

# Annual Report

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2024





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# CHAIRMAN'S REPORT

Dear Investor,

In 2023, Conrad made considerable progress in maturing and growing its asset base and has continued to adapt to a changing energy landscape in the fastest growing energy consumption region in the world.

Within Asia, the macro conditions for energy, and in particular natural gas, have continued to improve. The region has recognised the importance of natural gas as the transition fuel in the energy market. Conrad's primary goal remains unchanged. We continue to focus on building our portfolio of gas resources and becoming a significant regional gas producer as the energy sector transitions to cleaner burning fuels such as natural gas.

Our current focus is still on Indonesia, the fourth most populous nation on earth and a country that is heavily dependent on affordable and secure energy sources. As it moves towards developing a more sustainable energy base, Indonesia expects to double its gas production by 2030. Conrad's projects will be important in supporting that goal.

Significant strides have been made with our flagship asset, the Mako gas project. A final investment decision ("**FID**") is imminent, with production start-up set to commence by 2026. Further, we signed a non-binding term sheet with Sembcorp Gas Pte Ltd. ("**Sembcorp**"), laying the groundwork for a definitive Gas Sales Agreement. Negotiations with potential farm-in partners are at an advanced stage and other financing options are also being positively matured, in advance of FID.

In addition, last year Conrad formally acquired the Offshore North West Aceh ("**ONWA**") and Offshore South West Aceh ("**OSWA**") Production Sharing Contracts ("**PSCs**") in offshore Aceh. The blocks together cover approximately 20,000 sq km with each PSC having a 30-year tenure. We completed Competent Persons Reports ("**CPRs**") for the discovered resources in those blocks and issued an initial assessment of prospective resources in the two permits. We anticipate being able to advance commercialisation options for these fields in the coming months.

The CPRs estimate a gross (100%) 2C Contingent Resource of 214 billion cubic feet ("**Bcf**") of sales gas (161 Bcf net attributable to Conrad) in three of the four discovered gas accumulations in the two PSCs<sup>1</sup>. The net attributable resource is the commercial resource attributable to Conrad after the government fiscal take. The CPRs for ONWA<sup>2</sup> and OSWA<sup>3</sup> ascribed a net present value ("**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.

Our team has been evaluating the offshore Aceh area for close to five years and we are very excited about its gas potential. This area has become the focus of global attention following the major offshore discoveries announced by other operators.

We were also pleased to announce<sup>4</sup> the results of an evaluation of the prospectivity of the two PSCs through the interpretation of approximately 17,000-line kilometres of existing 2D seismic data and analysis of 16 wells that lie within or adjacent to the PSCs. Approximately 38 leads have been identified containing combined Prospective Resources in excess of 15 trillion cubic feet ("**Tcf**") of recoverable gas (P50, 100%), of which c 11 Tcf (P50) are net attributable to Conrad<sup>5</sup>. Four of these leads individually have Prospective Resource potential of over 1.0 Tcf of recoverable gas (P50, 100%)<sup>5</sup>. Seismic studies revealed the presence of direct hydrocarbon indicators ("**DHIs**") including gas chimneys at many of the leads.

Further, the Company has commenced planning to acquire up to 500 square kilometres of modern 3D seismic data in each PSC in 2024, 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.

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1. Conrad Asia Energy Ltd ASX announcements on 16 and 18 May 2023.  
 2. Executive Summary CPR – Meulaboh Discovery, May 15, 2023, THREE60SUBS/INTER/02/2023-010A  
 3. Executive Summary CPR – Singkil Discovery, May 15, 2023, THREE60SUBS/INTER/02/2023-010B  
 4. Conrad Asia Energy Ltd ASX announcement on 16 November 2023.



## CHAIRMAN'S REPORT (CONT.)

In conclusion, I would like to express my appreciation to all our stakeholders for their continued support of Conrad's activities. I wish to convey my gratitude to our resourceful management team and staff for all their diligent efforts and contribution to Conrad in 2023. I remain grateful to my fellow Directors for their commitment and support. Lastly, I extend my thanks to our shareholders, many of whom have supported Conrad over the years.

Looking ahead, we remain focused on achieving our business goals. We are operating within some of the strongest macro-economic conditions in history for our industry, as the world transitions to lower emission energy sources. We look forward to delivering transformational value during an exhilarating period for Conrad and the industry.



A handwritten signature in black ink, appearing to read 'P. Botten'.

**Peter Botten AC CBE**  
Chairman  
Conrad Asia Energy

# CORPORATE GOVERNANCE STATEMENT

Conrad Asia Energy Ltd (“the Company” or “Conrad”) has adopted the fourth edition of the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council. The Company’s Annual Corporate Governance Statement for the financial year ending 31 December 2023 has been approved by the Board and is publicly available on the Company’s website at <https://conradasia.com/about/#corporate-governance>. This was released to the ASX at the same time as this Annual Report.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Energy is essential to improving human lives. As Southeast Asia transitions to higher living standards and cleaner energy, Conrad’s expertise enables us to work with partners to balance energy security, energy affordability and energy sustainability. While aiming for positive social impact and business profitability, Conrad recognises and strives to deliver:

- strong and transparent corporate governance;
- active emissions and waste management;
- optimised energy usage and material consumption; and
- reduced environmental footprint.

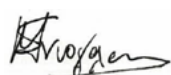
**Specifically with regards to the Mako gas field, the project will:**

- provide a secure gas supply with high deliverability;
- deliver high quality gas, consisting of 98% methane with no mercury and no heavy metals;
- share the use of pre-existing pipeline infrastructure and low-cost receiving facilities;
- avoid LNG refrigeration, a process which results in large emissions and energy consumption;
- provide minimal transportation losses and no requirement for regasification.

## CONRAD MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER, MILTOS XYNOGALAS, COMMENTED:

“I am pleased that Conrad has ended the year on a strong note. We achieved several milestones including signing a non-binding term sheet with Sembcorp. Following this development, we are now negotiating a definitive Gas Sales Agreement with Sembcorp and the Indonesian petroleum upstream regulator, SKK Migas, which we hope to finalise by mid-2024. The front-end engineering design studies for the Mako development project have been concluded and the project Environmental Impact Assessment (“AMDAL” in Indonesia) has been submitted. We also progressed the technical and commercial work with the West Natuna Transportation System (“WNTS”) Joint Venture and, with the support of SKK Migas, to secure access to the WNTS for the transportation of the Mako gas to Singapore.

The award of the two Aceh PSCs has been a significant milestone for Conrad. We have seen offshore Aceh increasingly becoming an area of greater exploration focus, with major discoveries of multi-Tcf potential being announced in late 2023. Conrad has approximately 20,000 sq km of acreage offshore Aceh and is well positioned to participate in the development of its existing shallow water discoveries and pursue the deeper water high impact exploration where large structures have already been delineated. Our goal is to continue to maximise economic returns to shareholders, and we believe our team’s continued efforts in 2024 to develop the Mako field and explore and appraise our new Aceh acreage will enhance value for all of Conrad’s stakeholders.”

**Miltos Xynogalas**  
Founder, Managing Director & CEO  
Conrad Asia Energy



# OPERATING AND FINANCIAL REVIEW

## HIGHLIGHTS

Conrad believes that one of the most responsible and viable ways to reduce global emissions is to accelerate the energy transition. Gas will play an important role in progressing this cleaner energy transition in Indonesia and adjacent Southeast Asian markets.

### Conrad is well positioned to support these market needs:

- Our balanced portfolio consists of a fully matured development opportunity, discovered resources and significant exploration potential.
- We are the operator of all our projects. Our high participating interest allows for greater control as well as the ability to continue to fund operations via farmout or divestment of interest (as opposed to dilution at the corporate level).
- The development of Mako field will unlock strong cash flows and underpin the company's valuation.
- We have a platform for growth, with a portfolio of development, appraisal and exploration opportunities.
- The Aceh shallow water gas discoveries increase Conrad's resource base by 75% with excellent commercial prospects. This has become an area of exploration focus, following major recent discoveries within the region.
- In its Aceh blocks, Conrad has 4 existing discoveries and an inventory of leads totalling 15 Tcf (P50, 100%)<sup>5</sup>.
- There is growing demand for Southeast Asian gas as a transition fuel.
- Our highly experienced Board and Management team has a track proven record delivering development projects in the region.

## REVIEW OF OPERATIONS

Conrad is an ASX-listed Asia-focused natural gas exploration and development company. Through its wholly owned subsidiaries, Conrad is the holder of several operated tenements in the form of PSCs offshore Indonesia.

The Company's flagship project is the development of the Mako Gas field located in the Natuna Sea, Indonesia. Mako, one of the largest gas discoveries in the region, lies close to a large natural gas pipeline which supplies high-value natural gas into overseas, and potentially into domestic, markets.

The Company specialises in the identification and acquisition of undervalued, overlooked, and/or technically misunderstood gas assets. Conrad has developed expertise in maturing such assets through subsurface technical work, appraisal drilling and a pragmatic approach to low-cost field development.

