

28 March 2024

ASX:CRD

Mako Gas Sale Key Terms 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 binding Key Terms for the sale and purchase of the domestic portion of Mako gas (“Key Terms”) with PT Perusahaan Gas Negara Tbk (“PGN”), the gas subsidiary of PT Pertamina (Persero), the national oil company of Indonesia. Under these binding Key Terms, Conrad and PGN will agree in good faith and sign a fully termed Gas Sales Agreement for the domestic portion of the gas produced from the Mako field (“GSA”) located in the Duyung Production Sharing Contract (“PSC”) in the West Natuna Sea, offshore Indonesia.

- On 27 March 2024, Conrad and PGN entered into binding Key Terms thereby committing to agree and to sign a GSA for the domestic portion of the gas produced from the Mako field.
- Under the Key Terms, the parties will conclude negotiations for and agree in good faith a GSA that will include and be based upon the Key Terms. The parties shall endeavor to sign such GSA by no later than 31 May 2024.
- This GSA will be subject to the construction of the pipeline connecting the West Natuna Transportation System (“WNTS”) with the domestic gas market in Batam. It forms part of Conrad’s Domestic Market Obligation (“DMO”) as set out in the Mako’s revised Plan of Development (“POD”). The sales volumes under this GSA will represent approximately 29.5% of Mako sales gas volumes until the PSC expires in January 2037¹.
- The remainder of the Mako sales gas volumes will be sold to Singapore where a term sheet was signed in 3Q 2023² and Conrad is moving towards finalising a GSA over the coming months.
- These Key Terms are an important step towards the Mako development final investment decision (“FID”) planned by midyear 2024.

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

Conrad has been working closely with PGN for the commercialisation of Mako gas. These Key Terms are a very important milestone paving the way for a fully termed gas sales agreement and brings the company a step closer to the FID for the Mako development. This agreement, combined with Conrad’s recent signing of a Memorandum of Understanding for its Aceh gas resources also with PGN, will further advance the Government of Indonesia’s ambition to meet the fast-growing energy needs of the country.

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.

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

¹ Conrad Quarterly Activities Report for the Period Ending 30, September 2023, issued 27 October 2023

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

to time (GR 35/2004). Contractors are required to supply c 25% of their share of the oil and gas produced to meet domestic needs. The Contractor has no obligation to construct infrastructure (e.g. pipelines) to allow the delivery of any DMO.

SKK Migas has informed Conrad that the Minister of Energy and Mineral Resources issued the Allocation Letter³ authorising the volumes and prices of Mako gas for export and domestic sales.

In line with its DMO as set out in the POD, Conrad has progressed negotiations of the sales of the domestic portion of Mako gas to a domestic buyer. Subject to the construction of the pipeline connecting the WNTS with Batam, Conrad intends to sell Mako gas to a domestic buyer to satisfy its DMO representing approximately 29.5% of Mako sales gas volumes. Conrad and the domestic buyer are finalising a formal agreement to govern these arrangements. The terms are currently confidential.

As previously announced (Q3 2023)⁴, the Company signed a non-binding Term Sheet with Sembcorp 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 the GSAs as and when it is in a position to do so.

PGN KEY TERMS

On 27 March 2024, Conrad entered into binding Key Terms for the sale and purchase of the domestic portion of Mako gas with PGN.

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

The Key Terms envisages that the parties will:

- conclude negotiations for and agree in good faith a fully termed GSA, which shall be based upon and shall include, but shall not be limited to, the Key Terms;
- endeavor to agree and sign the GSA no later than 31 May 2024.

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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³ ASX Announcement 23 February 2024.

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

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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