

28 April 2023

ASX: CRD

Quarterly Activities Report for the Period Ending 31 March 2023

Highlights

- Front End Engineering Design ("FEED") studies for the Mako development project is progressing and on schedule.
- Negotiation of the key terms of the Mako gas sales agreement between a Singapore buyer and the Indonesian regulator (SKK Migas) is expected to be finalised during the June quarter, with the Mako gas field being an important strategic gas asset for both countries.
- The Mako gas field is the largest undeveloped and fully appraised gas field in the West Natuna Basin. Gas is exported from the basin by pipeline to Singapore. The Competent Person Report commissioned as part of the IPO late last year estimated the Mako gas field would generate gas sales of approximately US\$2.4 billion net to Conrad.
- Conrad has engaged a global investment bank with a proven track record in similar transactions has been engaged to lead a farm-down process for the divestment of a portion of Conrad's interest in the Duyung Production Sharing Contract ("PSC"). Bids are expected to be received during the June quarter and the industry response to date has been encouraging.
- Conrad signed two new PSCs, Offshore North West Aceh (Meulaboh) ("ONWA") and Offshore South West Aceh (Singkil) ("OSWA").
- The Aceh PSCs are expected to increase the company's resource base and add projects with future growth potential. In aggregate, the two Aceh PSCs cover some 22,000 km² in both shallow- and deep-water areas.
- As the shallow-water areas of ONWA & OSWA contain numerous flow-tested gas discoveries, the Company has commissioned a Competent Persons Report to independently assess the size and value these resources. This is expected to be finalised in June.
- The deep-water areas of ONWA & OSWA hold multi Tcf exploration potential and the Company has delineated several large structures and has initiated a mapping exercise to assess and create an inventory of leads and prospects across the area.

Conrad Managing Director and Chief Executive Officer, Miltos Xynogalas, commented: *"The first quarter has been another important period for the Company, with two new Production Sharing Contracts, as well as the continued advancement of the FEED studies and gas sales negotiations for Mako. We are expecting the terms for the GSA to be finalised in during the second quarter."*

In January, Conrad was awarded two PSCs which was a transformational event for the Company, with these blocks containing discoveries that are expected to significantly increase our resource base and provide Conrad the opportunity to add several gas projects to its existing large Mako gas project. We continued to advance the Front-End Engineering Design ("FEED") studies on the Mako development project, with three separate studies being initiated during Q4 2022. All studies are progressing on schedule.

The Competent Persons Report on the two Aceh PSCs will be completed by June. We expect the report to underscore the importance of these assets. I would like to thank shareholders for their ongoing support to date as we look forward to an exciting period to come."

Conrad Asia Energy Ltd (**ASX: CRD**) (the “**Company**” or “**Conrad**”), the ASX-listed Asia-focused natural gas exploration and development company, is pleased to provide an overview of activities for the period ending 31 March 2023 (“**Quarter**”).

Duyung PSC - Mako Gas Field

76.5% Participating Interest, Operator

Conrad holds a 76.5% operated interest in the Duyung PSC via its wholly owned subsidiary, West Natuna Exploration Limited. Duyung is located in the Riau Islands Province, Indonesian waters in the West Natuna area, approximately 100 kilometres to the north of Matak Island and about 400 kilometres northeast of Singapore.

Gas sales agreement (“**GSA**”) negotiations have been a focus of the Board and management of Conrad with tripartite engagements held between Conrad, a Singapore gas buyer, and SKK Migas (the Indonesian regulator). The negotiation of key terms is expected to be finalised during Q2 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.

Front End Engineering Design (“**FEED**”) studies were initiated during Q4 2022, with three separate FEED studies currently being progressed for the Mobile Offshore Production Unit processing facilities; the Subsea Umbilicals, Risers and Flowlines; and for the Conductor Support Frame. A geophysical pipeline route survey has commenced and the FEED studies and survey will be completed by Q2 CY2023.

The process to acquire environmental approvals for development is ongoing. The Government of Indonesia requires certain environmental permits for any company to conduct any drilling or construction activities within the country. Baseline surveys are planned to be acquired during early Q2 2023 and the approval process is expected to conclude during Q3 CY2023.

