



REACH ENERGY BERHAD
Registration No. 201301004557 (1034400-D)

ENERGY WITHIN REACH



**ANNUAL
REPORT
2021**

ENERGY WITHIN REACH

Globally, substantial oil and gas reserves still remain unreachable or untapped in mature hydrocarbon basins. Our tagline “Energy Within Reach” reflects Reach Energy’s goal of rejuvenating brownfields and mature assets in these basins to economically access the remaining hydrocarbon reserves with new techniques and technologies.

VISION

REACH ENERGY aspires to be a leading independent Malaysian Oil & Gas Company



MISSION

REACH ENERGY aims to be a Global Player in the Oil & Gas Industry to:



- Grow upstream petroleum reserves
- Deliver robust shareholder value
- Increase oil and gas production
- Develop strong technical base

CORPORATE STRATEGIES

- To build a strong base in the global upstream oil and gas value chain
- To establish an organisation of multidisciplinary teams with the right talent and capabilities to realise our Vision and Mission
- To access world class expertise and resources
- To establish strategic alliances
- To develop a productive relationship with stakeholders
- To create a balanced Exploration and Production (“E&P”) portfolio
- To manage risks effectively



CONTENTS

OVERVIEW

- Vision, Mission and Corporate Strategies
2 Corporate Information

LEADERSHIP

- 3** Profile of Board of Directors
12 Profile of Key Senior Management Personnel

PERFORMANCE REVIEW

- 14** Chairman's Statement
17 CEO's Report and Management's Discussion and Analysis

SUSTAINABILITY

- 30** Sustainability Statement

FINANCIAL STATEMENTS

- 38** Financial Statements
119 Statement on Directors' Responsibility

GOVERNANCE

- 120** Corporate Governance Overview Statement
133 Audit Committee Report
138 Statement on Risk Management and Internal Control
145 Additional Compliance Information

SHAREHOLDERS' INFORMATION

- 146** Analysis of Shareholdings
150 Analysis of Warrant Holdings
153 Notice of Ninth Annual General Meeting
158 Administrative Guide for the Annual General Meeting Proxy Form

CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI DR. AZMIL KHALILI BIN DATO' KHALID
(Non-Independent Non-Executive Chairman)

IZLAN BIN IZHAB
(Senior Independent Non-Executive Director)

NIK DIN BIN NIK SULAIMAN
(Independent Non-Executive Director)

DATO' JASMY BIN ISMAIL
(Independent Non-Executive Director)

DATIN NOOR LILY ZURIATI BINTI ABDULLAH
(Independent Non-Executive Director)

YERLAN ISSEKESHEV
(Independent Non-Executive Director)

DATO' BERIKKAZY SEKSENBAYEV
(Independent Non-Executive Director)

YUSOFF BIN HASSAN
(Independent Non-Executive Director)

**Y.M. TUNKU DATUK NOORUDDIN BIN TUNKU
DATO' SRI SHAHABUDDIN**
(Executive Director)

AUDIT COMMITTEE

Nik Din bin Nik Sulaiman (Chairman)
Dato' Jasmy bin Ismail
Dato' Berikkazy Seksenbayev

NOMINATION AND REMUNERATION COMMITTEE

Izlan bin Izhab (Chairman)
Tan Sri Dr. Azmil Khalili bin Dato' Khalid
Nik Din bin Nik Sulaiman

RISK MANAGEMENT COMMITTEE

Datin Noor Lily Zuriati binti Abdullah (Chairman)
Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Sri
Shahabuddin
Yerlan Issekeshhev

COMPANY SECRETARIES

Chen Bee Ling (MAICSA 7046517)
SSM PC No. 202008001623
Tan Lai Hong (MAICSA 7057707)
SSM PC No. 202008002309

REGISTERED OFFICE

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel No : (603) 7890 4800
Fax No : (603) 7890 4650

HEAD OFFICE

D3-5-8, Block D3, Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur, Malaysia
Tel No : (603) 6412 3000
Fax No : (603) 6412 8005
Email: info@reachenergy.com.my
Website: www.reachenergy.com.my

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
Registration No. 199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel No : (603) 7890 4700
Fax No : (603) 7890 4670

AUDITORS

PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF 1146)
Chartered Accountants
Level 10, 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
P.O. Box 10192
50706 Kuala Lumpur

PRINCIPAL BANKERS

Hong Leong Islamic Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
(Sector: Energy)

STOCK SHORT NAME AND CODE

REACH 5256 & 5256 WA

PROFILE OF BOARD OF DIRECTORS



Tan Sri Dr. Azmil Khalili bin Dato' Khalid

Non-Independent Non-Executive Chairman
62, Male, Malaysian

Date of Appointment

23 January 2017

Tenure of Directorship

Five (5) years and three (3) months

MEMBERSHIP OF BOARD COMMITTEE:

- Nomination & Remuneration Committee

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Doctorate of Science (Honorary), University of Hertfordshire, Hatfield, England
- Master of Business Administration, California State University, Dominguez Hills
- Bachelor of Science in Civil Engineering, Northrop University, Los Angeles, California
- Bachelor of Science in Civil Engineering, University of Hertfordshire, Hatfield, England

WORK EXPERIENCE:

Tan Sri Dr. Azmil Khalili bin Dato' Khalid ("Tan Sri Dr. Azmil") began his career with Tarmac National Construction in the United Kingdom and upon his return to Malaysia worked for Trust International Insurance and Citibank NA.

Tan Sri Dr. Azmil was the President and Chief Executive Officer of both The AlloyMtd Group and ANIH Berhad from April 2011 to August 2017. He joined MTD Capital Bhd in 1993 as General Manager of Corporate Planning and held the position of Group Managing Director and Chief Executive Director in March 1996 before assuming the position as Group President and Chief Executive Officer of The MTD Group from April 2005 to April 2011. He was also the President and Chief Executive Officer of MTD Capital Bhd's listed subsidiary namely, MTD ACPI Engineering Berhad and was also the Chairman of MTD Walkers PLC, a foreign subsidiary of MTD Capital Bhd listed on the Colombo Stock Exchange in the Republic of Sri Lanka.

Tan Sri Dr. Azmil was the Independent Non-Executive Director of UEM Sunrise Berhad. Currently, he is the Independent Non-Executive Chairman of UEM Edgenta Berhad. He also sits on the board of several private limited companies.

OTHER INFORMATION:

Tan Sri Dr. Azmil has no conflict of interest with the Company and does not have any family relationships with any Director of the Company. Tan Sri Dr. Azmil is deemed a major shareholder of the Company and his interest is disclosed in the securities of the Company as set out in the Analysis of Shareholdings of this Annual Report. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any. He has attended all seven (7) Board meetings held during the financial year ended 31 December 2021.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- UEM Edgenta Berhad

PROFILE OF BOARD OF DIRECTORS

(cont'd)



Izlan bin Izhah

Senior Independent Non-Executive Director
77, Male, Malaysian

Date of Appointment

1 July 2013

Tenure of Directorship

Eight (8) years and nine (9) months

MEMBERSHIP OF BOARD COMMITTEE:

- Nomination & Remuneration Committee (Chairman)

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Bachelor of Laws, University of London, UK
- Advanced Management Program, University of Hawaii, USA

WORK EXPERIENCE:

Encik Izlan bin Izhah ("Encik Izlan") started his career in 1973 as Assistant Legal Officer with Majlis Amanah Rakyat (MARA). From 1975 to 1978, he was the Company Secretary of Komplek Kewangan Malaysia Berhad. From 1978 to 1984, he was the Company Secretary of Permodalan Nasional Berhad. He spent the next 15 years from 1985 to 2000 with the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad) as the Executive Vice President, Corporate and Legal Affairs until his retirement.

He was responsible for company secretarial functions, legal advisory on capital market laws and regulations and conducted lectures on capital market laws and regulations. From 2004 until May 2013, he was a member of Bursa Malaysia Berhad Appeals Committee. He was an independent director of Ramunia Holdings Berhad (now known as TH Heavy Engineering Berhad) from 2004 to 2008. During that period, he was the Chairman of the Remuneration Committee and Nomination Committee of the said company. On 7 February 2017 he was appointed as the Chairman/Independent Non-Executive Director of Kenanga Investment Bank Berhad which is listed on Bursa Malaysia Securities Berhad. He was also a Non-Executive Director on Non-Listed Public Companies, Sun Life Malaysia Takaful Berhad previously. Currently he sits on the board of Federation of Public Listed Companies Berhad, Research Institute of Investment Analysis Malaysia and Malaysian Institute of Corporate Governance.

OTHER INFORMATION:


Encik Izlan has no conflict of interest with the Company and does not have any family relationships with any Director of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any. He has attended all seven (7) Board meetings held during the financial year ended 31 December 2021.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- Federation of Public Listed Companies Berhad
- Malaysian Institute of Corporate Governance
- Research Institute of Investment Analysts Malaysia

PROFILE OF BOARD OF DIRECTORS

(cont'd)



Nik Din bin Nik Sulaiman
Independent Non-Executive Director
74, Male, Malaysian

Date of Appointment
1 July 2013

Tenure of Directorship
Eight (8) years and nine (9) months

MEMBERSHIP OF BOARD COMMITTEE:

- Audit Committee (Chairman)
- Nomination & Remuneration Committee

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- A member of the Malaysian Institute of Accountants (MIA)
- Fellow member of the Association of Chartered Certified Accountants (FCCA), United Kingdom

WORK EXPERIENCE:

Encik Nik Din bin Nik Sulaiman ("Encik Nik Din") has more than 36 years' experience in the fields of accounting, auditing and finance. He started his career as an Accountant with Beecham Products (F.E.) Sdn. Bhd. in 1974

before leaving to join Pfizer Pte. Ltd. as Finance Manager. He was subsequently appointed as Group Financial Controller in Kumpulan Perangsang Selangor Berhad, an investment arm of Selangor State Government from 1978 to 1981. He also worked for Promet Berhad from 1982 to 1992 initially as its Financial Controller and later as Finance Director. He served in Sime Darby Group from 1992 to 2004 initially as Finance Director in the Malaysia Region, followed by Finance Director of Tractors Malaysia Holdings Berhad, a subsidiary of Sime Darby Berhad. He was also a director of Sime Bank Berhad. Subsequently, he was the Group Chief Internal Audit Manager and his last position was as Finance Director in Sime Engineering Berhad. He currently holds directorships in MTD ACPI Engineering Berhad and MTD Capital Berhad.

OTHER INFORMATION:

Encik Nik Din has no conflict of interest with the Company and does not have any family relationships with any Director of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any. He has attended all seven (7) Board meetings held during the financial year ended 31 December 2021.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES:

- MTD ACPI Engineering Berhad
- MTD Capital Berhad

PROFILE OF BOARD OF DIRECTORS

(cont'd)



Dato' Jasmy bin Ismail

Independent Non-Executive Director
58, Male, Malaysian

Date of Appointment

3 September 2020

Tenure of Directorship

One (1) year and seven (7) months

MEMBERSHIP OF BOARD COMMITTEE:

- Audit Committee

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Master of Science (MSc) in Transport Management, City University, London
- Member, Chartered Institute of Logistics and Transport, United Kingdom

WORK EXPERIENCE:

Dato' Jasmy bin Ismail ("Dato Jasmy") started his career in 1988 with IBM Malaysia and held various positions within the Sales and Marketing Division, responsible mainly for the Public Sector and Financial Services Industries. Prior to leaving IBM Malaysia, he was the Executive Assistant to the Chief Executive Officer.

