

29 October 2024

ASX: CRD

Quarterly Activities Report for the Period Ending 30 September 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 September 2024 (the “Quarter”, “Q3” or “Reporting Period”).

- On 31 August 2024, Conrad and Sembcorp Gas Pte Ltd (“Sembcorp”) signed a binding Gas Sales Agreement (“GSA”) for the export of gas produced from the Mako field to Singapore¹. The Mako field is the largest undeveloped gas field in the West Natuna Sea. Mako holds 2C Contingent Resources (100%) of 376 billion cubic feet (“Bcf”), (of which 187 Bcf are net attributable to Conrad²).
 - The contract term is until the end of the Duyung Production Sharing Contract (“PSC”) in January 2037 and allows for the sale of up to 76 billion British thermal units per day (“Bbtud”), which is equivalent to around 76.9 million standard cubic feet per day (“mmscfd”).
 - The GSA also contains provisions for the sale of up to an additional 35 Bbtud (around 35.4 mmscfd) should a tie-in pipeline not be built to the Indonesian domestic market in Batam.
 - The agreement with Sembcorp follows the GSA Conrad signed PT Perusahaan Gas Negara Tok (“PGN”) in June for the domestic portion of the gas produced from the Mako field required as the Domestic Market Obligation (“DMO”).
 - These GSA agreements represent important steps towards the Mako development Final Investment Decision (“FID”) targeted over the coming months with production start-up scheduled for the end of 2026, or earlier if possible.
- The Duyung PSC farm down process continued to progress with the Company engaged in confidential discussions with relevant parties.
- Indicative proposals have been received from several potential financial institutions to help fund Conrad’s debt financing component of Mako’s project costs.
- Planning continues in Conrad’s Aceh PSCs for the acquisition of up to 500 sq km of modern 3D seismic data in each PSC, seeking to enhance the definition of existing discoveries and delineate near field, low-risk, drilling opportunities.
- A memorandum of understanding (“MOU”) is in place with PGN to cooperate in the provision of gas or LNG supply and development infrastructure for gas resources from its Offshore North West Aceh (“ONWA”) and Offshore South West Aceh (“OSWA”) PSCs.³

¹ ASX Release, “Gas Sale Agreement Signed with Sembcorp”, 02 September 2024.

² Conrad Annual Report 2024, 27 March 2024.

³ ASX Release, “Aceh Gas Commercialisation MOU Signed with PGN”, 1 March 2024.

- Several parties have attended a data-room for a prospective farm-down of some of Conrad's 100% Participating Interest in the ONWA and OSWA PSCs where Prospective Resources are in excess of 15 trillion cubic feet ("Tcf") of recoverable gas (P50, 100%) of which circa 11 Tcf (P50) are net attributable⁴ to Conrad.

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

"The GSA between the Mako Joint Venture, the Indonesian Government and Sembcorp is the most significant event in the Company's history. This GSA is the essential document underpinning the financial viability and value of the project. Conrad has been working closely with Sembcorp for over a year and is delighted to have progressed this to a formal GSA.

This marks an important step for Conrad in the commercialisation of the Mako Gas Field and growing our gas business in Asia.

Combined with the PGN GSA⁵, the two GSAs are major milestones on the road to FID which is targeted over the coming months. With these GSAs now signed, Conrad can continue to progress its farmout discussion and taking FID.

Mako is the first of what we believe will be several gas projects that Conrad aims to bring into commercial production from its existing portfolio of gas discoveries including our gas resources in Aceh. We have continued to evaluate the discovered resources and exploratory potential in Aceh and the results to date have been outstanding and have exceeded our expectations. Reprocessed seismic has significantly enhanced our confidence that the structures are gas bearing. These results have generated strong interest from major companies in partnering with Conrad in Aceh.

As I write, we pass the second anniversary of our IPO with all Chess Depository Interests ("CDIs") now released from escrow (55% of those CDIs released are held by Board & Management with most of the remainder held by long term substantial owners). I should like to thank all our shareholders for their continued support during this past period".

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 Conrad⁶) 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 Plan of Development ("POD") and set out in the Allocation Letter⁷ (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.

⁴ Net attributable assumes 72% contractor take for gas as set out in the ONWA PSC Agreement. No transfer of 10% participating interest to Local Government Operating Company assumed.

⁵ ASX Release, "Mako Binding Gas Sale Agreement Signed with PGN", 24 June 2024.

⁶ ASX Release, "2024 Annual Report", 28 March 2024.

⁷ ASX Release, "Ministerial Approval of Mako Gas Price & Allocation", 23 February 2024.

On 31 August 2024, Conrad and Sembcorp signed a binding GSA for the export of gas produced from the Mako field to Singapore⁸.

The contract term is until the end of the Duyung PSC in January 2037 and allows for the sale of up to 76 Bbtud which is equivalent to around 76.9 mmscfd.

