

Company Registration No: 201026677K

**CONRAD ASIA ENERGY LIMITED
(FORMERLY KNOWN AS CONRAD PETROLEUM LTD.)
(Incorporated in Singapore)**

AND ITS SUBSIDIARIES

**DIRECTORS' STATEMENT
AND FINANCIAL STATEMENTS**

31 DECEMBER 2021

CONRAD ASIA ENERGY LIMITED
(FORMERLY KNOWN AS CONRAD PETROLEUM LTD.)
(Incorporated in Singapore)
AND ITS SUBSIDIARIES
31 DECEMBER 2021

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**CONRAD ASIA ENERGY LIMITED
(FORMERLY KNOWN AS CONRAD PETROLEUM LTD.)
(Incorporated in Singapore)**

AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The directors present their statement to the members together with the audited consolidated financial statements of Conrad Asia Energy Limited (formerly known as Conrad Petroleum Ltd.) (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2021, and the statement of financial position of the Company as at 31 December 2021, the statement of comprehensive income and the statement of changes in equity of the Company for the year then ended.

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the financial statements of the Company 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 2021, and of the financial performance of the business and changes in equity of the Group and of the Company, and cash flows of the Group for the year ended on that date; 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, on the basis as disclosed in Note 2(b) to the financial statements.

1 Directors

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

Miltiadis Xynogalas
Mario Domenic Traviato
David Antony Johnson
Jeremy Leonard Brest
Paul Daniel Bernard
Peter Robert Botten (Appointed on 1 November 2021)
Justin Pettett (Resigned on 14 January 2022)

2 Arrangements to Enable the Directors to Acquire Shares or Debentures

Neither at the end of nor at any time during the financial year was, the Company a party to any arrangement whose object was 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.

CONRAD ASIA ENERGY LIMITED
(FORMERLY KNOWN AS CONRAD PETROLEUM LTD.)
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 Directors' Interests in Shares or Debentures

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act 1967, the following directors who held office at the end of the financial year were interested in shares and warrants of the Company as follows:

<u>Name of Directors</u>	Holdings registered in the name of director		Holdings in which a director is deemed to have an interest	
	<u>Shares and Warrants</u>			
	At <u>01.01.2021</u>	At <u>31.12.2021</u>	At <u>01.01.2021</u>	At <u>31.12.2021</u>
<u>The Company</u>				
Miltiadis Xynogalas	100,286	132,209	1,800,000	1,800,000
Mario Domenic Traviato	1,094,167	1,162,582	330,740	365,951
David Antony Johnson	127,730	135,230	-	-
Jeremy Leonard Brest	-	-	501,634	583,578
Paul Daniel Bernard	-	-	542,578	630,509
Justin Pettett	-	-	335,833	343,333

4 Share Options

There were no options granted during the financial year to subscribe for unissued shares of the Company and the Group.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company and the Group.

There were no unissued shares of the Company and the Group under option at the end of the financial year.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5 Independent Auditors

The independent auditors, Moore Stephens LLP, Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,

DocuSigned by:

Miltos Xynogalas

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Miltiadis Xynogalas

DocuSigned by:

David Johnson

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.....
David Antony Johnson

Singapore

6 April 2022

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF****CONRAD ASIA ENERGY LIMITED
(FORMERLY KNOWN AS CONRAD PETROLEUM LTD.)
(Incorporated in Singapore)****Report on the Audit of the Financial Statements*****Opinion***

We have audited the financial statements of Conrad Asia Energy Limited (formerly known as Conrad Petroleum Ltd.) (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2021, and the statements of comprehensive income and statements of changes in equity of the Group and the Company and the consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the financial statements of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and International Financial Reporting Standards ("IFRS") so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2021 and of the financial performance and changes in equity of the Group and the Company and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) to the financial statements which states that the Group incurred a net loss and total comprehensive loss of US\$11,240,038 and has net cash used in operating activities of US\$3,806,072 for the financial year ended 31 December 2021. As at 31 December 2021, the Group's current liabilities exceeded its current assets by US\$6,518,423.

As disclosed in Note 2(b) to the 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CONRAD ASIA ENERGY LIMITED
(FORMERLY KNOWN AS CONRAD PETROLEUM LTD.)
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Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement as set out on pages 1 to 3.

Our opinion on the financial statements does not cover the other information and we do 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.

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 IFRS, 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CONRAD ASIA ENERGY LIMITED
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(cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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

- (a) 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 control.
- (b) Obtain an understanding of internal control 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 control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) 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.
- (f) 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



MOORE STEPHENS LLP
CHARTERED ACCOUNTANTS OF SINGAPORE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CONRAD ASIA ENERGY LIMITED
(FORMERLY KNOWN AS CONRAD PETROLEUM LTD.)
(Incorporated in Singapore)

(cont'd)

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 the subsidiary incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

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

Singapore
6 April 2022

CONRAD ASIA ENERGY LIMITED
(FORMERLY KNOWN AS CONRAD PETROLEUM LTD.)
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	<u>Note</u>	Group		Company	
		<u>2021</u> US\$	<u>2020</u> US\$	<u>2021</u> US\$	<u>2020</u> US\$
Revenue	4	189,488	202,318	806,332	1,177,151
Cost of services		(912,665)	(1,412,815)	(912,665)	(1,236,725)
Gross loss		(723,177)	(1,210,497)	(106,333)	(59,574)
Other income	5	-	1,108,876	-	1,752
Other operating expenses		(8,906,654)	(7,677,968)	(7,880,126)	(5,930,322)
Finance income	7	1,227	5,094	154	460
Finance expense	8	(1,611,434)	(28,442)	(1,589,041)	-
Loss before income tax	6	(11,240,038)	(7,802,937)	(9,575,346)	(5,987,684)
Income tax	9	-	-	-	-
Loss after income tax		(11,240,038)	(7,802,937)	(9,575,346)	(5,987,684)
Other comprehensive income, net of income tax		-	-	-	-
Total comprehensive loss for the financial year		(11,240,038)	(7,802,937)	(9,575,346)	(5,987,684)

Loss and total comprehensive loss for the financial year attributable to:

Equity holders of the Company	(11,240,038)	(7,658,182)
Non-controlling interest	-	(144,755)
	<u>(11,240,038)</u>	<u>(7,802,937)</u>

The accompanying notes form an integral part of the financial statements

CONRAD ASIA ENERGY LIMITED
(FORMERLY KNOWN AS CONRAD PETROLEUM LTD.)
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	<u>Note</u>	31 December <u>2021</u> US\$	Group 31 December <u>2020</u> US\$ [Reported under IFRS]	1 January <u>2020</u> US\$ [Reported under IFRS]
ASSETS				
Non-current assets				
Plant and equipment	10	165,450	247,351	442,108
Exploration and evaluation assets	12	24,421,450	26,362,514	29,798,598
Other receivables	14	221,723	149,519	135,777
		<u>24,808,623</u>	<u>26,759,384</u>	<u>30,376,483</u>
Current assets				
Financial asset at fair value through profit or loss	13	237,202	328,444	1,287,665
Trade and other receivables	14	59,764	19,440,148	15,849,016
Prepayment		62,035	70,490	110,900
Cash and cash equivalents	16	1,442,336	1,404,273	11,214,965
		<u>1,801,337</u>	<u>21,243,355</u>	<u>28,462,546</u>
TOTAL ASSETS		<u>26,609,960</u>	<u>48,002,739</u>	<u>58,839,029</u>
EQUITY AND LIABILITIES				
Equity and reserves				
Share capital	17	34,629,209	33,774,209	33,774,209
(Accumulated losses)/retained earnings		(16,450,937)	(6,309,263)	1,887,950
Total attributable to the owners of the Company		<u>18,178,272</u>	<u>27,464,946</u>	<u>35,662,159</u>
Non-controlling interests		-	-	704,088
		<u>18,178,272</u>	<u>27,464,946</u>	<u>36,366,247</u>
Liabilities				
Non-current liabilities				
Amount due to a former shareholder	19	-	-	1,098,364
Lease liabilities	21	111,928	195,425	280,827
		<u>111,928</u>	<u>195,425</u>	<u>1,379,191</u>
Current liabilities				
Trade and other payables	18	500,367	20,284,085	21,035,171
Amount due to shareholders	19	4,189,041	-	-
Warrants	19	3,553,847	-	-
Lease liabilities	21	76,505	58,283	58,420
		<u>8,319,760</u>	<u>20,342,368</u>	<u>21,093,591</u>
TOTAL EQUITY AND LIABILITIES		<u>26,609,960</u>	<u>48,002,739</u>	<u>58,839,029</u>

The accompanying notes form an integral part of the financial statements

CONRAD ASIA ENERGY LIMITED
(FORMERLY KNOWN AS CONRAD PETROLEUM LTD.)
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	<u>Note</u>	31 December <u>2021</u> US\$	Company 31 December <u>2020</u> US\$ [Reported under IFRS]	1 January <u>2020</u> US\$ [Reported under IFRS]
ASSETS				
Non-current assets				
Plant and equipment	10	3,070	11,939	30,521
Investments in subsidiaries	11	17,691	17,931	16,179
		<u>20,761</u>	<u>29,870</u>	<u>46,700</u>
Current assets				
Financial asset at fair value through profit or loss	13	237,202	328,444	1,287,665
Trade and other receivables	14	2,833	3,810	107,499
Contract assets	4	-	49,369	293,544
Prepayment		38,891	73,522	74,780
Amount due from subsidiaries	15	23,992,038	24,847,326	24,830,568
Cash and cash equivalents	16	1,352,413	1,286,293	6,048,807
		<u>25,623,377</u>	<u>26,588,764</u>	<u>32,642,863</u>
TOTAL ASSETS		<u>25,644,138</u>	<u>26,618,634</u>	<u>32,689,563</u>
EQUITY AND LIABILITIES				
Equity and reserves				
Share capital	17	34,629,209	33,774,209	33,774,209
Accumulated losses		(16,933,850)	(7,358,504)	(1,370,820)
Total attributable to the owners of the Company		<u>17,695,359</u>	<u>26,415,705</u>	<u>32,403,389</u>
Current liabilities				
Trade and other payables	18	205,891	202,929	286,174
Amount due to shareholders	19	4,189,041	-	-
Warrants	19	3,553,847	-	-
		<u>7,948,779</u>	<u>202,929</u>	<u>286,174</u>
TOTAL EQUITY AND LIABILITIES		<u>25,644,138</u>	<u>26,618,634</u>	<u>32,689,563</u>