In 1996, he joined CCAAP Technologies Sdn. Bhd. as its General Manager. Subsequently, he was appointed as the Executive Director of New Technology & Innovation Sdn. Bhd., responsible for its banking and finance businesses.

He was one of the co-founders of Symphony House Berhad which was listed on Bursa Malaysia in 2003. During

this period, he was the Chief Executive of its Technology Division and also served as the Chairman of BCSIS Sdn. Bhd., a joint-venture company with OCBC Bank Singapore's subsidiary BCSIS and held the position until 2007.

He served as an Independent Non-Executive Director of Malaysia Building Society Berhad from 2009 until February 2018 and was the Chairman of the Nomination and Remuneration Committee.

Throughout his lengthy career of more than 30 years, Dato' Jasmy has participated in numerous private and public sector projects, programmes, forums and committees involving information technology organised by various agencies and bodies such as the Implementation Coordination Unit of the Prime Minister's Department, LOFSA, Bursa Malaysia and Ministry of Women, Family and Social Development ("KPWKM").

Currently, Dato' Jasmy is a director of SGT International Sdn. Bhd., a private company involved in the information technology services. He is also the Chairman of Naza TTDI Sdn. Bhd. and Naza Automotive Group. He is presently the Independent Non-Executive Deputy

Chairman of Symphony Life Berhad and an Independent Non-Executive Director of TSH Resources Berhad. He is an appointed Council Member of the Badminton Association of Malaysia and a Trustee of Yayasan Budi Penyayang.

OTHER INFORMATION:

Dato' Jasmy has no conflict of interest with the Company and does not have any family relationships with any Director of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any. He has attended all seven (7) Board meetings held during the financial year ended 31 December 2021.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- TSH Resources Berhad
- Symphony Life Berhad

PROFILE OF BOARD OF DIRECTORS

(cont'd)



Datin Noor Lily Zuriati binti Abdullah

Independent Non-Executive Director

64, Female, Malaysian

Date of Appointment

3 September 2020

Tenure of Directorship

One (1) year and seven (7) months

MEMBERSHIP OF BOARD COMMITTEE:

- Risk Management Committee (Chairman)

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- LLB (Hons), University of London, United Kingdom
- Senior Leadership Programme, INSEAD
- Certified Legal Practitioner by Lembaga Kelayakan Profession Undang-Undang, Malaysia
- Licensed Company Secretary

WORK EXPERIENCE:

Datin Noor Lily Zuriati binti Abdullah ("Datin Noor Lily") has more than 27 years' experience in providing legal services, company secretary services and governance management. At the

same time, she also has a total of 10 years' experience in managing corporate communications and stakeholders' engagement having worked in the Oil and Gas industry since 1991.

She began her career in 1985 as a Legal Officer, responsible for loan and security documentations with Bank Pertanian Malaysia Kuala Lumpur (now known as Agro Bank). From 1991 to 1992, she was a Legal Manager, Procurement, Tender & Contract at PETRONAS Holdings. She spent the next 9 years with Malaysia LNG Group of Companies as Senior Legal Manager & Company Secretary for the Group.

Datin Noor Lily joined PETRONAS Dagangan Bhd in 2002 as Senior Manager, Legal & Company Secretary. In 2008 to 2010, she was a Senior Manager of Legal & Corporate Affairs, Stakeholder Management and Communication in PETRONAS Int. Corp. Ltd., Egypt. She then returned to PETRONAS Holdings as its General Counsel/Head of Legal, Engineering, Technology & Intellectual

Property in 2011 to 2014. She was appointed as General Counsel/Head of Legal for the Group, Company Secretary for PETRONAS Chemical Group Bhd, and Non-Independent Non-Executive Director for the Group of subsidiaries from 2014 to May 2018. Currently she sits on the board of KLCC Property Holdings Berhad.

OTHER INFORMATION:

Datin Noor Lily has no conflict of interest with the Company and does not have any family relationships with any Director of the Company. She has not been convicted of any offence within the past five (5) years other than traffic offences, if any. She has attended all seven (7) Board meetings held during the financial year ended 31 December 2021.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- KLCC Property Holdings Berhad

PROFILE OF BOARD OF DIRECTORS

(cont'd)



Yerlan Issekeshov

Independent Non-Executive Director
54, Male, Kazakh

Date of Appointment

31 March 2021

Tenure of Directorship

One (1) year and one (1) month

MEMBERSHIP OF BOARD COMMITTEE:

- Risk Management Committee

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- International Executive Master of Business Administration (Management in Oil, Gas and Power Industry), Ecole des Hautes Etudes Commerciales ("HEC"), Paris, France
- Degree in Economics, Turan University, Almaty, Kazakhstan
- Diploma in Electrical Engineering, Alma-Ata Power Engineering Institute
- Certificate of Management of Power Generation Companies within Pool Arrangements in Liberalised Electricity Market, The Transeuropean Centre Limited, London and Oxford, United Kingdom

WORK EXPERIENCE:

Mr. Yerlan Issekeshov ("Mr. Yerlan") began his career in 1992 as a Complete Equipment Engineer with Kazakhgaz Holding Company. Between 1993 to 2000, he joined Karagandy Power L.L.P., Atyrau Petrochemical Plant and other commercial entities in Karaganda, Atyrau, Astana holding Executive positions.

In 2000, Mr. Yerlan joined Astana Energoservis OJSC as its Deputy Director. He then moved on to Karagandy Zhylu L.L.P. as Director General, Commercial Director from 2002 until 2007. Subsequently, he was appointed as the Deputy Utilities Akim in the Akimat of Karaganda region for two years. He later joined Falah Partners Investment Fund as its Managing Partner from 2009 until 2011. Concurrently in 2009, he was appointed as Independent

Director in Samruk-Energy JSC until 2012. Since then, Mr. Yerlan has been the Chairman of ISS Corporation. He has also been serving on the Board of Directors of Transtelecom JSC as Independent Director since 2016.

OTHER INFORMATION:

Mr. Yerlan has no conflict of interest with the Company and does not have any family relationships with any Director of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any. He has attended three (3) out of a total of seven (7) Board meetings held during the financial year ended 31 December 2021.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

Nil

PROFILE OF BOARD OF DIRECTORS

(cont'd)



Dato' Berikkazy Seksenbayev
Independent Non-Executive Director
55, Male, Kazakh

Date of Appointment
31 March 2021

Tenure of Directorship
One (1) year and one (1) month

MEMBERSHIP OF BOARD COMMITTEE:

- Audit Committee

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Sports Studies, Kazakh Institute of Physical Culture and Sports and the Republican School of Higher Sportsmanship

WORK EXPERIENCE:

Dato' Berikkazy Seksenbayev ("Dato' Berikkazy") joined the civil service in 2000 as Deputy General Director of Republican State Enterprise ("RSE") in Astana. After a short stint, he was appointed as the General Director of RSE. One and a half years later, he was appointed as Deputy Chairman of the Agency for State Material Reserves of the Republic of Kazakhstan, and later the First Deputy Chairman of the Agency for State Material Reserves of the Ministry of Emergency Situations of the Republic of Kazakhstan in November 2014.

In December 2013, Dato' Berikkazy works as Chairman of Becker & Co. L.L.P., a position he continues to hold until today. Becker & Co. L.L.P. is involved in the production and sale of meat products, frozen semi-finished products, bakery, confectionery and culinary products, beer, restaurant services, and organisation of its own retail network, which now comprises 19 supermarkets and 25 branded shops in Almaty and Astana. Becker & Co. L.L.P. became one of 32 companies selected under the state program "Leaders of Competitiveness – National Champions".

Dato' Berikkazy has been the Chairman of Saryarka-Energy L.L.P. which is involved in the coal mining industry since June 2015. He was awarded the Miner's Glory Medal (the 1st Degree) and the Medal of Honorary worker of the coal industry in 2015 and 2017 respectively. He was also awarded medals in honour of the Republic of Kazakhstan's Ministry of Internal Affairs' 25th Anniversary and border service of the National Security Committee of the

Republic of Kazakhstan, as well as the prestigious governmental award – the Order of Kurmet.

OTHER INFORMATION:

Dato' Berikkazy has no conflict of interest with the Company and does not have any family relationships with any Director of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any. He has attended three (3) out of a total of seven (7) Board meetings held during the financial year ended 31 December 2021.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

Nil

PROFILE OF BOARD OF DIRECTORS

(cont'd)



Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Sri Shahabuddin

Executive Director
58, Male, Malaysian

Date of Appointment

11 August 2017

Tenure of Directorship

Four (4) years and eight (8) months

MEMBERSHIP OF BOARD COMMITTEE:

- Risk Management Committee

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- O & A Level (Oxbridge) Cheltenham College, Gloucestershire, England (1979).
- B.Sc (Business Administration) United States International University (USIU, now renamed as Alliant University), San Diego, USA. London Campus (1986)

WORK EXPERIENCE:

Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Sri Shahabuddin ("Y.M. Tunku Datuk Nooruddin") was educated in the United Kingdom. He held positions in and represented companies involved in the Oil & Gas industries including Esso Malaysia Berhad - Downstream (Exxon Mobil) where he was responsible for refinery products distribution and government national accounts. He was the Executive Director of Baker Hughes INTEQ (BHI) plus other Baker Hughes Group of Companies in Malaysia involved in upstream O&G exploration and development activities. His primary

responsibilities were to secure supply of goods and services for local and international O&G operators in Malaysia. As a PSC licensed service provider to Petronas, its international activities would include BHI Malaysia's participation.

As a director of Alfa Meli Sdn Bhd, which is a supplier of O&G equipment, he was involved in the marketing and promotion of its products and services.

He has acquired extensive business experience from more than a decade long career plus in advisory capacity in international trade representing companies such as Avaria International FZE (UAE), Jotun Paints (Malaysia), Al Madina LLC (Oman), SCS Computer Systems Sdn Bhd, Electrolux (Malaysia), Tideway-Dredging International (Malaysia), Yoshida BM Japan, Paylink Global Sdn Bhd (e-payment platforms), Japan Halal Promotion Association, Malene Insurance Brokers, ERM Property Management, R Zain Associates (Consultant Civil & Structural Engineers), Singapore Precious Metals Exchange (SGPMX Malaysia), and others in South East Asia, UAE, Oman and Kazakhstan.

Y.M. Tunku Datuk Nooruddin has been appointed as Honorary Consul for the Republic Of Kazakhstan (East Coast Region of Malaysia) since June 2014.

Y.M. Tunku Datuk Nooruddin has been appointed as Pro Chancellor for University Sultan Zainal Abidin (UniSZA) of the state Terengganu since September 2020.

OTHER INFORMATION:

Y.M. Tunku Datuk Nooruddin has no conflict of interest with the Company and does not have any family relationships with any Director of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any. He has attended all seven (7) Board meetings held during the financial year ended 31 December 2021.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

Nil

PROFILE OF BOARD OF DIRECTORS (cont'd)



Yusoff bin Hassan

Independent Non-Executive Director
62, Male, Malaysian

Date of Appointment

23 September 2021

Tenure of Directorship

Seven (7) months

MEMBERSHIP OF BOARD COMMITTEE:

Nil

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Bachelor of Science in Petroleum and Natural Gas Engineering, University of Technology Malaysia

WORK EXPERIENCE:

Encik Yusoff bin Hassan has over 35 years of practical experience in the oil and gas industry as a Specialist Petroleum Engineer and Resource Manager. He has hands-on experience in the full spectrum of the upstream oil and gas field activities such as exploration, appraisal, development and production operations. He specialises in production sharing contract, joint venture projects, field reviews, hydrocarbon resource assessment, field development planning, field rejuvenation, production operations, drilling, workover, reservoir management and enhanced oil recovery. He has an excellent track record in managing full-fledge field development project execution and delivery in Malaysia and overseas both in onshore and offshore environments.