The Board and management team has a proven track record of value creation and deep industry experience with oil majors, mid-cap E&P and the upstream investment community, as well as successfully moving exploration and development projects into production. Conrad's Chairman, Peter Botten was previously the Managing Director of Oil Search and adds enormous depth and experience to the company.

### Duyung PSC - Mako Gas Field

**76.5% Participating interest, Operator**

Conrad has a 76.5% operated participating interest in the Duyung PSC, which is located in the Riau Islands Province, Indonesian waters in the West Natuna Sea, via its wholly owned subsidiary, West Natuna Exploration Limited (WNEL). Duyung is located approximately 400 kilometres northeast of Singapore. The Duyung PSC contains the Mako, one of the largest undeveloped gas fields in the West Natuna Sea.

During the past year Conrad has completed front end engineering and design ("FEED") studies and surveys for the Mako development. Project scope, consisting of an initial phase of development ("Phase 1") and a possible subsequent phase ("Phase 2"), remains consistent with the scope outlined in the Company's Initial Public Offering (IPO) prospectus dated 9<sup>th</sup> September 2022. Phase 1 is comprised of six wells with two dry-tree wells and four subsea wells connected via subsea umbilicals, risers and flowlines to a conductor support frame and then to a mobile offshore production unit ("MOPU") facility (with gas processing

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

## OPERATING AND FINANCIAL REVIEW (CONT.)

and compression). Gas is expected to be evacuated from the MOPU via a 60 km pipeline to a subsea manifold in the adjacent Kakap PSC and thereafter will be transported through the WNTS to Singapore (and to Batam, should a connecting spur-line be built by a domestic gas buyer). The planned development wells are targeted to deliver 120 mmscfd (100%) for a plateau period of six-seven years (with production decline thereafter). Well and facility locations have been optimised based on the geotechnical surveys undertaken during Q3 2023.

Based on the above (and the procurement process to date), capital costs for Phase 1 are currently estimated to be US\$325 million<sup>6</sup>, based on a 100% participating interest. This compares to the estimate used in the Gaffney Cline Associates Competent Persons Report ("CPR") of US\$251 million<sup>7</sup>. The increase in capital costs primarily reflects rising costs in the industry.

Capital expenditures and schedule are being further optimised to reduce external capital requirements prior to first production. For example, the first two dry-tree wells are expected to be brought onstream first to generate initial revenues, whilst the subsea wells are drilled, completed, hooked-up and commissioned. Capital costs to initial revenues are currently estimated to be US\$250 million<sup>1</sup> (100%).

In addition to the above, Conrad has allocated a provision of approximately US\$70 million (based on a 100% participating interest) for owner-supplied equipment to be novated to the MOPU provider (refundable) and for possible MOPU down payments (which will be offset in future operating costs).

Tendering for all major contracts and services is ongoing and is expected to conclude in Q1 2024. All cost estimates will be further updated (to a  $\pm 10\%$  accuracy) once the procurement process has been completed.

The Government of Indonesia requires environmental permits, including an AMDAL environmental impact assessment) for drilling and construction activities within the country. The Mako AMDAL was submitted to the Minister of Environment and Forestry for approval, which was granted on the 22nd January 2024 (cf. "Matters Subsequent to the End of the Year", later in report).

Conrad has progressed the technical and commercial work with the WNTS Joint Venture and, with the support of SKK Migas, to conclude access to / reserved capacity in the WNTS for the transportation of the Mako gas. Despite the positive progress, delays have been encountered and this has required a revision of the project timeline and finalisation of the GSA.

In Q3 2023, 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.

The Term Sheet and the framework of included terms have been endorsed by SKK Migas. The final GSA requires that price and gas allocation approval must be endorsed by the Minister of Energy and Natural Resources. The approval was granted on February 23, 2024.

Conrad is working with the buyer, SKK Migas and other government departments to target the finalisation of a binding GSA with customary conditions precedent) as soon as practicable.

In line with its Domestic Market Obligation ("**DMO**") as set out in the revised plan of development, Conrad has progressed negotiations of the sales of the domestic portion of Mako gas to the national gas company, PT Perusahaan Gas Negara Tok ("**PGN**"). Subject to the construction of the pipeline connecting the WNTS with Batam ("**Pemping Pipeline**"), Conrad intends to sell Mako gas to PGN to satisfy its DMO representing approximately 29.5% of Mako sales gas volumes. Conrad and PGN are finalising a formal agreement to govern these arrangements. Any DMO gas not included under this arrangement will be available for Conrad to sell to third parties. Despite the project being approved for several years, funds for the construction of the Pemping Pipeline have yet to be appropriated, and the project remains uncertain.

Conrad has appointed a financial advisor, Capital Partners Group Pte Ltd, to assist with the debt funding portion of its share of the Mako project capital cost. The Company has received an indicative term-sheet from several potential lenders to fund a significant portion of Conrad's share of project costs. Lender selection and completion of documentation are expected in mid-2024.

The Duyung farm down process is progressing. With the progress in the project, more parties have expressed interest in the Mako project. The Company is in confidential discussions with potential buyers of a participating interest in the Duyung PSC.

<sup>6</sup> Conrad in-house estimate 31 Dec 2023.

<sup>7</sup> See "Summary" section of the CPR for Duyung by Gaffney, Cline & Associates dated 26 August 2022, which is included as Annexure D of Conrad's Prospectus.



## OPERATING AND FINANCIAL REVIEW (CONT.)

While the Company continues to strive to reach a Mako FID at the earliest, on the current trajectory of activities, FID is targeted for mid-2024. Production start-up is targeted for mid-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 awarded to Conrad in January 2023. The blocks together cover approximately 20,000 sq km (Figure 1) with each PSC having a 30-year tenure.

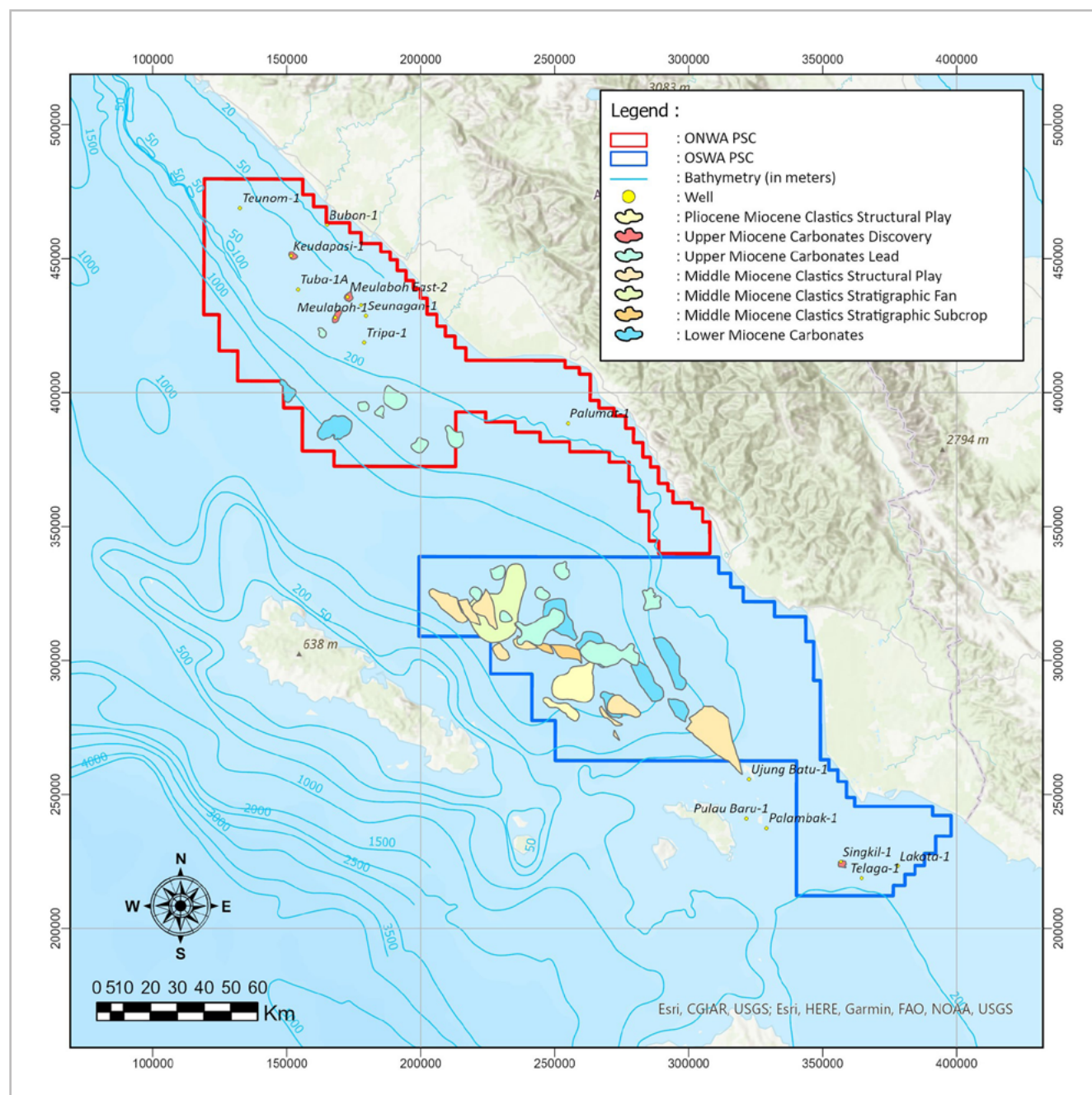


Figure 1 – Location Map of ONWA and OSA PSCs

## OPERATING AND FINANCIAL REVIEW (CONT.)

During 2023, 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 PSCs<sup>8</sup>. The net attributable resource is the commercial resource attributable to Conrad after the government fiscal take. The CPRs for ONWA<sup>9</sup> and OSWA<sup>10</sup> 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. An independent study on these options is being conducted by THREE60 Energy.