The accompanying notes form an integral part of the financial statements

CONRAD ASIA ENERGY LIMITED
(FORMERLY KNOWN AS CONRAD PETROLEUM LTD.)
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	<u>Share capital</u> US\$	<u>Accumulated losses</u> US\$	<u>Total attributable to the owners of the Company</u> US\$	<u>Non-controlling interests</u> US\$	<u>Total</u> US\$
Balance at 1 January 2021	33,774,209	(6,309,263)	27,464,946	-	27,464,946
Loss for the year	-	(11,240,038)	(11,240,038)	-	(11,240,038)
Other comprehensive income, net of income tax	-	-	-	-	-
Total comprehensive loss for the year	-	(11,240,038)	(11,240,038)	-	(11,240,038)
Issuance of shares	855,000	-	855,000	-	855,000
Adjustment arising from settlement of transfer of PSC interest	-	1,098,364	1,098,364	-	1,098,364
Balance at 31 December 2021	34,629,209	(16,450,937)	18,178,272	-	18,178,272
Balance at 1 January 2020	33,774,209	1,887,950	35,662,159	704,088	36,366,247
Loss for the year	-	(7,658,182)	(7,658,182)	(144,755)	(7,802,937)
Other comprehensive income, net of income tax	-	-	-	-	-
Total comprehensive loss for the year	-	(7,658,182)	(7,658,182)	(144,755)	(7,802,937)
Acquisition of non-controlling interests	33,774,209	(539,031)	(539,031)	(559,333)	(1,098,364)
Balance at 31 December 2020	33,774,209	(6,309,263)	27,464,946	-	27,464,946

The accompanying notes form an integral part of the financial statements

CONRAD ASIA ENERGY LIMITED
(FORMERLY KNOWN AS CONRAD PETROLEUM LTD.)
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AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

Company	<u>Share capital</u> US\$	<u>Accumulated losses</u> US\$	<u>Total</u> US\$
Balance at 1 January 2021	33,774,209	(7,358,504)	26,415,705
Loss for the year	-	(9,575,346)	(9,575,346)
Other comprehensive income, net of income tax	-	-	-
Total comprehensive loss for the year	-	(9,575,346)	(9,575,346)
Issuance of shares	855,000	-	855,000
Balance at 31 December 2021	34,629,209	(16,933,850)	17,695,359
Balance at 1 January 2020	33,774,209	(1,370,820)	32,403,389
Loss for the year	-	(5,987,684)	(5,987,684)
Other comprehensive income, net of income tax	-	-	-
Total comprehensive income for the year	-	(5,987,684)	(5,987,684)
Balance at 31 December 2020	33,774,209	(7,358,504)	26,415,705

The accompanying notes form an integral part of the financial statements

CONRAD ASIA ENERGY LIMITED
(FORMERLY KNOWN AS CONRAD PETROLEUM LTD.)
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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	<u>2021</u> US\$	<u>2020</u> US\$
Cash Flows from Operating Activities		
Loss before income tax	(11,240,038)	(7,802,937)
Adjustments for:		
Interest income	(1,227)	(5,094)
Interest expense	1,611,434	28,442
Depreciation of plant and equipment	80,471	159,944
Exploration and evaluation assets written off	4,065,219	-
Plant and equipment written off	2,702	17,266
Rent concession	-	(4,332)
Gain on allocation of exploration and evaluation assets	-	(1,102,910)
Loss on partial disposal of production sharing contract interest in subsidiary	-	3,701,568
Fair value loss on revaluation of financial assets, at FVPL	91,242	959,221
Fair value change of warrants	1,153,847	-
Unrealised foreign exchange loss	22,099	20,927
Issuance of shares to employees	315,000	-
Operating cash flows before working capital changes	<u>(3,899,251)</u>	<u>(4,027,905)</u>
Changes in working capital:		
Decrease/(increase) in trade and other receivables	18,771,658	(3,599,175)
Decrease in prepayment	8,455	40,410
Decrease in trade and other payables	<u>(18,688,161)</u>	<u>(1,922,017)</u>
Cash used in operations	<u>(3,807,299)</u>	<u>(9,508,687)</u>
Interest received	1,227	5,094
Net cash used in operating activities	<u>(3,806,072)</u>	<u>(9,503,593)</u>
Cash Flows from Investing Activities		
Purchase of plant and equipment	(1,272)	(8,874)
Increase in exploration and evaluation assets (Note 12)	<u>(1,055,174)</u>	<u>(203,158)</u>
Net cash used in investing activities	<u>(1,056,446)</u>	<u>(212,032)</u>
Cash Flows from Financing Activities		
Increase in amount due to shareholders	5,000,000	-
Repayment of lease liabilities	(65,275)	(54,786)
Interest paid	<u>(22,393)</u>	<u>(27,238)</u>
Net cash generated from/(used in) financing activities	<u>4,912,332</u>	<u>(82,024)</u>
Net increase/(decrease) in cash and cash equivalents	49,814	(9,797,649)
Cash and cash equivalents at the beginning of the financial year	1,404,273	11,214,965
Effect of exchange rate changes on foreign currencies cash and bank balances	<u>(11,751)</u>	<u>(13,043)</u>
Cash and cash equivalents at the end of the financial year (Note 16)	<u>1,442,336</u>	<u>1,404,273</u>

The accompanying notes form an integral part of the financial statements

CONRAD ASIA ENERGY LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

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

	Cash flow		Non-cash changes			Prepaid interest expense in relation to warrants US\$	31 December US\$
	<u>1 January</u> US\$	<u>Proceeds/ (repayments)</u> US\$	<u>Interest expense</u> US\$	<u>Rent concession</u> US\$	<u>Transfer of PSC interest</u> US\$		
<u>2021</u>							
Amount due to shareholders	-	5,000,000	273,973	-	-	(1,084,932)	4,189,041
Lease liabilities	253,708	(87,668)	22,393	-	-	-	188,433
	<u>253,708</u>	<u>4,912,332</u>	<u>296,366</u>	<u>-</u>	<u>-</u>	<u>(1,084,932)</u>	<u>4,377,474</u>
<u>2020</u>							
Amount due to shareholders	1,098,364	-	-	-	(1,098,364)	-	-
Lease liabilities	339,247	(82,024)	27,238	(30,753)	-	-	253,708
	<u>1,437,611</u>	<u>(82,024)</u>	<u>27,238</u>	<u>(30,753)</u>	<u>(1,098,364)</u>	<u>-</u>	<u>253,708</u>

The accompanying notes form an integral part of the financial statements

CONRAD ASIA ENERGY LIMITED
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(Incorporated in Singapore)

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

1 General Information

Conrad Asia Energy Limited (formerly known as Conrad Petroleum Ltd.) (the “Company”) is incorporated and domiciled in Singapore. The address of its registered office and principal place of business is located at 192 Waterloo Street, #05-01 Skyline Building Singapore 187966.

The principal activities of the Company are oil and gas exploration and development. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

The financial statements were approved and authorised for issue by the Board of Directors in accordance with a resolution of the Directors on the date of the Directors’ Statement.

2 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements have been prepared in accordance provisions of the Singapore Companies Act 1967 and International Financial Reporting Standards. The financial statements have been prepared under the historical cost basis, except as disclosed in the accounting policies below.

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

The preparation of financial statements in conformity with IFRS requires management to exercise judgement in the process of applying the Group’s accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions, actual results may ultimately differ from these estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity are disclosed in Note 3 to the financial statements.

Adoption of International Financial Reporting Standards (“IFRS”)

The Group has adopted IFRS on 1 January 2021. These financial statements for the financial year ended 31 December 2021 are the first set of financial statements the Group has prepared in accordance with IFRS. The Group’s previously issued financial statements for periods up to and including the financial year ended 31 December 2020 were prepared in accordance with Financial Reporting Standards in Singapore (“SFRS”).

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2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

Adoption of International Financial Reporting Standards (“IFRS”) (cont'd)

In adopting IFRS on 1 January 2021, the Group is required to apply all of the specific transition requirements in IFRS 1 First-time Adoption of IFRS.

Under IFRS 1, these financial statements are required to be prepared using accounting policies that comply with IFRS effective as at 31 December 2021. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under IFRS 1.

Optional exemptions applied on adoption of IFRS

For first-time adopters, IFRS 1 allows the exemptions from the retrospective application of certain requirements under IFRS. The Group has applied the following exemptions:

- a) IFRS 3 *Business Combinations* has not been applied to business combinations that occurred before the date of transition on 1 January 2020. The same classification as in its previous SFRS financial statements has been adopted.
- b) IAS 21 *The Effects of Changes in Foreign Exchange Rates* has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to IFRS on 1 January 2020. Such fair value adjustments and goodwill continue to be accounted for using the same basis as under SFRS 21.

Under the previous SFRS, goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in the annual financial statements.

Goodwill and fair value adjustments which arose on acquisition of foreign operations before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in USD at the rates prevailing at the date of acquisition.

- c) The Group has not reassessed the determination of whether an arrangement contained a lease in accordance with IFRIC 4 *Determining whether an Arrangement contains a Lease*.
- d) The Group has elected to apply the requirements in the IAS 23 *Borrowing Costs* from the date of transition to IFRS on 1 January 2020. Borrowing costs that were accounted for previously under SFRS prior to date of transition are not restated.

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2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

Adoption of International Financial Reporting Standards (“IFRS”) (cont'd)

The Group’s opening balance sheet has been prepared as at 1 January 2020, which is the Group’s date of transition to IFRS (“date of transition”). An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows are provided in Note 27 of the financial statements.

Application of IFRS effective for annual period beginning on or after 1 January 2021

The Group has adopted the new or amended IFRS that are mandatory for application for the financial year. The adoption of these new or amended 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 and prior financial periods.