He started his career with PETRONAS in 1983 as a Reservoir Engineer in the Exploration & Development Division and Petroleum Management Unit responsible for managing the operations of the PSC Operators in Malaysia. He moved to PETRONAS Carigali Sdn. Bhd. (PCSB) in 1996 as a Project Leader and later on transferred to PETRONAS International Business Unit as a Business Development Manager for PETRONAS Middle East/North Africa/Central Asia region based in Dubai.

He joined the Chad-Cameroon Project as a Subsurface JV Manager in 2000 and then moved to Sarawak as a Subsurface Manager for PCSB Baram Delta Operations. In 2005, he was appointed as a PETRONAS Principal Reservoir Engineer providing technical support to domestic and international projects amongst others the Shale Gas Project in Canada and the Malaysian Enhanced Oil Recovery (EOR) Projects.

In 2011, he moved to PCSB's Turkmenistan Operations (PCTSB) in Ashgabat, Turkmenistan as a Petroleum Engineering Resource Manager. He was then promoted to the General Manager of Petroleum Engineering position in PCTSB

until his retirement from PETRONAS in October 2015. In 2018, he joined CaspiOilGas LLP, a Malaysian-owned exploration & production company with a concession in Kazakhstan as a petroleum engineering consultant.

OTHER INFORMATION:

Encik Yusoff has no conflict of interest with the Company and does not have any family relationships with any Director of the Company. He has not been convicted of any offence within the past five (5) years other than traffic offences, if any. He has attended two (2) out of a total of seven (7) Board meetings held during the financial year ended 31 December 2021.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

Nil

PROFILE OF KEY SENIOR MANAGEMENT PERSONNEL

Tan Siew Chaing ("Ms. Tan")

*Chief Executive Officer, Reach Energy Berhad
54, Female, Malaysian*

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Member of the Malaysian Institute of Accountants (MIA)
- Member of the Chartered Institute of Management Accountants (CIMA), United Kingdom

WORKING EXPERIENCE:

- Ms. Tan has more than 29 years of experience in the management of large group of companies with diverse businesses in Malaysia and oversea countries. Her specialty areas include Group reporting, treasury management and budgeting, corporate finance, tax planning and risk management, investment evaluation, business strategies, merger and acquisition, and operation management. Her experience covers various industries such as concession business, real estate, construction, manufacturing and oil and gas services.
- She formerly worked with conglomerate AlloyMtd Group of companies and Syarikat Bekalan Air Selangor Sdn. Bhd.
- She started as a Financial Controller of AlloyMtd in year 2007 before moving up the ranks as a Senior Vice President and later was promoted to the position of Executive Vice President, Head of Finance and Treasury of AlloyMtd Group. She was a member of the Management Committee of AlloyMtd Group and holds directorship in local and oversea companies.

Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Sri Shahabuddin ("YM Tunku Datuk Nooruddin")

*Executive Director - Country Director,
56, Male, Malaysian*

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- O & A Level (Oxbridge) Cheltenham College, Gloucestershire, England (1979).
- Bachelor of Science in Business Administration, United States International University (USIU, now renamed as Alliant University), San Diego, USA. London Campus (1986)

WORKING EXPERIENCE:

- YM Tunku Nooruddin has held positions in and represented companies involved in the Oil & Gas industries including Esso Malaysia Berhad – Downstream (Exxon Mobil) where he was responsible for refinery products distribution and government national accounts.
- He was the Executive Director of Baker Hughes INTEQ ("BHI") as well as other Baker Hughes Group of Companies in Malaysia involved in upstream O&G exploration and development activities. His primary responsibilities were to secure supply of goods and services for local and international O&G operators in Malaysia. As a PSC licensed service provider to Petronas, its international activities would include BHI Malaysia's participation.
- He has acquired extensive business experience from more than a decade long career in advisory capacity in international trade representing companies such as Avaria International FZE (UAE), Jotun Paints (Malaysia), Al Madina LLC (Oman), SCS Computer Systems Sdn Bhd, Electrolux (Malaysia), Tideway-Dredging International (Malaysia), Yoshida BM Japan, Paylink Global Sdn Bhd (e-payment platforms), Japan Halal Promotion Association, Malene Insurance Brokers, ERM Property Management, R Zain Associates (Consultant Civil & Structural Engineers), Singapore Precious Metals Exchange (SGPMX Malaysia), and others in South East Asia, UAE, Oman and Kazakhstan.

PROFILE OF KEY SENIOR MANAGEMENT PERSONNEL

(cont'd)

Ibni Hajar bt Omar ("Puan Ibni")

*Human Resources & Administration Manager, Reach Energy Berhad
53, Female, Malaysian*

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Master of Business Administration (MBA), Universiti Utara Malaysia, Sintok (2010)

WORKING EXPERIENCE:

- Puan Ibni has 26 years of experience in human resources and administration including five years in the oil and gas industry.
- Her responsibilities include all human resources and administration matters, including recruitment and selection, payroll administration, performance management, compensation and benefits, training and development, employee relations, succession planning and staff induction.
- She also has accumulated experience in supporting Finance and IT departments on annual budgeting auditing.

Sharon Ling Shiau Ruenn ("Sharon")

*Finance Manager, Reach Energy Berhad
46, Female, Malaysian*

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Bachelor of Arts in Accounting and Administration, University of Strathclyde, Glasgow, United Kingdom
- Fellow Member of Association of Chartered Certified Accountants ("FFCA"), United Kingdom
- Member of Malaysia Institute of Accountants ("MIA")

WORKING EXPERIENCE:

- Sharon has accumulated over 20 years of experience in the accounting field.
- She started her career in the Finance department of one of the Big 4 audit firms where she was responsible for financial and management reporting, financial analysis, cash management and finalisation of financial statements as well as tax reporting.
- She then progressed to the Corporate Services department in the same company where she provided secondment services to clients and assisted in managing a team of accounting specialists providing monthly services to a wide array of clients from various industries. These services included day-to-day operation, preparation of monthly management reports, financial statements and analysis, cash flow statement, financial projection, management reporting, annual financial statements preparation and analysis as well as providing advices to clients on accounting matters to ensure legal and regulatory compliance with all financial and accounting reporting as imposed by all relevant regulatory bodies.

CHAIRMAN'S STATEMENT



Dear Valued Shareholders,

On behalf of the Board of Directors of Reach Energy Berhad (“Reach Energy” or the “Company”), I am pleased to present the Annual Report and Audited Financial Statements for the Financial Year Ended 31 December 2021 (“FYE 2021”).

2021 AT A GLANCE

Two years have now passed since the onset of the COVID-19 pandemic, which triggered an unprecedented global health and economic crisis. Although in recent months the long-awaited recovery has been hampered by the emergence of new variants, a pervasive roll-out of the vaccination had brought a much-needed ray of hope as economic activities and mobility were expected to return to pre-pandemic levels.

In a year that was challenging from an operational perspective, we recorded a favourable performance, marking signs of gradual recovery. This was possible due to a combination of the oil and gas market factors namely the higher Brent crude price and the successful implementation of our turnaround initiatives. The latter resulted in a lower production cost of below USD10 per barrel which in turn led to lower operating expenses.

In our efforts to optimise this favourable economic environment, we initially planned for the drilling of four new wells in 2021. Despite all efforts to maintain this, we only managed to drill and complete two new wells which were then put into production, and only commenced drilling of the other two wells towards the end of 2021.

Further to this, we had also maintained regular workovers of our wells. In 2021, we completed workovers on 29 wells by performing downhole maintenance and remedial treatments to our wells to significantly enhance the production level.

We further leveraged on the propitious economic environment through the commencement of our Emir-Oil Turnaround Plan (“EOTP”). The commencement of the EOTP was marked by the implementation of the Rebuilding Phase and the Transformation Phase in early 2021. The Rebuilding Phase involved an organisational restructuring to streamline our key functions and embolden our operational performance in the long run. In line with this, we had also embarked on the implementation of process improvements, specifically the installation of new compressor units to upgrade the separation of gas on each gathering unit to improve operational efficiency.

OUR FINANCIAL PERFORMANCE

For the Financial Year Ended 31 December 2021, we recorded a revenue of RM150.69 million (FYE 2020: RM79.54 million) which translated to a significant increase of RM71.15 million or 89% from the previous year. The increase in revenue was due to the higher Brent oil price and higher production volume. In line with this growth, we had also recorded a positive Earnings Before Interest, Tax, Depreciation and Amortization (“EBITDA”) amounting to RM35.72 million in the year under review from a negative EBITDA of RM125.40 million in the Financial Year Ended 31 December 2020. This reflects an increase of RM161.12 million or 128% from the previous year. Meanwhile, we recorded a Net Asset Per Share of RM0.37 (FYE 2020: RM0.44).

CHAIRMAN'S STATEMENT (cont'd)



COMPANY OUTLOOK

In 2021, the Company embarked upon a turnaround strategy which saw the successful commencement of several initiatives under the EOTP as the initial building blocks. Moving forward, we intend to redouble our efforts to sustain and further enhance our current production level through our well workover programs, with a heightened focus on the replacement of electrical submersible pumps ("ESPs") which is a low-maintenance, cost-effective alternative to sucker-rod pump for artificial lifting of oil to the surface. Concurrently, we will also perform maintenance works, specifically reperforation and reactivation of idle wells.

In keeping with the above objective, we will also continue undertaking drilling of infill wells and implementing a gas injection program following good reservoir management practices as we strive to be a prudent operator. The gas injection initiative will be divided into two phases. The pilot project, involving the injection of gas into one of the Kariman wells, will be initiated under Phase 1 and is expected to commence by the first half of 2022, followed by the implementation of Phase 2. Once fully implemented, the gas injection initiative shall improve our reserves recovery as well as manage our gas emission and ensure the sustainability of our resources.

Our efforts to enhance our production volume will inevitably lead to an increased emission of greenhouse gases which may be harmful to the environment in the long run. Since the flaring of gas is prohibited in the Republic of Kazakhstan, we are committed to reduce the emission in our operations in the immediate future. This will be carried out through a two-phase program which will entail a short-term plan and a long-term

plan. The short-term plan will consist of basic enhancement at our operating facilities to ensure our operations adhere to the guidelines while the long-term plan will involve a comprehensive assessment and upgrading of our entire facilities.

In our efforts to steer the Company back to profitability, we have identified several cost optimisation initiatives, namely gas-to-power generation to reduce operational costs, reactivation of idle wells to improve additional recovery of condensate as well as improving efficiency of the ESPs to minimise downtime. These initiatives are also in preparation of the anticipated rise in cost of oil and gas industry services. Although we believe that this issue could be compensated by the anticipated oil gains, we will also at the same time, reenergise our technical workforce capabilities by focusing on production enhancement to further mitigate this issue. Concurrently, we will also place emphasis on well interventions for quick incremental gains with the foreseeable improvement in post-pandemic oil demand.