As previously announced by the Company, the two Aceh PSCs also have deep-water potential where several large structures with multi-Tcf potential have been identified<sup>11</sup>. Seismic studies of these structures show gas chimneys and flat spots, providing direct indications of the presence of hydrocarbons.

As part of its Year 1 (2023) PSC work obligations, Conrad evaluated the prospectivity of the two PSCs through the analysis of approximately 17,000 km of existing 2D seismic data and analysis of 16 wells that lie within or adjacent to the PSCs.

The PSCs lie within the Sumatra forearc basin, which is comprised of a substantial sedimentary sequence of rocks dating from the Paleogene to Pleistocene eras. The basin exhibits a northwest-southeast orientation and is situated between Sumatra and the outer-arc ridge to the west. Within the basin, both thermogenic and biogenic petroleum systems have been identified. Shallow-water discoveries in Upper Miocene carbonates confirm the presence of a working biogenic gas system in the basin.

### Several distinctive petroleum play types are common to the two PSCs including:

- Pliocene sandstones in both structural and stratigraphic traps;
- Upper Miocene carbonate build-ups (reef systems, platforms, pinnacles);
- Miocene slope sandstones (submarine fan deposits) in structural, stratigraphic and sub crop traps; and
- Lower-Middle Miocene carbonate build-ups (reef systems, platforms, pinnacles).

The Prospective Resources identified to date, especially in the deeper waters of the two PSCs, are summarised in Table 1 below:

			Prospective Resources (Bcf)						Chance of Discovery (%)**
Water Depth	PSC	Play	Gross (100%)			Net Attributable (to Conrad)			
			Low (P90)	Best (P50)	High (P10)	Low (P90)	Best (P50)	High (P10)	
Deep-Water	ONWA+OSWA	Pliocene Miocene Clastics-Structural Play	614	1,848	4,515	443	1,333	3,328	22
	ONWAOSWA	Upper Miocene Carbonates	320	1,131	3,221	231	816	2,323	10-19
	ONWA + OSWA	Mid Miocene Clastics	2,449	9,050	24,749	2,766	6,525	17,848	12-16
	ONWA+OSWA	Lower Mlocene Carbonates	671	3,226	9,028	484	2,326	6,511	13-22
Shallow-Water	ONWA	Upper Miocene Carbonates	9	29	69	5	21	50	15
Total (arithmetic addition)			4,063	15,284	41,582	2,930	11,022	30,059	

Table 1 – ONWA & OSWA PSCs - Unrisked Prospective Resources by Play<sup>12</sup>

Conrad has been approached by oil & gas companies seeking impactful gas exploration opportunities given recent multi-Tcf discoveries made elsewhere in offshore Aceh.

<sup>8</sup> Conrad Asia Energy Ltd ASX announcements on 16 and 18 May 2023.

<sup>9</sup> Executive Summary CPR – Meulaboh Discovery, May 15, 2023, THREE60SUBS/INTER/02/2023-010A

<sup>10</sup> Executive Summary CPR – Singkil Discovery, May 15, 2023, THREE60SUBS/INTER/02/2023-010B

<sup>11</sup> Conrad Asia Energy Ltd ASX announcement on 16 November 2023.

<sup>12</sup> Conrad Asia Energy Ltd ASX announcement on 16 November 2023. Cautionary Statement: the estimated quantities of gas that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially recoverable hydrocarbons.



## OPERATING AND FINANCIAL REVIEW (CONT.)

The Company plans to acquire additional data from geological fieldwork carried out in adjacent onshore areas, and from petrographic and geochemical analyses of available cuttings and core samples from wells drilled in the PSCs.

Reprocessing of the existing 2D seismic data within the PSCs is planned. In addition, the Company has commenced planning to acquire 500 sq km of modern 3D seismic data in each PSC in 2024, 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 (c 15 Tcf of recoverable gas, P50, 100%)<sup>13</sup> with a view to attract partners into this project area.

Subsequent to the end of the year, on 29 February 2024, Conrad entered into a MOU with PGN to cooperate in the provision of gas or LNG supply and development infrastructure for gas resources from its ONWA and OSWA PSCs. Please see "Matters Subsequent to the End of the Year", later in report.

### Offshore Mangkalihat PSC

**100% Participating Interest, Operator**

Conrad is in the process of relinquishing its 100% operated participating interest in Offshore Mangkalihat PSC ("OM") via its wholly owned subsidiary, Conrad Petroleum OM Pte Ltd ("CPOM"), an entity incorporated in Singapore. OM was in the exploration extension period of the PSC that ran until 4 July 2023.

The Company has been unable to define any sufficiently economically robust / de-risked prospect that would underpin the drilling of a commitment well. 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.

## SAFETY, ENVIRONMENT AND SUSTAINABILITY

In 2023 Conrad maintained a strong Health, Safety, Security and Environmental ("HSSE") record. The Company recorded no fatalities, no lost time incidents, no recordable or first aid cases. No spills were recorded.

The HSSE risk profile of the Company will change as execution of the Mako Gas Project matures, and the Company has established plans to manage this evolution of such activities.

An AMDAL for the Mako project was submitted to the Minister of Environment and Forestry for approval, with approval expected in 1Q 2024. As described under "Matters Subsequent to the End of the Year", later in report, on the 22nd January 2024, the Minister of Environment and Forestry approved the Mako AMDAL (environmental impact assessment) clearing the way for offshore project offshore operations .

The Company's Annual Corporate Governance Statement for the financial year ending 31 December 2023 has been approved by the Board and is publicly available on the Company's website at <https://conradasia.com/about/#corporate-governance>. It was released to the ASX at the same time as this Annual Report.

## PETROLEUM TENEMENT HOLDINGS

As of 31 December 2023, Conrad's petroleum tenement holdings were:

Tenement and Location	Beneficial Interest at 31 December 2022	Beneficial Interest acquired/disposed	Beneficial Interest at 31 December 2023
<b>Duyung PSC</b> <i>West Natuna Basin, Indonesia</i>	76.50%	nil	76.50%
<b>Offshore Mangkalihat PSC</b> <i>Tarakan Basin, Indonesia</i>	100%	nil*	100%*
<b>Offshore North West Aceh PSC</b> <i>Offshore Aceh Province, Indonesia</i>	0%	100%	100%
<b>Offshore South West Aceh PSC</b> <i>Offshore Aceh Province, Indonesia</i>	0%	100%	100%

\* Relinquishment of the PSC has commenced and is expected to formally conclude during 2024.

<sup>13</sup> Conrad Asia Energy Ltd ASX announcement on 16 November 2023.

# OPERATING AND FINANCIAL REVIEW (CONT.)

## RESERVES AND CONTINGENT RESOURCES STATEMENT

As of 31 December 2023, Conrad's petroleum Reserves and Contingent Resources were as tabulated below.

Conrad currently holds no reserves.

### Reserves and 2C Contingent Resources (Conrad Share)

	Unit	2022	2023	% Change
2C Contingent Resources	Bcf	215	349	62%

### Reserves and 2C Contingent Resources by Product (Conrad Share)

	Sales Gas Bcf	Condensate mmbbl	LPG tonnes	Total mmboe
2C Contingent Resources	349	0	0	60

### 2C Contingent Resources by PSC (Conrad Share)

Asset	Sales Gas Bcf	Oil mmbbl	Condensate mmbbl	LPG tonnes	All Products mmboe
Duyung PSC	187	0	0	0	32
ONWA PSC	87*	0	0	0	15
OSWA PSC	75*	0	0	0	13
Total 2C	349	0	0	0	60

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

### 2C Contingent Resources Reconciliation

Product	Unit	2022	Production	Revisions and Extensions	Net Acquisitions & Divestments	2023
Total 2C	Bcf	215	0	(28)*	162	349
Total 2C	mmboe	37	0	(6)*	29	60

\* Revisions pertain to the changed targeted first production date for Mako gas field to mid-2026 (CRD Quarterly Activities Report for the Period Ending 31 December 2023, released to ASX on 31 January 2024).

### Notes:

- This statement:
  - is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, the qualified petroleum reserves and resources evaluators listed in note 14 of this reserves and resources statement. Details of each qualified petroleum reserves and resources evaluator's employment and professional organisation membership are set out in note 14 of this reserves statement;
  - as a whole, has been approved by Walter Ziza, a qualified petroleum reserves and resources evaluator and whose employment and professional organisation membership details are detailed in note 14 of this reserves statement; and
  - is issued with the prior written consent of Walter Ziza as to the form and context in which the estimated petroleum reserves and contingent resources and the supporting information are presented.
- Conrad prepares its petroleum reserves and contingent resources estimates in accordance with the 2018 Petroleum Resources Management System ("PRMS") sponsored by the Society of Petroleum Engineers ("SPE").
- Only volumes producible within the current life of the pertinent PSC are reported.