- Amendments to IFRS 9: Financial instruments, IAS 39: Financial instruments - *Recognition and Measurement*, IFRS 7: Financial instruments - *Disclosures*, IFRS 4: Insurance contracts, IFRS 16: Leases - *Interest rate benchmark reform (Phrase 2)*

IFRS issued but not yet effective

The following are the new or amended IFRS which are issued and are relevant to the Group but not yet effective:

- Amendments to IFRS 16 Leases - *Covid-19 Related Rent Concessions beyond 30 June 2021*
- Amendments to IAS 16: Property, Plant and Equipment - *Proceeds before Intended Use*
- Amendments to IAS 37: Onerous Contracts - *Cost of Fulfilling a Contract*
- Amendments to IFRS 3: Business Combinations - *Reference to the Conceptual Framework*
- Annual Improvements to IFRSs 2018 - 2020
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1: Presentation of Financial Statements - *Disclosure of Accounting Policies*
- Practice Statement 2 Making Materiality Judgements
- Amendments to IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors - *Definition of Accounting Estimates*

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2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

IFRS issued but not yet effective (cont'd)

- Amendments to IFRS 10: Consolidated financial statements and IAS 28: Investments in associates and joint ventures - Sale or combination of assets between an investor and its associate or joint venture
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a single transaction

The Directors do not expect any significant impact arising from applying these amendments in future periods.

(b) Going Concern

The Group incurred a net loss and total comprehensive loss of US\$11,240,038 and has net cash used in operating activities of US\$3,806,072 for the financial year ended 31 December 2021. As at 31 December 2021, the Group's current liabilities exceeded its current assets by US\$6,518,423.

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 shareholders' loan of US\$5.0 million (Note 19) and issuance of warrants to shareholders of US\$3.6 million (Note 19). 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 A\$45 million in early 2022 and part of the proceeds will be used to repay the shareholders' loan of US\$5 million which is repayable by June 2022.

Management acknowledges that the ability of the Group to continue as a going concern is dependent on the continuing financial support from the shareholders and the successful listing of the Company on the Australian Securities Exchange.

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2 Summary of Significant Accounting Policies (cont'd)

(c) Foreign Currencies

i. Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

For the purpose of the financial statements, the results and financial position of each entity in the Group are expressed in United States Dollar (“US\$”), which is the functional currency of the Company and the presentation currency for the financial statements.

ii. Transactions and balances

In preparing the financial statements of each individual entity, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation difference arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in the other comprehensive income and accumulated in the exchange translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

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2 Summary of Significant Accounting Policies (cont'd)

(c) Foreign Currencies (cont'd)

ii. Transactions and balances (cont'd)

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in term of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the net investment.

iii. Translation of Group entities' financial statements

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing exchange rates at the reporting date;
- income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transactions dates, in which the case income and expenses are translating using the exchange rates at the dates of the transactions); and
- all resulting currency translation differences are recognised in other comprehensive income and accumulated in the exchange translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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2 Summary of Significant Accounting Policies (cont'd)

(c) Foreign Currencies (cont'd)

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(d) Group Accounting

i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual agreements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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2 Summary of Significant Accounting Policies (cont'd)

(d) Group Accounting (cont'd)

i. Subsidiaries (cont'd)

The Group applies the acquisition method to account for business combinations when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether an integrated set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create output. The Group has an option to apply a 'fair value concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test can be applied on a transaction-by-transaction basis. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the test is met, the set of activities and assets is determined not to be a business and no further assessment is needed. If the test is not met, or if the Group elects not to apply the test, a detailed assessment must be performed applying the normal requirements in IFRS 3.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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2 Summary of Significant Accounting Policies (cont'd)

(d) Group Accounting (cont'd)

i. Subsidiaries (cont'd)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred assets. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group loses control of a subsidiary, it:

- derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest (including any components of other comprehensive income attributable to them);
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained in the former subsidiary at its fair value;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate; and
- recognises any resulting difference as a gain or loss in profit or loss.

Investments in subsidiaries are carried at cost less accumulated impairment losses in the statement of financial position of the Company. On disposal of investment in subsidiaries the difference between the net disposal proceeds and the carrying amount of the investment are recognised in profit or loss.

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2 Summary of Significant Accounting Policies (cont'd)

(e) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

(f) Plant and Equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Useful lives</u>
Leased building	Over the remaining lease term till 2024
Computers	3 years
Office renovation	3 years
Furniture and fittings	3 years
Office equipment	3 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

(g) 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.

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2 Summary of Significant Accounting Policies (cont'd)

(g) Exploration and Evaluation Assets (cont'd)

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.

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 Cash Generating Unit) 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.

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.

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2 Summary of Significant Accounting Policies (cont'd)

(g) Exploration and Evaluation Assets (cont'd)

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the cost of that stage. Site restoration costs include the dismantling and removal of drilling facilities, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the concession permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on 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.

(h) Impairment of Non-Financial Assets

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The impairment loss is recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

(i) Financial Instruments

i. Financial Assets

Classification and Measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVPL").

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2 Summary of Significant Accounting Policies (cont'd)

(i) Financial Instruments (cont'd)

i. Financial Assets (cont'd)

Classification and Measurement (cont'd)

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives, if any, are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

Initial recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise trade and other receivables, contract assets, amount due from subsidiaries and cash and cash equivalents.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

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2 Summary of Significant Accounting Policies (cont'd)

(i) Financial Instruments (cont'd)

i. Financial Assets (cont'd)

Subsequent measurement (cont'd)

(i) Debt instruments (cont'd)

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset: (cont'd)

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other income / other expenses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income", if any.
- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other income / other operating expenses", if any.

(ii) Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other income / other operating expenses", except for those equity securities which are not held for trading.

Recognition and Derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset

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2 Summary of Significant Accounting Policies (cont'd)

(i) Financial Instruments (cont'd)

i. Financial Assets (cont'd)

Recognition and Derecognition (cont'd)

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income.

ii. Financial Liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group and the Company determine the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

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2 Summary of Significant Accounting Policies (cont'd)

(j) Impairment of Financial Assets

The Group and the Company recognise an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivable and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each reporting period. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay. For other receivables, the Group and the Company apply a general approach to calculate loss allowance based on a 12-month ECL.

The Group and the Company consider a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(k) Share Capital

Ordinary shares issued by the Group and the Company are classified as equity and recorded at the proceeds received, net of direct issue costs.

(l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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2 Summary of Significant Accounting Policies (cont'd)

(l) Provisions (cont'd)

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(m) Revenue Recognition

Revenue is measured based on the consideration to which the Group and the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group and the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Revenue from rendering of services is recognised when the services have been performed and rendered.

Interest income is recognised on a time proportion basis using the effective interest method.

(n) Employee Benefits

Defined contribution plans

The Group is required to contribute to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme, for employees who are Singapore citizens or Singapore Permanent Residents, if any. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(o) Leases

As lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

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2 Summary of Significant Accounting Policies (cont'd)

(o) Leases (cont'd)

The Group recognises right-of-use assets and lease liabilities at the date which the underlying assets become available for use. Right-of-use assets are measured at cost, which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement dates, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment, over the lease term till 2024. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the corresponding lease liabilities. The Group presents its right-of-use assets and lease liabilities in "Plant and equipment" and "Lease liabilities" in the consolidated statement of financial position respectively.

The initial measurement of lease liabilities is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

- Fixed payments (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease components. The Group has elected not to separate lease and non-lease components for property leases; instead, these are accounted for as one single lease component.

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2 Summary of Significant Accounting Policies (cont'd)

(o) Leases (cont'd)

Lease liabilities are measured at amortised cost, and are remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise lease extension and termination options;
- There is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- There is a modification to the lease term.

When lease liabilities are remeasured, corresponding adjustments are made against the right-of-use assets. If the carrying amounts of the right-of-use assets have been reduced to zero, the adjustments are recorded in profit or loss. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less, as well as leases of low value assets, except in the case of sub-lease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Variable lease payments that are based on an index or a rate are included in the measurement of the corresponding right-of-use assets and lease liabilities. Other variable lease payments are recognised in profit or loss when incurred.

Short-term lease and lease of low-value assets

The Group applies the short-term leases recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payment on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

(p) Employee Shares

The Group operates an equity-settled share-based plan. The fair value of the employee services received in exchange for the grant of shares is recognised as an expense with a corresponding increase in the share capital.

The total amount to be recognised is determined by reference to the fair value of the shares granted on the date of the grant. These shares are vested immediately upon issue.

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2 Summary of Significant Accounting Policies (cont'd)

(q) Warrants

The warrants are recognised as financial liabilities and represent the assigned fair value of the warrants issued by the Company, net of issue expenses, if any, at initial recognition.

The warrants liability need to be fair valued at each subsequent reporting date, with any adjustment to the value recorded being reflected in profit and loss.

(r) Income Tax

i. Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

ii. Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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2 Summary of Significant Accounting Policies (cont'd)

(s) Related Parties

A related party is defined as follows:

A related party is a person or entity that is related to the entity that is preparing its financial statements (“reporting entity”).

- a. A person or a close member of that person’s family is related to the Group and Company if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

- b. An entity is related to the Group and the company if any of the following conditions applies:
 - i. the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - iii. both entities are joint ventures of the same third party;
 - iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - v. the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
 - vi. the entity is controlled or jointly controlled by a person identified in (a);
 - vii. a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - viii. the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Critical Judgements in applying Accounting Policies

Determination of functional currency

In determining the functional currency of the Group, judgment is used by the Group to determine the currency of the primary economic environment in which the Group operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

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, either 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 exploration and evaluation expenditure.

The deferral 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. 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.

Employee shares

During the financial year ended 31 December 2021, the Company established a share option plan for key management personnel of the Group to receive shares of the Company. These shares were granted by the Company under the "Share Award Plan" as disclosed in Note 17.

The Group measures the cost of equity-settled transactions with employees with reference to the fair value of the equity instruments at the date at which they are granted. Estimating the fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

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3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty (cont'd)

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at 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.

Useful lives of plant and equipment

The useful life of an item of plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of plant and equipment at the end of reporting period is disclosed in Note 10.

Warrants

During the financial year ended 31 December 2021, the Company issued warrants to its shareholders.

The Group measures the fair value of warrants with reference to the Binomial valuation model. Estimating the fair value for warrants is dependent on various factors such as the current spot rate, exercise price, exercise period, risk-free rate and volatility.

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3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty (cont'd)

(b) Key Sources of Estimation Uncertainty (cont'd)

Provision for expected credit losses of trade receivable and contract assets

The Group and the Company use a provision matrix to calculate ECLs for trade receivable and contract assets.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The carrying amount of the trade receivable and contract assets at the end of the reporting period is disclosed in Note 14 and Note 4 respectively.