CHAIRMAN'S STATEMENT

(cont'd)

We have also identified long-term areas of opportunities which will focus on the gas-to-liquid option to monetise the gas resources. Efforts are also underway to commit on more subsurface studies to maximise reserves recovery such as the water injection pilot study which will utilise a new geological and reservoir model with input from the results from the planned core analysis to be conducted in 2022.

In order to execute these plans, we had in 2021 secured funding from the Joint Stock Company RBK, a local Kazakhstan bank, for USD9.3 million (approximately RM37.2 million). To date, approximately RM25.2 million has been utilized.

APPRECIATION

Many parties have helped Reach Energy weather this difficult year, and we are grateful for all their support and trust. On behalf of the Board of Directors, I would like to thank everyone

in Reach Energy Berhad for their resilience, determination, and extraordinary hard work. With perseverance, dedication, and team spirit, we were able to remain resolute in managing our business amidst the pandemic. Above all, my sincere gratitude to my fellow members of the Board, for their astute counsel and insights which have proven invaluable, and helped navigate this global storm.

Finally, my heartfelt appreciation to the authorities, our customers, vendors, advisors, and shareholders for their solid and unwavering support.

Tan Sri Dr. Azmil Khalili bin Dato' Khalid
Chairman



CEO'S REPORT AND MANAGEMENT'S DISCUSSION AND ANALYSIS

DEAR SHAREHOLDERS,

2021 continued to be a turbulent time for the world with the ongoing pandemic continuing to cause disruptions in our operations. During the reporting year, despite the challenges, we stayed on course and true to the strategies laid out in our Emir-Oil Transformation Plan ("EOTP") which aims to steer the Group back to profitability. Consequently, we recorded a favourable result, a sign of our Group's underlying and gradual recovery.

We are cognisant of the fact that uncertain times may uncover opportunities and we have been aggressive in pursuing strategies that would allow us to accelerate the growth of our core business. This comes on the back of the encouraging industry sentiment which anticipates the demand for oil and gas will continue to be at more than 50% of the global energy mix by 2045 despite the world's pivot towards cleaner forms of energy.

In order to provide our shareholders with an overview and updates of the business operations of Reach Energy Berhad ("Reach Energy" or "the Group"), the financial review of 2021 and the Group's expectations of the business going into 2022, we have prepared the CEO's Report and Management's Discussion and Analysis ("MD&A") statement for your perusal.



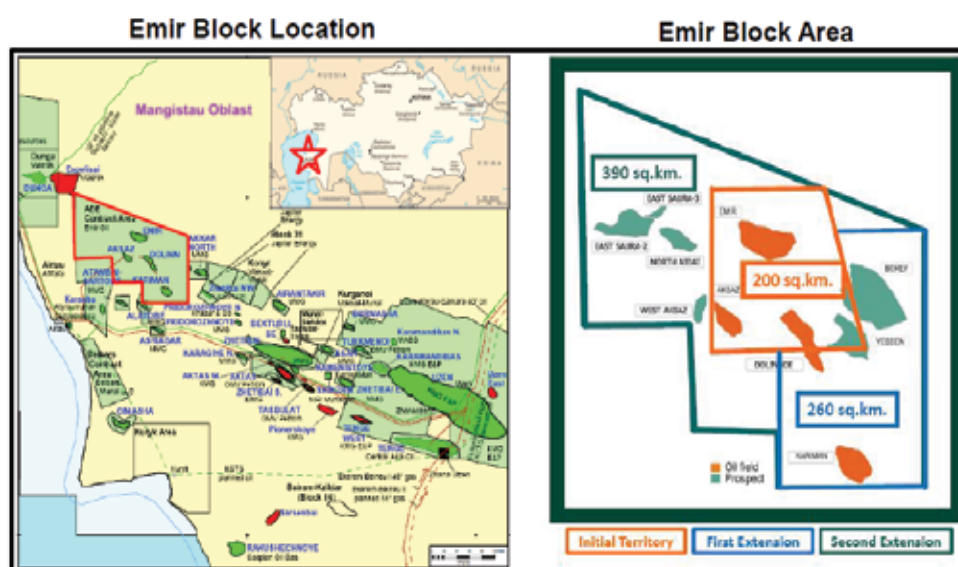
OVERVIEW OF OUR BUSINESS AND OPERATIONS

In November 2016, Reach Energy completed the acquisition of a 60% equity interest in Palaeontol B.V. ("PBV") from MIE Holdings Corporation ("MIEH") for USD175.9 million, with Reach Energy reclassified shortly thereafter from a SPAC to the Energy sector of Bursa Malaysia. Palaeontol B.V. is an investment holding company and is the sole interest holder of Emir-Oil LLP ("Emir-Oil") which holds the entire subsoil use rights (100% working interest) in the Emir-Oil Concession Block in Kazakhstan.

The Emir-Oil Concession Block is located onshore in the Mangystau Oblast (situated in the southwestern region of Kazakhstan), about 40 km northeast of the City of Aktau which is Kazakhstan's largest sea-port on the Caspian Sea coast. The Emir-Oil Concession Block has a total contract area of approximately 850.3 km².

The Emir-Oil Concession Block location and area are shown in Figure 1 below.

Figure 1: Emir-Oil Concession Block Location and Area



CEO'S REPORT AND MANAGEMENT'S DISCUSSION AND ANALYSIS

(cont'd)

A summary of the components of the Emir-Oil Concession Block is as follows:

Fiscal System		Concession					
Type of Field		Commencement Date	Production Commencement Year	Type of Contract	Remaining Contract Period (years)	Expiry Date	Area (km ²)
Producing Fields							
Kariman	Oil	9 Sep 2011	2011	Production Contract	16	31 Dec 2036	12.24
Dolinnoe	Oil	9 Sep 2011	2011	Production Contract	16	31 Dec 2036	18.24
Aksaz	Light Oil	9 Sep 2011	2011	Production Contract	16	31 Dec 2036	11.48
Emir	Oil	1 Mar 2013	2013	Production Contract	9	1 Dec 2029	3.53
North Kariman	Oil	5 Jan 2020	2020	Production Contract	16	31 Dec 2036	4.55
Yessen	Oil	5 Jan 2020	2020	Production Contract	24	31 Dec 2044	6.69
Exploration Area	-	5 Jan 2020	-	Exploration Contract #482	2	31 Dec 2022	791.01
Total Acreage							847.74

The Emir-Oil Concession Block consists of several discovered oil fields and prospects. The area includes six production contract areas, namely Kariman, Dolinnoe, Aksaz, Emir, North Kariman and Yessen. The discovered fields in the area are Emir, Kariman, North Kariman, Dolinnoe, Aksaz, Borly and Yessen while several prospects which are Begesh, East Saura, Aidai, North Aidai, Tanirbergen, Kariman Extension, Emir Extension, Aksaz Extension, Dolinnoe Extension, and Emir (Downdip) have been identified from various studies conducted by Emir-Oil. Figures 2 and 3 below illustrate the approved production contract areas, discoveries and prospects within the Emir-Oil Concession Block.

Emir-Oil had successfully obtained Production Contracts for the North Kariman and Yessen fields, which would allow for commercial production of oil and gas from these fields to commence for a period of 17 years and 26 years respectively starting from 1 January 2020. This coincides with Emir-Oil's Master Development Plan to integrate the Kariman and North Kariman fields as one large hydrocarbon bearing structure in the near future. The Group plans to exploit these new commercial fields with best-in-class operation and reservoir management practices.

As our Exploration Contract-482 period expired on 9 January 2020, the Group had successfully obtained a three-year extension to the 791.01 km² Exploration Contract from the Ministry of Energy of Kazakhstan ("MOE") until 31 December 2022.

CEO'S REPORT AND MANAGEMENT'S DISCUSSION AND ANALYSIS (cont'd)

Figure 2: Emir-Oil Concession Block with Approved Production Contract Areas

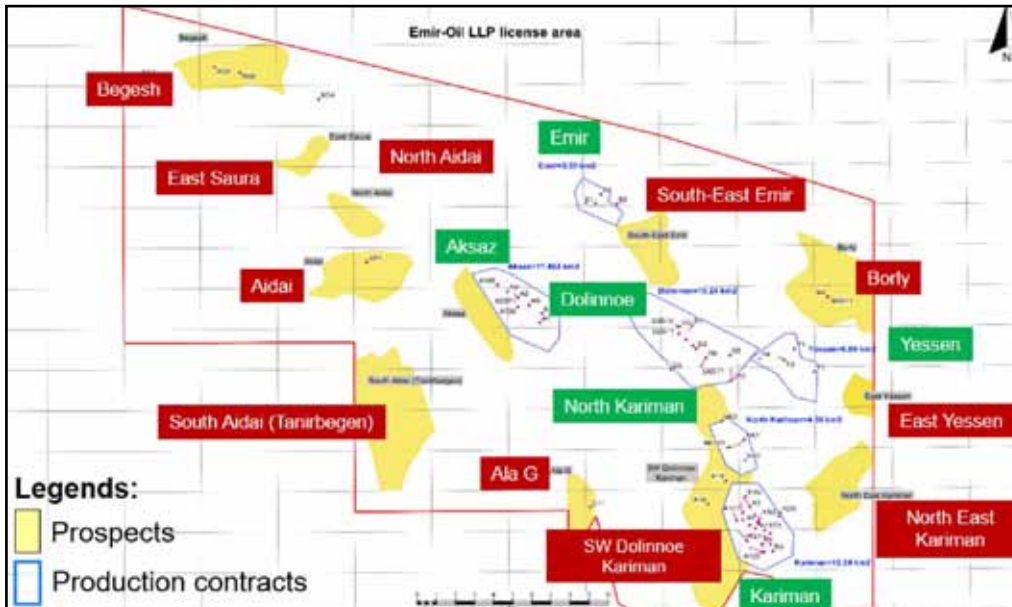
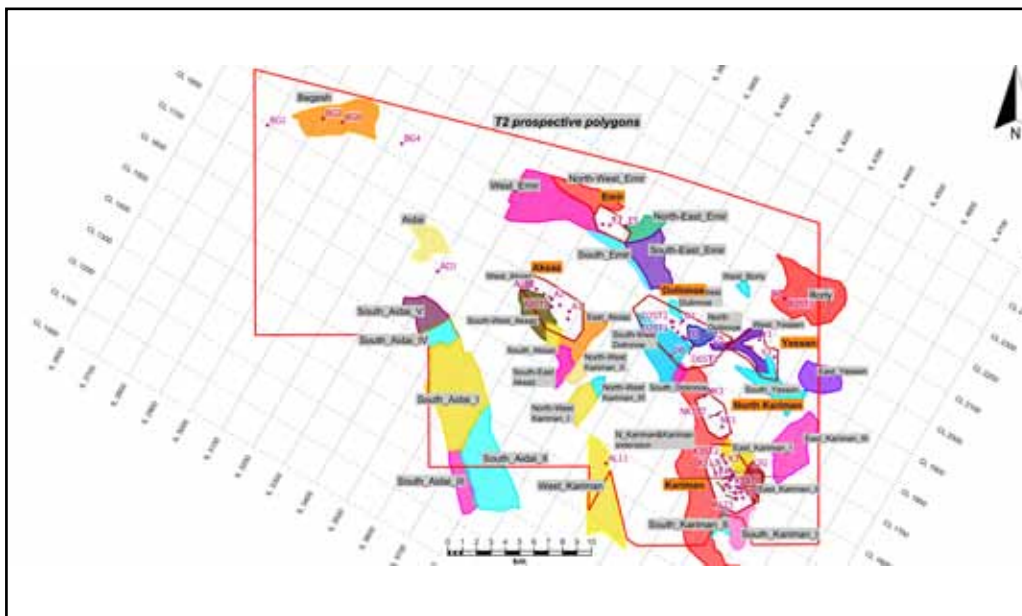


Figure 3: Discoveries and Prospects in Emir-Oil Concession Block



CEO'S REPORT AND MANAGEMENT'S DISCUSSION AND ANALYSIS

(cont'd)

The near-term focus of the Group is exploitation of the 1P and 2P reserves, although there are plans to assess and exploit the potentially material upside in the medium-term through studying seismic interpretations, appraising undrilled structures, developing shallower horizons, exploiting unperforated intervals and side-tracking old wells.