## OPERATING AND FINANCIAL REVIEW (CONT.)

4. This reserves and resources statement is subject to risk factors associated with the oil and gas industry. It is believed that the expectations of petroleum Reserves and Contingent Resources reflected in this statement are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, geotechnical factors, drilling and production results, gas commercialisation, development progress, operating results, engineering estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial markets conditions in various countries, approvals and cost estimates.
5. All estimates of petroleum Reserves and Contingent Resources reported by Conrad are prepared by, or under the supervision of, a qualified petroleum reserves and resources evaluator or evaluators. Processes are documented in the Conrad Reserves Policy which is overseen by the Audit Committee. The frequency of reviews is dependent on the magnitude of the petroleum reserves and contingent resources and changes indicated by new data. If the changes are material, they are reviewed by the Conrad internal technical leaders or externally audited.
6. Unless otherwise stated, all references to petroleum Reserves and Contingent Resources in this statement are Conrad's net entitlement share.
7. Reference points for Conrad's petroleum Reserves and Contingent Resources and production are defined points within Conrad's operations where normal exploration and production business ceases, and quantities of produced product are measured under defined conditions prior to custody transfer. Fuel, flare and vent consumed to the reference points are excluded.
8. Petroleum Reserves and Contingent Resources are aggregated by arithmetic summation by category and as a result, proved reserves may be a very conservative estimate due to the portfolio effects of arithmetic summation.
9. Petroleum Reserves and Contingent Resources are typically prepared by deterministic methods with support from probabilistic methods.
10. Petroleum reserves replacement ratio is the ratio of the change in petroleum reserves (excluding production) divided by production. Organic reserves replacement ratio excludes net acquisitions and divestments.
11. Information on petroleum Reserves and Contingent Resources quoted in this reserves statement is rounded to the nearest whole number. Some totals in the tables may not add due to rounding. Items that round to zero are represented by the number 0, while items that are actually zero are represented with a dash.
12. Qualified Petroleum Reserves and Resources Evaluators:

Name	Employer	Professional Organisation
Walter Ziza	Conrad	AAPG

AAPG: American Association of Petroleum Geologists

### 13. Abbreviations:

<b>1P</b>	proved reserves
<b>2P</b>	proved plus probable reserves
<b>2C</b>	Best Case Contingent Resources
<b>Bcf</b>	billion cubic feet
<b>LPG</b>	liquefied petroleum gas
<b>mmbbl</b>	million barrels
<b>mmboe</b>	million barrels of oil equivalent

### 14. Conversion Factors:

<b>Sales gas and ethane, 1 Bcf</b>	5.8 boe
<b>Crude oil, 1 barrel</b>	1 boe
<b>Condensate, 1 barrel</b>	0.935 boe
<b>LPG, 1 tonne</b>	8.458 boe



# OPERATING AND FINANCIAL REVIEW (CONT.)

## FINANCIAL RESULTS

In accordance with Listing Rule 4.10.19, as this is the Company's second annual report since the Company was admitted to ASX, Conrad confirms that it has used cash and assets in a way consistent with its business objectives, as set out in the Company's Prospectus dated 9 September 2022.

The consolidated loss after income tax of the Group for the year ended 31 December 2023 is US\$9,728,665 (2022: US\$18,091,726).

Operating expenditure declined markedly by 41% from US\$16.76M to US\$9.88M, predominantly due to the absence of listing related costs (2022: US\$1.58M), external consultants fees (US\$1.48M) as tasks were internalised and no impairment recognised on the Company's portfolio of assets (2022: US\$2.39M).

Continued maturation of the Mako Project, as well as acquisition of ONWA and OSWA (Aceh), resulted in associated increase in development costs, including exploration and evaluation costs capitalised of US\$4.71M. In addition to these labour costs, the Company incurred Employee Incentive Plan expenses of US\$3.31M, a 205% increase from FY2022 due to the vesting of shares rights and options to Directors and Employees.

Once adjusted for non-cash items, operating cash flows held steady at US\$(9.70M), 2022: US\$(9.74M), 2023. This includes a US\$3.0M payment for the DG Midas performance bond, signalling a general reduction in administrative and corporate expenditure. The performance bond represents the Company's definite commitment for the first 3 years of the contract and will be expended as a working advance towards the project.

Operations throughout the financial year were wholly funded through existing cash reserves. In the absence of further debt or the need to raise additional finance, finance expense improved substantially from US\$1.72M to US\$0.03M.

# DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity (referred to hereafter as the “Group” or “Consolidated Entity”) consisting of Conrad Asia Energy Ltd and the entities controlled at the end of and during the year to 31 December 2023.

## DIRECTORS

The names of directors who held office during the year and up to the date of this report are:



**Peter Botten AC CBE, Non-Executive Chairman**

Appointed: 1 November 2021

Peter has extensive worldwide experience in the oil and gas industry, having held various senior technical, managerial and board positions in a number of listed and government-owned bodies. Previously, Peter was Managing Director of Oil Search Limited, overseeing its development into a major ASX-listed company from 1994 until 2020.

Peter's current directorships include: Chairman of Vast Renewables Limited (NASDAQ: VSTE) (commenced 12 January 2024), Chairman of Karoon Energy Limited (ASX: KAR) (commenced 1 October 2020), Chairman of Aurelia Minerals Limited (ASX: AMI) (commenced 13 September 2021), Council Member of the Australia PNG Business Council, Chairman of the Oil Search Foundation, member of Hela Provincial Health Authority and the National Football Stadium Trust in Papua New Guinea.



**Miltos Xynogalas, Managing Director**

Appointed: 15 October 2012

Miltos is a Geoscientist with over 35 years of upstream experience with over half of it gained in Indonesia. Prior to founding Conrad, Miltos worked for Shell International, Premier Oil and Transworld Oil in various roles ranging from technical and operational to supervisory and managerial.

The main focus of his career has been exploration and development projects and more recently business development, particularly in Indonesia. During his career, Miltos has been involved in major hydrocarbon discoveries in Southeast Asia and West Africa.



**David Johnson, Executive Director**

Appointed: 17 May 2016

David is a Geoscientist and General Manager with over 40 years E&P experience in international oil & gas and across the full spectrum of upstream activities: exploration, development, production, business development & decommissioning.

David has worked in Australia, the Asia-Pacific and the Middle East with BP, Shell, Woodside, Mubadala Petroleum & Ophir Energy/Medco Energi and a decommissioning consultancy. His career has focused on project appraisal, development and production.



**Paul Bernard, Non-Executive Director**

Appointed: 12 March 2019

Paul is a retired Goldman Sachs partner and private investor. During his 19-year career at Goldman Sachs, Paul was a top-rated Asian energy and chemicals analyst as well as co-Director of Asia Pacific Investment Research. Paul was a member of the firm's Asia Management Committee and its first Chairman of Diversity for Asia. He is a CFA charter holder. Since retiring from Goldman Sachs, Paul has been an early-stage investor in and advisor to a number of companies.

Paul's current directorships include Carbon Recycled Energy, Sandbox Edutainment Holdings Ltd, Sandbox International Holdings Ltd, and TTS Advisors Pte Ltd. He is also a director of Fingerprint Inc. and Catalyst NewCo 3 Ltd, both of which are subsidiaries of Sandbox Edutainment Holdings Ltd. He was previously a director of Biotech Acquisition Co. and Playkids USA, Inc.

## DIRECTORS' REPORT (CONT.)



**Jeremy Brest**, *Non-Executive Director*

Appointed: 24 February 2017

Jeremy has been the managing director of Framework Capital Solutions, a Singapore boutique corporate finance advisory focused on structured private transactions, for 19 years. Since founding Framework Capital Solutions, Jeremy has served as sole financial advisor on debt restructurings, private credit transactions, and M&A transactions around the world. In addition to serving on the board of Conrad, Jeremy is a director of Pantheon Resources Plc, an AIM-listed company with 100% working interests in several oil projects on the Alaskan North Slope.

Prior to founding Framework Capital Solutions, Jeremy worked at Goldman Sachs in New York, Hong Kong, and Tokyo, and led the Indonesian credit structuring team for Credit Suisse in the wake of the Asian financial crisis.



**Mario Traviati**, *Non-Executive Director*

Appointed: 31 May 2019

Mario has close to four decades of experience in working, analysing and investing in energy projects around the world. He currently holds the role of Advisor to the Board – Corporate Development at Pantheon Resources (London AIM listed company). Previously, he was the Founding Partner and Vice President of Business Development for Great Bear Petroleum (acquired by Pantheon Resources) which operates oil and gas properties on the North Slope of Alaska.

Mario was the first Vice President – Head of Energy Research Asia-Pacific at Merrill Lynch Inc., where he supervised Merrill Lynch's research efforts throughout 10 countries in Asia-Pacific covering the oil and gas; utilities; refining and marketing and petrochemicals sectors.