The GSA also contains provisions for the sale of up to an additional 35 Bbtud (around 35.4 mmscfd) should a tie-in pipeline not be built to the Indonesian domestic market in Batam and DMO sales do not therefore eventuate. The possible export of these additional volumes is recognised in the Mako plan of development ("POD") 1 Revision.

The terms of the GSA are confidential and are subject to government approval.

A formal signing ceremony, in the presence of SKK Migas, will be arranged at a later date. SKK Migas is the Indonesian government upstream regulator.

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 with the West Natuna Transportation System ("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 over the coming months.

Production start-up remains targeted for late 2026.

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 PSCs⁹. The net attributable resource is the commercial resource attributable to Conrad after the government fiscal take. The CPRs for ONWA¹⁰ and OSWA¹¹ 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 identified¹². Prospective Resources in the Aceh PSCs are in excess of 15 Tcf of

⁸ ASX Release, "Gas Sale Agreement Signed with Sembcorp", 02 September 2024.

⁹ ASX Release, "Aceh - Prospective Resources in Excess of 11 Tcf (Net)", 16 May 2023 and ASX Release, "Supplement to Increase in Total Net Attributable Resources", 18 May 2023.

¹⁰ Executive Summary Competent Person's Report – Meulaboh Discovery, May 15, 2023, THREE60SUBS/INTER/02/2023-010A

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

¹² ASX Release, "Aceh - Prospective Resources in Excess of 11 Tcf (Net)", 16 November 2023.

recoverable gas (P50, 100%) of which c 11 Tcf (P50) are net attributable¹³ to Conrad¹⁴. 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 PSCs¹⁵, the parties have commenced examination of commercialisation options for the discovered gas resources.

Several parties have attended a data-room for a prospective farm-down of some of Conrad's Participating Interest in the ONWA and OSWA PSCs.

Sustainability

An independent third-party project health, safety, security, and environmental ("HSSE") review for the Mako project, in support of FID, has concluded. The HSSE review found there to be no major HSSE issues preventing the Mako project moving to the execution stage of activities.

Mandatory environmental baseline assessments have been prepared for the ONWA and 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 September 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 September 2024
Duyung PSC <i>West Natuna Basin, Indonesia</i>	76.5%	nil	76.5%
Offshore Mangkalihat PSC <i>Tarakan Basin, Indonesia</i>	100%	16	16
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%

¹³ 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.

¹⁴ ASX Release, "Aceh - Prospective Resources in Excess of 11 Tcf (Net)", 16 November 2023.

¹⁵ ASX Release, "ASX Release, "Aceh Gas Commercialisation MOU Signed with PGN", 1 March 2024.

¹⁶ 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.

Summary Financial Results

The closing cash of Conrad and its subsidiaries and associated entities as at 30 September 2024 was US\$6.44 million.

In accordance with ASX Listing Rule 5.3.4, as the 30 September 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 September 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	14.2
Funds for growth and the evaluation of new assets and associated costs	3.0	4.1
General and administration costs	3.7	6.6
Repayment of borrowings under shareholder loan	5.5	5.9
Payment of transaction costs associated with the Offer ¹⁷	2.9	1.7

The Use of Funds as at 30 September 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\$0.70 million was paid with respect to the development cost in Q3 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 Share Rights were issued on exercise of vested Performance Rights and 179,683 Share Rights were lapsed because of the conditions had not been, or had become incapable of being satisfied.

Authorised by the Board of Directors of Conrad.

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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

¹⁷ The Offer refers to Conrad's initial public offering on the ASX of CHESS Depository Interests at the issue price of A\$1.46 pursuant to the Prospectus.

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 September 2024

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (9 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	(1,030)	(3,251)
	(e) administration and corporate costs	(500)	(1,726)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	23	107
1.5	Interest and other costs of finance paid	(2)	(6)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	2	2
1.8	Other	-	-
1.9	Net cash from / (used in) operating activities	(1,507)	(4,874)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements (bonds paid)	-	-
	(c) property, plant and equipment	(6)	(6)
	(d) exploration & evaluation	(704)	(2,314)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (9 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	(710)	(2,320)

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)	(214)	(563)
3.10	Net cash from / (used in) financing activities	(214)	9,117

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	8,865	4,511
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,507)	(4,874)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(710)	(2,320)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(214)	9,117

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (9 months) \$US'000
4.5	Effect of movement in exchange rates on cash held	2	2
4.6	Cash and cash equivalents at end of period	6,436	6,436

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	2,436	8,865
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)	6,436	8,865

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 Q3 director's remuneration of US\$235.79K, Q3 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)	(1,507)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(704)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(2,211)
8.4 Cash and cash equivalents at quarter end (item 4.6)	6,436
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	6,436
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.91
<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>	

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 October 2024.....

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.