

**Company Registration No: 201026677K**

**CONRAD ASIA ENERGY LIMITED  
(Incorporated in Singapore)  
AND ITS SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**FOR THE SIX-MONTH  
FINANCIAL PERIOD ENDED 30 JUNE 2022**

**CONRAD ASIA ENERGY LIMITED**  
**(Incorporated in Singapore)**  
**AND ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**FOR THE SIX-MONTH FINANCIAL PERIOD ENDED**  
**30 JUNE 2022**

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**MOORE STEPHENS LLP**  
CHARTERED ACCOUNTANTS OF SINGAPORE

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF**

**CONRAD ASIA ENERGY LIMITED  
(Incorporated in Singapore)**

**Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of Conrad Asia Energy Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the condensed consolidated statement of financial position of the Group as at 30 June 2022 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and certain explanatory information. Management is responsible for the preparation and fair presentation of this interim condensed consolidated financial statements in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 1(a) to the interim condensed consolidated financial statements which states that the Group incurred a net loss and total comprehensive loss of US\$4,750,314 and has net cash used in operating activities of US\$3,955,466 for the financial period ended 30 June 2022. As at 30 June 2022, the Group’s current liabilities exceeded its current assets by US\$11,355,248.

As disclosed in Note 1(a) to the interim condensed consolidated financial statements, these above conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group to continue as a going concern and to realise its assets and discharge its liabilities in the ordinary course of business. Our opinion is not modified in respect of this matter.



**MOORE STEPHENS LLP**  
CHARTERED ACCOUNTANTS OF SINGAPORE

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF**

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(cont'd)

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements do not give a true and fair view of the financial position of the Group as at 30 June 2022, and of its financial performance, its changes in equity and its cash flows for the six-month period then ended in accordance with IAS 34, *Interim Financial Reporting*.

DocuSigned by:  
  
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**Moore Stephens LLP**  
Public Accountants and  
Chartered Accountants

Singapore

20 September 2022

**CONRAD ASIA ENERGY LIMITED**  
(Incorporated in Singapore)

**AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2022**

	<u>Note</u>	Consolidated 6 months ended 30 June 2022 US\$	Consolidated 6 months ended 30 June 2021 US\$
<b>Revenue</b>	2	134,579	50,798
Cost of services		(809,271)	(426,675)
Gross loss		<u>(674,692)</u>	<u>(375,877)</u>
Other income	3	6,467	-
Other operating expenses		(3,259,663)	(1,530,516)
Finance income	5	163	476
Finance expense	6	(822,589)	(127,123)
Loss before income tax	4	<u>(4,750,314)</u>	<u>(2,033,040)</u>
Income tax	7	-	-
Loss after income tax		<u>(4,750,314)</u>	<u>(2,033,040)</u>
Other comprehensive income, net of income tax		-	-
<b>Total comprehensive loss for the financial period</b>		<u><b>(4,750,314)</b></u>	<u><b>(2,033,040)</b></u>
Loss and total comprehensive loss for the financial period attributable to:			
Equity holders of the Company		(4,750,314)	(2,033,040)
Non-controlling interest		-	-
		<u>(4,750,314)</u>	<u>(2,033,040)</u>
Earnings per share			
- Basic		(3.80)	(1.67)
- Diluted		(3.80)	(1.67)

The accompanying notes form an integral part of the interim condensed consolidated financial statements