Currently, there are six producing fields namely Aksaz, Dolinnoe, Emir, Kariman, North Kariman and Yessen. In the year under review, we had successfully drilled and put into production two wells whilst commencing drilling of the other two wells towards the end of 2021. As of December 2021, we have maintained 30 producing wells with plans to drill more wells in FYE 2022.

The Aksaz gas-condensate field was discovered in 1995 and began production in 2005. A total of seven wells have been drilled in the field, of which five are producing and two are shut-in. Current production is approximately 31 bopd of condensate, and the cumulative condensate production as of 31 December 2021 is 1.1 million barrels ("MMBbl").

The Dolinnoe field was discovered in 1994 and began production in 2004. A total of 11 wells have been drilled in the field, with five wells producing and six suspended. Current production is approximately 245 bopd, and the cumulative oil production as of 31 December 2021 is 2.8 MMBbl.

The Emir oil field was discovered in 1996 and put into production in 2004. Four wells have been drilled, with none producing in 2021. The cumulative oil production as of 31 December 2021 is 0.03 MMBbl.

The Kariman oil field was discovered in 2006 and began production in March 2007. The Kariman field, the largest in size, is the main contributor towards our production output. A total of 28 wells have been drilled in the field, of which 19 are currently in production and 9 are shut-in. Current production is approximately 1,586 bopd, and the cumulative oil production as of 31 December 2021 is 12.2 MMBbl.

The Yessen oil field has a total of four wells drilled, of which only one currently in production at 73 bopd and the cumulative oil production as of 31 December 2021 is 0.11 MMBbl, and the Borly oil field is undeveloped.

The cumulative oil production from the Emir-Oil Concession Block in the field was 16.24 MMBbl by 31 December 2021, with the Kariman and Dolinnoe fields being the biggest contributors to the overall recovery.

In our continuous effort to increase production, we are actively pursuing a workover campaign covering well recompletions, downhole maintenance, and remedial treatments for production restoration. As a result of this campaign, a total of 29 workover works were completed in 2021.

We are also embarking on a gas injection scheme that will serve 2 primary objectives, which is improving our oil recovery and enhance production by maintaining reservoir pressure as well as reduce our associated gas emission to the atmosphere.

As part of our plans to steer the Group back to profitability, we implemented the EOTP starting with the first and second phases, the Rebuilding Phase and the Transformation Phase in early 2021. The Rebuilding Phase comprised an organisational restructuring to streamline our key functions and embolden our operational performance in the long run. For this purpose, we had also implemented process improvements, specifically the installation of new compressor units to upgrade the separation of gas in each gathering unit to improve operational efficiency.

Crude oil is processed in Dolinnoe and then trucked to the nearby oil terminal, Ansagan Oil Terminal, before being pumped into a state-owned oil trunk-line. Reach Energy is required to allocate up to 30% of annual production to the domestic Kazakhstan market. However, as export sales is more profitable than domestic, Emir-Oil continues to strive to get more export quota every month from the MOE.

Gas, meanwhile, is sold via an existing gas pipeline to state-owned KazTransGas JSC ("KTG").

CEO'S REPORT AND MANAGEMENT'S DISCUSSION AND ANALYSIS

(cont'd)

OUR PLANS AND PROSPECTS

Moving into 2022, we continue to expect the path towards sustained demand recovery to remain fragile and uncertain as the oil market adjusts to both short-term and long-term landscapes, driven by the resumption of economic activities amidst the ongoing COVID-19 pandemic. Not only that, the industry is also facing headwinds from the geopolitical conflict between Russia and Ukraine which resulted in a price inflation and goods distribution disruption. Nevertheless, we are well-positioned to face the uncertainties with the implementation of robust risk and internal control management as well as the implementation of our prudent turnaround plan.

For a start, we will place emphasis on our efforts to sustain and further enhance our current production level through our well workover programs which will involve the replacement of electrical submersible pumps ("ESPs") for the artificial lifting of oil to the surface. At the same time, we will also perform maintenance works such as reperforation and reactivation of idle wells to further this objective along.

We also intend to continue drilling of infill wells and implementing a gas injection program which will improve our reserves recovery as well as manage our gas emission and ensure the sustainability of our resources. The gas injection initiative will be divided into two phases with Phase 1, involving the injection of gas into one of the Kariman wells, expected to commence in the first half of 2022. Meanwhile, the commencement of Phase 2 will ensue later.

Managing our emissions is also a focal point in our business activities moving forward. As a responsible oil and gas operator, we aim to reduce the emission in our operations in the immediate future through a two-phase program for both the short-term and long-term. This will involve basic enhancements at our operating facilities to ensure our operations comply with the Republic of Kazakhstan's Ministry of Energy's guidelines while the long-term plan will involve a comprehensive assessment and upgrading of our entire facilities.

On the cost optimisation efforts, we have been keeping the unit production cost down to a more sustainable level. In addition to this, we will also reactivate idle wells to improve additional recovery of condensate as well as improving efficiency of the ESPs to minimise downtime. The execution of these initiatives is also in preparation of the anticipated rise in cost of oil and gas industry services. In further efforts to mitigate this issue, we intend to reenergise our technical workforce capabilities by focusing on production enhancement. Focus will also be placed on well interventions which will result in quick incremental gains as post-pandemic oil demand recovers in the long run.

In line with our aim to accelerate the growth of our core business, efforts are also underway to commit on more subsurface studies to maximise our reserves recovery such as the water injection pilot study which will utilise a new geological and reservoir model with input from the results from the planned core analysis to be conducted in 2022.

RESERVES, CONTINGENT AND PROSPECTIVE RESOURCES

As part of our responsibilities as a public-listed E&P Company, we provide transparency of our core assets to shareholders and the public. Our appointed Independent Reserves Assessor, GCA, had completed an independent reserves and economic evaluation of oil and gas properties in the Emir-Oil Concession Block, as at the effective date of 31 December 2021.

In general, the oil reserves is slightly lower than last year mainly due to deferment of both the drilling program and implementation of the trail gas and water injection program. On the other hand, the contingent resources have increased due to additional recoverable reserves, which was relocated temporarily to contingent resources, from the water injection program. In 2021, we also had successfully completed a water injection study to evaluate the compatibility of injecting water in the Kariman oilfield, by Oil Plus Ltd, a leading independent consultancy in oil and gas field water management. In the following year, we will continue a trial run of the water injection study. Based on the results of the study, the commercial reserves data will be updated, if necessary.

With regard to Prospective Resources, GCA has reported same as previous year's volumes.

As at 31 December 2021, the gross reserves (100% basis) of Emir-Oil Concession Block are summarised in the table below.

CEO'S REPORT AND MANAGEMENT'S DISCUSSION AND ANALYSIS

(cont'd)

(I) OIL AND LIQUEFIED PETROLEUM GAS (LPG)

FIELD	OIL RESERVES (MMSTB)		
	1P (PROVED RESERVES)	2P (PROVED + PROBABLE RESERVES)	3P (PROVED + PROBABLE + POSSIBLE RESERVES)
KARIMAN	12.39	42.95	71.32
DOLINNOE	1.64	3.34	5.49
AKSAZ	0.35	0.59	0.94
YESSEN	0.35	0.41	0.48
EMIR	0.03	0.07	0.14
TOTAL	14.76	47.36	78.37

(II) GAS

FIELD	GAS RESERVES (BSCF)		
	1P (PROVED RESERVES)	2P (PROVED + PROBABLE RESERVES)	3P (PROVED + PROBABLE + POSSIBLE RESERVES)
KARIMAN	13.10	50.90	79.02
DOLINNOE	7.86	15.56	24.42
AKSAZ	2.11	3.61	5.78
YESSEN	0.01	0.02	0.02
EMIR	0.00	0.01	0.01
TOTAL	23.08	70.10	109.25

(III) OIL, LPG AND GAS

FIELD	OIL AND GAS RESERVES (MMBOE)		
	1P (PROVED RESERVES)	2P (PROVED + PROBABLE RESERVES)	3P (PROVED + PROBABLE + POSSIBLE RESERVES)
KARIMAN	14.57	51.43	84.49
DOLINNOE	2.95	5.93	9.56
AKSAZ	0.70	1.19	1.90
YESSEN	0.35	0.41	0.48
EMIR	0.03	0.07	0.14
TOTAL	18.60	59.03	96.57

CEO'S REPORT AND MANAGEMENT'S DISCUSSION AND ANALYSIS

(cont'd)

In the previous year, GCA reported 2P Reserves of 66.26 MMboe as opposed to the current year's estimate of 59.03 MMboe. This variation accounts for the volume produced during the year as well as taking into consideration well production performance, recovery factors, drilling schedule, and geological studies carried out during the year.

As at 31 December 2021, the gross field Contingent Resources (100% basis) of Emir-Oil Concession Block are summarised in the table below.

FLUID	CONTINGENT RESOURCES		
	1C	2C	3C
Oil (MMBbl)	4.10	16.10	37.90
Gas (Bscf)	9.50	29.20	58.20

PRODUCTION

The cumulative oil and gas production from the Emir-Oil Concession Block as at 31 December 2021 is shown in the table below. The total production in 2021 was 0.71 MMBbl of oil and 1.19 billion standard cubic feet ("Bscf") of gas.

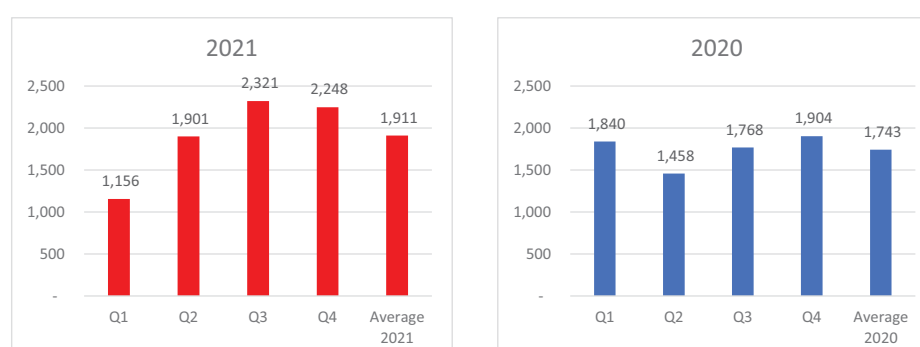
Emir-Oil Concession Block - Cumulative Production as at 31 December 2021

Field	Cumulative Oil Production	Cumulative Gas Production
	(MMBbl)	(Bscf)
Kariman	12.24	5.84
Dolinnoe	2.79	7.85
Emir	0.03	0.00
Yessen	0.11	0.03
Aksaz	1.13	9.37
TOTAL	16.30	23.09

Production Summary of Emir-Oil Concession Block

Average daily oil production in 2021 vs 2020 is shown in Figure 4 below.