Prior to Merrill Lynch, Mario served as Director of Energy Research at HSBC Securities, and as a Senior Energy Analyst with ANZ Securities.

Mario began his oil and gas career working in exploration with Woodside Petroleum.

### PRINCIPAL ACTIVITIES

Conrad is an energy company currently focused on the exploration, appraisal, and development of natural gas projects in Southeast Asia and particularly in the offshore waters.

### CURRENCY IN THIS REPORT

All financial amounts contained in this report are expressed in United States dollars (US\$ or \$) unless otherwise stated. Some numerical figures included in this report have been subject to rounding adjustments. Any discrepancies between totals and sums of components in tables contained in this report are due to rounding.

### COMPANY FINANCIAL YEAR

The financial year reporting period of the Company is the year ending 31 December each year.

### CHESS DEPOSITARY INTERESTS ("CDIS")

Conrad is incorporated in Singapore. To enable companies such as Conrad to have their securities cleared and settled electronically through CHESS, the electronic settlement system of ASX, depositary instruments called CDIs are issued to and may be traded by investors. Pursuant to the ASX Settlement Operating Rules, CDI holders receive the economic benefits of actual ownership of the underlying Shares. CDIs are traded in a manner similar to shares of Australian companies listed on ASX.

All references to CDIs throughout this report represent the total number of shares on issue in the Company.



# DIRECTORS' REPORT (CONT.)

## DIVIDENDS

During the year no dividends were paid or declared.

## MATTERS SUBSEQUENT TO THE END OF THE YEAR

On the 22nd January 2024, the Minister of Environment and Forestry approved the Mako AMDAL (environmental impact assessment) that permits future offshore project offshore operations.

On the 31 January 2024, Conrad launched a placement of CDIs over fully paid ordinary shares in the Company to new and existing institutional professional and sophisticated investors. The placement closed on 28 February and was oversubscribed with firm commitments for A\$13 million (before costs)<sup>14</sup>. Conrad issued approximately 13.7 million new CDIs at A\$0.95 per CDI utilising the Company's placement capacity under ASX Listing Rule 7.1.

In addition to the placement, on the 2nd February 2024, Conrad offered a non-underwritten security purchase plan ("SPP") to existing eligible securityholders to raise approximately A\$2 million. Completion of the SPP and a SPP Shortfall Placement, raised A\$2.85 million (before costs)<sup>15</sup>.

Proceeds raised from the placement and SPP will be used to support Aceh exploration studies and seismic data, general project costs and working capital.

On 23rd February 2024, Conrad announced that the Minister of Energy and Natural Resources approved the Mako export gas price and gas allocation (export volumes).

Conrad is now working with the buyers, SKK Migas and other government departments to target the finalisation of a binding GSAs (with customary conditions precedent) as soon as practicable.

On 29 February 2024, Conrad entered into a MOU with PGN to cooperate in the provision of gas or LNG supply and development infrastructure for gas resources from its ONWA and OSWA PSCs.

Under the MOU, the parties will undertake a joint study to examine commercialisation options of the discovered gas resources in the two PSCs. The parties will seek to cooperate in the development and maintenance of possible LNG infrastructure and sales of the LNG. Notably, the MOU will explore a broader cooperation between the two parties.

The MOU is an important step towards the commercialisation of the discovered resources in the two PSCs and may become a key component of any future PODs.

## ENVIRONMENTAL REGULATION

The Group is subject to and is compliant with all aspects of environmental regulation of its exploration and mining activities. The directors are not aware of any environmental law that is not being complied with.

## SHARES UNDER OPTION

The below shares under option as of 31 December 2023 include options and share rights under the Company's Employee Share and Option Plan ("ESOP") and warrants on issue prior to the year from a shareholder loan and warrants issued during the year from a Safe investment.

Description	Grant	Expiry date	Exercise price	Number
ESOP Options	25 September 2022	25 September 2027	US\$0.81	1,760,000
ESOP Rights	25 September 2022	NA	Nil	3,164,616
ESOP Rights	01 July 2023	NA	Nil	239,578
Loan Warrants	14 June 2021	14 June 2026	US\$0.81	6,769,232
Safe Warrants	20 October 2022	20 October 2024	US\$1.22	3,076,942

<sup>14</sup> Conrad Asia Energy Ltd ASX announcement on 02 February 2024.

<sup>15</sup> Conrad Asia Energy Ltd ASX announcement on 06 March 2024.

## DIRECTORS' REPORT (CONT.)

### SHARES ISSUED ON THE EXERCISE OF OPTIONS

No shares have been issued on exercise of options during the period.

### INDEMNITY AND INSURANCE OF OFFICERS

The Company has Directors and Officers and Prospectus liability insurance in place ("**Policy**"). The Policy is valid from 30 September 2023 until 30 September 2024. The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

### INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

### PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought or intervened in on behalf of the Company.

This report is signed in accordance with a resolution of the Board of Directors.



**Peter Botten AC CBE**  
Chairman  
27 March 2024

# REMUNERATION REPORT

The Company is committed to attracting and retaining the best people to work in the organisation, including directors and senior management. A key element in achieving that objective is to ensure that the Company is able to appropriately remunerate its key people.

**Remuneration for executive directors and senior executives may incorporate fixed and variable pay performance elements with both a short-term and long-term focus. Remuneration packages may contain any or all the following:**

- a. annual base salary - reflecting the value of the individuals' personal performance, their ability and experience, as well as the Company's obligations at law and labour market conditions and should be relative to the scale of the business of the Company.
- b. performance based remuneration - rewards, bonuses, special payments and other measures available to reward individuals and teams following a particular outstanding business contribution having regard to clearly specified performance targets and to the Company's circumstances, values and risk appetite.
- c. the deferral of performance-based remuneration and the reduction, cancellation or clawback of a performance-based remuneration in the event of serious misconduct or a material misstatement in the entity's financial statements.
- d. equity based remuneration - share participation via employee share and option schemes, reflecting the Company's short-, medium- and long-term performance objectives.
- e. other benefits - such as holidays, sickness benefits, superannuation payments and long service benefits.
- f. expense reimbursement - for any expenses incurred in the course of the personnel's duties.
- g. termination payments - any termination payments should reflect contractual and legal obligations and will not be made, unless required under local laws, when an executive is removed for misconduct.

**Remuneration for non-executive directors may contain any or all of the following:**

- a. annual fees - reflecting the value of the individuals' personal performance, time commitment and responsibilities of the role.
- b. equity based remuneration - issues of shares or securities, reflecting the contribution of the Director towards the Company's medium- and long-term performance objectives.
- c. other benefits - superannuation payments, but not including retirement benefits that are additional to the individual's superannuation.

**Details of the remuneration of key management personnel of Conrad are set out in the following tables. The key management personnel of the Group consisted of the following directors of Conrad:**

- **Peter Botten**, Non-Executive Chairman
- **Miltiadis Xynogalas**, Managing Director and CEO
- **David Johnson**, Executive Director and COO
- **Paul Bernard**, Non-Executive Director
- **Jeremy Brest**, Non-Executive Director
- **Mario Traviati**, Non-Executive Director
- **Diego Fettweis**, Chief Commercial Officer



## REMUNERATION REPORT (CONT.)

	Short-Term Benefits	Fees	Share-based Payments		
	Cash Salary & Fees	Other Fees	Equity-Settled Shares	Equity-Settled Options	Total
	US\$	US\$	US\$	US\$	US\$
Peter Botten	135,000	-	-	-	135,000
Miltiadis Xynogalas	506,237	-	-	-	506,237
David Johnson	436,432	-	-	-	436,432
Paul Bernard	72,000	-	-	-	72,000
Jeremy Brest	72,000	-	-	-	72,000
Mario Traviati	72,000	108,000*	-	-	180,000
Diego Fettweis	218,386		268,211		486,597
	<b>1,512,055</b>	<b>108,000*</b>	<b>268,211</b>	<b>-</b>	<b>1,888,265</b>

\* The amounts paid to Mario Traviati include irregular, one-off payments associated with additional work outside of non-executive duties which include work associated with various capital raising during the IPO time of US\$108,000.

### Service Agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreement are as follows:

<b>Name</b>	J.S.T Services Co Ltd (David Johnson)
<b>Title</b>	Executive Director/Chief Operating Officer
<b>Agreement Commenced</b>	1 March 2022

- Work with board to deliver Conrad's mission through programmes, strategic planning and operational delivery.
- Work with board in the provision of sufficient resources to safeguard the financial performance and health of the organisation.
- Lead the operational functions of Conrad's business in Southeast Asia, Drive the efficient and cost-effective planning and execution of all development and production programs, meeting all business performance.

<b>Name</b>	Framework Capital Solutions Pte Ltd (Jeremy Brest)
<b>Title</b>	Non-Executive Director
<b>Agreement Commenced</b>	18 October 2016

- Provide general advisory, fundraising, structuring, and execution services to Conrad.

### Share-based Compensation

During the year ended 31 December 2023, 239,578 of Employee Share Rights were granted to Diego Fettweis.