**CONRAD ASIA ENERGY LIMITED**  
(Incorporated in Singapore)

**AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 30 JUNE 2022**

	Note	30 June <u>2022</u> US\$	31 December <u>2021</u> US\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	8	233,758	165,450
Exploration and evaluation assets	10	24,479,930	24,421,450
Other receivables	12	221,723	221,723
		<u>24,935,411</u>	<u>24,808,623</u>
<b>Current assets</b>			
Financial asset at fair value through profit or loss	11	173,872	237,202
Other receivables	12	209,132	59,764
Prepayment		134,077	62,035
Cash and cash equivalents	13	2,376,462	1,442,336
		<u>2,893,543</u>	<u>1,801,337</u>
<b>TOTAL ASSETS</b>		<u>27,828,954</u>	<u>26,609,960</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity and reserves</b>			
Share capital	14	34,629,209	34,629,209
Accumulated losses		(21,201,251)	(16,450,937)
Total attributable to the owners of the Company		<u>13,427,958</u>	<u>18,178,272</u>
Non-controlling interests		-	-
		<u>13,427,958</u>	<u>18,178,272</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	18	152,205	111,928
		<u>152,205</u>	<u>111,928</u>
<b>Current liabilities</b>			
Trade and other payables	15	592,065	500,367
Amount due to shareholders	16	5,001,275	4,189,041
Warrants	16	3,553,847	3,553,847
Convertible loan	16a	5,000,000	-
Lease liabilities	18	101,604	76,505
		<u>14,248,791</u>	<u>8,319,760</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>27,828,954</u>	<u>26,609,960</u>

The accompanying notes form an integral part of the interim condensed consolidated financial statements

**CONRAD ASIA ENERGY LIMITED**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Share <u>capital</u> US\$	Accumulated <u>losses</u> US\$	<u>Total</u> US\$
<b>Group</b>			
<b>Balance at 1 January 2022</b>	34,629,209	(16,450,937)	18,178,272
Loss for the period	-	(4,750,314)	(4,750,314)
Other comprehensive loss, net of income tax	-	-	-
Total comprehensive loss for the period	-	(4,750,314)	(4,750,314)
<b>Balance at 30 June 2022</b>	<b>34,629,209</b>	<b>(21,201,251)</b>	<b>13,427,958</b>
<b>Balance at 1 January 2021</b>	33,774,209	(6,309,263)	27,464,946
Loss for the period	-	(2,033,040)	(2,033,040)
Other comprehensive loss, net of income tax	-	-	-
Total comprehensive loss for the period	-	(2,033,040)	(2,033,040)
Issuance of shares	855,000	-	855,000
<b>Balance at 30 June 2021</b>	<b>34,629,209</b>	<b>(8,342,303)</b>	<b>26,286,906</b>

The accompanying notes form an integral part of the interim condensed consolidated financial statements

**CONRAD ASIA ENERGY LIMITED**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2022**

	Consolidated 6 months ended 30 June <u>2022</u> US\$	Consolidated 6 months ended 30 June <u>2021</u> US\$
<b>Cash Flows from Operating Activities</b>		
Loss before income tax	(4,750,314)	(2,033,040)
Adjustments for:		
Interest income	(163)	(476)
Interest expense	822,589	127,123
Depreciation of plant and equipment	40,754	10,336
Fair value loss on revaluation of financial assets, at FVPL	63,330	93,837
Property, plant and equipment written off	-	1,624
Unrealised foreign exchange loss	1,586	88
Issuance of shares to employees	-	315,000
Operating cash flows before working capital changes	<u>(3,822,218)</u>	<u>(1,485,508)</u>
Changes in working capital:		
(Increase)/decrease in other receivables	(149,532)	39,618
Increase in prepayment	(72,042)	(17,368)
Increase in trade and other payables	88,163	85,511
Cash used in operations	<u>(3,955,629)</u>	<u>(1,377,747)</u>
Interest received	163	476
<b>Net cash used in operating activities</b>	<u>(3,955,466)</u>	<u>(1,377,271)</u>
<b>Cash Flows from Investing Activities</b>		
Increase in exploration and evaluation assets (Note 10)	<u>(58,480)</u>	<u>(941,197)</u>
<b>Net cash used in investing activities</b>	<u>(58,480)</u>	<u>(941,197)</u>
<b>Cash Flows from Financing Activities</b>		
Proceed from convertible loan	5,000,000	-
Increase in amount due to shareholders	-	5,000,000
Repayment of lease liabilities	(43,686)	-
Interest paid	(10,355)	-
<b>Net cash generated from financing activities</b>	<u>4,945,959</u>	<u>5,000,000</u>
<b>Net increase in cash and cash equivalents</b>	932,013	2,681,532
<b>Cash and cash equivalents at the beginning of the financial period</b>	1,442,336	1,404,273
<b>Effect of exchange rate changes on foreign currencies cash and bank balances</b>	2,113	(88)
<b>Cash and cash equivalents at the end of the financial period (Note 13)</b>	<u>2,376,462</u>	<u>4,085,717</u>

