount (Note 4).

20 LOANS AND BORROWINGS

	Group	
	2018	**2017**
	US$'000	**US$'000**
Current liabilities		
Secured bank loans	26,413	–

Credit facility

A subsidiary of the Company entered into a Revolving Exploration Financing Facility agreement with Skandinaviska Enskilda Banken of NOK 400,000,000. The facility expires on 31 December 2018 and any outstanding amounts as at 31 December 2018 shall be repaid in December the following year following receipt of the tax refund (see Note 12). The agreed interest rate is 3-month NIBOR + 1.5%.

Subsequent to year end on 15 February 2019, the subsidiary entered into an Amendment Agreement pursuant to the original Revolving Exploration Financing Facility agreement with Skandinaviska Enskilda Banken to extend the credit facility until 31 December 2019 with an amount of NOK 300,000,000. The agreed interest rate remains at 3-month NIBOR + 1.5%.

In 2017, all borrowings were fully repaid as at 31 December 2017.

Assets pledged as security

The credit facility is secured by a first priority assignment of the tax refunds (see Note 12), first priority charge over certain bank accounts, a first priority pledge of certain participation interests in licences and a first priority assignment over certain insurances in the subsidiary in Norway.

Market and liquidity risks

Information about the Group's exposure to interest rate and liquidity risk related to loans and borrowings is included in Note 30 to the financial statements.

20 LOANS AND BORROWINGS – CONTINUED

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

	Liabilities	Equity				
	Loans and borrowings US$'000	Share capital US$'000	Reserves US$'000	Retained earnings US$'000	Non-controlling interests US$'000	Total US$'000
Balance as at 1 January 2017	12,488	254,873	7,644	(139,241)	10,160	145,924
Changes from financing cash flows						
Proceeds from bank loans	6,757	–	–	–	–	6,757
Repayment of bank loans	(20,262)	–	–	–	–	(20,262)
Interest paid	(818)	–	–	–	–	(818)
Total changes from financing cash flows	(14,323)	–	–	–	–	(14,323)
Acquisition of non-controlling interests without a change in control	–	–	–	3,295	(3,295)	–
The effect of changes in foreign exchange rates	1,017	–	977	–	148	2,142
Net change in fair value of an available-for-sale investment, net of tax (reclassified to profit or loss)	–	–	(830)	–	–	(830)
Other changes						
Liability-related						
Bank charges	818	–	–	–	–	818
Total liability-related other changes	818	–	–	–	–	818
Total equity-related other changes	–	885	(535)	(8,524)	(403)	(8,577)
Balance at 31 December 2017	–	255,758	7,256	(144,470)	6,610	125,154

20 LOANS AND BORROWINGS – CONTINUED

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

	Liabilities	Equity				
	Loans and borrowings US$'000	Share capital US$'000	Reserves US$'000	Retained earnings US$'000	Non-controlling interests US$'000	Total US$'000
Balance as at 1 January 2018	–	255,758	7,256	(144,470)	6,610	125,154
Changes from financing cash flows						
Proceeds from bank loans	33,115	–	–	–	–	33,115
Repayment of bank loans	(4,594)	–	–	–	–	(4,594)
Interest paid	(818)	–	–	–	–	(818)
Total changes from financing cash flows	27,703	–	–	–	–	27,703
Acquisition of non-controlling interests without a change in control	–	–	(64)	443	(479)	(100)
The effect of changes in foreign exchange rates	(2,108)	–	(1,345)	–	–	(3,453)
Other changes						
Liability-related						
Bank charges	818	–	–	–	–	818
Total liability-related other changes	818	–	–	–	–	818
Total equity-related other changes	–	566	(296)	1,143	708	2,121
Balance at 31 December 2018	26,413	256,324	5,551	(142,884)	6,839	152,243

21 TRADE AND OTHER PAYABLES

	Group		Company	
	2018	2017	2018	2017
	US$'000	US$'000	US$'000	US$'000
Trade payables	15	23	–	–
Amounts due to subsidiaries, non-trade	–	–	15,461	15,112
Advances from customers	–	80	–	–
Accruals	4,361	3,255	463	481
	4,376	3,358	15,924	15,593

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

Market and liquidity risks

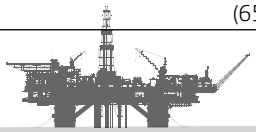
Information about the Group's exposure to interest rate and liquidity risk related to trade and other payables is included in Note 30 to the financial statements.

22 REVENUE

	Group	
	2018	2017
	US$'000	US$'000
Revenue from contracts with customers	407	356

23 FINANCE INCOME AND COSTS

	Group	
	2018	2017
	US$'000	US$'000
Interest income:		
- bank deposits	67	160
- debt securities	832	837
- others	–	15
Finance income	899	1,012
Bank charges	(959)	(818)
Unwinding of discount on exploration drilling rehabilitation	(591)	(560)
Finance costs	(1,550)	(1,378)
Net finance costs	(651)	(366)



24 LOSS BEFORE TAX

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

	Group	
	2018	**2017**
	US$'000	**US$'000**
Depreciation of plant and equipment	50	136
Amortisation of other intangible assets, included in administration expenses	850	850
Directors' fees	852	708
Audit fees paid to:		
- auditors of the Company	103	111
- other auditors	52	57
Non-audit fees paid to:		
- auditors of the Company	14	24
- other auditors	17	67
Fair value loss/(gain) on quoted investments	1,469	(579)[1]
Loss on disposal of quoted investments	31	–
Net gain on disposal of an unquoted investment (previously classified as an available-for-sale investment)	(432)[1]	–
Net gain on disposal of an available-for-sale investment	–	(185)[1]
(Reversal of)/impairment losses on exploration and evaluation assets	(28,258)[1]	2,477
Writedown of inventories	506	–
Operating lease expenses	434	425
Staff costs	5,590	6,016
Contributions to defined contribution plans ("**CPF**") included in staff costs	236	215
Equity settled share-based payment transactions		
- staff cost	271	352

(1) Included in "other income"

25 TAX EXPENSE/(CREDIT)

	Group	
	2018	2017
	US$'000	US$'000
Current tax credit		
Current year	(30,960)	(7,340)
Deferred tax (credit)/expenses		
Origination and reversal of temporary differences	41,974	863
Tax expense/(credit)	11,014	(6,477)

Reconciliation of effective tax rate

Profit/(loss) before tax for the year	13,043	(15,408)
Income tax using the Singapore tax rate at 17%	2,217	(2,619)
Effect of tax rates in foreign jurisdictions	8,130	(5,060)
Effects of results of associate and jointly controlled entities, presented net of tax	–	115
Non-deductible expenses	433	429
Non-taxable income	(73)	(172)
Current year losses for which no deferred tax asset was recognised	307	830
	11,014	(6,477)