## REMUNERATION REPORT (CONT.)

### Security Holdings

The number of securities in the company held during the year ended 31 December 2023 by each director and other key management personnel of the Consolidated Entity, including their personally related parties, is set out below for the following categories of Securities:

- CDIs
- Employee Share Rights
- Employee Options
- Loan Warrants
- Safe Warrants

CDIs			
	Opening Balance	Movements- Conversion of Share Rights	Closing Balance
Peter Botten	648,556	480,000	1,128,556
Miltiadis Xynogalas	15,322,288	-	15,322,288
David Johnson	1,081,840	-	1,081,840
Paul Bernard	4,400,624	663,848	5,064,472
Jeremy Brest	4,277,813	663,848	4,941,661
Mario Traviati	11,587,007	476,920	12,063,927
Diego Fettweis	-	-	-
	<b>37,318,128</b>	<b>2,284,616</b>	<b>39,602,744</b>

Employee Share Rights				
	Opening Balance	Movements- Conversion of Share Rights	Grant of Share Rights	Closing Balance
Peter Botten	480,000	480,000	-	-
Miltiadis Xynogalas	160,000	-	-	160,000
David Johnson	560,000	-	-	560,000
Paul Bernard	663,848	663,848	-	-
Jeremy Brest	663,848	663,848	-	-
Mario Traviati	476,920	476,920	-	-
Diego Fettweis	-	-	239,578	239,578
	<b>3,004,616</b>	<b>2,284,616</b>	<b>239,578</b>	<b>959,578</b>

## REMUNERATION REPORT (CONT.)

Employee Options			
	Opening Balance	Movements	Closing Balance
Peter Botten	-	-	-
Miltiadis Xynogalas	400,000	-	400,000
David Johnson	400,000	-	400,000
Paul Bernard	320,000	-	320,000
Jeremy Brest	320,000	-	320,000
Mario Traviati	320,000	-	320,000
Diego Fettweis	-	-	-
	<b>1,760,000</b>	<b>-</b>	<b>1,760,000</b>

Loan Warrants			
	Opening Balance	Movements	Closing Balance
Peter Botten	-	-	-
Miltiadis Xynogalas	135,384	-	135,384
David Johnson	-	-	-
Paul Bernard	643,448	-	643,448
Jeremy Brest	595,552	-	595,552
Mario Traviati	769,508	-	769,508
Diego Fettweis	-	-	-
	<b>2,143,892</b>	<b>-</b>	<b>2,143,892</b>

Safe Warrants			
	Opening Balance	Movements	Closing Balance
Peter Botten	221,539	-	221,539
Miltiadis Xynogalas	-	-	-
David Johnson	-	-	-
Paul Bernard	-	-	-
Jeremy Brest	102,371	-	102,371
Mario Traviati	63,876	-	63,876
Diego Fettweis	-	-	-
	<b>387,786</b>	<b>-</b>	<b>387,786</b>



# DIRECTORS' STATEMENT

**CONRAD ASIA ENERGY LTD**  
(Incorporated in Singapore)

## AND ITS SUBSIDIARIES DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The directors present their report to the members together with the audited consolidated financial statements of Conrad Asia Energy Ltd (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2023, and the statement of financial position of the Company as at 31 December 2023 and the statement of changes in equity of the Company for the year then ended.

In the opinion of the directors,

- a. the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of the financial performance of the business and cash flows of the Group and changes in equity of the Group and of the Company for the year ended on that date; and
- b. at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

### 1 DIRECTORS

The directors of the Company in office at the date of this statement are:

<b>Peter Botten</b>	<i>(Non-Executive Chairman)</i>
<b>Miltiadis Xynogalas</b>	<i>(Managing Director and CEO)</i>
<b>David Johnson</b>	<i>(Executive Director and COO)</i>
<b>Paul Bernard</b>	<i>(Non-Executive Director)</i>
<b>Jeremy Brest</b>	<i>(Non-Executive Director)</i>
<b>Mario Traviati</b>	<i>(Non-Executive Director)</i>

### 2 ARRANGEMENTS TO ENABLE THE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was, the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than as disclosed under "Share Rights and Options" in this report.

### 3 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act 1967, the following directors who held office at the end of the financial year were interested in shares, warrants and vested share options of the Company as follows:

# DIRECTORS' STATEMENT (CONT.)

**CONRAD ASIA ENERGY LTD**  
(Incorporated in Singapore)

## AND ITS SUBSIDIARIES DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 3 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES(CONT.)

Name of Directors	Holdings registered in the name of director		Holdings in which a director is deemed to have an interest	
	At 01.01.2023	At 31.12.2023	At 01.01.2023	At 31.12.2023
No. of ordinary shares, warrants and vested share options				
The Company				
Peter Botten	-	480,000	870,095	870,095
Miltiadis Xynogalas	1,057,672	1,057,672	14,400,000	14,400,000
David Johnson	1,081,840	1,081,840	-	-
Paul Bernard	-	770,514	5,044,072	5,044,072
Jeremy Brest	-	-	4,975,736	5,746,250
Mario Traviati	9,300,656	9,884,242	3,119,235	3,119,235

There was a change for some directors in the above-mentioned interests between the end of the financial year and report date, as disclosed in Appendix 3Y.

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment, if later or at the end of the financial year.

### 4 SHARE RIGHTS AND OPTIONS

The Conrad Incentive Plan for key management personnel and employees of the Group was approved and adopted by shareholders through the shareholders' resolution in writing on 23 May 2022.

The Group has granted 239,578 share rights (2022: 3,844,616 share rights and 2,080,000 options) to key management personnel and employees in the current financial year.

In the current financial year, two employees resigned and 680,000 share rights and 320,000 options had lapsed relating to these two employees.

The information on the directors of the Company participating in the Incentive Plan is as follows:

# DIRECTORS' STATEMENT (CONT.)

**CONRAD ASIA ENERGY LTD**  
(Incorporated in Singapore)

## AND ITS SUBSIDIARIES DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 4 SHARE RIGHTS AND OPTIONS (CONT.)

Name of Directors	Number of unvested share rights held		Number of unvested options held	
	At 01.01.2023	At 31.12.2023	At 01.01.2023	At 31.12.2023
Peter Botten	480,000	-	-	-
Miltiadis Xynogalas	160,000	160,000	400,000	400,000
David Johnson	560,000	560,000	400,000	400,000
Paul Bernard	663,848	-	320,000	213,334
Jeremy Brest	663,848	-	320,000	213,334
Mario Traviati	476,920	-	320,000	213,334

#### Share rights

Vesting conditions of share rights are not the same, depending on the recipient. There are five (5) different sets of vesting conditions in total.

##### Vesting conditions set 1:

- a. on 25 September 2023, which is 1 year from the date of grant of the share rights; or
- b. 100% at such time as Conrad farms down or sells down to a Participating interest of 20% or less in the Duyung Production Sharing Contract.

##### Vesting conditions set 2:

- a. on 25 September 2024, which is 2 years from the date of grant of the share rights.

##### Vesting conditions set 3:

- a. in four equal tranches annually over 4 years from grant date; or
- b. 100% at such time as Conrad farms down or sells down to a Participating interest of 20% or less in the Duyung Production Sharing Contract.

##### Vesting conditions set 4:

- a. on 25 September 2024, which is 2 years from the date of grant of the share rights; or
- b. 100% at such time as Conrad farms down or sells down to a Participating interest of 20% or less in the Duyung Production Sharing Contract.

##### Vesting conditions set 5:

- a. in three equal tranches annually over 3 years from the date of grant of the share rights.

The share rights will lapse and expire if the vesting conditions are not met. Please refer to Note 18 for more information.

# DIRECTORS' STATEMENT (CONT.)

CONRAD ASIA ENERGY LTD  
(Incorporated in Singapore)

## AND ITS SUBSIDIARIES DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 4 SHARE RIGHTS AND OPTIONS (CONT.)

#### Options

Vesting conditions of options are not the same, depending on the recipient. There are three (3) different sets of vesting conditions in total.

##### Vesting conditions set 1:

- a. in three equal tranches annually over 3 years from grant date; or
- b. 100% at such time as Conrad farms down or sells down to a Participating interest of 20% or less in the Duyung Production Sharing Contract.

##### Vesting conditions set 2:

- a. on 25 September 2023, which is 1 year from the date of grant of the options; or
- b. 100% at such time as Conrad farms down or sells down to a Participating interest of 20% or less in the Duyung Production Sharing Contract.

##### Vesting conditions set 3:

- a. on 25 September 2024, which is 2 years from the date of grant of the options and only once the following performance-based vesting conditions being met:
  - one-third of the options will vest through Conrad (or through West Natuna Exploration Limited ("WNEL")) signing a binding gas sales agreement in respect of the Mako project.
  - one-third of the options will vest upon the final investment decision in respect of the Mako project.
  - one-third of the options will vest upon first production of gas from Mako Gas Field and supplied at the daily contract quality specified in any gas sales agreement executed by Conrad.

The options will expire at 5.00 pm (Singapore time) on 25 September 2027, the date which is the fifth anniversary of the grant date.

