

29 July 2024

ASX: CRD

Quarterly Activities Report for the Period Ending 30 June 2024

Highlights

Conrad Asia Energy Ltd (ASX:CRD) (the “Company” or “Conrad”), an Asia-focused natural gas exploration and development company, is pleased to provide an overview of activities for the quarter ending 30 June 2024 (“Quarter”, “Reporting Period”).

- Progress continued in maturing the Mako project in the Duyung production sharing contract (“PSC”) during the Quarter, with key developments including:
 - Conrad advanced the procurement of all major contracts and services with this process ongoing and expected to conclude in the coming months. Inflationary pressures that have been prevalent in the industry, especially through the COVID period have eased somewhat, with reductions in rig rates and supply lead times¹.
 - On 21 June 2024, Conrad and PT Perusahaan Gas Negara Tok (“PGN”) entered into a binding gas sales agreement (“GSA”) for the domestic portion of the gas produced from the Mako field required as the Domestic Market Obligation (“DMO”) under the Duyung PSC as set out in the Mako revised Plan of Development (“POD”). Delivery of gas under this GSA is subject to the buyer’s construction of a pipeline connecting the West Natuna Transportation System (“WNTS”) with the domestic gas market in Batam. To date, this project has not been approved by the buyer.
 - The total contracted gas volume under the PGN GSA is up to 124 billion standard cubic feet (“Bcf”) with estimated plateau sales gas rates of 35 million standard cubic feet / day (“mmscfd”). The terms of the GSA are confidential.
 - The remainder of the Mako sales gas volume is targeted to be sold to a Singapore utility². Conrad is working towards finalising a GSA for the Mako export gas over the coming weeks.
 - These agreements represent important steps towards the Mako development final investment decision (“FID”) targeted for 2024 year-end. Production start-up is targeted for end 2026, or earlier if possible.
 - The Duyung farm down process progressed with the Company engaged in confidential discussions.
 - Indicative proposals have been received from several potential financial institutions to help fund Conrad’s debt funding of Mako project costs. A preferred institution has been selected.
- Key developments in the Offshore North West Aceh (“ONWA”) and Offshore South West Aceh (“OSWA”) PSCs include:
 - Planning continues for the acquisition of up to 500 sq km of modern 3D seismic data in each PSC, seeking to enhance definition of existing discoveries and delineate near field, low-risk drilling opportunities in the shallow-water areas. Evaluation of deep-water prospective targets (lead inventory of circa 11 trillion cubic feet (“Tcf”) of recoverable gas, P50, net attributable to Conrad)³ is ongoing.

¹ ASX Announcement 13 June 2024.

² Conrad Quarterly Activities Report for the Period Ending 30, September 2023, issued 27 October 2023.

³ Conrad Asia Energy Ltd ASX announcement, 16 November 2023

- Under the memorandum of understanding (“MOU”) signed with PGN to cooperate in the provision of gas or LNG supply and development infrastructure for gas resources from its ONWA and OSWA PSCs⁴, the parties have commenced examination of commercialisation options for the discovered gas resources in the two PSCs.

Conrad Managing Director and Chief Executive Officer, Miltos Xynogalas, commented:

"The second quarter was another busy period for the Company on many fronts as we continued to advance the Mako project by addressing numerous, complex commercialisation issues for this strategic international gas project.

As shared during our recent AGM, our focus has been finalising the underwriting GSAs between the Mako Joint Venture, the Indonesian Government, and gas buyers⁵. These agreements are the essential documents that demonstrate financial viability of the Mako project, which in turn underwrite value and financial sustainability.

The signing of a binding GSA with PGN⁶ for the domestic portion of Mako's gas is an important step for Conrad in commercialising the gas field and building our gas business in Indonesia. Conrad has been working closely with PGN for the purchase of Mako gas and is delighted to have progressed this to a formal GSA. This GSA is a significant milestone on the road to FID which is targeted for Q4 of the current year.

Detailed, comprehensive and substantive GSA negotiations continue with the Singapore gas buyer. I am pleased to say that these negotiations are at an advanced stage and there is impetus and a willingness by all parties to endeavour to close this agreement in the near term."

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 km to the north of Matak Island and about 400 km northeast of Singapore. The Mako field contains 2C Contingent Resources (100%) of 376 Bcf, (of which 187 Bcf are net attributable to Conrad⁷) and is scheduled to begin production in 2026. The West Natuna Sea has been supplying Singapore with natural gas for more than two decades and Mako is expected to extend this supply for at least another decade.