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4 Revenue and Contract Assets

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

Contract assets

	Company		
	31 December	31 December	1 January
	<u>2021</u>	<u>2020</u>	<u>2020</u>
	US\$	US\$	
Consultancy services rendered	-	49,369	293,544
Recognised as at year end	-	49,369	293,544
Transferred to trade receivable during the year	49,369	293,544	467,014

Contract assets relate to revenue representing the Company's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This occurs when invoices are billed to the customer, usually within a month.

Management estimates the loss allowance on contract assets at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the industry. None of the contract assets at the end of the reporting year is past due. There has been no change in the estimation techniques or significant assumptions made during the current reporting year in assessing the loss allowance for the contract assets.

Management has assessed that there has not been a significant increase in credit risk since initial recognition, therefore no allowance for impairment loss on contract assets is required during the financial years ended 31 December 2021 and 2020.

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5 Other Income

	Group		Company	
	<u>2021</u> US\$	<u>2020</u> US\$	<u>2021</u> US\$	<u>2020</u> US\$
Gain on allocation of evaluation and exploration assets (Note 12)	-	1,102,910	-	-
Rent concession (Note 21)	-	4,332	-	-
Other income	-	1,634	-	1,752
	-	1,108,876	-	1,752

6 Loss before Income Tax

	Group		Company	
	<u>2021</u> US\$	<u>2020</u> US\$	<u>2021</u> US\$	<u>2020</u> US\$
Consultancy fee under:				
- cost of services	912,665	1,407,815	912,665	1,231,725
Depreciation of plant and equipment	80,471	159,944	10,141	19,520
Plant and equipment written off	2,702	17,266	-	-
Exploration and evaluation assets written off	4,065,219	-	-	-
Foreign exchange loss, net	14,207	130,247	-	(363)
General expenses	1,646	13,410	1,492	-
Office rental *	1,161	22,550	-	-
Legal and professional fees	245,039	83,018	119,175	56,874
VAT assessment	-	274	-	-
Commission fee	30,000	20,000	30,000	20,000
Issuance of shares to employees	315,000	-	315,000	-
IPO listing costs	151,959	-	151,959	-
Staff costs:				
- Director's remuneration	353,334	315,000	353,334	315,000
- Fees for professional services	817,166	482,500	817,166	482,500
- Staff salaries	1,132,520	1,182,478	-	-
- Staff benefit	31,720	49,322	31,720	49,322
Travelling	34,540	94,097	27,201	74,783
Fair value loss on revaluation of financial assets, at FVPL	91,242	959,221	91,242	959,221
Loss on partial disposal of production sharing contract interest in subsidiary	-	3,701,568	-	3,701,568
Fair value change of warrants	1,153,847	-	1,153,847	-
Impairment loss on amount due from a subsidiary	-	-	4,574,684	-

* short term lease

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7 Finance Income

	Group		Company	
	<u>2021</u> US\$	<u>2020</u> US\$	<u>2021</u> US\$	<u>2020</u> US\$
Interest income from cash and cash equivalents	1,227	5,094	154	460

8 Finance Expense

	Group		Company	
	<u>2021</u> US\$	<u>2020</u> US\$	<u>2021</u> US\$	<u>2020</u> US\$
Interest expense				
- Amount due to shareholders (Note 19)	147,945	-	147,945	-
- Warrants	1,441,096	-	1,441,096	-
- Lease liabilities (Note 21)	22,393	27,238	-	-
- Others	-	1,204	-	-
	<u>1,611,434</u>	<u>28,442</u>	<u>1,589,041</u>	<u>-</u>

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9 Income Tax

	Group		Company	
	<u>2021</u> US\$	<u>2020</u> US\$	<u>2021</u> US\$	<u>2020</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:

	Group		Company	
	<u>2021</u> US\$	<u>2020</u> US\$	<u>2021</u> US\$	<u>2020</u> US\$
Loss before income tax	(11,240,038)	(7,802,937)	(9,575,346)	(5,987,684)
Tax calculated at 17%	(1,910,806)	(1,326,499)	(1,627,809)	(1,017,906)
Tax effects of:				
- Expenses not deductible	299,271	170,219	1,049,274	170,219
- Deferred tax assets not recognised	1,611,535	1,156,280	578,535	847,687
	-	-	-	-

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 and the Company have unrecognised tax losses of US\$34,367,537 and US\$9,023,342 (2020: US\$24,887,919 and US\$5,620,195) respectively 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:

	Group		Company	
	<u>2021</u> US\$	<u>2020</u> US\$	<u>2021</u> US\$	<u>2020</u> US\$
Unutilised tax losses	5,891,520	4,279,985	1,533,960	955,425

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10 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</u> ⁽¹⁾ US\$	<u>Total</u> US\$
Group						
2021						
<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	91,181	10,710	85,270	79	316,828	504,068
<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	88,111	10,710	85,270	79	154,448	338,618
<u>Net book value</u>						
At 31 December 2021	3,070	-	-	-	162,380	165,450
2020						
<u>Cost</u>						
Balance at 1 January	101,003	10,710	85,270	79	343,249	540,311
Additions	8,874	-	-	-	-	8,874
Write-off	(17,266)	-	-	-	-	(17,266)
Rent concession	-	-	-	-	(26,421)	(26,421)
Balance at 31 December	92,611	10,710	85,270	79	316,828	505,498
<u>Accumulated depreciation</u>						
Balance at 1 January	50,123	5,057	12,626	79	30,318	98,203
Depreciation	22,850	3,570	71,160	-	62,364	159,944
Balance at 31 December	72,973	8,627	83,786	79	92,682	258,147
<u>Net book value</u>						
At 31 December 2020	19,638	2,083	1,484	-	224,146	247,351

⁽¹⁾ Right-of-use asset arising from leased building is recognised in accordance with IFRS 16 *Leases*. Please see Note 21 for more information.

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10 Plant and Equipment (cont'd)

	<u>Computers</u> US\$	<u>Office renovation</u> US\$	<u>Furniture and fittings</u> US\$	<u>Office equipment</u> US\$	<u>Total</u> US\$
Company					
2021					
<u>Cost</u>					
Balance at 1 January	68,590	10,710	2,249	79	81,628
Additions	1,272	-	-	-	1,272
Balance at 31 December	<u>69,862</u>	<u>10,710</u>	<u>2,249</u>	<u>79</u>	<u>82,900</u>
<u>Accumulated depreciation</u>					
Balance at 1 January	58,734	8,627	2,249	79	69,689
Depreciation	8,058	2,083	-	-	10,141
Balance at 31 December	<u>66,792</u>	<u>10,710</u>	<u>2,249</u>	<u>79</u>	<u>79,830</u>
<u>Net book value</u>					
At 31 December 2021	<u>3,070</u>	-	-	-	<u>3,070</u>
2020					
<u>Cost</u>					
Balance at 1 January	67,652	10,710	2,249	79	80,690
Additions	938	-	-	-	938
Balance at 31 December	<u>68,590</u>	<u>10,710</u>	<u>2,249</u>	<u>79</u>	<u>81,628</u>
<u>Accumulated depreciation</u>					
Balance at 1 January	42,784	5,057	2,249	79	50,169
Depreciation	15,950	3,570	-	-	19,520
Balance at 31 December	<u>58,734</u>	<u>8,627</u>	<u>2,249</u>	<u>79</u>	<u>69,689</u>
<u>Net book value</u>					
At 31 December 2020	<u>9,856</u>	<u>2,083</u>	-	-	<u>11,939</u>

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11 Investments in Subsidiaries

	Company		
	31 December	31 December	1 January
	<u>2021</u>	<u>2020</u>	<u>2020</u>
	US\$	US\$	US\$
Unquoted equity investments, at cost:			
Balance at the beginning of the year	17,931	16,179	16,178
Additions during the year	-	1,752	1
Winding up of subsidiaries	(240)	-	-
Balance at the end of the year	<u>17,691</u>	<u>17,931</u>	<u>16,179</u>

The details of subsidiaries as at 31 December are as follows:

<u>Name of subsidiaries and country of incorporation</u>	<u>Principal activities</u>	<u>Effective equity interest</u>		
		<u>31.12.2021</u>	<u>31.12.2020</u>	<u>1.1.2020</u>
		%	%	%
#Conrad Petroleum (V) Limited Seychelles	International oil and gas exploration, appraisal development and production	100	100	100
#West Natuna Exploration Ltd. British Virgin Islands	International oil and gas exploration, appraisal development and production	100	100	90
#Conrad Petroleum OM Pte. Ltd. Singapore	International oil and gas extraction	100	100	100
Frontier Point Limited British Virgin Islands	International oil and gas productions	100	100	100
^Ace Concept Limited British Virgin Islands	International oil and gas productions	-	100	100
^Sealine Fortune Limited British Virgin Islands	International oil and gas productions	-	100	100

^ Wound up during the current financial year

Audited by Moore Stephens LLP

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11 Investments in Subsidiaries (cont'd)

Increase in shareholding of a subsidiary, West Natuna Exploration Limited (“WNEL”)

On 10 February 2019, the Company entered into an agreement with Coro Energy Plc (“Coro”) to sell a 15% interest in Duyung production sharing contract (“PSC”) from its subsidiary, West Natuna Exploration Limited (“WNEL”). As at 31 December 2019, the Company held 90% and Empyrean Energy Plc (“Empyrean”) held 10% of WNEL. According to the agreement, upon approval from the Government of Indonesia of the transfer of interest in the PSC and completion of the transfer, the Company would become the 100% owner of WNEL through a transfer of shares to the Company from Empyrean in WNEL.

On 21 May 2020, the Company completed the transfer of 15% and 8.5% interest in the Duyung PSC, from WNEL to Coro and Empyrean respectively. Upon the completion of this transfer, WNEL is now a wholly owned subsidiary of the Company and remains a 76.5% interest in the Duyung PSC.