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**CONRAD ASIA ENERGY LIMITED**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2022**

(cont'd)

The reconciliation of movements of liabilities to cash flows arising from financing activities is presented below:

	1 January US\$	Cash flow Proceeds/ (repayments) US\$	Non-cash changes Interest expense US\$	Adoption of IFRS 16 US\$	30 June US\$
<u>30 June 2022</u>					
Shareholders' loan	4,189,041	-	812,234	-	5,001,275
Convertible loan	-	5,000,000	-	-	5,000,000
Lease liabilities	188,433	(54,041)	10,355	109,062	253,809
	<u>4,377,474</u>	<u>4,945,959</u>	<u>822,589</u>	<u>109,062</u>	<u>10,255,084</u>
<u>30 June 2021</u>					
Shareholders' loan	-	5,000,000	127,123	-	5,127,123

The accompanying notes form an integral part of the interim condensed consolidated financial statements

**CONRAD ASIA ENERGY LIMITED**  
(Incorporated in Singapore)

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2022**

These notes form an integral part of and should be read in conjunction with the accompanying interim condensed consolidated financial statements.

**1 Basis of Preparation**

The interim condensed consolidated financial statements of Conrad Asia Energy Limited. (the “Company”) and its subsidiaries (the “Group”) for the six-month financial period ended 30 June 2022 have been prepared on a condensed basis in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s audited consolidated financial statements for the financial year ended 31 December 2021.

The financial statements are presented in United States dollars (“US\$”), which is the functional currency of the Company.

*Adoption of new and revised IAS and IFRS which are effective in the current financial period*

On 1 January 2022, the Group has adopted the new and revised IAS and IFRS that are mandatory for application for the financial period. The adoption of these new and revised ISA and IFRS did not result in substantial changes to the Group’s accounting policies and had no material effect on the amounts reported for the current or prior financial period/years.

*Adoption of New and Revised IAS and IFRS issued but not yet effective*

The following standards have been issued and are relevant to the Group and Company but not yet effective:

		Effective for annual financial periods beginning on or after
IFRS 10 and IAS 28	<i>Amendments to IFRS 10 and IAS 28 Investments in Associates and Joint Ventures - Sale or contribution of assets between an investor and its associate or joint venture</i>	Deferred indefinitely, early application is still permitted
Amendments to IAS 1	<i>Amendments to IAS 1: Classification of Liabilities as Current or Non-Current</i>	1 January 2023
Amendments to IAS 1 and IAS Practice Statement 2	<i>Amendments to IAS 1 and IAS Practice Statement 2 - Disclosure of Accounting Policies</i>	1 January 2023
Amendments to IAS 8	<i>Amendments to IAS 8 Definition of Accounting Estimates</i>	1 January 2023

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2022**

**1 Basis of Preparation (cont'd)**

*Adoption of New and Revised IAS and IFRS issued but not yet effective (cont'd)*

	Effective for annual financial periods beginning on or after
Amendments to IAS 12 <i>Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

Management expects that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

**(a) Going Concern**

The Group incurred a net loss and total comprehensive loss of US\$4,750,314 and has net cash used in operating activities of US\$3,955,466 for the financial period ended 30 June 2022. As at 30 June 2022, the Group's current liabilities exceeded its current assets by US\$11,355,248.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group to continue as a going concern and to realise its assets and discharge its liabilities in the ordinary course of business. Management has prepared the financial statements on a going concern basis as the liabilities include a convertible loan to shareholders of US\$5.0 million (Note 16a), shareholders' loan of US\$5.0 million (Note 16) and issuance of warrants to shareholders of US\$3.6 million (Note 16). The shareholders will continue to financially support the Group where necessary.