Aceh PSCs

100% Participating Interest, Operator

Conrad was awarded two new PSCs, Offshore North West Aceh (Meulaboh) and Offshore South West Aceh (Singkil) during the Quarter. The PSCs are operated by wholly owned Conrad subsidiaries ONWA PTE Ltd and OSWA PTE Ltd. Conrad holds a 100% participating interest in each block, with each PSC having a 30-year tenure.

Both PSCs contain flow-tested gas discoveries in shallow water that were made in the 1970s. The Company has engaged an independent reserve engineering firm to produce Competent Persons Reports to determine potential contingent resources for these discoveries. Conrad anticipates that the reports will be issued during the second quarter.

BPMA, the Aceh regulator, has approved Conrad’s proposed CY2023 work program and budget, which are in accordance the PSC Year 1 work obligations. The work program comprises mainly inhouse studies intended to generate a comprehensive geological evaluation for both PSCs and will provide the basis for future activities in the areas. Additionally, the Company will perform an Environmental Baseline Assessment for each PSC. Conrad continues its efforts to establish a representative office in Banda Aceh as per the obligations to the local government and has initiated a stakeholder assessment of the PSC areas.

Sustainability

Conrad has commissioned three studies for the Mako project namely, a Climate Change Risk Assessment, a Human Rights Impact Assessment, and a Biodiversity & Critical Habitat Risk Assessment. The studies will form independent adjuncts to the project environmental approval process required by Indonesian regulations (described above). The studies are expected to conclude by June.

Petroleum Tenement Holdings

As of 31 March 2023, Conrad's petroleum tenement holdings were:

Tenement and Location	Beneficial Interest at 31 December 2022	Beneficial Interest acquired/disposed	Beneficial Interest at 30 March 2023
Duyung PSC			
<i>West Natuna Basin, Indonesia</i>	76.50%	nil	76.50%
Offshore Mangkalihat PSC	100%	nil	100%
<i>Tarakan Basin, Indonesia</i>			
Offshore North West Aceh PSC	0%	100%	100%
<i>Offshore Aceh Province, Indonesia</i>			
Offshore South West Aceh PSC	0%	100%	100%
<i>Offshore Aceh Province, Indonesia</i>			

Summary Financial Results

Conrad is well funded with cash of US\$13.18m as at 31 March 2023.

In accordance with Listing Rule 5.3.4, as the March 2023 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 March 2023 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	3.0
Funds for growth and the evaluation of new assets and associated costs	3.0	3.1
General and administration costs	3.7	2.5
Repayment of borrowings under shareholder loan	5.5	5.9
Payment of transaction costs associated with the Offer	2.9	1.7

The use of funds as at 31 March 2023 was within that defined in the prospectus. Performance bonds and working capital of \$1.5m and US\$0.15m were paid respectively with respect to the PSCs for ONWA and OSWA (announced during Q4 2022). The payments to related parties in this quarter of US\$0.43m.

Payments to related parties as shown in the accompanying Appendix 5B were for directors' fees, remuneration and superannuation.

Authorised by the Board.

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About Conrad and its Projects

Conrad is an Asia-focused natural gas exploration & production company concentrated 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.

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 March 2023

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(9)	(9)
	(b) development	(194)	(194)
	(c) production	-	-
	(d) staff costs	(1,324)	(1,324)
	(e) administration and corporate costs	(866)	(866)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	6	6
1.5	Interest and other costs of finance paid	(116)	(116)
1.6	Income taxes paid	(1)	(1)
1.7	Government grants and tax incentives	7	7
1.8	Other	-	-
1.9	Net cash from / (used in) operating activities	(2,497)	(2,497)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements (bonds paid)	(3,000)	(3,000)
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 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	(3,000)	(3,000)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
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	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	18,961	18,961
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,497)	(2,497)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,000)	(3,000)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
4.5	Effect of movement in exchange rates on cash held	1	1
4.6	Cash and cash equivalents at end of period	13,465	13,465

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	8,465	18,961
5.2	Call deposits	5,000	-
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)	13,465	

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	433
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

The payment consists of Q1 director's remuneration of US\$238K, non-executive director's fee of US\$88K, and a one-off payment of US\$108K to a director for work done regarding the Company's IPO last quarter.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>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)	(2,497)
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)	(2,497)
8.4	Cash and cash equivalents at quarter end (item 4.6)	13,465
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	13,465
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.4
	<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: 28 April 2023

Authorised by: The Board of Directors
(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.