

27 January 2023

ASX: CRD

Quarterly Activities Report for the Period Ending 31 December 2022

Highlights

- Conrad Asia Energy (ASX: CRD) commenced trading on the ASX on 27 October 2022, following a A\$45 million Initial Public Offering ("IPO").
- The IPO was oversubscribed and received strong support from new and existing shareholders, including a number of high-quality institutional investors, based both domestically and overseas.
- The Company expects a pipeline of strong news flow as its flagship project, the Mako Gas Field, progresses towards development, delivering natural gas primarily into Singapore, an attractive market with high prices and reliable buyers.
- In early November, the Indonesian Government approved a revised plan of development ("POD") for the Mako gas field, with consent for a production rate of 120 million cubic feet per day consistent with the GaffneyCline & Associates Competent Persons Report dated 26 August 2022.
- Conrad is progressing Mako gas sales negotiations with a Singapore gas buyer and SKK Migas (the Indonesian regulator). The Mako field represents an important strategic gas asset for both countries.
- Front End Engineering Design ("FEED") studies for the Mako development project have commenced, with three contracts awarded.
- Award of two new Production Sharing Contracts ("PSCs"), Offshore North West Aceh (Meulaboh) ("ONWA") and Offshore South West Aceh (Singkil) ("OSWA"). The formal signing and award of the PSCs occurred on 6 January 2023.
- In aggregate, the two Aceh PSCs cover some 22,000 square kilometres in both shallow and deep water areas.
- The shallow water areas of ONWA & OSWA contain numerous gas discoveries that have been flow tested. The Company has commissioned a Competent Persons Report to independently assess and value these resources.
- The deep-water areas hold multi Tcf exploration potential and the Company has delineated several large structures and has initiated a mapping exercise to inventorise and assess leads and prospects across the area.

Conrad Managing Director and Chief Executive Officer, Miltos Xynogalas, commented: "Conrad has been very active in the past quarter, with the highlight being the successful capital raising and listing on the ASX. This has placed the Company in an excellent position to pursue the development of the Mako Gas Project and to continue to mature other gas projects in the region. The award of the revised POD is particularly important as this will allow us to move forward in formalising gas sales agreements in Singapore. Market conditions to sell gas in our region continue to improve, and we are well positioned to achieve

a higher gas price formulation than noted in the GaffneyCline & Associates' Competent Persons Report, 26th August 2022 (Annexure D of the Conrad IPO prospectus¹).

The award of the two Aceh PSCs is transformational for Conrad as they contain proven gas discoveries, which we expect will significantly augment our gas resources, enhance our production growth, and add a quantum of exploratory upside as we have identified multiple structures with multi Tcf prospective potential. The Company is confident of commercialising the low-cost shallow water gas accumulations.

Asian focused natural gas exploration and development company, Conrad Asia Energy Ltd (**ASX: CRD**) (the "**Company**" or "**Conrad**"), is pleased to provide an overview of activities for the period ending 31 December 2022 ("**Quarter**").

About Conrad and its Projects

Conrad is a natural gas company focused on the shallow waters offshore Indonesia, and via its wholly owned subsidiaries, is the holder of several operated tenements in the form of Production Sharing Contracts (PSCs). The Company's flagship project is the Mako Gas Field ("Mako") located in the Natuna Sea in the shallow offshore waters of Indonesia. Mako lies along a large natural gas pipeline to Singapore which supplies high-value natural gas into Singapore primarily for electricity generation. The Mako gas field is one of the largest gas discoveries in the region.

The Company specialises in the identification and acquisition of undervalued, overlooked, and/or technically misunderstood gas assets, and has developed expertise in maturing such assets through subsurface technical work, appraisal drilling and an innovative approach to low-cost field development.

The Board and management have a proven track record of value creation and deep industry experience with oil majors, mid-cap E&P and the upstream investment community, together with a successful track record of bringing exploration and development projects into production, with Peter Botten the founder and Chairman of Oil Search adding enormous depth and experience as Chairman of Conrad.

Duyung PSC - Mako Gas Field

76.5% Participating Interest, Operator

Conrad has a 76.5% Participating Interest in the Duyung PSC via its wholly owned subsidiary, West Natuna Exploration Limited (WNEL), which is located in the Riau Islands Province, Indonesian waters in the West Natuna area. Duyung is located approximately 400 kilometres northeast of Singapore. Conrad operates the Duyung PSC which contains the Mako gas field, the largest undeveloped gas field in the West Natuna Sea.