26 EARNINGS/(LOSS) PER SHARE

	Group	
	2018	2017
	US$'000	US$'000
Calculation of basic and diluted earnings/(loss) per share is based on:		
Loss attributable to ordinary shareholders		
Net profit/(loss) attributable to ordinary shareholders	1,143	(8,524)

26 EARNINGS/(LOSS) PER SHARE – CONTINUED

Weighted-average number of ordinary shares

	Group	
	Number of shares	
	2018	2017
Issued ordinary shares at 1 January	1,280,665,408	1,267,421,563
Effect of shares issued pursuant to vesting of Performance Share Plan	7,781,265	13,243,845
Weighted average number of ordinary shares (basic)	1,288,446,673	1,280,665,408
Weighted average number of ordinary shares (diluted)	1,288,446,673	1,280,665,408

At 31 December 2018, Nil (2017: 2,287,500) options and 156,288,800 (2017: 167,695,900) shares awards were excluded from the diluted weighted number of ordinary shares calculation as they either had no impact or their effect would have been anti-dilutive.

27 RELATED PARTIES

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors and certain key executives of the management team are considered as key management of the Group.

Transactions with directors and other key management personnel

Key management personnel compensation comprised remuneration of directors and other key executives as follows:

	Group	
	2018	2017
	US$'000	US$'000
Short-term employment benefits		
- directors	1,285	1,069
- key executives	4,628	5,383
Post-employment benefits (including CPF)	25	24
Share-based payment	82	199
	6,020	6,675

27 RELATED PARTIES – CONTINUED

Other significant related party transactions

	Group	
	2018	2017
	US$'000	US$'000
Consultancy fees paid to a company controlled by a key management personnel	1,042	–

28 OPERATING SEGMENTS

The Group's reportable segments as described below are the Group's strategic business units. The management has determined the reportable segments based on the reports reviewed by the Group's Executive Chairman, Chief Executive Officer ("**CEO**") and senior management that are used to make strategic decisions. Performance is measured based on segment results as included in the internal management reports that are reviewed by the Group's Executive Chairman, CEO and senior management.

The Group has 3 reportable segments: Oil and Gas (exploration and production); Non-Oil and Gas (oil exploration technology); and Corporate.

The following summary describes the operations of each of the Group's reportable segments:

- Oil and Gas: involved in oil and gas exploration and production with concessions located in Oman, Norway, the United States of America and Trinidad & Tobago.
- Non-Oil and Gas: pertains to technology segment. Rexonic Group owns the world's first environmentally-friendly, high-power ultrasound technology for commercial oil well stimulation that has been proven to increase oil production by between 30% and up to 380% both onshore and offshore. RTM owns the RVD technology to look for oil, vis-à-vis using conventional geological and geophysical studies to look for structures, from the analysis of sound waves captured in seismic data.
- Corporate: pertains to corporate functions.

28 OPERATING SEGMENTS – CONTINUED

Information regarding the results of each reportable segment is as below:

	Oil and Gas US$'000	Non-Oil and Gas US$'000	Corporate US$'000	Total US$'000
Group				
2018				
Total revenue for reportable segments	–	2,769	–	2,769
Elimination of inter-segment revenue	–	(2,362)	–	(2,362)
Consolidated revenue	–	407	–	407
Other income	518	–	1	519
Segment expense	(7,198)	(1,273)	(5,268)	(13,739)
Finance income	36	–	863	899
Foreign exchange (loss)/gain	(35)	6	(316)	(345)
Finance costs	(1,347)	(3)	(200)	(1,550)
Depreciation	(39)	–	(11)	(50)
Amortisation of other intangible assets	–	(850)	–	(850)
Other material non-cash items:				
- Reversal of impairment losses on exploration and evaluation assets	28,258	–	–	28,258
- Writedown of inventories	(506)	–	–	(506)
Reportable segment profit/(loss) before tax	19,687	(1,713)	(4,931)	13,043
Reportable segment assets	173,393	5,437	30,066	208,896
Segment assets include:				
Additions to:				
- Plant and equipment	3	–	29	32
- Exploration and evaluation assets	35,913	–	–	35,913
Reportable segment liabilities	(82,275)	(323)	(468)	(83,066)

28 OPERATING SEGMENTS – CONTINUED

	Oil and Gas US$'000	Non-Oil and Gas US$'000	Corporate US$'000	Total US$'000
Group				
2017				
Total revenue for reportable segments	–	2,864	–	2,864
Elimination of inter-segment revenue	–	(2,508)	–	(2,508)
Consolidated revenue	–	356	–	356
Other income	206	–	787	993
Segment expense	(4,934)	(1,954)	(4,307)	(11,195)
Finance income	98	2	912	1,012
Foreign exchange (loss)/gain	(8)	(25)	296	263
Finance costs	(1,234)	(3)	(141)	(1,378)
Depreciation	(120)	–	(16)	(136)
Amortisation of other intangible assets	–	(850)	–	(850)
Share of losses of a jointly controlled entity	–	(678)	–	(678)
Other material non-cash items:				
- Net change in fair value of an available-for-sale investment, net of tax (reclassified to profit or loss on disposal)	830	–	–	830
- Impairment of exploration and evaluation assets	(2,477)	–	–	(2,477)
- Impairment of a jointly controlled entity	–	(2,148)	–	(2,148)
Reportable segment loss before tax	(7,639)	(5,300)	(2,469)	(15,408)
Reportable segment assets	91,995	7,077	42,538	141,610
Segment assets include:				
Additions to:				
- Plant and equipment	2	–	7	9
- Exploration and evaluation assets	20,237	–	–	20,237
Reportable segment liabilities	(15,442)	(532)	(482)	(16,456)

28 OPERATING SEGMENTS – CONTINUED

The Oil and Gas, Non-Oil and Gas and Corporate segments are managed on a worldwide basis, but operate primarily in Norway, Oman, Guinea Bissau, Singapore, the United States of America, Trinidad & Tobago and the British Virgin Islands.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Geographical information

	Group	
	2018	**2017**
	US$'000	**US$'000**
Revenue		
Guinea Bissau	367	351
Norway	40	–
United States of America	–	5
	407	356
Non-current assets		
Singapore	9	17
Trinidad & Tobago	–	1,106
Oman	73,116	72,165
British Virgin Islands	5,065	5,915
Norway	63,005	4,794
	141,195	83,997

Revenue from two external customers (2017: two external customer) of the Group's Non-Oil and Gas segment represents approximately US$407,000 (2017: US$356,000) of the Group's total revenue.