Management has also taken into consideration that the Company is planning to undertake an initial public offering on the Australian Securities Exchange to raise between A\$45 million and A\$55 million in 2022 and part of the proceeds will be used to repay the shareholders' loan of US\$5 million which is repayable by December 2022.

Management acknowledges that the ability of the Group to continue as a going concern is dependent upon its ability to obtain the funding or financing necessary, from either shareholders or new investors, including pursuant to the proposed capital raising via its recently lodged prospectus with the Australian Securities and Investment Commission ("ASIC") and the Australian Securities Exchange ("ASX"), to continue operations. If the going concern assumption was to no longer be appropriate then adjustments may be necessary to the carrying values of assets, liabilities, reported income and expenses and the condensed consolidated statement of financial position classifications adopted in this interim condensed consolidated financial statements. Such adjustments could be material.

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2022**

**1 Basis of Preparation (cont'd)**

**(b) Accounting Estimates and Judgements**

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumption that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial statement, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those disclosed in the Group's audited consolidated financial statements for the financial year ended 31 December 2021. Below is the convertible loan which was not disclosed in the Group's audited consolidated financial statements for the financial year ended 31 December 2021.

Convertible loan

During the current financial period 30 June 2022, the Company entered into a US\$5.0 million convertible loan agreement with its shareholders. The shareholders may convert the convertible loan into ordinary shares, with a discount rate of 90%.

**(c) Accounting Policies**

The accounting policies were consistent with those disclosed in the Group's audited consolidated financial statements for the financial year ended 31 December 2021. Below is the convertible loan accounting policy which was not disclosed in the Group's audited consolidated financial statements for the financial year ended 31 December 2021.

Convertible loan

The proceeds for convertible loan issued are presented as a liability in the consolidated statement of financial position.

The convertible loan is recognised initially at fair value and subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the loan.

**CONRAD ASIA ENERGY LIMITED**  
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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2022**

**2 Revenue**

Revenue represents service income recognised at a point in time and derives mainly from Indonesia.

	30 June <u>2022</u> US\$	30 June <u>2021</u> US\$
Consultancy services rendered	134,579	50,798

**3 Other Income**

	30 June <u>2022</u> US\$	30 June <u>2021</u> US\$
Government grant	6,467	-

**4 Loss before Income Tax**

	30 June <u>2022</u> US\$	30 June <u>2021</u> US\$
Consultancy fee under:		
- cost of services	809,271	426,675
Depreciation of plant and equipment	40,754	10,336
Computer expenses/IT equipment	94,351	19,950
Insurance	25,927	26,650
Foreign exchange loss	6,931	88
General expenses	27,682	32,210
Legal and professional fees	298,951	26,151
IPO listing costs	663,903	36,261
Exploration and evaluation survey costs	171,279	-
Commission fee	66,952	30,000
Issuance of shares to employees	-	315,000
Staff costs:		
- Director's remuneration	291,600	162,000
- Director's fee	101,250	-
- Fees for professional services	434,665	95,000
- Staff benefit	8,750	26,040
Travelling	88,977	22,654
Fair value loss on revaluation of financial assets, at FVPL (Note 11)	63,330	93,837

**CONRAD ASIA ENERGY LIMITED**  
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**AND ITS SUBSIDIARIES**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2022**

<b>5</b>	<b>Finance Income</b>	30 June <u>2022</u> US\$	30 June <u>2021</u> US\$
	Interest income from cash and cash equivalents	163	476
<b>6</b>	<b>Finance Expense</b>	30 June <u>2022</u> US\$	30 June <u>2021</u> US\$
	Interest expense		
	- Lease liabilities (Note 18)	10,355	-
	- Shareholders' loan (Note 16)	247,945	21,918
	- Warrants (Note 16)	564,289	105,205
		812,234	127,123
		822,589	127,123

**CONRAD ASIA ENERGY LIMITED**  
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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2022**