Gas sales agreement ("**GSA**") negotiations have been a focus of the Board and Management of Conrad with tripartite engagement among Conrad, a Singapore gas buyer, and SKK Migas (the Indonesian regulator) slated for Q1 CY2023. The continued GSA negotiations will allow the Company to take advantage of an improved and favourable pricing environment given strong worldwide gas demand and low supply.

A revised plan of development (POD) for the Mako gas accumulation was approved by the Indonesian Ministry of Energy and Mineral Resources (MEMR) in November 2022. The POD 1 Revision authorizes Conrad to produce gas at a rate of 120 mmscfd. The field contains gross 2C Contingent Resources of 413 Bcf (100%) of which 215 Bcf are net attributable to Conrad as noted in GaffneyCline & Associates' Competent Persons Report, 26th August 2022 (Annexure D of the Conrad IPO prospectus) ("**CPR**"). In the CPR, GaffneyCline estimate (Best Case) that the Mako Gas Field will generate gas sales of approximately US\$4.5 billion (100%), of which US\$2.4 billion would be attributable to Conrad. The Contingent Resources reported in this quarterly report remain unchanged from those reported in the Company's recent Initial Public Offering ("**IPO**") prospectus dated 9 September 2022.

¹ <https://www.asx.com.au/asxpdf/20221025/pdf/45gqjsr0m76w21.pdf>

Since the approval of the revision to the POD, several studies, including Front End Engineering Design (“FEED”) studies, have been initiated. FEED has commenced for the Mobile Offshore Production Unit (“MOPU”) process facilities; the Subsea Umbilicals, Risers and Flowlines (“SURF”) and for the Conductor Support Frame (“CSF”), with a vendor for the geophysical pipeline route survey selected and awarded.

The process to acquire the required environmental approvals for development continue to progress. As described in the prospectus, the Government of Indonesia requires certain environmental permits for any company to conduct any drilling or construction activities in Indonesia.

Conrad is seeking to sell some of its 76.5% working interest in the Duyung PSC, and is in the process of engaging advisory firms to conduct the sale process. Subsequent to announcing the approval of the POD revision, Conrad has received several unsolicited expressions of interest to acquire a participating interest in the project.

Aceh PSCs

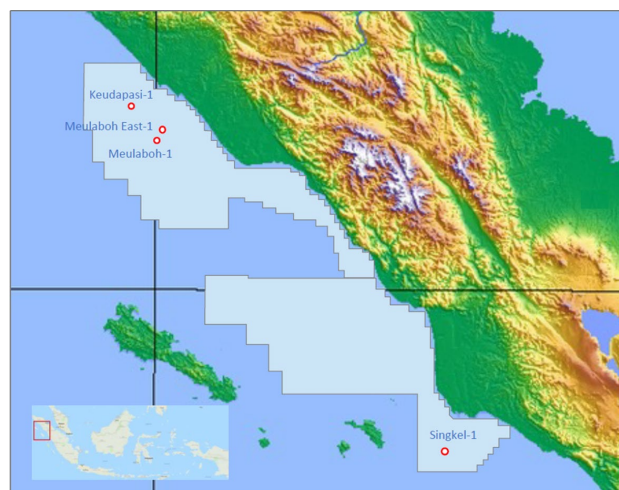
100% Participating Interest, Operator

Subsequent to the end of the quarter, Conrad was awarded two new PSCs, Offshore North West Aceh (Meulaboh) and Offshore South West Aceh (Singkil) on 6 January 2023. The PSCs will be operated by wholly owned Conrad subsidiaries, ONWA PTE Ltd. and OSWA PTE Ltd, respectively

Conrad is operator of both PSCs and holds a 100% Participating Interest in each block. Each PSC has a 30-year tenure.

Further details on the award of the PSCs can be found in the Company’s announcement dated 6 January 2023².

Both PSCs contain flow-tested gas discoveries in shallow water that were made in the 1970’s. The Company has engaged an independent reserve engineering firm to produce a Competent Persons Report to determine potential contingent resources for these discoveries.



Furthermore, available seismic data reveals that both PSCs contain structures that suggest multi Tcf gas prospectivity (with gas chimneys and flat spots displayed on seismic data) in the deeper water areas of the blocks.

The total committed work program for each PSC is US\$15m and includes geological studies for CY2023, 500 square kilometres of 3D seismic acquisition for 2024 and the drilling of a well in 2025. The costs of the CY2023 commitments are fully funded from the Company’s recent IPO on the Australian Securities Exchange. The costs for subsequent activities will be from various sources including potential farm-in partners as the PSCs are matured as well as the commencement of cash flow from the Mako Gas Field.