The details of outstanding share rights and options to subscribe for ordinary shares of the Group pursuant to the Conrad Incentive Plan are as follows:

Date of grant	Exercise price	Balance at the beginning of the financial year	Number of share rights (lapsed)/ granted during the financial year	Number of share rights exercised during the financial year	Number of share rights outstanding as at the end of the financial year
25.09.2022	-	3,844,616	(680,000)	(2,324,616)	840,000
01.07.2023	-	-	239,578	-	239,578

Date of grant	Exercise price	Balance at the beginning of the financial year	Number of options lapsed during the financial year	Number of options vested during the financial year	Number of unvested options outstanding as at the end of the financial year
25.09.2022	US\$0.81	2,080,000	(320,000)	(319,998)	1,440,002

# DIRECTORS' STATEMENT (CONT.)

**CONRAD ASIA ENERGY LTD**  
(Incorporated in Singapore)

## AND ITS SUBSIDIARIES DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 5 AUDIT COMMITTEE

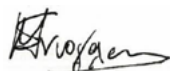
The Audit Committee performs the functions specified by the Listing Rules of the Australian Securities Exchange ("ASX"), the Code of Corporate Governance and Section 201B(5) of the Singapore Companies Act 1967.

The nature and extent of the functions performed by the Audit Committee are detailed in the Report on Corporate Governance set out in the Annual Report of the Company.

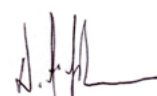
### 6 INDEPENDENT AUDITORS

The independent auditors, Moore Stephens LLP, Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors,



**Miltiadis Xynogalas**



**David Johnson**  
Singapore  
27 March 2024



# INDEPENDENT AUDITOR'S REPORT



**MOORE**

**MOORE STEPHENS LLP**

CHARTERED ACCOUNTANTS OF SINGAPORE

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

**CONRAD ASIA ENERGY LTD**  
(Incorporated in Singapore)

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Conrad Asia Energy Ltd (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, and the consolidated statement of comprehensive income and the consolidated statement of cash flows of the Group and statements of changes in equity of the Group and the Company for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2023 and of the consolidated financial performance and consolidated cash flows of the Group and changes in equity of the Group and the Company for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITOR'S REPORT (CONT.)


**MOORE**
**MOORE STEPHENS LLP**  
CHARTERED ACCOUNTANTS OF SINGAPORE

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

**CONRAD ASIA ENERGY LTD**  
**(Incorporated in Singapore)**

(cont'd)

### Key Audit Matters (cont'd)

Key Audit Matter	How our audit addressed the key audit matter
<p><b><i>Impairment of Exploration and Evaluation Assets</i></b></p> <p>We refer to Note 2(f), Note 3(a) and Note 12 to the financial statements.</p> <p>As at 31 December 2023, the carrying amount of exploration and evaluation assets amounted to US\$27.1 million.</p> <p>We considered the impairment of exploration and evaluation assets to be a key focus because of its significance and the degree of judgement required in assessing the impairment indicators which include modelling a range of assumptions and estimates that are impacted on by the expected future performance and market conditions.</p> <p>The carrying value of exploration and evaluation assets is subjective based on the Group's ability and intention, to continue to explore the assets. The carrying value may also be impacted by the results of exploration work indicating that the gas resources may not be commercially viable for extraction.</p> <p>In accordance with SFRS(I) 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group is required to assess whether facts and circumstances existed to suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount. Key assumptions, judgements and estimates used in the impairment indicator assessment can lead to significant changes in respect to whether economic quantities of gas can be commercialised or whether further exploration and evaluation work is underway or planned to support the continued carry forward of capitalised costs.</p>	<p><b><i>Our response</i></b></p> <p>We designed and performed the following key procedures, among others:</p> <ul style="list-style-type: none"> <li>• We reviewed the Group's accounting policy for exploration and evaluation expenditure against the requirements of SFRS(I) 6;</li> <li>• We assessed whether impairment indicators, as set out in SFRS(I) 6, were present;</li> <li>• We evaluated the valuation methodology and other relevant factors applied in determining the recoverable amount;</li> <li>• We considered the commercial viability of results relating to the exploration and evaluation activities carried out in the relevant licensed areas;</li> <li>• We considered the Group's right to explore in the relevant exploration area and the period in which the Group has the right to explore in the specific area;</li> <li>• We enquired with management and reviewed ASX announcements and minutes of Directors' meetings to ensure that the Group had not decided to discontinue exploration and evaluation in its areas of interest;</li> <li>• We evaluated the Group's intention and capacity to carry out significant exploration and evaluation activities and is consistent with the exploration budget; and</li> <li>• We assessed the ability of the Group to fund the continuation of exploration and evaluation activities in each area of interest.</li> </ul> <p><b><u>Our audit findings:</u></b></p> <p>Based on our audit procedures, we found management's assessment of the impairment of exploration and evaluation assets to be reasonable and appropriate.</p>

# INDEPENDENT AUDITOR'S REPORT (CONT.)



**MOORE**

**MOORE STEPHENS LLP**

CHARTERED ACCOUNTANTS OF SINGAPORE

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

**CONRAD ASIA ENERGY LTD**  
(Incorporated in Singapore)

(cont'd)

### Other Information

Management is responsible for the other information. The other information comprises the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

# INDEPENDENT AUDITOR'S REPORT (CONT.)



**MOORE**

**MOORE STEPHENS LLP**

CHARTERED ACCOUNTANTS OF SINGAPORE

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

**CONRAD ASIA ENERGY LTD**  
**(Incorporated in Singapore)**

(cont'd)

### **Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)**

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



# INDEPENDENT AUDITOR'S REPORT (CONT.)



**MOORE**

**MOORE STEPHENS LLP**

CHARTERED ACCOUNTANTS OF SINGAPORE

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

**CONRAD ASIA ENERGY LTD**  
(Incorporated in Singapore)

(cont'd)

### Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated on our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ms. Michelle Chong Jia Yun.

**Moore Stephens LLP**  
Public Accountants and  
Chartered Accountants

Singapore

**27 MAR 2024**



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONRAD ASIA ENERGY LTD  
(Incorporated in Singapore)

AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Group	
	Note	2023 US\$	2022 US\$
Revenue	4	-	333,328
Other income	5	8,223	19,567
Other operating expenses		(9,883,662)	(16,764,540)
Finance income	7	179,537	43,037
Finance expense	8	(32,763)	(1,723,118)
<b>Loss before income tax</b>	6	(9,728,665)	(18,091,726)
Income tax	9	-	-
<b>Loss after tax representing total comprehensive loss for the financial year</b>		(9,728,665)	(18,091,726)
<b>Total comprehensive loss attributable to</b>			
Equity holders of the Company		(9,728,665)	(18,091,726)
Non-controlling interest			
		(9,728,665)	(18,091,726)
<b>Loss per share</b>			
- Basic	17(a)	(0.06) cents	(0.14) cents
- Diluted	17(a)	(0.06) cents	(0.14) cents

The accompanying notes form an integral part of the financial statements

# STATEMENTS OF FINANCIAL POSITION

**CONRAD ASIA ENERGY LTD**  
(Incorporated in Singapore)

**AND ITS SUBSIDIARIES**

**STATEMENTS OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2023

		Group		Company	
	Note	2023	2022	2023	2022
		US\$	US\$	US\$	US\$
<b>ASSETS</b>					
<b>Non-current assets</b>					
Plant and equipment	10	295,225	379,762	61,216	163,367
Investment in subsidiaries	11	-	-	17,573	17,573
Amount due from subsidiaries	15	-	-	35,044,079	-
Exploration and evaluation assets	12	27,101,848	22,392,713	-	-
Other receivables	14	3,165,877	225,000	-	-
		<b>30,562,950</b>	<b>22,997,475</b>	<b>35,122,868</b>	<b>180,940</b>
<b>Current assets</b>					
Financial asset at fair value through profit or loss	13	167,495	175,739	167,495	175,739
Other receivables	14	415,254	237,627	42,148	20,749
Prepayment		349,042	177,578	288,372	122,510
Amount due from subsidiaries	15	-	-	-	28,162,869
Cash and cash equivalents	16	4,511,418	18,961,222	4,229,375	15,429,361
		5,443,209	19,552,166	4,727,390	43,911,228
<b>TOTAL ASSETS</b>		<b>36,006,159</b>	<b>42,549,641</b>	<b>39,850,258</b>	<b>44,092,168</b>
<b>Equity and Liabilities</b>					
<b>Equity and reserves</b>					
Share capital	17	70,118,831	67,883,357	70,118,831	67,883,357
Employee benefits reserve	18	1,197,176	1,084,089	1,197,176	1,084,089
Warrants reserve	17	2,958,950	2,958,950	2,958,950	2,958,950
Accumulated losses		(43,309,675)	(34,542,663)	(37,805,928)	(32,568,925)
Total attributable to the owners of the Company		30,965,282	37,383,733	36,469,029	39,357,471
Non-controlling interests		-	-	-	-
		<b>30,965,282</b>	<b>37,383,733</b>	<b>36,469,029</b>	<b>39,357,471</b>
<b>Liabilities</b>					
<b>Non-current liability</b>					
Lease liabilities	22	130,016	144,393	-	52,915
		130,016	144,393	-	52,915
<b>Current liabilities</b>					
Trade and other payables	19	1,791,311	686,651	362,634	450,790
Warrants	20	2,964,924	4,129,232	2,964,924	4,129,232
Lease liabilities	22	154,626	205,632	53,671	101,760
		4,910,861	5,021,515	3,381,229	4,681,782
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>36,006,159</b>	<b>42,549,641</b>	<b>39,850,258</b>	<b>44,092,168</b>