**7 Income Tax**

	<u>30 June</u> <u>2022</u> US\$	<u>30 June</u> <u>2021</u> US\$
Income tax:		
- current year	-	-

The income tax expense varies from the amount of income tax determined by applying the statutory rate of income tax to loss before taxation due to the following factors:

	<u>30 June</u> <u>2022</u> US\$	<u>30 June</u> <u>2021</u> US\$
Loss before income tax	(4,750,314)	(2,033,040)
Tax calculated at 17%	(807,553)	(345,617)
Tax effects of:		
- Expenses not deductible	181,547	95,000
- Deferred tax assets not recognised	626,006	250,617
	-	-

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of US\$38,049,925 (31 December 2021: US\$34,367,537) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The tax losses have no expiry date.

Deferred tax assets not recognised

The components of deferred tax assets not recognised are as follows:

	<u>30 June</u> <u>2022</u> US\$	<u>31 December</u> <u>2021</u> US\$
Unutilised tax losses	6,517,526	5,891,520

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**FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2022**

**8 Plant and Equipment**

	<u>Computers</u> US\$	<u>Office renovation</u> US\$	<u>Furniture and fittings</u> US\$	<u>Office equipment</u> US\$	<u>Leased building<sup>(1)</sup></u> US\$	<u>Total</u> US\$
<b>2022</b>						
<u>Cost</u>						
Balance at 1 January	91,181	10,710	85,270	79	316,828	504,068
Additions	-	-	-	-	109,062	109,062
Balance at 30 June	<u>91,181</u>	<u>10,710</u>	<u>85,270</u>	<u>79</u>	<u>425,890</u>	<u>613,130</u>
<u>Accumulated depreciation</u>						
Balance at 1 January	88,111	10,710	85,270	79	154,448	338,618
Depreciation	1,261	-	-	-	39,493	40,754
Balance at 30 June	<u>89,372</u>	<u>10,710</u>	<u>85,270</u>	<u>79</u>	<u>193,941</u>	<u>379,372</u>
<u>Net book value</u>						
Balance at 30 June	<u>1,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>231,949</u>	<u>233,758</u>
<b>2021</b>						
<u>Cost</u>						
Balance at 1 January	92,611	10,710	85,270	79	316,828	505,498
Additions	1,272	-	-	-	-	1,272
Write-off	(2,702)	-	-	-	-	(2,702)
Balance at 31 December	<u>91,181</u>	<u>10,710</u>	<u>85,270</u>	<u>79</u>	<u>316,828</u>	<u>504,068</u>
<u>Accumulated depreciation</u>						
Balance at 1 January	72,973	8,627	83,786	79	92,682	258,147
Depreciation	15,138	2,083	1,484	-	61,766	80,471
Balance at 31 December	<u>88,111</u>	<u>10,710</u>	<u>85,270</u>	<u>79</u>	<u>154,448</u>	<u>338,618</u>
<u>Net book value</u>						
Balance at 31 December	<u>3,070</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,380</u>	<u>165,450</u>

<sup>(1)</sup> Right-of-use asset arising from leased building is recognised in accordance with IFRS 16 *Leases*. Please see Note 18 for more information.



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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2022**

**9 Investments in Subsidiaries**

	<b>Company</b>	
	30 June <u>2022</u> US\$	31 December <u>2021</u> US\$
<u>Unquoted equity investments, at cost</u>		
Balance at the beginning of the period	17,691	17,691
Additions during the period	2	-
Balance at the end of the period	<u>17,693</u>	<u>17,691</u>

The details of subsidiaries are as follows:

<u>Name of subsidiaries and country of incorporation</u>	<u>Principal activities</u>	<u>Effective equity interest</u>	
		<u>30.06.2022</u> %	<u>31.12.2021</u> %
#Conrad Petroleum (V) Limited Seychelles	International oil and gas exploration, appraisal development and production	100	100
#West Natuna Exploration Ltd British Virgin Islands	International oil and gas exploration, appraisal development and production	100	100
#Conrad Petroleum OM Pte. Ltd. Singapore	International oil and gas extraction	100	100
Frontier Point Limited British Virgin Islands	International oil and gas productions	100	100
OSWA Pte. Ltd.	International oil and gas productions	100	-
ONWA Pte. Ltd.	International oil and gas productions	100	-