29 ACQUISITIONS OF NON-CONTROLLING INTERESTS

2018

On 22 January 2018, the Group acquired 2,820,000 shares in LPA and 640 shares in MOL from Lime Plc, and Lime Plc's right of action against 3 of its previous directors at a consideration of US$100,000. This resulted in an increase in the Group's effective interest in LPA and MOL to 90% and 92.65% respectively. As a result, the Group recognised a decrease in NCI of US$479,000, a decrease in the share-based payment reserve and translation reserve of US$3,000 and US$61,000 respectively and an increase in retained earnings of US$443,000, resulting in an increase of US$379,000 in the equity attributable to owners of the Group.

2017

In 2017, the Group completed a series of capital injections into MOL as part of their cash call requirements. The Board considers these capital injections to be in the interest of and beneficial to the Group as Oman has been identified as the main focus of the Group. As a result, the Group recognised a decrease in NCI of US$3,295,000 and an increase in retained earnings of US$3,295,000, resulting in an increase of US$3,295,000 in the equity attributable to owners of the Group. As at 31 December 2017, the Group's effective ownership of MOL is 92.24%.

30 FINANCIAL INSTRUMENTS

Risk management is integral to the whole business of the Group. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Enterprise Risk Management Framework provides the principal policy and guidance to the Group and its businesses on the risk management methodology and reporting of risks. It sets out a systematic and ongoing process for identifying, evaluating, controlling and reporting risks. These processes are put in place to manage and monitor the Group's risk management activities on a regular and timely basis. The Group's risk management efforts covers operational, financial and strategic areas.

30 FINANCIAL INSTRUMENTS – CONTINUED

Credit risk

Credit risk is the risk of financial loss resulting from failure of a customer or counterparty to meet its financial and contractual obligations to the Group, as and when the obligations fall due. The Group's primary exposure to credit risk arises from its financial assets.

Concentrations of credit risk exist when economic or industry factors similarly affect a group of counterparties, and when the aggregate amount of this exposure is significant in relation to the Group's total credit exposure. The Group's most significant debtors, the Norwegian government, accounts for US$29,126,000 (2017: US$7,458,000). As at 31 December 2018 and 31 December 2017, the Group had no other significant concentrations of credit risk for its financial assets.

The Group does not require collateral in respect of its trade and other receivables. The Group does not have trade receivables and contract assets for which no loss allowance is recognised because of collateral.

At the reporting date, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Comparative information under FRS 39

Impairment losses

Having considered the ageing of the loans and receivables, credit worthiness of its customers and historical default rates, the Group and Company believed that no further impairment allowance was necessary in respect of loans and receivables as at 31 December 2017. These receivables were mainly arising from customers that have a good reputation and payment record.

Expected credit loss assessment as at 1 January and 31 December 2018

The Group uses an allowance matrix to measure the ECLs of trade and other receivables.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics - geographic region and age of customer relationship.

Loss rates are based on actual credit loss experience over the past 5 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The Group and Company has assessed that the amount of the allowance on these balances to be insignificant.

30 FINANCIAL INSTRUMENTS – CONTINUED

Expected credit loss assessment as at 1 January and 31 December 2018 – Continued

Cash and cash equivalent

Cash and fixed deposits are placed with reputable financial institutions which are regulated. These surplus funds are placed on short-term deposits (usually within the range of 1 day to 3 months) according to the Group's cash flow requirements. The Group does not hedge against long-term fluctuations in interest rates.

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

The Group and Company uses a similar approach for assessment of ECLs for cash and cash equivalents to those use for trade and other receivables.

At the reporting date, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Investments

Quoted debt securities are entered into with financial institutions, which have rating of Aa3 – Baa3 (2017: Aa3 – Baa3) by Moody's, or the equivalent by a reputable credit rating agency. Management actively monitors credit ratings and given that the Group only has invested in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligation.

Related party balances

The Company held related party balances. The Company uses a similar approach for assessment of ECLs for these receivables to those used for trade and other receivables. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposure. The amount of the allowance on that balances is insignificant.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. Short-term funding is obtained from bank borrowings, when necessary. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities.

30 FINANCIAL INSTRUMENTS – CONTINUED

Liquidity risk – Continued

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

		Cash flows	
	Carrying amount US$'000	Contractual cash outflows US$'000	Within 1 year US$'000
Group			
31 December 2018			
Non-derivative financial liabilities			
Loans and borrowings	26,413	27,148	27,148
Trade and other payables	4,376	4,376	4,376
	30,789	31,524	31,524
31 December 2017			
Non-derivative financial liabilities			
Trade and other payables	3,358	3,358	3,358
Company			
31 December 2018			
Non-derivative financial liabilities			
Trade and other payables	15,924	15,924	15,924
31 December 2017			
Non-derivative financial liabilities			
Trade and other payables	15,593	15,593	15,593

30 FINANCIAL INSTRUMENTS – CONTINUED

Working capital management

The Group and the Company manage their working capital requirements with the view to ensure smooth operations and optimise interest cost.

Market risk

Market risk is the risk that changes in market prices, such as crude oil, interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage market risk exposures within acceptable parameters, while optimising the return.

Price risk – Investment

The Group and the Company held both debt securities and equity investments of US$28,819,000 (2017: US$33,574,000) and US$27,775,000 (2017: US$33,574,000) respectively. The market value of the investments will fluctuate with market conditions.

Sensitivity analysis

A 10% increase in the underlying prices of the investments at the reporting date would increase profit of the Group by US$2,882,000 and decrease in losses of the Company by US$2,778,000 (2017: decrease in losses of the Group and the Company by US$3,357,000). Correspondingly, a 10% decrease in the underlying prices of the investments would have the equal but opposite effect. This analysis assumes that all other variables remain constant.

Foreign currency risk

The Group operates internationally and hence has exposures to foreign currency risk on transactions, financial assets and financial liabilities that are denominated in a currency other than the respective functional currencies of the Group entities.

In 2018, the Group's exposure to foreign currency risk is mainly denominated in SGD (2017: SGD). The Group does not have a formal hedging policy to govern this currency risk exposure as the Group monitors the exposure to currency risks on an ongoing basis and endeavours to keep the net exposures at an acceptable level.