Figure 4: Average Daily Oil Production



CEO'S REPORT AND MANAGEMENT'S DISCUSSION AND ANALYSIS

(cont'd)

There is a gradual increase in production volume from the Kariman field between 2020 and 2021 due to the implementation of remediation work in Kariman wells during the workover process. This includes adding perforation length, cleaning bottomhole zones from sediments, using degassed water instead of water during cleaning, as well as moderation of the KUDU ESP downhole equipment using efficient gas separators. In order to maintain this level of production and to subsequently gradually enhance our production in the future, it is imperative for us to maintain our reservoir maintenance practices through the drilling of infill wells and the implementation of the gas injection initiative. In addition, we also intend to develop the newly explored areas of Kariman and North Kariman through drilling work scheduled from 2021 until 2027 along with the timely construction of our central processing facility.

GROUP FINANCIAL PERFORMANCE REVIEW

Summary Statement of Comprehensive Income

	2021	2020	Variance		
	RM'000	RM'000	RM'000		%
Revenue	150,691	79,542	71,149	▲	89%
Operating expenses	(191,543)	(267,331)	75,788	▼	-28%
Loss from operations	(40,852)	(187,789)	146,937	▼	-78%
Finance income	17,622	2,114	15,508	▲	734%
Finance cost	(51,670)	(61,307)	9,637	▼	-16%
Finance cost -net	(34,048)	(59,193)	25,145	▼	-42%
Loss before income tax	(74,900)	(246,982)	172,082	▼	-70%
Income tax (expenses)/benefit	(7,359)	50,146	(57,505)	▲	-115%
Loss for the financial year	(82,259)	(196,836)	114,577	▼	-58%
Loss attributable to:					
Owners of the Company	(53,410)	(128,690)	75,280	▼	-58%
Non-controlling interest	(28,849)	(68,146)	39,297	▼	-58%
Loss for the financial year	(82,259)	(196,836)	114,577	▼	-58%

For FYE 2021, the Group recorded revenue of RM150.7 million as compared to preceding financial year's revenue of RM79.5 million marking an increase of 89%. The higher revenue for FYE 2021 was contributed by the higher Brent oil price and higher production volume. The average production for year 2021 is 1,911 bopd as compared to 1,743 bopd in year 2020.

Operating expenses reduced by 28% from RM267.3 million to RM191.5 million. The lower operating expenses was attributed to non-impairment provision in FYE 2021.

Loss Before Tax was recorded at RM74.9 million as compared to RM247.0 million in prior year. Loss After Tax was recorded at RM82.3 million as compared to RM196.8 million in prior year. The lower loss was primarily attributed to non-impairment provision in FYE 2021.

No dividends were declared, paid or proposed in FYE 2021 given that the Group is still aggressively pursuing growth opportunities.

CEO'S REPORT AND MANAGEMENT'S DISCUSSION AND ANALYSIS

(cont'd)

i) EBITDA

EBITDA refers to earnings before finance income, finance cost, income tax and depreciation, depletion and amortisation.

We have included EBITDA as we believe EBITDA is a commonly used valuation metric in the oil and gas industry. EBITDA is used as a supplemental financial measure by our management as well as by investors, research analysts, bankers and other external parties, to assess our operating performance, cash flow and return on capital as compared to those of other companies in the oil and gas industry. EBITDA should not be considered in isolation or seen as an alternative to profit from operations or any other measure of performance or as an indicator of our operating performance or profitability. EBITDA does not also consider any functional or legal requirements of the business that may require us to conserve and allocate funds for any purposes.

The following table presents a reconciliation of EBITDA from continuing operations for FYE 31 December 2021 and for FYE 31 December 2020:

	REB Group 1.1.2021- 31.12.2021 RM'000	REB Group 1.1.2020- 31.12.2020 RM'000
Loss before income tax	(74,900)	(246,982)
Finance income	(17,622)	(2,114)
Finance cost	51,670	61,307
Depreciation, depletion, amortisation	76,574	62,386
EBITDA from continuing operations	35,722	(125,403)

As a result of the higher revenue and non-impairment of asset, the Group recorded a positive EBITDA of RM35.7 million for FYE 2021 as compared to the negative EBITDA of RM125.4 million for FYE 2020.

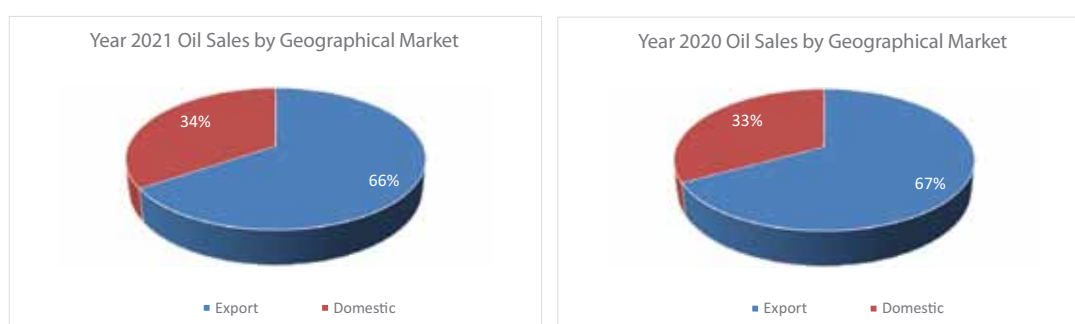
ii) REVENUE ANALYSIS

The revenue of the Group is derived 100% from the sale of crude oil and gas produced by Emir-Oil under the Production Contracts and Exploration Contract. Revenue is recognised on the transfer of risk and rewards of ownership or in the case of gas, it is recognised when the gas arrives at the gas pipeline. The revenue of PBV Group is denominated in US Dollar ("USD") for export sales and Kazakhstani Tenge ("KZT") for domestic sales.

No revenue is recorded for Reach Energy, Reach Energy Ventures Sdn. Bhd. ("REV") and PBV.

For the FYE 31 December 2021, the Group recorded a revenue of RM150.7 million (USD36.3 million) as compared to RM79.5 million (USD18.9 million) in FYE 31 December 2020. The higher revenue in FYE 2021 was mainly contributed by the higher Brent oil price and higher production volume.

The breakdown of the revenue by product and geographical market for FYE 31 December 2021 is set out as below:



CEO'S REPORT AND MANAGEMENT'S DISCUSSION AND ANALYSIS

(cont'd)

Oil Sales

For FYE 2021, the Group recorded RM148.1 million (USD35.7 million) of revenue from the sale of crude oil. The revenue from the crude oil depends primarily on the global oil price at the point of sale and the production by Emir-Oil.

Revenue from export sales continued to be the largest contributor to the Group's revenue at RM127.2 million (USD30.7 million) or 84% of total oil sales. Revenue from domestic sales contributed RM20.9 million (USD5.0 million) for FYE 2021.

The weighted average realised oil price per barrel for both export and domestic sales is RM222.0 (USD53.5) per barrel for FYE 2021. The average oil price from export sales was RM290.9 (USD70.1) per barrel and RM90.5 (USD21.8) per barrel for domestic sales. As export sales is more profitable than domestic, Emir-Oil remains committed to getting more export quota allocation every month from the MOE.

The Group's oil sales volume for FYE 2021 was 667,290 barrels which consisted of the export sales volume of 437,098 barrels and domestic sales volume of 230,192 barrels. The average daily oil production for FYE 2021 was 1,911 bopd.

Gas Sales

The revenue from gas sales for FYE 2021 is RM2.5 million (USD0.6 million). The revenue from gas sales is in line with the average gas price of RM2.0/Mscf (USD0.48/Mscf) for FYE 2021 as well as the gas sales volume which totalled 1,277,001 Mscf for the whole of 2021. The average daily production for FYE 2021 was 3,499 Mscfd.

iii) OPERATING EXPENSES

The Group recorded total operating expenses of RM191.5 million (USD46.2 million) for FYE 31 December 2021.

Staff Cost

The Group incurred employee compensation costs amounting to RM10.6 million (USD2.6 million) in which PBV Group recorded a total of RM8.1 million (USD2.0 million) while REV and Reach Energy recorded a total of RM2.5 million (USD0.6 million). The employee compensation costs comprise wages, salaries, allowances, welfare and other expenses.

Purchases, services and other direct costs

The purchases, services and other direct costs comprise direct operating and maintenance costs of wells and related facilities, including direct material costs, fuel costs and electricity costs, safety fees, third party costs such as oil displacement injection costs, downhole operating costs and O&G transportation costs within fields, and other direct expenses and management fees.

The Group incurred a cost totalling RM24.6 million (USD5.9 million) during the year and it is solely from Emir-Oil.

Depreciation, Depletion and Amortisation

During the year, the Group recorded a total of RM76.6 million (USD18.5 million) for Depreciation, Depletion and Amortisation. The cost of O&G properties is amortised at the field level based on the unit of production method. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives.

Distribution expenses

The Group recorded a total of RM13.6 million (USD3.3 million) for Distribution Expenses. The distribution expenses comprise pipeline, transport and the engagement of a third-party intermediary (i.e., shipping company) to transport the commodity to the purchaser (i.e., customer).

CEO'S REPORT AND MANAGEMENT'S DISCUSSION AND ANALYSIS

(cont'd)

Taxes other than income taxes

The Group also incurred taxes other than income tax expenses totalling RM49.4 million (USD11.9 million) which were solely from Emir-Oil. The taxes consist of Mineral Extraction Tax ("MET"), Export Duty, Export Rent Tax and Property Tax which are directly related to our oil and gas activities.

Export Rent Tax

Export Rent Tax is payable on export oil and is calculated based on the realised prices for crude oil. Export Rent Tax rate ranges from 0% (if export price is less than USD40.0 per barrel) to 32% (if export price is higher than USD180.0 per barrel).

Mineral Extraction Tax ("MET")

For production of less than 250,000 tons per annum, MET is payable at a rate of 5% for export oil and 2.5% on domestic oil. MET for export oil is based on barrels of oil produced less barrels of domestic oil and barrels of internally consumed oil, multiplied by world price per barrel. World price shall be taken as Brent Dated. MET for domestic oil is calculated based on barrels of domestic oil multiplied by production cost per barrel multiplied by 120%.

Rent Export Duty Expenditure

Rent export duty expenditure is payable on barrels of oil exported. Effective 1 March 2016, the rent export duty expenditure is progressive and ranges from USD0 per metric tonne ("MT") when average market price of crude oil is less than USD25.0 per barrel up to USD236.0 per MT if average market price of crude oil is above USD185.0 per barrel.

Property Tax

Property tax is payable on oil and gas assets, which have been granted a production license at the rate of 1.5% based on the average balance of oil and gas properties.

Withholding Tax

Represents the withholding tax on interests charged on intercompany loans and on interest income from Euro-Asian Oil SA.