# Reviewed by Moore Stephens LLP.

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**10 Exploration and Evaluation Assets**

	30 June <u>2022</u> US\$	31 December <u>2021</u> US\$
Balance at the beginning of the financial year	24,421,450	26,362,514
Reclassified from VAT receivables (Note 14)	-	528,981
Additions during the year	58,480	1,595,174
Exploration and evaluation assets written off	-	(4,065,219)
Balance at the end of the financial year	<u>24,479,930</u>	<u>24,421,450</u>

During the financial period ended 30 June 2022, the Group acquired exploration and evaluation assets by means of:

	30 June <u>2022</u> US\$	31 December <u>2021</u> US\$
Cash	58,480	1,055,174
Share consideration	-	540,000
	<u>58,480</u>	<u>1,595,174</u>

In the previous financial year ended 31 December 2021, the Group recognised the write-off of exploration and evaluation assets of US\$4,065,219 as the directors of the Company are of the opinion that the assets are not recoverable.

**11 Financial Asset at Fair Value through Profit or Loss**

	30 June <u>2022</u> US\$	31 December <u>2021</u> US\$
Investment in quoted shares	<u>173,872</u>	<u>237,202</u>

Movements in financial asset, at fair value through profit or loss are as follows:

	30 June <u>2022</u> US\$	31 December <u>2021</u> US\$
At the beginning of the financial period	237,202	328,444
Fair value loss (Note 4)	(63,330)	(91,242)
At the end of the financial period	<u>173,872</u>	<u>237,202</u>

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**11 Financial Asset at Fair Value through Profit or Loss (cont'd)**

Investment in quoted shares pertains to the share consideration received from the disposal of a production sharing contract interest in a subsidiary, West Natuna Exploration Limited in the prior year. The quoted shares are listed on the London Stock Exchange and denominated in British Pound Sterling. The investment has no fixed maturity term and is held for trading and is designated to be measured at FVPL. The share price indication of the investment is based on an active market price, which is a level 1 of the fair value hierarchy.

**12 Other Receivables**

	30 June <u>2022</u> US\$	31 December <u>2021</u> US\$
Other receivables and deposits:		
Production Sharing Contract partners (a)	126,626	23,734
Deposits (b)	265,762	245,417
Other receivables	38,467	12,336
	<u>430,855</u>	<u>281,487</u>
Non-current	221,723	221,723
Current	209,132	59,764
	<u>430,855</u>	<u>281,487</u>

(a) West Natuna Exploration Limited, Coro Energy Duyung (Singapore) Pte. Ltd. and Emphyrean Energy PLC own 76.5%, 15% and 8.5% interest in the Production Sharing Contract respectively. The amount pertains to the 100% operating cost that is charged back to the two partners, Coro Energy Duyung (Singapore) Pte. Ltd. And Emphyrean Energy PLC in the Production Sharing Contract Scheme.

(b) The amount pertains to the working advance placed as deposit to Skk Migas and will be refunded upon the termination of the contract.

The Group's internal credit evaluation practices and basis for recognition and measurement for expected credit losses were consistent with those disclosed in the Group's audited consolidated financial statements for the financial year ended 31 December 2021.