Non-controlling interest

During the financial year ended 31 December 2020, the Company acquired an additional 10% equity interest in WNEL from its non-controlling interest through a transfer of shares to the Company from Empyrean in WNEL and offsetting the amount due to a former shareholder of US\$1,098,364 (Note 19). The effect of the change in the Company’s ownership interest in WNEL on the equity attributable to owners of the Company is summarised below:

	Group <u>2020</u> US\$
Consideration for acquisition of non-controlling interests	1,098,364
Decrease in equity attributable to non-controlling interests	(559,333)
Decrease in equity attributable to owners of the Company	<u>539,031</u>

Winding up of subsidiaries

Loss on winding up of the subsidiaries during the current financial year is as follows:

	<u>31 December 2021</u> US\$
<u>Charged to profit or loss</u>	
Ace Concept Limited	120
Sealine Fortune Limited	120
Loss on winding up of subsidiaries	<u>240</u>

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12 Exploration and Evaluation Assets

	31 December <u>2021</u> US\$	Group 31 December <u>2020</u> US\$	1 January <u>2020</u> US\$
Balance at the beginning of the financial year	26,362,514	29,798,598	19,165,831
Reclassified from VAT receivables (Note 14)	528,981	-	-
Additions during the year	1,595,174	260,938	10,632,767
Exploration and evaluation assets written off	(4,065,219)	-	-
Allocation to PSC partners (b)	-	(3,697,022)	-
Balance at the end of the financial year	<u>24,421,450</u>	<u>26,362,514</u>	<u>29,798,598</u>

During the financial year, the Group acquired exploration and evaluation assets by means of:

	31 December <u>2021</u> US\$	31 December <u>2020</u> US\$	1 January <u>2020</u> US\$
Cash	1,055,174	203,158	2,317,373
Accrued expenses	-	57,780	8,315,394
Shares consideration (a)	540,000	-	-
	<u>1,595,174</u>	<u>260,938</u>	<u>10,632,767</u>

During the current financial year ended 31 December 2021, the Group recognised the write-off of exploration and evaluation assets of US\$4,065,219 (2020: Nil) as the directors of the Company are of the opinion that the assets are not recoverable.

- (a) On 10 May 2020, the Company entered into a Farmout Agreement with SDA Mangkalihat Pte. Ltd. and Samudra Energy Mangkalihat Limited (“Farmors”) to acquire 100% of the Participating Interests in Offshore Mangkalihat Production Sharing Agreement. During the previous financial period, the transfer of the Participating Interests was completed and a written approval was obtained from the Ministry of Energy and Mining Resources of Indonesia on 17 December 2020 and SKK Migas, an institution established by the Government of Indonesia assigned to manage the upstream oil and gas business activities, on 4 January 2021. As at 31 December 2020, the Participating Interests was transferred to its subsidiary, Conrad Petroleum OM Pte. Ltd., and accounted for as exploration and evaluation assets of the Group.

On 24 February 2021, the Company issued 90,000 new ordinary shares in the share capital of the Company (equivalent to US\$540,000) and allotted to Jusuf Handri Rachmatio or his nominee pursuant to the amended and restated Shareholders Agreement and the Farmout Agreement between the Company, Jusuf Handri Rachmatio, SDA Mangkalihat Pte. Ltd. and Samudra Energy Mangkalihat Limited as a consideration for the transfer of 100% ownership interest in the Offshore Mangkalihat.

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12 Exploration and Evaluation Assets (cont'd)

- (b) On 10 February 2019, the Company entered into an agreement with Coro Energy Plc (“Coro”) to sell a 15% interest in Duyung production sharing contract (“PSC”) from its subsidiary, West Natuna Exploration Limited (“WNEL”). According to the agreement, upon approval from the Government of Indonesia of the transfer of interest in the PSC, WNEL, Coro Energy Plc (“Coro”) and Emphyrean will own 76.5%, 15% and 8.5% of interest in the PSC respectively.

On 21 May 2020, the Company completed the transfer of interest in the Duyung PSC from WNEL to Coro and Emphyrean respectively. Upon completion of the transfer of interest in the Duyung PSC, the Group allocated the exploration and evaluation assets to the PSC partners as follows:

	Group <u>2020</u> US\$
Cost of exploration and evaluation assets allocated to PSC partners	4,799,932
Gain on allocation of exploration and evaluation assets to PSC partners (Note 5)	<u>(1,102,910)</u>
	<u><u>3,697,022</u></u>

13 Financial Asset at Fair Value through Profit or Loss

	Group and Company		
	31 December	31 December	1 January
	<u>2021</u>	<u>2020</u>	<u>2020</u>
	US\$	US\$	US\$
Investment in quoted shares	<u>237,202</u>	<u>328,444</u>	<u>1,287,665</u>

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

	Group and Company		
	31 December	31 December	1 January
	<u>2021</u>	<u>2020</u>	<u>2020</u>
	US\$	US\$	US\$
At the beginning of the financial year	328,444	1,287,665	-
Addition	-	-	1,665,000
Fair value loss	<u>(91,242)</u>	<u>(959,221)</u>	<u>(377,335)</u>
At the end of the financial year	<u>237,202</u>	<u>328,444</u>	<u>1,287,665</u>

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. The quoted shares are listed on the London Stock Exchange and denominated in British Pound Sterling. The investment has no fixed maturity term and 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.

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14 Trade and Other Receivables

	Group		
	31 December	31 December	1 January
	<u>2021</u>	<u>2020</u>	<u>2020</u>
	US\$	US\$	US\$
Other receivables and deposits:			
Production Sharing Contract partners (a)	23,734	18,775,798	13,707,208
Deposits (b)	245,417	171,107	178,544
VAT receivables (c)	-	580,312	567,645
Other receivables	12,336	62,450	111,754
Advances to production sharing contractor	-	-	1,419,642
	<u>281,487</u>	<u>19,589,667</u>	<u>15,984,793</u>
Non-current	221,723	149,519	135,777
Current	59,764	19,440,148	15,849,016
	<u>281,487</u>	<u>19,589,667</u>	<u>15,984,793</u>
		Company	
	31 December	31 December	1 January
	<u>2021</u>	<u>2020</u>	<u>2020</u>
	US\$	US\$	US\$
Trade receivable - subsidiary	-	-	103,688
Other receivables and deposits:			
Other receivables	598	3,810	3,811
Deposits	2,235	-	-
	<u>2,833</u>	<u>3,810</u>	<u>107,499</u>

- (a) On 21 May 2020, the Company completed the transfer of interest in the Duyung PSC from WNEL to Coro and Emphyrean respectively and WNEL, Coro and Emphyrean own 76.5%, 15% and 8.5% interest in the PSC respectively.

The amount pertains to the 100% operating cost that is charged back to the two partners in the PSC Scheme, Coro and Emphyrean. The operating costs in relation to drilling and exploration costs incurred on the approved gas field which will be reimbursed from the cash carry of US\$10,500,000 and cash call of US\$1,763,500 paid by Coro and Emphyrean as disclosed in Note 18.

As at 31 December 2021, the PSC partners agreed to offset the receivables and payables and presented a net asset under “Production Sharing Contract partners” as shown above.

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14 Trade and Other Receivables (cont'd)

- (b) The amount pertains to the working advance placed as deposit to Skkmigas and will be refunded upon the termination of the contract.
- (c) The VAT receivables pertain to VAT paid on expenditures incurred for the Duyung PSC and is recoverable together with the Government of Indonesia approved sunk costs when the Duyung PSC enters into production stage. During the current financial year, the Group has reclassified the VAT receivables under WNEL amounting to US\$528,981 to exploration and evaluation assets (Note 12) and shall be recoverable upon production stage due to a change in PSC from cost recovery to a gross split whereby the gross split PSC is VAT-free.

Trade receivable

Loss allowance for impairment of trade receivable is measured at an amount equal to lifetime expected credit losses ("ECL") as disclosed in the accounting policy in Note 2(j). The Company regards as default and recognises a loss allowance of 100% against receivable (credit-impaired) when historical experience has indicated that the receivable is generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting year. None of the trade receivable that have been written off is subject to a recovery process.

The Company uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivable. In measuring the expected credit losses, trade receivable is assessed based on credit risk characteristics and days past due.

In calculating the expected credit loss rate, the Company considers historical loss rate for the receivable and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability to settlement.

The Company's credit risk in relation to trade receivable under IFRS 9 as at 31 December 2021 is set out in the provision matrix as presented in Note 22(b).

Other receivables

Other receivables are considered to have a low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for non-trade receivables.

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14 Trade and Other Receivables (cont'd)

Other receivables (cont'd)

Accordingly, for the purpose of impairment assessment for non-trade receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses ("ECL").

Please refer to Note 22(b) for ageing analysis of trade and other receivables of the Group and the Company.

Based on historical default rates, the Group and the Company believe that no impairment allowance is necessary in respect of trade and other receivables past due but not impaired. These receivables are mainly arising from customers that have a good credit record with the Company.

15 Amount due from Subsidiaries

Amount due from subsidiaries is non-trade in nature, unsecured, interest-free, repayable on demand and denominated in United States Dollar.

For the purpose of impairment assessment, the amount due from subsidiaries are considered to have a low credit risk as the timing of payment is controlled by the Company taking into account cash flow management within the Group and there has been no significant increase in risk of default from the subsidiaries since initial recognition. Accordingly, the loss allowance measured at an amount equal to the 12-month expected credit loss is not material, except for an amount due from a subsidiary of US\$4,574,684. The subsidiary reported a net liability position as at 31 December 2021. The directors of the Company have assessed the amount not to be recoverable.

16 Cash and Cash Equivalents

	Group		
	31 December <u>2021</u> US\$	31 December <u>2020</u> US\$	1 January <u>2020</u> US\$
Cash on hand and at bank	1,442,336	1,404,273	11,214,965
	<hr/>		
	Company		
	31 December <u>2021</u> US\$	31 December <u>2020</u> US\$	1 January <u>2020</u> US\$
Cash on hand and at bank	1,352,413	1,286,293	6,048,807
	<hr/>		

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17 Share Capital

Group and Company	31 December <u>2021</u>		31 December <u>2020</u>		1 January <u>2020</u>	
	No. of shares	US\$	No. of shares	US\$	No. of shares	US\$
Issued and fully paid:						
At the beginning of the year	15,160,401	33,774,209	15,160,401	33,774,209	11,065,984	10,426,484
Issue of ordinary shares (a)	90,000	540,000	-	-	3,408,640	20,451,840
Issue of ordinary shares under Share Award Plan (b)	52,500	315,000	-	-	-	-
Conversion of equity loan into ordinary shares	-	-	-	-	1,106,600	5,000,000
Buy-back of ordinary shares	-	-	-	-	(420,823)	(2,104,115)
At the end of the year	<u>15,302,901</u>	<u>34,629,209</u>	<u>15,160,401</u>	<u>33,774,209</u>	<u>15,160,401</u>	<u>33,774,209</u>

- (a) On 24 February 2021, the Company issued 90,000 new ordinary shares in the share capital of the Company (equivalent to US\$540,000) and allotted to Jusuf Handri Rachmatio or his nominee pursuant to the amended and restated Shareholders Agreement and the Farmout Agreement between the Company, Jusuf Handri Rachmatio, SDA Mangkalihat Pte. Ltd. and Samudra Energy Mangkalihat Limited as consideration for the transfer of 100% ownership interest in the Offshore Mangkalihat.
- (b) The Company granted 52,500 shares during the financial year ended 31 December 2021 to its key management personnel of the Group under a Share Award Plan (“Plan”). The Plan was approved by the shareholders of the Company on 24 February 2021.

