

2 September 2024

ASX:CRD

Gas Sale Agreement Signed with Sembcorp

Highlights

Conrad Asia Energy Ltd (ASX: CRD) (the “Company” or “Conrad”), an Asia-focused natural gas exploration and development company, is pleased to announce that it has signed a binding Gas Sales Agreement (“GSA”) for the sale and purchase of the export portion of natural gas from the Mako gas field with Sembcorp Gas Pte Ltd (“Sembcorp”), a wholly-owned subsidiary of Sembcorp Industries Ltd, a leading energy and urban solutions provider, headquartered in Singapore.

The GSA with Sembcorp for gas from the Mako gas field (in which Conrad has a 76.5% Participating Interest), is an important next step in the commercialisation of Mako field, the largest undeveloped gas field in the West Natuna Sea. With this GSA and the gas sold under a separate domestic market obligation (“DMO”) GSA with PGN, Indonesia’s largest gas company¹, all of Mako’s current gas Contingent Resources have been committed to gas buyers.

Completion of both GSAs is a significant milestone on the path to a Final Investment Decision (“FID”) for the Mako project targeted for Q4 2024².

Natural gas is an essential transition fuel in the energy mix across Asia and the sale of all Mako’s contingent resources gas resources represents an important project in Asia. Mako is one of several gas resources in Conrad’s Asian portfolio as it continues to pursue the development of gas across the region.

- **On 31 August 2024, Conrad and Sembcorp signed a binding GSA for the export of gas produced from the Mako field to Singapore.**
- **The contract term is until the end of the Duyung 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 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.**

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 as it has progressed Mako from an exploration concept in 2017 to a gas development project in 2024³. This GSA is the essential document that underpins the financial viability and the value of the project.

This is an important step for Conrad in the commercialisation of the Mako Gas Field and building its gas business in Asia. Conrad has been working closely with Sembcorp for over a year and is delighted to have progressed this to a formal GSA.

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

² ASX Announcement 13 June 2024

³ ASX Announcement 13 June 2024.

Combined with the PGN GSA⁴, the two GSAs are significant milestones on the road to FID which is targeted for the end of this current year. With these GSAs now signed, Conrad can continue to progress its farmout discussion and taking Final Investment Decision (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 which includes its gas resources in Aceh. Asia has the fastest gas consumption growth in the world as its economies transition away from coal to the cleaner burning natural gas and we are proud to be involved in this transition.

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 Conrad⁵) 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 via the existing transportation system.

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

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.

Sembcorp Background

As one of the largest players in Singapore's natural gas market and the country's first commercial importer and retailer of piped natural gas, Sembcorp offers a wide range of solutions in gas sourcing, importation and trading. In addition, Sembcorp is an importer of LNG (liquefied natural gas) for Singapore with the competencies to provide customers access to a global portfolio of LNG sources.

Authorised by the Board.

⁴ Conrad ASX Announcement, 24 June 2024.

⁵ Conrad Annual Report 2024, 27 March 2024.

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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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