**13 Cash and Cash Equivalents**

	30 June <u>2022</u> US\$	31 December <u>2021</u> US\$
Cash on hand and at bank	<u>2,376,462</u>	<u>1,442,336</u>

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**14 Share Capital**

	30 June <u>2022</u>		31 December <u>2021</u>	
	No. of shares	US\$	No. of shares	US\$
Issued and fully paid:				
At the beginning of the period/year	15,302,901	34,629,209	15,160,401	33,774,209
Effect of share split *	107,120,307	-	-	-
Issue of ordinary shares	-	-	90,000	540,000
Issue of ordinary shares under Share Award Plan	-	-	52,500	315,000
At the end of the period/year	<u>122,423,208</u>	<u>34,629,209</u>	<u>15,302,901</u>	<u>34,629,209</u>

\* On 8 April 2022, the Company sub-divided all the ordinary shares in the capital of the Company comprising 15,302,901 shares, on the basis of one (1) ordinary share for eight (8) ordinary shares into 122,423,208 new ordinary shares.

**15 Trade and Other Payables**

	30 June <u>2022</u>	31 December <u>2021</u>
	US\$	US\$
Trade payables - third parties	<u>103,919</u>	-
Other payables	310,107	250,425
Accrued income/expenses (a)	<u>178,039</u>	<u>249,942</u>
	<u>592,065</u>	<u>500,367</u>

(a) Accrued expenses mainly comprise the exploration cost for the appraisal wells. Accrued income pertains to the working advance placed as a deposit by the SDA Mangkalihat Pte. Ltd. and Samudra Energy Mangkalihat Limited (ex-operator) of Offshore Mangkalihat to SKK Migas and will be recognised as an income when the deposit is refunded upon the termination of the contract. According to the contract, the Group does not need to repay the working advance to SDA Mangkalihat Pte. Ltd. and Samudra Energy Mangkalihat Limited (ex-operator) of Offshore Mangkalihat.

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**16 Amount due to Shareholders and Warrants**

	30 June <u>2022</u> US\$	31 December <u>2021</u> US\$
Shareholders' loan	5,000,000	5,000,000
Add: interest expense	812,234	273,973
Less: prepaid interest expense in relation to warrants	(810,959)	(1,084,932)
	5,001,275	4,189,041
Warrants, at the beginning of the year	3,553,847	2,400,000
Fair value change during the year	-	1,153,847
Warrants, at the end of the year	3,553,847	3,553,847

Shareholders' loan is non-trade in nature, unsecured, bears fixed interest at 10% per annum, extended by shareholders and repayable by December 2022 and denominated in United States Dollar.

In relation to the shareholders' loan, the Company issued 846,154 warrants to its shareholders to be exercisable any time within the five-year period from the date of issue in June 2021. The cost of debt relating to the warrants is amortised over the term of the shareholders' loan of 18 months which was extended by 6 months in the current financial period (from 12 months to 18 months).

The fair value of the warrants has been derived using the Binomial valuation model and is classified under Level 3 of the fair value hierarchy as at 30 June 2022. The key inputs applied in the estimation of warrants is volatility, risk-free rate of return and binomial steps.

**16(a) Convertible Loan**

In the current financial period ended 30 June 2022, the Company entered into a convertible loan agreement with its shareholders for US\$5.0 million. The shareholders may elect to convert the convertible loan into ordinary shares at a discount rate of 90%. Below are the events in relation to the conversion of the convertible loan into ordinary shares:

- (i) If there is an Equity Financing before the termination of the convertible loan, the shareholder may elect, not later than seven (7) days prior to the initial closing of such Equity Financing, to convert the convertible loan into the number of Ordinary Shares equal to the Purchase Amount divided by the Conversion Price.
- (ii) If there is an Initial Public Offering before the termination of the convertible loan, immediately prior to the consummation of such Initial Public Offering, the convertible loan will automatically convert into the number of Ordinary Shares (or depository receipts or depository interests (including CHES Depository Interests) equal to the Purchase Amount divided by the Conversion Price.

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**16(a) Convertible Loan (cont'd)**

- (iii) If there is a liquidity event before the termination of the convertible loan, the shareholder may elect to convert the convertible loan into Ordinary Shares equal to the Purchase amount divided by the Conversion Price or be automatically entitled to receive a portion of Proceeds, due and payable to the shareholder immediately equal to the greater of (i) the Purchase Amount ("the Cash-Out Amount") or (ii) the amount payable on the number of Ordinary Shares equal to the Purchase Amount divided by the Liquidity Price ("the Conversion Amount").
- (iv) If there is a Dissolution Event before the termination of the convertible loan, the shareholder will automatically be entitled to receive a portion of Proceeds equal to the Cash-Out Amount, due and payable to the shareholder immediately prior to the consummation of the Dissolution Event.