30 FINANCIAL INSTRUMENTS – CONTINUED

Foreign currency risk – Continued

The Group's exposure to foreign currency risk are as follows:

	2018 SGD US$'000	2017 SGD US$'000
Group		
Cash and cash equivalents	112	363
Quoted investments	2,152	2,901
Net exposure	2,264	3,264
Company		
Cash and cash equivalents	112	363
Quoted investments	2,152	2,901
Net exposure	2,264	3,264

Sensitivity analysis

A 2% strengthening of SGD against the US$ at 31 December would have decreased profit of the Group by US$45,000 and increased in losses of the Company by US$45,000 (2017: increased in losses of the Group and the Company by US$65,000). Correspondingly, a 2% weakening of SGD against US$ would have the equal but opposite effect. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

30 FINANCIAL INSTRUMENTS – CONTINUED

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to its short-term interest bearing deposits and loans and borrowings. As short-term bank deposits are placed in short-term money market with tenures mostly within the range of 1 day to 3 months, the Group's interest income is subject to fluctuation in interest rates. Interest rate risk is managed by the Group on an ongoing basis and placed on a short-term basis according to the Group's cash flow requirements with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

		Group		Company	
		Nominal amount		Nominal amount	
	Note	2018	2017	2018	2017
		US$'000	US$'000	US$'000	US$'000
Fixed rate instruments					
Fixed deposits	14	1,241	6,000	1,241	6,000
Quoted investments	13	28,148	32,964	28,148	32,964
		29,389	38,964	29,389	38,964
Variable rate instruments					
Loans and borrowings	20	26,413	–	–	–

In 2018, an increase of 100 basis points in interest rates would have increased the Group's profit before tax by approximately US$30,000 and decreased the Company's loss before tax by approximately US$294,000. In 2017, an increase of 100 basis points in interest rates would have decreased loss before tax by approximately US$390,000 and US$390,000 for the Group and the Company respectively. Correspondingly, a decrease of 100 basis points in interest rates would have the equal but opposite effect on loss before tax. This analysis assumes that all other variables remain constant.

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 FINANCIAL INSTRUMENTS – CONTINUED

Fair value hierarchy – Continued

The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

	Note	Quoted prices in active markets for identical instruments (Level 1) US$'000	Significant other observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
Group					
31 December 2018					
Quoted investments					
- Equity investments	13	1,044	–	–	1,044
- Debt securities	13	27,775	–	–	27,775
		28,819	–	–	28,819
31 December 2017					
Quoted investments					
- Debt securities	13	33,574	–	–	33,574
Company					
31 December 2018					
Quoted investments					
- Debt securities	13	27,775	–	–	27,775
31 December 2017					
Quoted investments					
- Debt securities	13	33,574	–	–	33,574

30 FINANCIAL INSTRUMENTS – CONTINUED

Estimation of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Company.

Available-for-sale investments

In 2017, the unquoted equity shares relating to the investment in Steeldrum Group was recorded at cost less impairment loss as there was no quoted market price for the investment and the Group had assessed that there was a wide range of possible fair value measurements such that cost represents the best estimate of fair value.

Debt securities

The fair values of investments in debt securities are determined by reference to their quoted closing bid price in an active market at the measurement date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than 1 year are assumed to approximate their fair values because of the short period to maturity or repricing.

30 FINANCIAL INSTRUMENTS – CONTINUED

Accounting classifications and fair values

	Note	Mandatorily at FVTPL US$'000	Amortised cost US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
Group						
31 December 2018						
Other receivables*	12	–	1,814	–	1,814	1,814
Quoted investments	13	28,819	–	–	28,819	28,819
Cash and cash equivalents	14	–	5,305	–	5,305	5,305
		28,819	7,119	–	35,938	35,938
Trade and other payables	21	–	–	4,376	4,376	4,376
Company						
31 December 2018						
Loan to a subsidiary	7	–	102,426	–	102,426	102,426
Other receivables*	12	–	1,027	–	1,027	1,027
Quoted investments	13	27,775	–	–	27,775	27,775
Cash and cash equivalents	14	–	1,968	–	1,968	1,968
		27,775	105,421	–	133,196	133,196
Other payables	21	–	–	15,924	15,924	15,924

* Excludes income tax receivables and prepayments

30 FINANCIAL INSTRUMENTS – CONTINUED

Accounting classifications and fair values – Continued

	Note	Designated at fair value through profit or loss US$'000	Loans and receivables US$'000	Available-for-sale US$'000	Liabilities at amortised cost US$'000	Total carrying amount US$'000	Fair value US$'000
Group							
31 December 2017							
Available-for-sale investment	10	–	–	1,106	–	1,106	1,106
Trade and other receivables*	12	–	1,638	–	–	1,638	1,638
Quoted investments	13	33,574	–	–	–	33,574	33,574
Cash and cash equivalents	14	–	11,700	–	–	11,700	11,700
		33,574	13,338	1,106	–	48,018	48,018
Trade and other payables	21	–	–	–	(3,358)	(3,358)	(3,358)
Company							
31 December 2017							
Loan to a subsidiary	7	–	92,977	–	–	92,977	92,977
Other receivables*	12	–	2,369	–	–	2,369	2,369
Quoted investments	13	33,574	–	–	–	33,574	33,574
Cash and cash equivalents	14	–	8,631	–	–	8,631	8,631
		33,574	103,977	–	–	137,551	137,551

* Excludes income tax receivables and prepayments

31 OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Within 1 year	420	371	188	194
Between 2 to 5 years	807	882	14	182
	1,227	1,253	202	376

The Group has several operating lease agreements for office premises and motor vehicles. The leases have varying terms from 1 year to 3 years, with no escalation clauses nor renewal rights. The lease terms do not contain restrictions on the activities concerning dividends, additional debt or further leasing. These leases do not contain any contingent rentals.

32 COMMITMENTS

Certain subsidiaries have firm capital commitments where the Group is required to participate in minimum exploration activities. The Group's total estimated minimum exploration commitment before tax refund from the Norwegian tax authorities is approximately US$18,524,000 (2017: US$28,960,000). The Group's subsidiary in Norway, LPA, is a pre-qualified oil company eligible to receive a cash tax refund of 78% of exploration costs annually. The Group's total estimated minimum exploration commitment net of tax refund from the Norwegian tax authorities is approximately US$16,172,000 (2017: US$6,570,000). At the reporting date, the Group's outstanding minimum exploration commitments will fall due within 1 year.

33 CONTINGENT LIABILITY

(a) Legal claims

The Group is defending the following claims brought by Gulf Hibiscus Limited ("**GHL**"):

Singapore

On 21 April 2016, GHL filed a claim in the High Court of Singapore against Rex International Holding Limited ("**RIH**") and RII for, among other things, alleged conspiracy, alleged unjust enrichment and alleged wrongful interference in relation to matters concerning Lime Plc and Lime Petroleum Norway AS.

On 16 September 2016, the Assistant Registrar of the High Court allowed an application by RIH and RII for a stay of the Court proceedings in favour of arbitration. On 24 August 2017, the High Court of Singapore dismissed GHL's appeal against the Assistant Registrar's decision and ordered the Court proceedings to be stayed on certain conditions.

On 31 January 2018, GHL applied to lift the stay. On 30 April 2018, the High Court ordered that the stay be lifted by 31 May 2018 unless arbitration has commenced by then or another Order of Court has been obtained (the "**30 April 2018 Decision**"). The stay was later lifted on 31 May 2018 because none of the parties commenced any arbitration.