Fair value of shares awarded

For shares granted during the current financial year ended 31 December 2021, the fair value of each share granted under the Plan is estimated using the share issue price of US\$6 per share from the latest fund raising exercise to new and existing shareholders, given that the Company’s shares are not publicly traded. Based on management’s assessment, the fair value of US\$6 per share is the best estimate.

These new ordinary shares ranked pari-passu with the then existing ordinary shares. The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

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18 Trade and Other Payables (cont'd)

- (b) Accrued expenses mainly comprise the exploration cost for the appraisal wells. Accrued income pertains to the working advance placed as a deposit by SDA Mangkalihat Pte. Ltd. and Samudra Energy Mangkalihat Limited (ex-operator) of Offshore Mangkalihat to Skkmigas and will be recognised as 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.

19 Amount due to Shareholders and Warrants

	Group		
	31 December <u>2021</u> US\$	31 December <u>2020</u> US\$	1 January <u>2020</u> US\$
<u>Non-current</u>			
Amount due to a former shareholder (a)	-	-	1,098,364
	<hr/>		
	Group and Company		
	31 December <u>2021</u> US\$	31 December <u>2020</u> US\$	1 January <u>2020</u> US\$
<u>Current</u>			
Shareholders' loan (b)	5,000,000	-	-
Add: interest expense	273,973	-	-
Less: prepaid interest expense in relation to warrants	(1,084,932)	-	-
	<hr/> 4,189,041 <hr/>	-	-
Warrants, at initial recognition (b)	2,400,000	-	-
Fair value change during the year	1,153,847	-	-
Warrants, at the end of the year	<hr/> 3,553,847 <hr/>	-	-

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 31 December 2021. The key inputs applied in the estimation of warrants is volatility, risk-free rate of return and binomial steps.

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19 Amount due to Shareholders and Warrants (cont'd)

- (a) Amount due to a former shareholder was non-trade in nature, unsecured, interest-free, payable in 2022 and denominated in United States Dollar. This amount was presented at amortised cost as at year end. Where indicated, the amount due to a former shareholder pertained to the outstanding balances owing to Emyrean Energy Plc through the funding of its share of costs in West Natuna Exploration Limited as a former shareholder. On 21 May 2020, the Company completed the transfer of 15% and 8.5% interest in the Duyung PSC from WNEL to Coro and Emyrean respectively. The transfer of 8.5% interest in the Duyung PSC from WNEL to Emyrean was settled by way of the offsetting of the amount due to a former shareholder and a transfer of 10% interest in WNEL to the Company by Emyrean (Note 11).
- (b) Shareholders' loan is non-trade in nature, unsecured, bears fixed interest at 10% per annum, repayable in the next 12 months by June 2022 and denominated in United States Dollar.

During the financial year ended 31 December 2021, 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 one year.

Valuation technique used to derive Level 3 fair value

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3) as at 31 December 2021:

<u>Description</u>	Fair value as at 31 December <u>2021</u> US\$	<u>Valuation</u> <u>technique</u>	<u>Unobservable</u> <u>inputs</u>	<u>Range of inputs</u>
Warrants	3,553,847	Binomial valuation model	Volatility	45.7% to 143.7%
			Risk free rate of return	1.34%
			Number of binomial steps	40 to 80 steps

A significant increase (decrease) in unobservable inputs based on management's estimates would result in a significantly higher (lower) fair value measurement.

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20 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 year are as follows:

	Group		Company	
	<u>2021</u> US\$	<u>2020</u> US\$	<u>2021</u> US\$	<u>2020</u> US\$
Services rendered to subsidiary	-	-	806,322	974,833
Cash call	-	-	3,121,290	4,682,310
<hr/>				
<u>Compensation of key management personnel</u>				
Issuance of shares	315,000	-	315,000	-
Director's remuneration	353,334	315,000	353,334	315,000
Staff benefit	31,720	49,322	31,720	49,322
Fees for professional services*	817,166	482,500	817,166	482,500

* 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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21 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. The right-of-use asset is recognised within plant and equipment (Note 10). The effective interest rate used is 10.03%.

Extension option

The office premises include a term extension option for 3 years till 2024 of which the Group has the rights and expects to exercise this option. 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 within plant and equipment

	31 December <u>2021</u> US\$	31 December <u>2020</u> US\$	1 January <u>2020</u> US\$
Leased building	162,380	224,146	312,931

(b) Amounts recognised in profit or loss

	Group	
	<u>2021</u> US\$	<u>2020</u> US\$
Depreciation of right-of-use asset	61,766	62,364
Interest expense on lease liabilities (Note 8)	22,393	27,238
Total amount recognised in profit or loss	<u>84,159</u>	<u>89,602</u>

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21 Lease liabilities (cont'd)

(c) Other disclosures

	31 December <u>2021</u> US\$	31 December <u>2020</u> US\$	1 January <u>2020</u> US\$
Total cash outflow for lease	87,668	82,024	20,902

(d) Rent concession

	31 December <u>2021</u> US\$	31 December <u>2020</u> US\$	1 January <u>2020</u> US\$
Adjustment to right-of-use assets (Note 8)	-	26,421	-
Adjustment to lease liabilities	-	30,753	-
Rent concession	-	4,332	-

(e) Carrying amount of lease liabilities

	31 December <u>2021</u> US\$	31 December <u>2020</u> US\$	1 January <u>2020</u> US\$
Minimum lease payments due:			
- Not later than 1 year	81,650	78,169	89,001
- Later than 1 year but within 5 years	133,947	222,435	325,416
	215,597	300,604	414,417
Less:			
Future finance charges	(27,164)	(46,896)	(75,170)
Present value of financial lease liabilities	188,433	253,708	339,247

The present value of lease liabilities is analysed as follows:

	31 December <u>2021</u> US\$	31 December <u>2020</u> US\$	1 January <u>2020</u> US\$
Not later than 1 year	76,505	58,283	58,420
Later than 1 year but within 5 years	111,928	195,425	280,827
	188,433	253,708	339,247

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22 Financial Risk Management Objectives and Policies

The Group's and the Company's activities expose it to a variety of financial risks from its operations. The key financial risks include market risk (including currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial years, the Group's and the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks. There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's and the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) *Currency risk*

The Group's and the Company's foreign exchange risk arise mainly from cash flows from transactions denominated in foreign currencies. At present, the Group and the Company do not have any formal policy for hedging against currency risk. The Group and the Company ensure that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

The Group and the Company have transactional currency exposures arising from transactions that are denominated in a currency other than the functional currency of the Group and the Company, primarily Indonesian Rupiah ("IDR"), Singapore Dollar ("SGD") and British Pound Sterling ("GBP").

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22 Financial Risk Management Objectives and Policies (cont'd)

(a) Market Risk (cont'd)

(i) *Currency risk* (cont'd)

The Group's and the Company's currency exposures to the IDR, SGD and GBP at the reporting date are as follows:

	<u>31 December 2021</u>			<u>31 December 2020</u>		
	<u>SGD</u> US\$	<u>IDR</u> US\$	<u>GBP</u> US\$	<u>SGD</u> US\$	<u>IDR</u> US\$	<u>GBP</u> US\$
Group						
<u>Financial assets</u>						
Trade and other receivables	-	30,304	-	-	61,409	-
Cash and cash equivalents	23,115	27,098	-	16,047	28,588	-
Financial asset at fair value through profit or loss	-	-	237,202	-	-	328,444
	<u>23,115</u>	<u>57,402</u>	<u>237,202</u>	<u>16,047</u>	<u>89,997</u>	<u>328,444</u>
<u>Financial liabilities</u>						
Trade and other payables	(33,132)	(155,418)	-	(19,501)	(69,571)	-
Lease liabilities	-	(188,433)	-	-	(253,708)	-
	<u>(33,132)</u>	<u>(343,851)</u>	<u>-</u>	<u>(19,501)</u>	<u>(323,279)</u>	<u>-</u>
Net currency exposures	<u>(10,017)</u>	<u>(286,449)</u>	<u>237,202</u>	<u>(3,454)</u>	<u>(233,282)</u>	<u>328,444</u>
Company						
<u>Financial assets</u>						
Cash and cash equivalents	23,115	5,343	-	16,047	3,467	-
Financial asset at fair value through profit or loss	-	-	237,202	-	-	328,444
	<u>23,115</u>	<u>5,343</u>	<u>237,202</u>	<u>16,047</u>	<u>3,467</u>	<u>328,444</u>
<u>Financial liabilities</u>						
Trade and other payables	(33,132)	-	-	(19,501)	-	-
Net currency exposures	<u>(10,017)</u>	<u>5,343</u>	<u>237,202</u>	<u>(3,454)</u>	<u>3,467</u>	<u>328,444</u>

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22 Financial Risk Management Objectives and Policies (cont'd)

(a) Market Risk (cont'd)

(i) *Currency risk* (cont'd)

The Group's and the Company's currency exposures to the IDR, SGD and GBP at the reporting date are as follows: (cont'd)