Production sharing contractors in Indonesia are subject to a DMO requirement for any produced gas as set out under the terms of each PSC, and Government of Indonesia Regulation No. 35 of 2004 on Upstream Oil and Gas Activity, as amended from time to time (GR 35/2004). The Contractor has no obligation to construct infrastructure (e.g. pipelines) to allow the delivery of any DMO.

In line with its DMO as required in the POD and set out in the Allocation Letter⁸ (authorising the volumes and prices of Mako gas for export and domestic sales) signed by the Minister of Energy and Mineral Resources, Conrad has signed a GSA for the sales of the domestic portion of Mako gas to PGN. The total contracted gas volume under the PGN GSA is up to 124 Bcf with estimated plateau sales gas rates of 35 mmscfd. Any DMO gas not sold under this arrangement will be available for Conrad to sell to third parties. The terms of the PGN GSA are confidential.

As previously announced (Q3 2023)⁹, the Company signed a non-binding Term Sheet with Sembcorp, a major Singapore energy company, which outlines the key terms and serves as the basis for negotiating a definitive GSA for that gas to be exported from Indonesia. Detailed, comprehensive and substantive GSA negotiations continue with the Sembcorp. These negotiations are at

⁴ Conrad Asia Energy Ltd ASX announcement, 01 March 2024

⁵ ASX Announcement 13 June 2024.

⁶ ASX Announcement 24 June 2024

⁷ Conrad Annual Report 2024, 27 March 2024.

⁸ ASX Announcement 23 February 2024.

⁹ Conrad Quarterly Activities Report for the Period Ending 30, September 2023, issued 27 October 2023.

an advanced stage and there is impetus to endeavour to close this agreement in the near term. Conrad will keep the market informed on the progress of this GSA as and when it is in a position to do so.

Procurement of all major contracts and services is ongoing and is expected to conclude in the coming months with several tender closing dates having been extended at the request of potential bidders. All cost estimates will be further updated (to a $\pm 10\%$ accuracy) once the procurement process has been completed.

Technical and commercial work continued for the WNTS Joint Venture and with the support of SKK Migas to negotiate the commercial terms and legal framework for access to the WNTS for the transportation of the Mako gas to Singapore.

Discussions for a Duyung farm down are progressing. The Company is currently engaged in confidential discussions.

These are all important steps towards the Mako development FID targeted for end 2024.

Production start-up remains targeted for late 2026, or earlier if practicable.

Aceh PSCs

100% Participating Interest, Operator

Conrad holds 100% operated interests in both Offshore North West Aceh and Offshore South West Aceh, the two Aceh PSCs were awarded to Conrad in January 2023. The blocks together cover approximately 20,000 sq km with each PSC having a 30-year tenure.

Conrad completed independent CPRs covering the discovered biogenic gas resources in the shallow-water areas of the Aceh PSCs. The CPRs estimate a gross (100%) 2C Contingent Resource of 214 Bcf of sales gas (161 Bcf net attributable to Conrad) in three of the four discovered gas accumulations in the two PSCs¹⁰. The net attributable resource is the commercial resource attributable to Conrad after the government fiscal take. The CPRs for ONWA¹¹ and OSWA¹² were prepared by THREE60 Energy and ascribed an NPV of US\$88 million net attributable to Conrad to the Aceh PSCs. Conrad has continued to identify and evaluate commercialisation options for the discovered gas resources.

As previously announced by the Company, the two Aceh PSCs also have deep-water potential where several large structures each with multi-Tcf potential have been identified¹³. Prospective Resources in the Aceh PSCs are in excess of 15 Tcf of recoverable gas (P50, 100%) of which c 11 Tcf (P50) are net attributable¹⁴ to Conrad¹⁵. Seismic studies of these structures show gas chimneys and flat spots, providing direct indications for the presence of hydrocarbons.

Planning continues for the acquisition of up to 500 sq km of modern 3D seismic data in each PSC, seeking to delineate near field, low-risk drilling opportunities in the shallow-water areas as well as continuing to evaluate the deep-water prospective targets with a view to attract partners into this project area. The environmental permits for the seismic acquisition are expected in 4Q 2024.

Under the previously-announced MOU signed with PGN regarding the ONWA and OSWA PSCs¹⁶, the parties have commenced examination of commercialisation options for the discovered gas resources.

Sustainability

¹⁰ Conrad Asia Energy Ltd ASX announcements on 16 and 18 May 2023.

¹¹ Executive Summary Competent Person's Report – Meulaboh Discovery, May 15, 2023, THREE60SUBS/INTER/02/2023-010A

¹² Executive Summary Competent Person's Report – Singkil Discovery, May 15, 2023, THREE60SUBS/INTER/02/2023-010B

¹³ Conrad Asia Energy Ltd ASX announcements on 16 November 2023.