Notes:

The average of middle rates for RM/USD on the daily basis of the month of December in Malaysia as published by BNM for the FYE 31 December 2021 is as follows:

FYE 31 December 2021

Average exchange rate (RM/USD): 4.1498

CEO'S REPORT AND MANAGEMENT'S DISCUSSION AND ANALYSIS

(cont'd)

RISK FACTORS

Domestic and international expansion exposes Reach Energy to unfamiliar and complex risks, which we are managing through a combination of risk identification, monitoring and control. Our risk management processes ensure all decisions are made with a firm understanding of the level of risks involved such that the appropriate controls can be implemented.

The Risk Management Committee ("RMC") is responsible to monitor the risks that may impact the Group and proposes measures to mitigate these risks where possible. The table below is a summary of eight key risk factors, and the mitigating measures that are being implemented by the Group.

RISK FACTOR	DESCRIPTION	MITIGATION MEASURES
Production Performance	Production performance may drop due to well behaviour.	<p>Optimising production through rigorous well surveillance and regular production analysis. An intensive workover program has been implemented to re-open idle wells and improve existing well productivity.</p> <p>Allocating CAPEX for the implementation of reservoir pressure maintenance through gas injection and drilling of new development wells.</p>
Subsoil User Contract ("SUC") Obligations	Failure to meet contractual obligations may lead to licenses terminations (for both production and exploration contracts).	The Group has assigned a team to monitor the yearly work programme ("WP") and to ensure the WP is aligned with our available resources, business needs, and financial planning while also fulfilling commitments to the Government. Revisions and deviation are communicated with the authorities.
Oil Price Fluctuations	Any adverse movement in oil prices will reduce our profitability and any volatility in the outlook in these commodities will also affect our planning decisions for future investments and production budget.	The Group will continue to study and implement cost reduction measures to lower its production cost base, ensuring financial sustainability in the face of oil price fluctuations and to improve netback per barrel.
Foreign Exchange Rates	<p>Most of the revenue of the PBV Group is denominated in USD, while the production, purchases and other expenses are transacted in KZT. The reporting currency of our Company is in Ringgit Malaysia ("RM").</p> <p>In view of that, the fluctuation in foreign exchange rates could have a significant adverse effect on the financial results of our enlarged Group with the consolidation of the financial results of the PBV Group. However, this is common in the global oil & gas sector as most of the transactions are conducted in USD.</p>	The Group is constantly alerted to its exposure to foreign exchange risks and monitors its exposure by performing sensitivity analysis on the financial position of the Group.

CEO'S REPORT AND MANAGEMENT'S DISCUSSION AND ANALYSIS

(cont'd)

RISK FACTOR	DESCRIPTION	MITIGATION MEASURES
Assets Integrity	Asset Integrity can be defined as the ability for an asset to perform its required function effectively and efficiently whilst protecting health, safety, and the environment.	An enhanced plant-wide preventive and planned maintenance program will be implemented once the Computerised Maintenance Management System ("CMMS") framework has been finalised. This enhanced program aims to improve the technical integrity of our facilities, including processing systems, pipelines and structures.
Health, Safety, Security & Environmental ("HSSE") Performance	We are potentially exposed to a wide range of HSSE risks given the current pandemic (COVID-19) operating environment, the geographical range and the technical complexity of our operations. Any major HSSE incidents may result in injury or loss of life, asset or environmental damage, financial or reputational impact.	Enhance HSSE visibility and awareness and provide appropriate training to staff to ensure HSSE competence is maintained and, where appropriate, further developed. Our capability to manage our assets safely, securely and with consideration towards the health of our employees, stakeholders and care for the environment is a primary consideration of a host government when allowing us to operate in a jurisdiction. The COVID-19 SOPs have been put in place.
Strategic Investment	Every business investment carries a risk. We need to do proper due diligence before we venture into a new business segment or acquire a new asset.	Assess growth opportunities through market-back approach. Ensure sufficient pool of projects (as back-up options) in the event the identified projects pursued become unfavourable.
Regulation and Policy	Regulators for listed companies and the energy industries may impose heavier governance and compliance burdens. As we expand our footprint globally, compliance is increasingly a challenge, especially in an environment where laws and regulations are getting more stringent. Any change in laws or regulations may have an impact on our operations or future investment opportunities.	Continue tracking changes in regulatory requirements. Liaise proactively with relevant local authorities (i.e. Republic of Kazakhstan's Ministry of Energy), agencies and service providers to get timely updates on any new regulatory changes.

In Appreciation

On behalf of the Company, I would like to extend my sincere thanks and gratitude to our shareholders for their trust and confidence in Reach Energy now and in the years gone by. I would also like to convey my deep appreciation to all our employees both in Malaysia and Kazakhstan for your dedication and commitment as we continue to grow this company together.

Last but certainly, not least, we would also like to extend our heartfelt appreciation to government regulators, our partner, bankers, suppliers and customers for your resolute support.

Thank you.

SUSTAINABILITY STATEMENT

GOVERNANCE STRUCTURE

As a progressive company, sustainability continues to be at the core of Reach Energy to ensure long-term value creation. In all that we do, we prioritise environmental, social and governance factors (“ESG”) in our business decisions and daily operations to manage opportunities that are in line with our risk appetite.

In pursuit of sustainability, the Group’s sustainability strategy is properly guided by our Board of Directors (“the Board”) who has the ultimate responsibility to ensure that our sustainability efforts are embedded in the strategic direction of the Group. The Board is supported by the Key Management Team and the respective Heads of Departments who oversee the formulation, implementation and effective management of our sustainability initiatives.



STAKEHOLDER ENGAGEMENT

As a public listed company, we attach considerable importance to being open and transparent. We recognise that transparency promotes accountability and ensures that matters pertaining to stakeholders are approached with an emphasis on candour, ethical conduct as well as operational and economic responsibility.

We strive to conduct our business in an accessible and visible manner though the presupposition of transparency does not preclude the legitimate protection of information whose release would invade personal privacy, breach of confidentiality or damage other genuinely compelling interests. Our stakeholder engagements are carried out through various platforms and organisational touchpoints to gather feedback for analysis and strategy formulation. Maintaining strong stakeholder relationships improves our ESG impacts and strengthens our business growth. In 2021, we leveraged digital tools to engage with stakeholders due to the ongoing COVID-19 pandemic.

Our key stakeholders are outlined in the table below, along with the forms of engagement and key topics of interest that we seek to address.

STAKEHOLDER	ENGAGEMENT METHODS	PRIORITY ISSUES
Employees	<ul style="list-style-type: none"> On-going education and training programmes Employee events Internal e-announcements 	<ul style="list-style-type: none"> Employee satisfaction and well being Trainings and development Performance management Occupational safety and health Employee engagement Employee welfare
Shareholders and investors	<ul style="list-style-type: none"> Annual report AGM Analyst meetings Announcements on Bursa Malaysia Securities Berhad Corporate website 	<ul style="list-style-type: none"> Company development Business strategy Regulatory compliance Financial performance
Financiers/banks	<ul style="list-style-type: none"> Meetings and discussions Announcements on Bursa Malaysia Securities Berhad 	<ul style="list-style-type: none"> Funding methods

SUSTAINABILITY STATEMENT

(cont'd)

STAKEHOLDER	ENGAGEMENT METHODS	PRIORITY ISSUES
Local authorities/ municipalities/ regulators/government ministries	<ul style="list-style-type: none"> • Meetings and discussions 	<ul style="list-style-type: none"> • Strategic partnerships and agreements • Regulatory compliance • Briefings and trainings
Sub-contractors/suppliers	<ul style="list-style-type: none"> • Meetings and discussions 	<ul style="list-style-type: none"> • Tenders
Media	<ul style="list-style-type: none"> • Interviews • Press release 	<ul style="list-style-type: none"> • Business development and performance

OUR FIVE PILLARS OF SUSTAINABILITY

CODE OF CONDUCT & WHISTLEBLOWING POLICY

We have in place the Code of Conduct that sets out principles, practices and standards of personal and corporate behaviour that applies to all employees, Directors as well as third-party vendors and sub-contractors. Failure to comply with the Code of Conduct is a serious breach, and appropriate action will be taken for its non-compliance.

The Group is also committed to maintaining an open working environment and as such has established a Whistleblowing Policy which provides an avenue for employees and members of the public to disclose any improper conduct in accordance with the procedures which allows our employees to highlight potential practices that are contrary to the Group's ethics and code of conduct.

PROMOTING HEALTH & SAFETY

COVID-19 PREVENTION

We are committed to maintaining high safety and health standards within our workforce, contractors and visitors especially during this risky time. At the start of the reopening of businesses which resulted in the reopening of our office, a few basic measures were put in place to combat the spread of the virus such as mandatory use of face masks and gloves, if necessary, and maintaining physical distancing of at least two metres. We have also continued to monitor the temperature of our employees and in case of elevated body temperature with symptoms of illness, the employee is immediately removed from the work area and placed in an isolated area for further evaluation and treatment, if necessary.

Further safeguarding measures such as regular disinfection of all common areas and remote working arrangements have also been instituted.

We have also encouraged vaccination against COVID-19 amongst our employees and to date, 110 people have been fully vaccinated whereas 6 people were medically exempted, and 46 people are still unvaccinated.

SUSTAINABILITY STATEMENT

(cont'd)

OCCUPATIONAL SAFETY & HEALTH

Whilst each person is responsible for his or her own personal workplace safety, our core obligation as an organisation is to ensure that our employees are not placed in an environment that is inherently hazardous. To address this, we have instituted Health, Safety, Security and Environment (“HSSE”) framework, policies, processes and procedures which are governed by the HSSE Department. The HSSE Department is headed by the Corporate HSSE Manager who is supported by the Health and Safety Engineer, Ecology Engineers, Field Security Coordinator, and Field HSSE Coordinators.

Beyond the policies, we embed a safety mindset amongst our employees and empower everyone to enforce a ‘stop work’ authority which enables them to take safety at the workplace seriously and stop any potentially hazardous work. This, we believe, will ultimately reduce or eliminate identified risks to people and the environment. To ensure our employees are able to identify hazards and risks, they are trained to recognise and respond with the correct control methods to reduce these hazards and risks to as low as reasonably practicable. In 2021, a total of 161 people underwent 12 compulsory HSSE trainings which were conducted both online for office staff, and offline for field staff.

Emergency preparedness is one of the most crucial components in an oil and gas organisation. Hence, we have a robust emergency preparedness and response system which also consists of a comprehensive emergency response plan. We constantly test this system and strive to make improvements, to enable us to promptly resume normal operations in the unlikely event of an incident, so as to reduce the occurrence of any adverse impact to our business productivity and profitability. As part of our emergency preparedness, we proactively partner with the local emergency rescue service who is responsible for reviewing our emergency response plan to ensure that it complies with the requirements of the Republic of Kazakhstan. We conducted five drills with the emergency rescue service and the fire service throughout the year.

As part of our efforts to ensure proper compliance with all HSSE objectives, and priorities as well as determining the effectiveness and efficiency of policies and procedures, a HSSE audit was conducted monthly by our HSSE Coordinator.

EMPOWERING OUR PEOPLE

Our people are the collective essence of who we are. A high-performing workforce is critical in continuously driving transformation to ensure the long-term sustainability of our Group. During the year under review, the industry continued to be impacted by the global economic slowdown caused by the pandemic. To navigate the effects of the pandemic, voluntary salary reductions to retain as many jobs as possible were undertaken as an austerity measure due to financial constraints. The measure was implemented across the Group, including the Board of Directors, with as much care as possible to reduce the negative impact on our employees and their families. As a result, there were no reduced headcount throughout the year.