	<u>SGD</u>	<u>1 January 2020</u>	
	US\$	<u>IDR</u>	<u>GBP</u>
		US\$	US\$
Group			
<u>Financial assets</u>			
Trade and other receivables	-	133,405	-
Cash and cash equivalents	34,021	102,091	-
Financial asset at fair value through profit or loss	-	-	1,287,665
	<u>34,021</u>	<u>235,496</u>	<u>1,287,665</u>
<u>Financial liabilities</u>			
Trade and other payables	(39,896)	(173,453)	-
Lease liabilities	-	(339,247)	-
	<u>(39,896)</u>	<u>(512,700)</u>	<u>-</u>
Net currency exposures	<u>(5,875)</u>	<u>(277,204)</u>	<u>1,287,665</u>
Company			
<u>Financial assets</u>			
Cash and cash equivalents	34,021	3,290	-
Financial asset at fair value through profit or loss	-	-	1,287,665
	<u>34,021</u>	<u>3,290</u>	<u>1,287,665</u>
<u>Financial liabilities</u>			
Trade and other payables	(39,896)	-	-
Net currency exposures	<u>(5,875)</u>	<u>3,290</u>	<u>1,287,665</u>

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22 Financial Risk Management Objectives and Policies (cont'd)

(a) Market Risk (cont'd)

(i) *Currency risk (cont'd)*

A 10% strengthening of United States dollar against the foreign currencies denominated balances as at the reporting date would increase/(decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Group			Company		
	Loss before income tax			Loss before income tax		
	31 Dec	31 Dec	1 Jan	31 Dec	31 Dec	1 Jan
	<u>2021</u>	<u>2020</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2020</u>
	US\$	US\$		US\$	US\$	
Singapore Dollar	(1,001)	(346)	(588)	(1,001)	(346)	(588)
Indonesian Rupiah	(28,645)	(23,328)	(27,720)	534	347	329
British Pound Sterling	23,720	32,845	128,767	23,720	32,845	128,767

A 10% weakening of United States dollar against the above currencies would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(ii) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rate. The Group's exposure to interest rates arises primarily from interest-earning financial assets and interest-bearing financial liabilities.

The Group is not exposed to any significant interest-bearing financial liabilities as at year end except for non-current amount due to a former shareholder, shareholders' loan and lease liabilities.

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22 Financial Risk Management Objectives and Policies (cont'd)

(a) Market Risk (cont'd)

(ii) *Interest rate risk* (cont'd)

The table below sets out the Group's exposure to interest rate risk. Included in the tables are the financial assets and financial liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates:

	Interest bearing at variable rates		Interest bearing at fixed rates		Non-interest bearing US\$	Total US\$
	Within 1 year US\$	Within 2 - 5 years US\$	Within 1 year US\$	Within 2 - 5 years US\$		
	Group					
31 Dec 2021						
<u>Financial assets</u>						
Other receivables and deposits	-	-	-	-	257,753	257,753
Cash and bank balances	1,440,857	-	-	-	1,479	1,442,336
Financial asset at fair value through profit or loss	-	-	-	-	237,202	237,202
	<u>1,440,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>496,434</u>	<u>1,937,291</u>
<u>Financial liabilities</u>						
Trade and other payables (excluding VAT payables and PSC partners)	-	-	-	-	500,367	500,367
Amount due to shareholders	-	-	4,189,041	-	-	4,189,041
Warrants	-	-	3,553,847	-	-	3,553,847
Lease liabilities	-	-	76,505	111,928	-	188,433
	<u>-</u>	<u>-</u>	<u>7,819,393</u>	<u>111,928</u>	<u>500,367</u>	<u>8,431,688</u>
31 Dec 2020						
<u>Financial assets</u>						
Other receivables and deposits	-	-	-	-	233,557	233,557
Cash and bank balances	1,402,762	-	-	-	1,511	1,404,273
Financial asset at fair value through profit or loss	-	-	-	-	328,444	328,444
	<u>1,402,762</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>563,512</u>	<u>1,966,274</u>
<u>Financial liabilities</u>						
Trade and other payables (excluding VAT payables and PSC partners)	-	-	-	-	394,712	394,712
Lease liabilities	-	-	58,283	195,425	-	253,708
	<u>-</u>	<u>-</u>	<u>58,283</u>	<u>195,425</u>	<u>394,712</u>	<u>648,420</u>

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22 Financial Risk Management Objectives and Policies (cont'd)

(a) Market Risk (cont'd)

(ii) *Interest rate risk* (cont'd)

The table below sets out the Group's exposure to interest rate risk. Included in the tables are the financial assets and financial liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates: (cont'd)

	Interest bearing at variable rates		Interest bearing at fixed rates		Non-interest bearing US\$	<u>Total</u> US\$
	Within <u>1 year</u>	Within <u>2 - 5 years</u>	Within <u>1 year</u>	Within <u>2 - 5 years</u>		
	US\$	US\$	US\$	US\$		
Group						
1 Jan 2020						
<u>Financial assets</u>						
Other receivables and deposits	-	-	-	-	290,298	290,298
Cash and bank balances	6,317,528	-	-	-	4,897,437	11,214,965
Financial asset at fair value through profit or loss	-	-	-	-	1,287,665	1,287,665
	<u>6,317,528</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,475,400</u>	<u>12,792,928</u>
<u>Financial liabilities</u>						
Trade and other payables (excluding VAT payables and PSC partners)	-	-	-	-	8,750,597	8,750,597
Amount due to a former shareholder	-	-	-	-	1,098,364	1,098,364
Lease liabilities	-	-	58,420	280,827	-	339,247
	<u>-</u>	<u>-</u>	<u>58,420</u>	<u>280,827</u>	<u>9,848,961</u>	<u>10,188,208</u>

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22 Financial Risk Management Objectives and Policies (cont'd)

(a) Market Risk (cont'd)

(ii) *Interest rate risk (cont'd)*

A 3% increase in the interest rates as at the end of reporting period, with all variables including tax rate being held constant, would result in a corresponding (decrease)/increase in loss before tax as follows:

	<u>31 Dec 2021</u>	<u>31 Dec 2020</u>	<u>1 Jan 2020</u>
	US\$	US\$	US\$
Loss before tax	(43,226)	(42,083)	(189,526)

(iii) *Sensitivity analysis on financial asset at fair value through profit or loss*

The sensitivity analysis has been determined based on the exposure to equity price risk at the end of the reporting period.

The Group's quoted equity investment is listed on the London Stock Exchange. If equity price for the investment increased/(decreased) by 5% with all other variables being held constant, the Group's net loss for the year and total comprehensive loss would have decreased/(increased) by US\$12,000 (31 Dec 2020: US\$16,000 and 1 Jan 2020: US\$64,000). There has been no change to the Group's exposure to equity price or the manner in which this risk is managed and measured.

(iv) *Commodity price risk*

Commodities that the Group ultimately hopes to produce are subject to fluctuations due to a number of factors that result in price risk. For the type of pre-production assets that the Group owns, price risk may impact the valuation of those assets. There is little the Group can do to manage or mitigate such impacts. When production does begin, the Group may have the ability to hedge some of the price risk, but the attractiveness of such strategies can only be measured at the time.

(b) Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group's and the Company's exposure to credit risk arise primarily from trade and other receivables, contract assets and amount due from subsidiaries. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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22 Financial Risk Management Objectives and Policies (cont'd)

(b) Credit Risk (cont'd)

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. The Group and the Company perform ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group and the Company have determined the default event on a financial asset to be high when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days, default of interest due for more than 30 days or there is significant difficulty of the counterparty.

To minimise credit risk, the Group and the Company have developed and maintained the Group's and the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Group's and the Company's own trading records to rate its other debtors.

The Group and the Company consider available reasonable and supportive forward-looking information which includes the following indicators:

- i. Internal credit rating
- ii. External credit rating
- iii. Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- iv. Actual or expected significant changes in the operating results of the debtor
- v. Significant increases in credit risk on other financial instruments of the same debtor
- vi. Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group and the Company determined that its financial assets are credit-impaired when:

- i. there is significant difficulty of the debtor.
- ii. A breach of contract, such as a default or past due event
- iii. It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- iv. There is a disappearance of an active market for that financial asset because of financial difficulty

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22 Financial Risk Management Objectives and Policies (cont'd)

(b) Credit Risk (cont'd)

The Group and the Company categorise a receivable for potential write-off when a debtor fails to make contractual payments. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

<u>Categories</u>	<u>Description</u>	<u>Basis of recognising expected credit loss (ECL)</u>
i. Performing	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
ii. Under-performing	Amount is more than 30 days due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
iii. Non-performing	Amount is more than 60 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL - credit-impaired
iv. Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

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22 Financial Risk Management Objectives and Policies (cont'd)

(b) Credit Risk (cont'd)

The table below details the credit quality of the Group's and Company's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	<u>Category</u>	<u>12-month or Lifetime ECL</u>	<u>Gross amount US\$</u>	<u>Loss allowance US\$</u>	<u>Net carrying amount US\$</u>
Group					
<u>31 December 2021</u>					
Other receivables (Note 14)	Performing	12-month ECL	257,753	-	257,753
<u>31 December 2020</u>					
Other receivables (Note 14)	Performing	12-month ECL	233,557	-	233,557
<u>1 January 2020</u>					
Other receivables (Note 14)	Performing	12-month ECL	290,298	-	290,298

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22 Financial Risk Management Objectives and Policies (cont'd)

(b) Credit Risk (cont'd)

The table below details the credit quality of the Group's and Company's financial assets, as well as maximum exposure to credit risk by credit risk rating categories: (cont'd)

	<u>Category</u>	<u>12-month or Lifetime ECL</u>	<u>Gross amount US\$</u>	<u>Loss allowance US\$</u>	<u>Net carrying amount US\$</u>
Company					
<u>31 December 2021</u>					
Other receivables (Note 14)	Performing	12-month ECL	2,833	-	2,833
Amount due from subsidiaries (Note 15)	Performing	12-month ECL	28,566,722	(4,574,684)	23,992,038
<u>31 December 2020</u>					
Contract assets (Note 4)	Note 1	Lifetime ECL (simplified)	49,369	-	49,369
Other receivables (Note 14)	Performing	12-month ECL	3,810	-	3,810
Amount due from subsidiaries (Note 15)	Performing	12-month ECL	24,847,326	-	24,847,326
<u>1 January 2020</u>					
Trade receivable and contract assets (Notes 14 and 4)	Note 1	Lifetime ECL (simplified)	397,232	-	397,232
Other receivables (Note 14)	Performing	12-month ECL	3,811	-	3,811
Amount due from subsidiaries (Note 15)	Performing	12-month ECL	24,830,568	-	24,830,568

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22 Financial Risk Management Objectives and Policies (cont'd)

(b) Credit Risk (cont'd)

Trade receivable and contract assets (Note 1)

For trade receivable and contract assets, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtor, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivable is presented based on its past due status in terms of the provision matrix.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's and the Company's performance to developments affecting a particular industry.