As at 30 June 2022, the Company has accounted for the convertible loan as a liability.

**17 Significant Related Party Transactions**

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions with related parties on terms mutually agreed during the financial period are as follows:

	30 June <u>2022</u> US\$	30 June <u>2021</u> US\$
<u>Compensation of key management personnel</u>		
- Issuance of shares	-	315,000
- Director's remuneration	291,600	162,000
- Director's fee	101,250	-
- Staff amenities	8,750	26,040
- Fees for professional services*	434,665	95,000

- \* Fees received or receivable by a firm in which the director is a member or with a company in which the director has a substantial financial interest for professional services rendered to the Company or management and other fees for the year end.

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**18 Lease Liabilities**

The Group as Lessee

The Group has entered into a lease contract for its office premises. The Group has the option to terminate the lease contract but is unlikely to exercise the option. These right-of-use asset is recognised within plant and equipment (Note 8). The effective interest rate used is 8.58% to 10.03%.

Extension option

The office premises include term extension options as per below of which the Group has the rights and expects to exercise this option.

The lease of South Quarter Tower A (Unit H) includes a term extension option for 3 years till 2024.

The lease of South Quarter Tower A (Unit A) includes a term extension option for 1 year till 2025.

Accordingly, lease payments in the extension period have been capitalised in the Group's right-of-use assets and lease liabilities.

The Group also has certain leases with lease terms of 12 months or less and leases of low value office equipment. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemption for these leases.

(a) Carrying amount of right-of use asset classified with plant and equipment

	30 June <u>2022</u> US\$	31 December <u>2021</u> US\$
Leased building	231,949	162,380

(b) Amounts recognised in profit or loss

	30 June <u>2022</u> US\$	31 December <u>2021</u> US\$
Depreciation of right-of-use asset	39,493	61,766
Interest expense on lease liabilities (Note 6)	10,355	22,393
Total amount recognised in profit or loss	<u>49,848</u>	<u>84,159</u>

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**18 Lease Liabilities (cont'd)**

(c) Other disclosures

	30 June <u>2022</u> US\$	31 December <u>2021</u> US\$
Total cash outflow for lease	54,041	87,668

(d) Carrying amount of lease liabilities

	30 June <u>2022</u> US\$	31 December <u>2021</u> US\$
Minimum lease payments due:		
- Not later than 1 year	121,281	81,650
- Later than 1 year but within 5 years	162,653	133,947
	283,934	215,597
Less:		
Future finance charges	(30,125)	(27,164)
Present value of financial lease liabilities	253,809	188,433

The present value of lease liabilities is analysed as follows:

	30 June <u>2022</u> US\$	31 December <u>2021</u> US\$
Not later than 1 year	101,604	76,505
Later than 1 year but within 5 years	152,205	111,928
	253,809	188,433

**19 Operating Segment**

The Group has only one operating segment which is the oil and gas exploration.



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**20 Fair Value Measurement**

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted prices, discounted cash flow models and option pricing models as appropriate.

The Group presents financial assets measured at fair value and classified by level of the following fair value measurement hierarchy:

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

	<u>Level 1</u> US\$	<u>Level 2</u> US\$	<u>Level 3</u> US\$	<u>Total</u> US\$
Warrants	-	-	3,553,847	3,553,847

The table below sets out information about significant unobservable inputs used as at 30 June 2022 measuring financial instruments categorised as Level 3 in the fair value hierarchy.

<b>Description</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Relationship of unobservable inputs to fair values</b>
Warrants	Binomial valuation model	Volatility	The higher the volatility, the lower the fair value
		Risk-free rate of return	The higher the risk-free rate of return, the lower the fair value