On 14 September 2018, RIH and RII filed a Notice of Appeal to the Court of Appeal against the 30 April 2018 Decision. It did so after it obtained leave from the Court of Appeal to appeal the 30 April 2018 Decision. On 24 January 2019, the High Court handed down its written grounds of the 30 April 2018 Decision. The appeal is pending before the Court of Appeal. A hearing date has not yet been fixed.

On 18 January 2018, RIH received a letter ("**the Letter**") from GHL's solicitors. In the Letter, GHL alleged that the evidence that was provided by an executive director of RIH in a witness statement that was filed on 15 February 2016 in proceedings in the Isle of Man allegedly indicated that a statement in a press release ("**the Press Release**") that RIH issued on 17 March 2015 was false and misleading. GHL stated in the Letter that it intended to "seek redress" in relation to the alleged false and misleading statement in the Press Release. On 24 January 2018, RIH's solicitors replied to the Letter and stated, among other things, that the allegations set out in the Letter were baseless and denied. On 30 January 2018, GHL's solicitors replied and stated, among other things, that RIH "has chosen not to respond" to the contents of the Letter. On 2 February 2018, RIH's solicitors replied and stated, among other things, that the assertion that RIH "has chosen not to respond" to the contents of the Letter was incorrect and that the objective facts bore out RIH's position. There has been no further development in this matter.

33 CONTINGENT LIABILITY – CONTINUED

(a) Legal claims – Continued

Norway

On 11 October 2018, GHL filed a Writ of Summons in the Oslo District Court to claim compensation against Lime Petroleum AS ("**LPA**") and the following directors/officers of LPA for financial losses allegedly suffered by GHL in connection with the restructuring undertaken by LPA for an amount not exceeding approximately US$34.7 million.

On 15 February 2019, the Group submitted to the Court its arguments and basis supporting its position that the case should be acquitted.

Till date, the hearing for the claims has not been fixed.

Management has considered all these claims and allegations and are of the view that they are unfounded.

There are inherent uncertainties contingent upon the courts' decisions to grant or dismiss GHL's claims. At present, no accurate quantification of any cost, or timing of such costs, which may arise from the legal proceedings outlined above can be made. Management believes that RIH, RII and its directors are not liable for the allegations made by GHL, and accordingly does not believe that it is probable for a provision to be set aside for these claims.

(b) Guarantee

During the year, RII has provided a parent company guarantee to the Ministry of Petroleum and Energy on basis of the Norwegian Petroleum Act.

Under the Norwegian Petroleum Act, RII undertakes financial liability as surety for obligations that may arise from exploration for and exploitation of subsea natural resources on the Norwegian Continental Shelf ("**NCS**") and any liability, including liability for any recovery claim, which may be imposed under Norwegian law for pollution damage and for personal injury.

Management believes that the Group and the operators of its licences in NCS are in compliance with current applicable environmental laws and regulations and hence does not consider it probable that a claim will be made against RII under the guarantee.

34 SUBSEQUENT EVENTS

As stated in Note 4 to the financial statements, in January 2019, the Group entered into an agreement, subject to the fulfilment of certain customary conditions and approval of the Norwegian government, to dispose certain licenses to a third party for a post-tax cash consideration of US$43,000,000 and a contingent payment of US$2,000,000. The Group is still in the midst of calculating the financial impact of the disposal.

35 COMPARATIVE INFORMATION

Adoption of SFRS(I) and new standards

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

As stated in note 2.1, these are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I).

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of the opening SFRS(I) statement of financial position at 1 January 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

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

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

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration.*

The application of the above standards and interpretations do not have a material effect on the financial statements, except for SFRS(I) 9.

An explanation of how the transition from previous FRS to SFRS(I) and the adoption of SFRS(I) 9 have affected the Group's financial position, financial performance and cash flows, and the Company's financial position is set out under the summary of quantitative impact and the accompanying notes.

35 COMPARATIVE INFORMATION – CONTINUED

Summary of quantitative impact

The following reconciliations summarise the impacts on initial application of SFRS(I) 1 and SFRS(I) 9 on the Group's financial position as at 1 January 2017, 31 December 2017 and 1 January 2018. There were no material adjustments to the Group's and Company's profit or loss and other comprehensive income for the year ended 31 December 2017, and the Group's statement of cash flows for the year ended 31 December 2017, and the Company's financial position as at 1 January 2017, 31 December 2017 and 1 January 2018 arising on transition to SFRS(I).

Reconciliation of the Group's equity

Consolidated statement of financial position

		31 December 2017			1 January 2018	
	Note	FRS framework US$'000	SFRS(I) 1 US$'000	SFRS(I) framework US$'000	SFRS(I) 9 US$'000	SFRS(I) framework US$'000
Assets						
Available-for-sale investments	B	1,106	–	1,106	(1,106)	–
Others		82,891	–	82,891	–	82,891
Non-current assets		83,997	–	83,997	(1,106)	82,891
Unquoted investments, mandatorily at fair value through profit or loss	B	–	–	–	1,106	1,106
Others		57,613	–	57,613	–	57,613
Current assets		57,613	–	57,613	1,106	58,719
Total assets		141,610	–	141,610	–	141,610
Equity						
Share capital		255,758	–	255,758	–	255,758
Reserves	A	7,907	(651)	7,256	–	7,256
Accumulated losses	A	(145,121)	651	(144,470)	–	(144,470)
Total equity attributable to owners of the Company		118,544	–	118,544	–	118,544
Non-controlling interests		6,610	–	6,610	–	6,610
Total equity		125,154	–	125,154	–	125,154
Total equity and liabilities		141,610	–	141,610	–	141,610

35 COMPARATIVE INFORMATION – CONTINUED

Reconciliation of the Group's equity

Consolidated statement of financial position

		1 January 2017		
	Note	FRS framework US$'000	SFRS(I) 1 US$'000	SFRS(I) framework US$'000
Total assets		160,267	–	160,267
Equity				
Share capital		254,873	–	254,873
Reserves	A	8,295	(651)	7,644
Accumulated losses	A	(139,892)	651	(139,241)
Total equity attributable to owners of the Company		123,276	–	123,276
Non-controlling interests		10,160	–	10,160
Total equity		133,436	133,436	133,436
Total equity and liabilities		160,267	160,267	160,267

Notes to the reconciliations

Note A : SFRS(I) 1

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

Foreign currency translation reserve ("FCTR")

The Group elected the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for all foreign operations to Nil at the date of transition, and reclassified the cumulative FCTR of US$651,000 as at 1 January 2017 determined in accordance with FRS to accumulated losses. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

By electing this optional exemption, the cumulative FCTR decreased by US$651,000 and accumulated losses decreased by the same amount as at 1 January 2017 and 31 December 2017.