¹⁴ Net attributable assumes 72% contactor take for gas as set out in the ONWA PSC Agreement. No transfer of 10% participating interest to Local Government Operating Company assumed.

¹⁵ Conrad Asia Energy Ltd ASX announcement on 16 November 2023.

¹⁶ Conrad Asia Energy Ltd ASX announcement, 01 March 2024

An independent third-party project health, safety, security and environmental review for the Mako project, in support of FID, is expected to conclude in the coming weeks.

Mandatory environmental baseline assessments have been prepared for the ONWA & OSWA PSCs and submitted to the regulator for approval.

As noted above, necessary environmental permitting for seismic acquisition in ONWA is underway.

Petroleum Tenement Holdings

As of 30 June 2024, Conrad's petroleum tenement holdings were:

Tenement and Location	Beneficial Interest at 31 December 2023	Beneficial Interest acquired/disposed during 2024	Beneficial Interest at 30 June 2024
Duyung PSC <i>West Natuna Basin, Indonesia</i>	76.5%	nil	76.5%
Offshore Mangkalihat PSC <i>Tarakan Basin, Indonesia</i>	100%	17	17
Offshore North West Aceh PSC <i>Offshore Aceh Province, Indonesia</i>	0%	100%	100%
Offshore South West Aceh PSC <i>Offshore Aceh Province, Indonesia</i>	0%	100%	100%

Summary Financial Results

The closing cash of Conrad and its subsidiaries and associated entities as at 30 June 2024 was US\$8.87 million.

In accordance with ASX Listing Rule 5.3.4, as the 30 June 2024 quarter was in a period covered by a 'use of funds' statement in the Prospectus, below is a comparison of the Company's actual expenditure to 30 June 2024 against the estimated expenditure in the 'use of funds' statement:

Use of Funds	Prospectus US\$ million	Total since IPO US\$ million
Mako FEED and long lead items (including subsea wellheads and related equipment and structural steel)	17.4	12.7
Funds for growth and the evaluation of new assets and associated costs	3.0	3.8
General and administration costs	3.7	6.1
Repayment of borrowings under shareholder loan	5.5	5.9
Payment of transaction costs associated with the Offer ¹⁸	2.9	1.7

¹⁷ Conrad has been unable to define any sufficiently economically robust / de-risked prospect in the Offshore Mangkalihat PSC that would underpin the drilling of a commitment well. As previously reported, a formal process for the relinquishment of the PSC commenced during Q3 2023 with no further work obligation from the Company. The relinquishment process typically takes 6-12 months to conclude.

¹⁸ The Offer refers to Conrad's initial public offering on the ASX of CHESS Depositary Interests at the issue price of A\$1.46 pursuant to the Prospectus.

The use of funds as at 30 June 2024 was within that defined in the Prospectus with the exception of general and administration expenditure, which has exceeded the estimate largely due to expanded operational scope and higher than expected inflation. US\$0.62 million was paid with respect to the development cost in Q2 2024, and payments to related parties in this Quarter amounted to US\$0.32 million.

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

Securities

During the Quarter, 59,895 CDIs were issued on exercise of vested Performance Rights. No other Securities were issued or cancelled during the Quarter.

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. The Company's flagship project is the Mako Gas Field 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. 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

30 June 2024

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 months) \$US'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(992)	(2,221)
	(e) administration and corporate costs	(649)	(1,226)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	67	84
1.5	Interest and other costs of finance paid	(2)	(4)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other	-	-
1.9	Net cash from / (used in) operating activities	(1,576)	(3,367)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements (bonds paid)	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(615)	(1,610)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 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	(615)	(1,610)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	10,337
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	-	(657)
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 (cash calls paid on behalf of JV partners)	(163)	(349)
3.10	Net cash from / (used in) financing activities	(163)	9,331

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	11,219	4,511
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,576)	(3,367)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(615)	(1,610)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(163)	9,331

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 months) \$US'000
4.5	Effect of movement in exchange rates on cash held	-	-
24.6	Cash and cash equivalents at end of period	8,865	8,865

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	8,865	7,219
5.2	Call deposits	-	4,000
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)	8,865	11,219

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	324
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 Q2 director's remuneration of US\$235.79K, Q2 Director's fee of US\$87.75k.

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)	(1,576)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(615)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(2,191)
8.4 Cash and cash equivalents at quarter end (item 4.6)	8,865
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	8,865
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	4.05
<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	
<i>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.</i>	

E&E have been reclassified to investing activities for consistency with disclosure in the audited financial reports.

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: 29 July 2024

Authorised by: The Board of Directors.
(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.