

24 June 2024

ASX:CRD

Mako Binding Gas Sale Agreement Signed with PGN

Highlights

Conrad Asia Energy Ltd (ASX: CRD) (the “Company” or “Conrad”), an ASX-listed Asia-focused natural gas exploration and development company, is pleased to announce that it has entered into a binding Gas Sales Agreement (GSA) for the sale and purchase of the domestic portion of Mako gas with PT Perusahaan Gas Negara Tbk (“PGN”), the gas subsidiary of PT Pertamina (Persero), the national oil company of Indonesia.

The GSA with PGN for gas from the Mako gas field (in which Conrad has a 76.5% Participating Interest), is an important step in the commercialisation of the Mako gas field (the largest undeveloped gas field in the West Natuna Sea). PGN is Indonesia’s largest gas company¹. A separate GSA is being negotiated for the remainder of the Mako gas resource which is targeted to be exported to Singapore².

The West Natuna Sea gas gathering system is already connected to Singapore. PGN is proceeding with planning a tie-in line to the island of Batam across the Malacca Strait that will connect the Natuna Sea to the Indonesian market.

Completion of both GSAs will be significant milestones on the path to a Final Investment Decision (“FID”) for the Mako project targeted for Q4 2024³.

- On 21 June 2024, Conrad and PGN entered into a binding GSA for the domestic portion of the gas produced from the Mako field.
- This GSA will be subject to the construction of a pipeline connecting the West Natuna Transportation System (“WNTS”) WNTS with the domestic gas market in Batam and it forms part of Conrad’s Domestic Market Obligation (“DMO”) as set out in the Mako’s revised Plan of Development (“POD”).
- The Total Contracted Gas volume under the PGN GAS is up to 122.77 trillion British Thermal Units (“TBtu”) with estimated plateau production rates of 35 billion British Thermal Units / day (“BBtud”). The terms of the GSA are confidential.
- The remainder of the Mako sales gas volumes are targeted to be sold to Singapore and for which a non-binding Term Sheet signed in 3Q 2023⁴. Conrad is moving towards finalising a GSA for the Mako export gas over the coming few weeks.
- In addition to the significance for the Mako Development, this GSA builds an important platform with Indonesia’s national gas company. Conrad will continue to grow its business relationship PGN with its other discovered gas resources offshore Aceh and related to which the two parties signed a Memorandum of Understanding (“MOU”) in February this year.

¹ <https://asia.nikkei.com/Companies/PT-Perusahaan-Gas-Negara-Tbk>.

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

³ ASX Announcement 13 June 2024

⁴ Conrad Quarterly Activities Report for the Period Ending 30, September 2023, issued 27 October 2023.

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

As shared during our recent AGM, our focus has been finalising the underwriting gas sales agreements between the Mako Joint Venture, the Indonesian Government and Regulator and a Singapore based customer⁵. These agreements are the essential documents that demonstrate financial viability of the project, which in turn underwrite value and financial sustainability.

This announcement is therefore an important step for Conrad in commercialising the Mako Gas Field and building its gas business in Indonesia. Conrad has been working closely with PGN for the commercialisation 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.

Conrad also signed an MOU with PGN in February this year for its other gas discoveries in offshore Aceh which further strengthens Conrad's alliance with PGN. Conrad has four gas discoveries in its Aceh portfolio and planned 3D seismic surveys later this year aim to continue delineating the size of these discoveries as well as add to its prospective resources which already total 15 trillion cubic feet ("Tcf") of which 11 Tcf (P50) is net attributable to Conrad⁶.

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 400 km northeast of Singapore. The Mako field contains 2C Contingent Resources (100%) of 376 billion cubic feet ("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 set out in the POD and 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 terms of the 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. Conrad will keep the market informed on the progress of this GSA as and when it is in a position to do so.

PGN Background

On 28 March 2024, Conrad entered into binding Key Terms for the sale and purchase of the domestic portion of Mako gas with PGN. These Key Terms has now been formally incorporated into a binding GSA with PGN.

Established in 1965, PGN, is a leading energy company in Indonesia. With a strong commitment to provide clean and

⁵ ASX Announcement 13 June 2024.

⁶ ASX Announcement 16 November 2023.

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.

sustainable energy solutions. PGN operates an extensive natural gas pipeline network and is actively involved in gas distribution, transmission, and exploration. In 2018, PGN became a part of PT Pertamina (Persero) as its subsidiary responsible for conducting gas and LNG business domestically and internationally. PGN's role includes infrastructure such as gas pipelines and LNG facilities.

Conrad looks forward to working with PGN in progressing and concluding the commercial discussions for the domestic sale of Mako gas.

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 (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.

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