35 COMPARATIVE INFORMATION – CONTINUED

Notes to the reconciliations – Continued

Note A : SFRS(I) 1 – Continued

Exploration and evaluation assets

The Group elected the optional exemption in SFRS(I) 1 to measure the exploration and evaluation assets at the carrying amount at the date of transition under the current FRS. Therefore there is no impact to the exploration and evaluation assets arising from the implementation of SFRS(I).

Note B : SFRS(I) 9

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

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in accumulated losses and reserves as at 1 January 2018.

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

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

- The following assessments were made on the basis of facts and circumstances that existed at 1 January 2018.
  - The determination of the business model within which a financial asset is held;
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest of the principal amount outstanding;
  - The designation of an equity investment that is not held-for-trading as at FVOCI; and
  - The designation and revocation of previous designations of certain financial assets and financial liabilities measured at FVTPL.
- If a debt investment has low credit risk at 1 January 2018, the Company has assumed that the credit risk on the asset has not increased significantly since its initial recognition.

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

35 COMPARATIVE INFORMATION – CONTINUED

Notes to the reconciliations – Continued

Note B : SFRS(I) 9 – Continued

Classification of financial assets and financial liabilities

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

For an explanation of how the Group classifies and measures financial assets and related gains and losses under SFRS(I) 9, see Note 3.7 to the financial statements.

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

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group's financial assets as at 1 January 2018.

				1 January 2018	
	Note	Original classification under FRS 39	New classification under SFRS(I) 9	Original carrying amount under FRS 39 US$'000	New carrying amount under SFRS(I) 9 US$'000
Group					
Financial assets					
Unquoted investments	*(a)*	Available-for-sale (non-current)	Mandatorily at FVTPL (current)	1,106	1,106
Quoted investments	*(a)*	Held-for-trading	Mandatorily at FVTPL	33,574	33,574
Trade and other receivables	*(b)*	Loans and receivables	Amortised cost	1,638	1,638
Cash and cash equivalents	*(b)*	Loans and receivables	Amortised cost	11,700	11,700
Total financial assets				48,018	48,018

35 COMPARATIVE INFORMATION – CONTINUED

Notes to the reconciliations – Continued

Note B : SFRS(I) 9 – Continued

Classification of financial assets and financial liabilities – Continued

				1 January 2018	
	Note	Original classification under FRS 39	New classification under SFRS(I) 9	Original carrying amount under FRS 39 US$'000	New carrying amount under SFRS(I) 9 US$'000
Company					
Financial assets					
Quoted investments	*(a)*	Held-for-trading	Mandatorily at FVTPL	33,574	33,574
Loan to a subsidiary	*(b)*	Loans and receivables	Amortised cost	92,977	92,977
Other receivables	*(b)*	Loans and receivables	Amortised cost	2,369	2,369
Cash and cash equivalents	*(b)*	Loans and receivables	Amortised cost	8,631	8,631
Total financial assets				137,551	137,551

(a) Under SFRS(I) 9, these equity and quoted investments were mandatorily measured as at FVTPL because they were managed on a fair value basis and their performance was monitored on this basis.

(b) Trade and other receivables, cash and cash equivalents and loan to a subsidiary that were classified as loans and receivables under FRS 39 are now classified at amortised cost.

Impairment of financial assets

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

35 COMPARATIVE INFORMATION – CONTINUED

Notes to the reconciliations – Continued

Note C : SFRS(I) 15

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

The adoption of SFRS(I) 15 has not had a significant impact.

Reclassification

The Group reclassified certain comparative income and expense items to align with the current year presentation. Comparative amounts relating to "Net change in fair value of an available-for-sale investment, net of tax" of US$830,000 and "Impairment of a jointly controlled entity" of US$2,148,000 were reclassified to other income and expense respectively.

36 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

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

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

Applicable to 2019 financial statements

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

36 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED – CONTINUED

Applicable to 2021 financial statements

- SFRS(I) 17 *Insurance Contracts*

Mandatory effective date deferred

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

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

SFRS(I) 16

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

The Group and the Company plan to apply SFRS(I) 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 will be recognised as an adjustment to the opening balance of accumulated losses at 1 January 2019, with no restatement of comparative information. The Group and the Company plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply SFRS(I) 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

The Group and the Company as lessee

The Group and the Company expect to measure lease liabilities by applying a single discount rate to their portfolio. Furthermore, the Group and the Company are likely to apply the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 January 2019.

The Group and the Company expect their existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. As at 1 January 2019, the Group expects an increase in ROU assets of $1,227,000 and an increase in lease liabilities of US$1,227,000. The Company expects an increase in ROU asset and lease liabilities of US$202,000 as at 1 January 2019. The nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

STATISTICS OF SHAREHOLDINGS

As at 18 March 2019

Issued and fully paid-up capital	:	S$332,996,034.94
Number of Shares	:	1,291,220,451
Class of Shares	:	Ordinary Shares of equal voting rights
Number of Treasury Shares	:	Nil
Number of Subsidiary Holdings	:	Nil

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 18 March 2019, approximately 56.24% of the issued ordinary shares of the Company were held by the public and therefore, Rule 723 of the Listing Manual, Section B: Catalist Rules of the Singapore Exchange Securities Trading Limited, is complied with.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 18 MARCH 2019

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	3	0.08	60	0.00
100 - 1,000	437	11.23	413,271	0.03
1,001 - 10,000	911	23.41	6,835,785	0.53
10,001 - 1,000,000	2,464	63.33	281,344,141	21.79
1,000,001 and above	76	1.95	1,002,627,194	77.65
TOTAL	**3,891**	**100.00**	**1,291,220,451**	**100.00**

TWENTY LARGEST HOLDERS OF SHARES AS AT 18 MARCH 2019

No.	Name of Shareholder	No. of Shares	% of Shares
1	UOB KAY HIAN PTE LTD	571,318,671	44.25
2	HSBC (SINGAPORE) NOMINEES PTE LTD	64,674,330	5.01
3	DBS NOMINEES PTE LTD	56,183,751	4.35
4	CITIBANK NOMINEES SINGAPORE PTE LTD	39,817,754	3.08
5	PHILLIP SECURITIES PTE LTD	19,695,838	1.53
6	MAYBANK KIM ENG SECURITIES PTE. LTD.	16,892,391	1.31
7	OCBC SECURITIES PRIVATE LTD	15,529,900	1.20
8	RAFFLES NOMINEES (PTE) LIMITED	15,526,533	1.20
9	MAANS NICKLAS LIDGREN	14,241,464	1.10
10	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	13,987,206	1.08
11	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	10,174,900	0.79
12	LEE TIAN SAN (LI TIANSONG)	7,200,000	0.56
13	LIM AND TAN SECURITIES PTE LTD	6,970,000	0.54
14	RHB SECURITIES SINGAPORE PTE LTD	6,492,000	0.50
15	LIM GUAN TECK	6,331,150	0.49
16	SEE LOP FU JAMES @ SHI LAP FU JAMES	5,350,000	0.41
17	WHANG HWEE YONG	4,787,500	0.37
18	ASHLEY VINCENT ELIAS	4,500,000	0.35
19	LI JIANSHENG	4,443,200	0.34
20	OLOF HENRIK KRISTOFER SKANTZE	4,343,004	0.34
	TOTAL	**888,459,592**	**68.80**