WORKFORCE DIVERSITY

We believe diversity is an asset that will enrich our workforce with unique skills and cultural experience. Diversity will also boost the creativity and productivity of our workforce as it encourages the sharing of ideas and learning experience. This extends to all areas of our business including talent acquisition, talent development, competency development, career progression, Board appointments as well as staff retention and motivation amongst others.

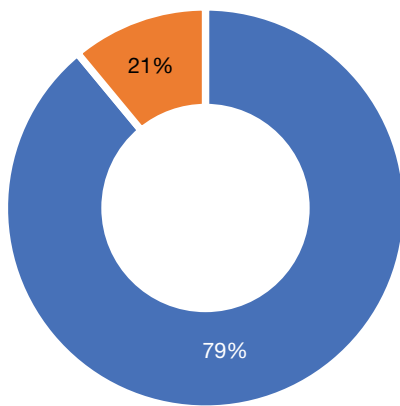
In 2021, our Board was strengthened with three new appointments, bringing greater diversity and experience to the Board.



SUSTAINABILITY STATEMENT (cont'd)

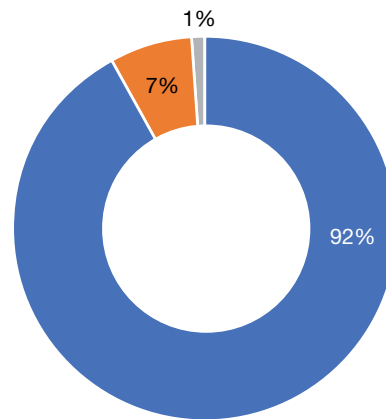
WORKFORCE DIVERSITY

Gender Diversity



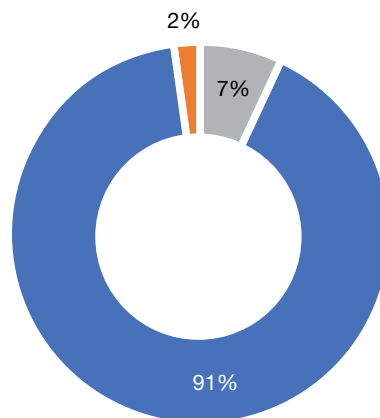
■ Male ■ Female

Age Diversity



■ <60 years old ■ 60-69 years old ■ ≥70 years old

Nationality Diversity



■ Kazakh ■ Chinese ■ Malaysian

SUSTAINABILITY STATEMENT

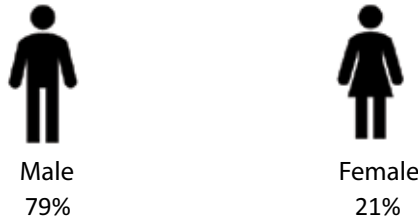
(cont'd)

OVERVIEW OF THE GROUP'S EMPLOYEES (AS AT 31 DECEMBER 2021)

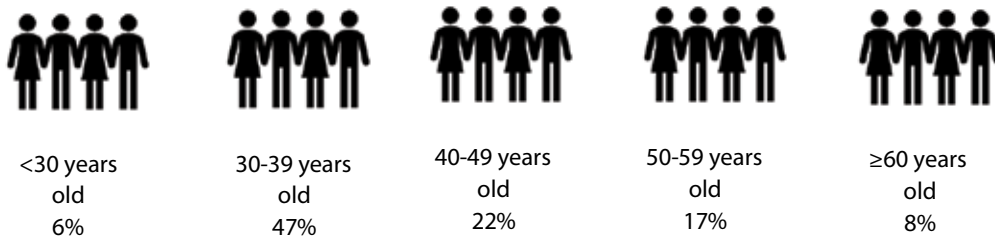
Breakdown of Employees by Country



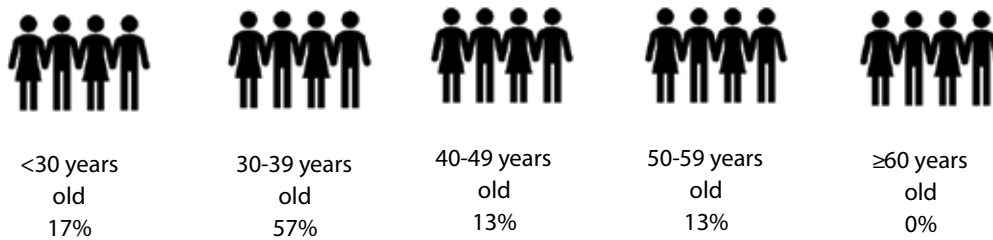
Breakdown of Employees by Gender



Breakdown of Employees by Age Range



Turnover by Age Range



SUSTAINABILITY STATEMENT

(cont'd)

OVERVIEW OF THE GROUP'S EMPLOYEES (AS AT 31 DECEMBER 2021)

TALENT MANAGEMENT & DEVELOPMENT

Talent management and development continues to be a key area of focus for our Group. In 2021, we continued to focus on future-proofing our employees by mapping our skill gaps against current and future market needs and subsequently honing their skills to fill these needs. As such, our talent management approach is premised on developing and enhancing technical knowledge as well as value-added skills, including leadership and mentoring. This will ensure that we have, and will continue to have, employees with the relevant competencies and capabilities required to achieve our Group's business objectives.

In total, 11,296 hours were expended on training. The breakdown of training by employee groups is as follows:

Indicators	FYE2021	
	hours	%
Engineers/specialists	5,056	45
Managers	2,720	24
General workers	3,520	31
TOTAL	11,296	100

EMPLOYEE WELFARE

As part of our journey towards enhancing quality of life for our employees, we place equal importance on health and wellbeing with a working environment that prioritises balanced lifestyles and encourages employee welfare.

In line with our commitment to fair and inclusive employment practices, we continue to provide attractive benefits, illustrated in the table below, covering relevant areas to ensure good quality of life for our employees across the board.



Leave	Insurance Coverage	Claims	Others
<ul style="list-style-type: none"> • Annual • Medical • Compassionate • Marriage • Maternity 	<ul style="list-style-type: none"> • Health 	<ul style="list-style-type: none"> • Mileage • Toll & Parking • Accommodation • Food • Medical 	<ul style="list-style-type: none"> • Office season's parking

We have also established the Labour Union of Emir-Oil LLP whose responsibilities include protecting the rights and legitimate interests of employees which may include but not limited to fair wages, and safe working conditions.

ANTI-BRIBERY & ANTI-CORRUPTION

Integrity and transparency are twin hallmarks of business at our Group with employees expected to uphold the highest degree of professional conduct throughout their employment with us. As such, we make it a point to ensure that all segments of our operations adhere to ethical and transparent means of business. In keeping with this effort, our Group has developed a No Gift Policy to avoid any conflicts of interest and further demonstrate our commitment to provide equal treatment to all individuals or organisations that we work with.

SUSTAINABILITY STATEMENT

(cont'd)

PROTECTING THE ENVIRONMENT

In our business of oil and gas production, emission of greenhouse gases including carbon dioxide, methane, and nitrous oxide occur naturally. In 2021, the amount of greenhouse gases our operations emitted are shown in the table below:

Gas	2021 (tonnes)	2020 (tonnes)
Methane (C1)	20,565	34,422
Carbon Dioxide	7,290	8,805

There was a significant decrease in both emissions of methane and carbon dioxide gases for the year under review due to several reasons such as the shutdown of our oilfield operations in 2021 for two months, the reduction in frequency of equipment maintenance due to the two-month shutdown of operations and the process improvements implemented which resulted in the decrease of gas emissions.

Our core activities at the Emir-Oil fields also generate air emissions such as inorganic dust amongst others. For the year under review, our air emissions emitted a total of 0.00026 tonnes of inorganic dust.

Our activities generate different volumes and types of waste including both hazardous and non-hazardous wastes. We ensure that any hazardous waste generated from our operations is treated in an environmentally responsible manner. In 2021, our effluents which contain gas and produced water from our fields amounted to 2,964 cubic metre (m³). In the case of the produced water, it is either re-injected into the reservoir to maintain underground pressure or it is cleaned, filtered and then discharged into the sea.

We had also disposed of 360m³ domestic sewage in the last year, which is an increase of approximately 324% as compared to last year's generation of domestic sewage which stood at 85 m³. The significant increase was due to the cessation of the sewage disposal contractor's contract in October 2020 that lasted until December 2020 which ultimately resulted in an unfortunate accumulation of sewage. However, upon signing a new contract with a new sewage disposal contractor in January 2021, the accumulated sewage was promptly removed. Consequently, this resulted in a seemingly higher volume of accumulated sewage in 2021 in comparison to the preceding year when in fact the volume of sewage for both years is approximately the same.

Water is a vital resource for both our business and the communities in which we operate. In recognition of this, we remain committed to minimising our impact on water resources, including the water we consume as well as the water we discharge. In 2021, our total consumption of water amounted to 4,916 m³. This reflects a significant decrease of 70% from the previous year's consumption which could be attributed to the two-month shutdown of our oilfields operations and the significant reduction in frequency of maintenance work of our equipment due to the same reason.

We recognise that biodiversity is an essential component of ecological balance. We also recognise the importance of the conservation of biological diversity, safeguarding ecosystems and species. We regularly assess the impact of our operations on the surrounding environment, including in relation to biodiversity. To-date, our operations do not have any significant impacts on the biodiversity surrounding the area. In fact, our operations are run in accordance with the ecology permits and requirements.

In order to ensure that the legal and regulatory requirements of environmental compliance is adhered to, we had developed a Compliance Programme which has been ingrained into every one of our employees. However, despite our best efforts, we received three penalties. One of which is the alleged violation of industrial safety in some of the Emir-Oil facilities from the Department of Industrial Safety of the Mangistau region. As a counter measure, we engaged a technical consultant to assess that our operation of the facilities and equipment are safe. Following the assessment and the hearing, on 9 December 2021, the Kazakhstan Court ruled in favour of Emir-Oil and dismissed the lawsuit.

SUSTAINABILITY STATEMENT (cont'd)

Our second penalty was for the violation of gas dispersion at the operating Emir-Oil facilities from the Ministry of Energy where we received a penalty amounting to 332,271,208 KZT (equivalent to RM3.18 million). However, on 12 November 2021, the Kazakhstan Court decreased our penalty to 64,012,814 KZT (equivalent to RM0.62 million).

Our third penalty was for the violation of gas dispersion from open tanks from the Ministry of Energy amounting to 760,000,000 KZT (equivalent to RM7.29 million). However, the Kazakhstan Court reduced the penalty amount to 385,556,487 KZT (equivalent to RM3.73 million) on 10 November 2021.

We are pleased to report that all penalties have been paid on 22 November 2021.

SUPPORTING LOCAL COMMUNITIES

As a socially responsible corporation, we continue to support and grow the local communities surrounding us through continuous engagement with them. Ultimately, we aim to uplift their living standards while simultaneously offering business and employment opportunities to interested parties where possible. For the year under review, we recorded 100% of Goods, Works & Services (“GWS”) purchases through the tendering procedure.

In another effort to engage and to contribute to the resources and expertise to local economies and in particular, the surrounding communities, we had created direct employment opportunities. In fact, as mentioned earlier, a 100% of our low-skilled workers are from the surrounding local communities.