The Company is currently preparing the work program and CY2023 budget to be submitted to BPMA, the Aceh regulator. The work program is expected to comprise mainly inhouse studies that will generate a comprehensive geological evaluation for both PSC’s and will provide the basis for future activities in the areas. Additionally, the Company will perform an Environmental Baseline Assessment for each PSC. In parallel, Conrad will establish a representative office in Banda Aceh as per the obligations to the local government and will initiate a thorough stakeholder assessment in the PSC areas.

² <https://www.asx.com.au/asxpdf/20230106/pdf/45kfm7vf0wrqmm.pdf>

Conrad has been evaluating this area for several years under a Joint Study arrangement where it has identified the large exploratory potential. The Company is currently working on further delineation of the large structures where it aims to quantify the size of these structures. Conrad has already been approached by large companies with an interest in evaluating the data that Conrad has compiled over the past years.

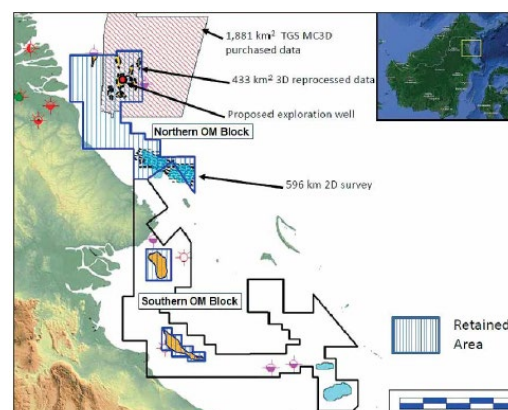
Offshore Mangkalahat PSC ("OM")

100% Participating Interest, Operator

Conrad has a 100% operated Participating Interest in OM via its wholly owned subsidiary, Conrad Petroleum OM Pte Ltd ("CPOM"), an entity incorporated in Singapore. OM is currently in the exploration extension period of the PSC which runs until 4 July 2023.

During the exploration extension period, CPOM must complete the drilling for one (1) exploratory well. The PSC will be automatically terminated if at the end of this period should CPOM fail to complete the drilling of the exploration well and no commercial discovery is found.

Through its exploration activities, Conrad has identified several leads and prospects in OM. The estimated oil and gas resources of the working areas in OM were independently assessed by GaffneyCline and were reported in the Company's recent IPO prospectus dated 9 September 2022. The prospective resources have not changed since that time.



Since conclusion of the IPO, the technical team of CPOM have revisited the leads and prospects as outlined in the recent IPO prospectus to identify a prospect that can be technically, commercially, and economically matured to drillable status on a sole risk basis. Given the attractive prospects in its other assets and the potential impending expiration of the OM PSC in July 2023, the Board has decided to pause activities in OM and discuss the future of the PSC with SKK Migas.

Sustainability

Conrad has concluded an initial study with ERM International Group Limited to examine the potential unmitigated Scope 1 & 2 Greenhouse Gas Emissions ("GHG") that may arise from the development of the Mako Gas Field in the Duyung PSC over its planned productive life (as envisaged in the POD 1 Revision). If unmitigated, total Scope 1 & 2 GHG emissions from this development may amount to 1.3 million tCO₂e (100%) – mostly from gas compression. The study has identified a number of measures by which this emissions profile could potentially be reduced. Conrad will evaluate the practicability of adopting such measures during FEED.

Petroleum Tenement Holdings

As of 31 December 2022, Conrad's petroleum tenement holdings were:

Tenement and Location	Beneficial Interest at IPO	Beneficial Interest acquired/disposed	Beneficial Interest at 31 December 2022
Duyung PSC <i>West Natuna Basin, Indonesia</i>	76.50%	nil	76.50%
Offshore Mangkalahat PSC <i>Tarakan Basin, Indonesia</i>	100%	nil	100%

Offshore North West Aceh PSC <i>Offshore Aceh Province, Indonesia</i>	0%	nil	0%
Offshore South West Aceh PSC <i>Offshore Aceh Province, Indonesia</i>	0%	nil	0%

Use of Funds

Conrad is well funded with cash of US\$18.96m at 31 December 2022.

In accordance with Listing Rule 5.3.4, as the December 2022 quarter was in a period covered by a 'use of funds' statement in the IPO prospectus, below is a comparison of the Company's actual expenditure to 31 December 2022 against the estimated expenditure in the 'use of funds' statement:

Use of Funds	Prospectus US\$mm	Total since IPO US\$mm
Mako FEED and long lead items (including: subsea wellheads and related equipment and structural steel)	17.4	0.4
Funds for growth and the evaluation of new assets and associated costs	3.0	0.1
General and administration costs	3.7	2.8
Repayment of borrowings under shareholder loan	5.5	5.7
Payment of transaction costs associated with the Offer	2.9	1.7

The use of funds as at 31 December 2022 was within that defined in the prospectus.