SUBSTANTIAL SHAREHOLDERS AS AT 18 MARCH 2019

No.	Name	No. of shares in which substantial shareholders have direct interest	%	No. of shares in which substantial shareholders are deemed to have interest	%
1	Limea Ltd. [1]	452,020,422	35.01	-	-
2	Cresta Group Ltd [2]	-	-	452,020,422	35.01
3	Dr Karl Lidgren [3]	-	-	452,020,422	35.01
4	Mr Hans Lidgren [4]	-	-	452,020,422	35.01
5	Bevoy Investment Ltd [5]	84,895,538	6.57	-	-
6	Mr Svein Kjellesvik [6]	-	-	84,895,538	6.57

(1) The 452,020,422 shares are held in the name of UOB Kay Hian Pte Ltd.

(2) Cresta Group Ltd owns 50% of Limea Ltd. and is deemed interested in 452,020,422 shares held by Limea Ltd.

(3) Dr Karl Lidgren, through Cresta Group Ltd, owns 50% of Limea Ltd. and is deemed interested in 452,020,422 shares held by Limea Ltd.

(4) Mr Hans Lidgren owns 50% of Limea Ltd. and is deemed interested in 452,020,422 shares held by Limea Ltd.

(5) The 84,895,538 shares are held in the name of UOB Kay Hian Pte Ltd.

(6) Mr Svein Kjellesvik owns 100% of Bevoy Investments Ltd and is deemed interested in the 84,895,538 shares held by Bevoy Investments Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Rex International Holding Limited (the "**Company**") will be held at NTUC Centre, 1 Marina Boulevard, Level 8, Room 801, Singapore 018989 on Friday, 26 April 2019 at 3.00 p.m. (the "**AGM**") for the following purposes:

Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Auditors' Report thereon. **Resolution 1**

2. To approve the payment of Directors' fees of S$571,450/- for the financial year ending 31 December 2019 (FY2018: S$571,450/-), payable quarterly in arrears. **Resolution 2**

   (See Explanatory Note 1)

3. To re-elect Mr Dan Broström who is retiring pursuant to Regulation 93 of the Company's Constitution. **Resolution 3**

   Mr Dan Broström will, upon re-election as a Director of the Company, remain as Executive Chairman of the Board and member of the Audit and Remuneration Committees.

   (See Explanatory Note 2)

4. To re-elect Dr Karl Lidgren who is retiring pursuant to Regulation 93 of the Company's Constitution. **Resolution 4**

   Dr Karl Lidgren will, upon re-election as a Director of the Company, remain as Executive Director of the Board and a member of the Nominating Committee.

   (See Explanatory Note 3)

5. To re-appoint KPMG LLP as the Company's auditors for the financial year ending 31 December 2019 and to authorise the Directors to fix their remuneration. **Resolution 5**

6. To transact any other ordinary business which may be properly transacted at the AGM.

Special Business

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

7. Authority to allot and issue shares **Resolution 6**

"THAT pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") and Rule 806 of Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**"), the Directors of the Company be authorised and empowered to:

I. (a) allot and issue ordinary shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

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

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

II. (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(a) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments, made or granted pursuant to this Resolution), shall not exceed one hundred per cent (100%) of the total number of issued Shares in the capital of the Company (excluding treasury shares) (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (b) below) or such other limit as may be prescribed by the Catalist Rules as at the date of this Resolution is passed;

(b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) that may be issued under sub-paragraph (a) above, the percentage of the issued Shares shall be based on the total number of issued Shares (excluding treasury shares) at the time this Resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities;

(ii) new Shares arising from exercising of share options or vesting of share awards which are outstanding and/or subsisting at the time of the passing of this Resolution, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(iii) any subsequent bonus issue, consolidation or subdivision of Shares;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), and all applicable legal requirements under the Companies Act and the Constitution for the time being of the Company; and

(d) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the Company's next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier."

(See Explanatory Note 4)

8. Authority to allot and issue Shares under the Rex International Employee Share Option Scheme ("**Share Option Scheme**") **Resolution 7**

"That pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the exercise of options, provided always that the aggregate number of Shares to be allotted and issued pursuant to the Share Option Scheme, when added to the number of Shares issued and issuable in respect of all options granted under the Share Option Scheme, and including the Rex PSP (as defined therein), and any other share option schemes of the Company, shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares) on the day preceding that date of the relevant grant of an option under the Share Option Scheme."

(See Explanatory Note 5)

9 Authority to allot and issue Shares under the Rex International Performance Share Plan ("**Rex PSP**") **Resolution 8**

"That pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the awards granted under the Rex PSP, provided always that the aggregate number of Shares to be allotted and issued pursuant to the Rex PSP, and where applicable, the total number of existing Shares which may be purchased from the market for delivery pursuant to the awards granted under the Rex PSP, when added to the number of Shares issued and issuable in respect of all awards granted under the Rex PSP, and including the Share Option Scheme and any other share option schemes of the Company, shall not exceed fifteen per cent (15%) of the total issued Shares (excluding treasury shares) on the day preceding that date of grant of the relevant awards under the Rex PSP."

(See Explanatory Note 6)

By Order of the Board

Selena Leong Siew Tee
Company Secretary

Singapore
28 March 2019

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. A member of the Company (who is not a relevant intermediary as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote instead of the member. A proxy need not be a member of the Company.

   A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) is entitled to appoint more than two proxies to attend and vote at the AGM.

2. Where a member appoints more than one proxy, the appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy in the instrument appointing the proxies.

3. If the member is a corporation, the instrument appointing the proxy must be given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.

4. The instrument appointing a proxy, duly executed, must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02 Singapore 068898 not less than forty-eight (48) hours before the time appointed for holding the AGM.

5. A depositor shall not be regarded as a member of the Company entitled to attend and vote at the AGM unless his/her name appears on the Depository Register not less than seventy-two (72) hours before the time of the AGM.

EXPLANATORY NOTES:

(1) The Resolution 2 in item 2 above, if passed, will facilitate the payment of Directors' fees of S$571,450/- for the financial year ending 31 December 2019 on a quarterly basis in arrears. The amount of Directors' fees is computed based on the anticipated number of Board and Board Committee meetings for the financial year ending 31 December 2019, including attendances and the positions held by the Non-Executive Directors in various board committees, and assuming that all Non-Executive Directors will hold office for the full financial year. In the event the amount of Directors' fees proposed is insufficient, for example, in the event of unscheduled Board meetings or enlarged board sizes, approval will be sought at next year's annual general meeting for additional fees before payments are made to Directors to meet the shortfall.