Exposure to credit risk

The Group and the Company have no significant exposure to credit risk other than balance with subsidiary comprising 100% of trade receivable. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Other receivables, deposits and amount due from subsidiaries

The Group and the Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group and the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

(c) Liquidity Risk

Liquidity risk refers to the risk that the Group and Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Group's and Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group's and Company's operations are financed mainly through equity and the continuing financial support from the shareholders. The directors are satisfied that funds are available to finance the operations of the Group and the Company.

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22 Financial Risk Management Objectives and Policies (cont'd)

(c) Liquidity Risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

	Carrying <u>amount</u> US\$	Contractual <u>cash flows</u> US\$	1 year <u>or less</u> US\$	Within <u>5 years</u> US\$
Group				
31 December 2021				
<u>Financial assets</u>				
Other receivables and deposits	257,753	257,753	257,753	-
Cash and cash equivalents	1,442,336	1,442,336	1,442,336	-
Financial asset at fair value through profit or loss	237,202	237,202	237,202	-
Total undiscounted financial assets	<u>1,937,291</u>	<u>1,937,291</u>	<u>1,937,291</u>	<u>-</u>
<u>Financial liabilities</u>				
Trade and other payables (excluding VAT payables and PSC partners)	500,367	500,367	500,367	-
Amount due to shareholders	4,189,041	4,189,041	4,189,041	-
Warrants	3,553,847	3,553,847	3,553,847	-
Lease liabilities	188,433	215,597	81,650	133,947
Total undiscounted financial liabilities	<u>8,431,688</u>	<u>8,458,852</u>	<u>8,324,905</u>	<u>133,947</u>
Total net undiscounted financial liabilities	<u>(6,494,397)</u>	<u>(6,521,561)</u>	<u>(6,387,614)</u>	<u>(133,947)</u>
31 December 2020				
<u>Financial assets</u>				
Other receivables and deposits	233,557	233,557	233,557	-
Cash and cash equivalents	1,404,273	1,404,273	1,404,273	-
Financial asset at fair value through profit or loss	328,444	328,444	328,444	-
Total undiscounted financial assets	<u>1,966,274</u>	<u>1,966,274</u>	<u>1,966,274</u>	<u>-</u>
<u>Financial liabilities</u>				
Trade and other payables (excluding VAT payables and PSC partners)	394,712	394,712	394,712	-
Lease liabilities	253,708	300,604	78,169	222,435
Total undiscounted financial liabilities	<u>648,420</u>	<u>695,316</u>	<u>472,881</u>	<u>222,435</u>
Total net undiscounted financial assets/(liabilities)	<u>1,317,854</u>	<u>1,270,958</u>	<u>1,493,393</u>	<u>(222,435)</u>

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22 Financial Risk Management Objectives and Policies (cont'd)

(c) Liquidity Risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations: (cont'd)

	<u>Carrying amount</u> US\$	<u>Contractual cash flows</u> US\$	<u>1 year or less</u> US\$	<u>Within 5 years</u> US\$
Group				
1 January 2020				
<u>Financial assets</u>				
Other receivables and deposits	290,298	290,298	290,298	-
Cash and cash equivalents	11,214,965	11,214,965	11,214,965	-
Financial asset at fair value through profit or loss	1,287,665	1,287,665	1,287,665	-
Total undiscounted financial assets	<u>12,792,928</u>	<u>12,792,928</u>	<u>12,792,928</u>	<u>-</u>
<u>Financial liabilities</u>				
Trade and other payables (excluding VAT payables and PSC partners)	8,750,597	8,750,597	8,750,597	-
Amount due to a former shareholder	1,098,364	1,258,032	-	1,258,032
Lease liabilities	339,247	414,417	89,001	325,416
Total undiscounted financial liabilities	<u>10,188,208</u>	<u>10,423,046</u>	<u>8,839,598</u>	<u>1,583,448</u>
Total net undiscounted financial assets/(liabilities)	<u>2,604,720</u>	<u>2,369,882</u>	<u>3,953,330</u>	<u>(1,583,448)</u>

All financial assets and financial liabilities at the Company level are due within one year from the end of the reporting period based on undiscounted contractual cash flows.

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23 Fair Value Measurements

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group and Company	<u>Level 1</u> US\$	<u>Level 2</u> US\$	<u>Level 3</u> US\$	<u>Total</u> US\$
<u>31 Dec 2021</u>				
Financial asset				
at fair value through profit or loss	237,202	-	-	237,202
Warrants	-	-	3,553,847	3,553,847
<u>31 Dec 2020</u>				
Financial asset				
at fair value through profit or loss	328,444	-	-	328,444
<u>1 Jan 2020</u>				
Financial asset				
at fair value through profit or loss	1,287,665	-	-	1,287,665

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.

There has been no transfer of financial instruments from Level 1 to Level 3 during the financial years ended 31 December 2021 and 2020.

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23 Fair Value Measurements (cont'd)

Fair Value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The carrying amounts of financial assets and liabilities with a maturity of less than one year approximate their fair values due to the relatively short-term maturity of these financial instruments.

The fair values of the non-current lease liabilities and amount due to a former shareholder are determined by discounted expected cash flows. The discount rate used is based on the market rate for similar instruments as at the statement of financial position date.

The fair value of the warrants is determined with reference to the Binomial valuation model and included in Level 3 of the fair value hierarchy.

24 Financial Instruments by Category

At the reporting date, the aggregate financial assets and financial liabilities carried at amortised cost were as follows:

	Group			Company		
	31 Dec <u>2021</u> US\$	31 Dec <u>2020</u> US\$	1 Jan <u>2020</u> US\$	31 Dec <u>2021</u> US\$	31 Dec <u>2020</u> US\$	1 Jan <u>2020</u> US\$
Financial assets measured at amortised cost						
Trade and other receivables	257,753	233,557	290,298	2,833	3,810	107,499
Contract assets	-	-	-	-	49,369	293,544
Amount due from subsidiaries	-	-	-	23,992,038	24,847,326	24,830,568
Cash and cash equivalents	1,442,336	1,404,273	11,214,965	1,352,413	1,286,293	6,048,807
	<u>1,700,089</u>	<u>1,637,830</u>	<u>11,505,263</u>	<u>25,347,284</u>	<u>26,186,798</u>	<u>31,280,418</u>
Financial liabilities measured at amortised cost						
Trade and other payables	500,367	394,712	8,750,597	205,891	202,929	286,174
Amount due to shareholders	4,189,041	-	1,098,364	4,189,041	-	-
Lease liabilities	188,433	253,708	339,247	-	-	-
	<u>4,877,841</u>	<u>648,420</u>	<u>10,188,208</u>	<u>4,394,932</u>	<u>202,929</u>	<u>286,174</u>

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25 Capital Management

The primary objective of the Group's and Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholders' value. The capital structure of the Group and the Company comprises issued share capital and accumulated losses.

The Group and the Company manage its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group and the Company is not subject to any externally imposed capital requirements.

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2021 and 2020.

The Group and the Company are not subject to any externally imposed capital requirements. The Group's and the Company's overall strategy remains unchanged from 2020.

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group and the Company monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including trade and other payables (exclude PSC partners), amount due to shareholders, warrants and lease liabilities) less cash and cash equivalents. Total capital is calculated as total equity plus net debt/(cash).

No specific gearing ratio has been determined by the management with the overall objective to keep the ratio as low as possible and such policy has not been changed since the date of incorporation.

The gearing ratios at 31 December 2021 and 2020 are as follows:

	Group			Company		
	31 Dec <u>2021</u> US\$	31 Dec <u>2020</u> US\$	1 Jan <u>2020</u>	31 Dec <u>2021</u> US\$	31 Dec <u>2020</u> US\$	1 Jan <u>2020</u>
Net debt/(cash)	6,989,352	(755,466)	(1,005,683)	6,596,366	(1,083,364)	(5,762,633)
Total equity	18,178,272	27,464,946	36,366,247	17,695,359	26,415,705	32,403,389
Total capital	<u>25,167,624</u>	<u>26,709,480</u>	<u>35,360,564</u>	<u>24,291,725</u>	<u>25,332,341</u>	<u>26,640,756</u>
Gearing ratio	0.28	N.M.	N.M.	0.27	N.M.	N.M.

N.M. - Not meaningful

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26 Comparative Figures

Reclassifications have been made to the prior years' financial statements in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. As a result, the consolidated statement of financial position of the Group as at 31 December 2020 and 2019 had been amended as shown below:

<u>Consolidated statement of financial position</u>	<u>As previously reported</u> US\$	<u>Reclassification</u> US\$	<u>As restated</u> US\$
31 December 2020			
Group			
Non-current assets			
Exploration and evaluation assets	26,512,033	(149,519)	26,362,514
Other receivables	-	149,519	149,519
31 December 2019			
Group			
Non-current assets			
Exploration and evaluation assets	29,934,375	(135,777)	29,798,598
Other receivables	-	135,777	135,777

The reclassification amount pertains to the working advance placed as a deposit to Skkmigas and will be refunded upon the termination of the contract as per the PSC contract signed. A restatement is made to the consolidated statement of financial position of the Group to rectify the error as at 31 December 2020 and 2019.

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27 Transition to IFRS

IFRS 1

In adopting IFRS in 2021, the Group has applied the transition requirements in IFRS 1 with 1 January 2020 as the date of transition. IFRS 1 generally requires that the Group applies IFRS that are effective as at 31 December 2021 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in IFRS 1. The application of the mandatory exceptions and the optional exemptions in IFRS 1 did not have any significant impact on the financial statements.

28 Subsequent Events

Change of name

With effect from 9 February 2022, the Company has changed its name from Conrad Petroleum Limited to Conrad Asia Energy Limited.

Fund raising

The Company has on 1 March 2022 raised US\$5.0 million via Simple Agreement for Future Equity (“SAFE”) from the shareholders which are convertible into ordinary shares of the Company with a conversion price of a 10% discount to the IPO price, capped at an equivalent of US\$6.50 per share. Each shareholder also receives one warrant for every two shares into which the SAFE converts, with an exercise price equal to 150% of the IPO price and has a two-year exercise period.