Subsequent to the POD 1 Revision being approved, work has commenced on FEED and geophysical surveys have been tendered. This work is expected to continue thorough Q1 CY 2023.

During November 2022, repayment of a shareholder loan and its interest of US\$5.7m was paid. Payment of the IPO transaction costs during in Q4 2022 was US\$1.7m.

Conrad's winning bids for the PSCs for ONWA and OSHA were announced during Q4 2022 requiring payment of a signature bonus for the PSCs of US\$0.1m.

Summary Financial Results

During the Quarter, the Company raised a total of US\$28.7m through its IPO. As outlined in its prospectus, the Company converted US\$5m of its pre-IPO shareholder SAFE to equity, and during November 2022, fully repaid the shareholder loan, including interest, of US\$5.7m. The Company paid transactions cost of US\$1.7m during the quarter related to the IPO.

The Company has paid US\$0.1m during the Quarter for signature bonuses upon winning the bidding of ONWA and OSHA PSCs.

The payments to related parties in this quarter of US\$0.74m, consisting of once off payments pertaining to prior quarters: US\$0.28m of Director's Remuneration (of which US\$0.036m pertained to Q3's remuneration); US\$0.36m of Director's Fees (of which US\$0.27m was related to the period from November 2021 to 30 September 2022), and; a one-off payment of US\$0.098m regarding costs of the IPO.

Authorised by the Board.

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Forward Looking Statements

This document has been prepared by Conrad Asia Energy Ltd (the Company). This report contains certain statements which may constitute "forward-looking statements". It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including, but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve and resource estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delays or advancements, approvals and cost estimates. The operations and activities are subject to joint venture, regulatory and other approvals and their timing and order may also be affected by weather, availability of equipment and materials and land access arrangements. Although Conrad believes that the expectations raised in this report are reasonable there can be no certainty that the events or operations described in this report will occur in the timeframe or order presented or at all.

There are numerous uncertainties inherent in estimating reserves and resources, and in projecting future production, development expenditures, operating expenses and cash flows. Oil and gas reserve engineering and resource assessment must be recognised as a subjective process of estimating subsurface accumulations of oil and gas that cannot be measured in an exact way.

No representation or warranty, expressed or implied, is made by Conrad or any other person that the material contained in this report will be achieved or prove to be correct. Except for statutory liability which cannot be excluded, each of Conrad, its officers, employees and advisers expressly disclaims any responsibility for the accuracy or completeness of the material contained in this report and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence if any information in this report or any error or omission there from. Neither Conrad nor any other person accepts any responsibility to update any person regarding any inaccuracy, omission or change in information in this report or any other information made available to a person nor any obligation to furnish the person with any further information.

All references to \$ or US\$ are in United States dollars unless stated otherwise.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Conrad Asia Energy Ltd

ARBN

Quarter ended ("current quarter")

656 246 678

31 December 2022

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	72	153
1.2	Payments for		
	(a) exploration & evaluation	-	(119)
	(b) development	(355)	(441)
	(c) production	-	-
	(d) staff costs	(1,169)	(3,104)
	(e) administration and corporate costs	(1,590)	(4,212)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	43	43
1.5	Interest and other costs of finance paid	(764)	(764)
1.6	Income taxes paid	(16)	(16)
1.7	Government grants and tax incentives	7	20
1.8	Other (cost of sales)	-	-
1.9	Net cash from / (used in) operating activities	(3,772)	(8,440)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	(100)	(100)
	(c) property, plant and equipment	(87)	(235)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(187)	(335)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	28,664	28,664
3.2	Proceeds from issue of convertible debt securities	-	5,000
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,715)	(2,788)
3.5	Proceeds from borrowings	128	153
3.6	Repayment of borrowings	(5,000)	(5,000)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	22,077	26,029

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	580	1,442
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,772)	(8,440)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(187)	(335)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	22,077	26,029

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
4.5	Effect of movement in exchange rates on cash held	263	264
4.6	Cash and cash equivalents at end of period	18,961	18,961

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	18,961	580
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	18,961	580

6.	Payments to related parties of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	744
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	N/A		

8.	Estimated cash available for future operating activities	\$US'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(3,772)
8.2	Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(3,772)
8.4	Cash and cash equivalents at quarter end (item 4.6)	18,961
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	18,961
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.0
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 January 2023

Authorised by: The Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.