(2) Details on Dan Broström

Date of Appointment: 11 January 2013

Date of last re-appointment: 29 April 2016

Age: 76

Country of principal residence: Singapore

The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process): Please refer to the Corporate Governance section in the Company's 2018 Annual Report.

Whether appointment is executive, and if so, the area of responsibility: Yes, responsible for providing strategic counsel and support to the Company so as to enable the Company to achieve its vision, as well as its short and long-term goals.

Job Title: Executive Director and Chairman, member of Remuneration and Audit Committees

Professional qualifications: Degree in Economics, Stanford University, USA; Bachelor of Arts in Economics, Gothenburg University, Sweden

Working experience and occupation(s) during the past 10 years: Please refer to the Board of Directors section in the Company's 2018 Annual Report

Shareholding interest in the listed issuer and its subsidiaries: Direct and deemed interest in 4,928,000 RIH Shares i.e. 0.38%

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): None

Undertaking (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules has been submitted to the listed issuer ☑ Yes ☐ No

(3) Details on Dr Karl Lidgren

Date of Appointment: 1 May 2013

Date of last re-appointment: 28 April 2017

Age: 71

Country of principal residence: Monaco

The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process): Please refer to the Corporate Governance section in the Company's 2018 Annual Report.

Whether appointment is executive, and if so, the area of responsibility: Yes, responsible for providing strategic counsel and support to the Company so as to enable the Company to achieve its vision, as well as its short and long-term goals.

Job Title: Non-Independent Executive Director, member of Nominating Committee

Professional qualifications: Degree in Economics, Lund University, Sweden; Doctor of Philosophy in Economics, Lund University, Sweden

Working experience and occupation(s) during the past 10 years: Please refer to the Board of Directors section in the Company's 2018 Annual Report

Shareholding interest in the listed issuer and its subsidiaries: Deemed interest of 452,020,422 RIH Shares i.e. 35.01% held by Limea Ltd

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: Father of CEO, Måns Lidgren and brother of controlling shareholder, Hans Lidgren

Conflict of interest (including any competing business): None

Undertaking (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules has been submitted to the listed issuer ☑ Yes ☐ No

NOTICE OF ANNUAL GENERAL MEETING

(4) The Resolution 6 in item 7 above, if passed, will empower the Directors of the Company, from the date of the AGM until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares, make or grant Instruments and to issue Shares pursuant to such Instruments, without seeking any further approval from shareholders in general meeting but within the limitation imposed by this Resolution, for such purposes as the Directors of the Company may consider would be in the best interests of the Company. The aggregate number of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) to be allotted and issued would not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares) at the time of passing of this Resolution. An issue of Shares (including Shares to be made in pursuance of instruments made or granted pursuant to this Resolution) other than on a pro-rata basis to all shareholders shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) at the time of the passing of this Resolution.

(5) The Resolution 7 in item 8 above, if passed, will empower the Directors, from the date of the AGM until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied and revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares pursuant to the exercise of Options granted or to be granted under the Share Option Scheme and such other share-based incentive scheme or share plan up to a number not exceeding, in total, fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares) on the day preceding that date of the relevant grant.

(6) The Resolution 8 in item 9, if passed, will empower the Directors, from the date of the AGM until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares pursuant to the vesting of awards under the Rex PSP and such other share-based incentive scheme or share plan (including the total number of existing Shares which may be purchased from the market for delivery pursuant to the awards granted) up to a number not exceeding, in total, fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares) on the day preceding that date of the relevant grant.

PERSONAL DATA PRIVACY

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

REX INTERNATIONAL HOLDING LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 201301242M)

ANNUAL GENERAL MEETING
PROXY FORM

IMPORTANT:

1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 of Singapore, Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF/SRS monies to buy shares in the Company, 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. CPF/SRS investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

I/We, _____ (Name) _____ (NRIC No./Passport No./Company Registration No.) of _____ (Address)

being a member/members of REX INTERNATIONAL HOLDING LIMITED (the "**Company**"), hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

* and/or

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her/they, the Chairman of the Annual General Meeting ("**AGM**"), as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf at the AGM of the Company to be held at NTUC Centre, 1 Marina Boulevard, Level 8, Room 801, Singapore 018989 on Friday, 26 April 2019 at 3.00 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specified directions as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as he/she/they will on any other matter arising at the AGM.

No.	Resolutions	No. of Shares For	No. of Shares Against
	ORDINARY BUSINESS		
1.	To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Auditors' Report thereon.		
2.	To approve the payment of Directors' fees of S$571,450/- for the financial year ending 31 December 2019, payable quarterly in arrears.		
3.	To re-elect Mr Dan Broström who is retiring pursuant to Regulation 93 of the Company's Constitution.		
4.	To re-elect Dr Karl Lidgren who is retiring pursuant to Regulation 93 of the Company's Constitution.		
5.	To re-appoint KPMG LLP as the Company's auditors for the financial year ending 31 December 2019 and to authorise the Directors to fix their remuneration.		
	SPECIAL BUSINESS		
6.	To approve the authority to allot and issue shares.		
7.	To approve the authority to allot and issue shares under the Rex International Employee Share Option Scheme.		
8.	To approve the authority to allot and issue shares under the Rex International Performance Share Plan.		

** If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this _____ day of _____ 2019

Total No. of Shares in	No. of Shares
CDP Register	
Register of Members	

_____
Signature of Member(s) or Common Seal

** Delete accordingly*

IMPORTANT: Please Read Notes for This Proxy Form.

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), a member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company.
3. Where a member appoints two proxies, the member must specify the proportion of shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry one hundred per cent (100%) of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer of the corporation or attorney duly authorised.
5. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediary such as banks and capital markets services licence holders which provide custodial services and are members of the Company, may appoint more than two proxies, provided each proxy is appointed to exercise the rights attached to different shares held by the member. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02 Singapore 068898 not less than 48 hours before the time appointed for holding the AGM. If a shareholder submits a proxy form and subsequently attends the meeting in person and votes, the appointments of the proxy should be revoked.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act.
9. An investor who buys shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 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 a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

DISCLAIMER

This Annual Report to Shareholders may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcome and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate properties, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. There is no assurance that Rex Virtual Drilling will consistently deliver accurate analyses and results, as it is dependent on many external factors such as data quality. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management of future events.

Rex International Holding Limited | Co. Reg. No. 201301242M
1 George Street #14-01 Singapore 049145 | www.rexih.com

REX
change the game