The accompanying notes form an integral part of the financial statements

# STATEMENTS OF CHANGES IN EQUITY

## CONRAD ASIA ENERGY LTD (Incorporated in Singapore)

### AND ITS SUBSIDIARIES

### STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Share capital US\$	Accumulated losses US\$	Warrants reserve US\$	Employee benefits reserve US\$	Total attributable to the owners of the Company US\$
<b>Balance at 1 January 2023</b>	<b>67,883,357</b>	<b>(34,542,663)</b>	<b>2,958,950</b>	<b>1,084,089</b>	<b>37,383,733</b>
Loss for the year	-	(9,728,665)	-	-	(9,728,665)
Other comprehensive loss, net of income tax	-	-	-	-	-
Total comprehensive loss for the year	-	(9,728,665)	-	-	(9,728,665)
Recognition of share-based payments under Conrad Incentive Plan	-	-	-	3,310,214	3,310,214
Cancellation of share rights and options	-	961,653	-	(961,653)	-
Exercise of share rights to ordinary shares	2,235,474	-	-	(2,235,474)	-
<b>Balance at 31 December 2023</b>	<b>70,118,831</b>	<b>(43,309,675)</b>	<b>2,958,950</b>	<b>1,197,176</b>	<b>30,965,282</b>
<b>Balance at 1 January 2022</b>	<b>34,629,209</b>	<b>(16,450,937)</b>	<b>-</b>	<b>-</b>	<b>18,178,272</b>
Loss for the year	-	(18,091,726)	-	-	(18,091,726)
Other comprehensive loss, net of income tax	-	-	-	-	-
Total comprehensive loss for the year	-	(18,091,726)	-	-	(18,091,726)
Issuance of ordinary shares	34,582,266	-	-	-	34,582,266
Costs of issuing capital	(1,328,118)	-	-	-	(1,328,118)
Issue of warrants	-	-	2,958,950	-	2,958,950
Recognition of share-based payments under Conrad Incentive Plan	-	-	-	1,084,089	1,084,089
<b>Balance at 31 December 2022</b>	<b>67,883,357</b>	<b>(34,542,663)</b>	<b>2,958,950</b>	<b>1,084,089</b>	<b>37,383,733</b>

The accompanying notes form an integral part of the financial statements

# STATEMENTS OF CHANGES IN EQUITY (CONT.)

## CONRAD ASIA ENERGY LTD (Incorporated in Singapore)

### AND ITS SUBSIDIARIES

#### STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Company	Share capital US\$	Accumulated losses US\$	Warrants reserve US\$	Employee benefits reserve US\$	Total US\$
<b>Balance at 1 January 2023</b>	<b>67,883,357</b>	<b>(32,568,925)</b>	<b>2,958,950</b>	<b>1,084,089</b>	<b>39,357,471</b>
Loss for the year	-	(6,198,656)	-	-	(6,198,656)
Other comprehensive loss, net of income tax	-	-	-	-	-
Total comprehensive loss for the year	-	(6,198,656)	-	-	(6,198,656)
Recognition of share-based payments under Conrad Incentive Plan	-	-	-	3,310,214	3,310,214
Cancellation of share rights and options	-	961,653	-	(961,653)	-
Exercise of share rights to ordinary shares	2,235,474	-	-	(2,235,474)	-
<b>Balance at 31 December 2023</b>	<b>70,118,831</b>	<b>(37,805,928)</b>	<b>2,958,950</b>	<b>1,197,176</b>	<b>36,469,029</b>
<b>Balance at 1 January 2022</b>	<b>34,629,209</b>	<b>(16,933,850)</b>	<b>-</b>	<b>-</b>	<b>17,695,359</b>
Loss for the year	-	(15,635,075)	-	-	(15,635,075)
Other comprehensive loss, net of income tax	-	-	-	-	-
Total comprehensive loss for the year	-	(15,635,075)	-	-	(15,635,075)
Issuance of shares	34,582,266	-	-	-	34,582,266
Costs of issuing capital	(1,328,118)	-	-	-	(1,328,118)
Issue of warrants	-	-	2,958,950	-	2,958,950
Recognition of share-based payments under Conrad Incentive Plan	-	-	-	1,084,089	1,084,089
<b>Balance at 31 December 2022</b>	<b>67,883,357</b>	<b>(32,568,925)</b>	<b>2,958,950</b>	<b>1,084,089</b>	<b>39,357,471</b>

The accompanying notes form an integral part of the financial statements

# CONSOLIDATED STATEMENT OF CASH FLOWS

**CONRAD ASIA ENERGY LTD**  
(Incorporated in Singapore)

**AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	2023 US\$	2022 US\$
<b>Cash Flows from Operating Activities</b>		
Loss before income tax	(9,728,665)	(18,091,726)
Adjustments for:		
Interest income	(179,537)	(43,037)
Interest expense	32,763	1,723,118
Discounting effect of performance bond	209,123	-
Depreciation of plant and equipment	194,551	146,227
Exploration and evaluation assets written off	-	2,389,218
Costs of issuing capital	-	(1,328,118)
Loss on extinguishment of convertible loan	-	917,881
Fair value loss on revaluation of financial assets, at FVPL	8,244	61,463
Fair value change of warrants	(1,164,308)	575,385
Unrealised foreign exchange loss/(gain)	19,575	(19,723)
Warrants expense	-	2,958,950
Employee Incentive Plan expense	3,310,214	1,084,089
Operating cash flows before working capital changes	(7,298,040)	(9,626,273)
Changes in working capital:		
Increase in other receivables	(3,330,484)	(181,567)
Increase in prepayment	(171,464)	(115,543)
Increase in trade and other payables	1,110,046	183,160
Cash used in operations	(9,689,942)	(9,740,223)
Interest received	179,537	43,037
<b>Net cash used in operating activities</b>	<b>(9,510,405)</b>	<b>(9,697,186)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of plant and equipment	(4,130)	(64,775)
Increase in exploration and evaluation assets (Note 12)	(4,709,135)	(360,481)
<b>Net cash used in investing activities</b>	<b>(4,713,265)</b>	<b>(425,256)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issuance of ordinary shares	-	28,664,385
Proceeds from convertible loan	-	5,000,000
Decrease in amount due to shareholders	-	(5,878,816)
Repayment of lease liabilities	(183,664)	(119,594)
Interest paid	(30,970)	(33,343)
<b>Net cash (used in)/generated from financing activities</b>	<b>(214,634)</b>	<b>27,632,632</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(14,438,304)</b>	<b>17,510,190</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>18,961,222</b>	<b>1,442,336</b>
<b>Effect of exchange rate changes on foreign currencies cash and bank balances</b>	<b>(11,500)</b>	<b>8,696</b>
<b>Cash and cash equivalents at the end of the financial year (Note 16)</b>	<b>4,511,418</b>	<b>18,961,222</b>

The accompanying notes form an integral part of the financial statements



# CONSOLIDATED STATEMENT OF CASH FLOWS (CONT.)

CONRAD ASIA ENERGY LTD  
(Incorporated in Singapore)

AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The reconciliation of movements of liabilities to cash flows arising from financing activities is presented below:

	Cash flow			Non-cash changes		
	1 January US\$	Repayments US\$	Additions US\$	Interest expense US\$	Unrealised foreign exchange loss/ (gain) US\$	31 December US\$
2023						
Lease liabilities	350,025	(214,634)	98,825	30,970	19,456	284,642
	350,025	(214,634)	98,825	30,970	19,456	284,642
2022						
Amount due to shareholders	4,189,041	(5,878,816)	-	1,689,775	-	-
Lease liabilities	188,433	(152,937)	295,764	33,343	(14,578)	350,025
	4,377,474	(6,031,753)	295,764	1,723,118	(14,578)	350,025

The accompanying notes form an integral part of the financial statements

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

**CONRAD ASIA ENERGY LTD**  
(Incorporated in Singapore)

**AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. GENERAL INFORMATION

Conrad Asia Energy Ltd (the "Company") is a public limited company incorporated and domiciled in Singapore and is listed on the Australian Securities Exchange ("ASX").

The principal activities of the Company are oil and gas exploration and development. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

The address of its registered office and principal place of business is located at 84 Amoy Street #03-01 Singapore 069903 and South Quarter Tower A, 15th Floor, Unit H, Jl. R.A. Kartini Kav. 8, Cilandak, Jakarta 12430, Indonesia respectively.

The financial statements were approved and authorised for issue by the Board of Directors in accordance with a resolution of the Directors on the date of the Directors' Statement.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

### (a) Basis of Preparation

The financial statements have been prepared under the historical cost basis, except as disclosed in the accounting policies below and are drawn up in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

The financial statements are presented in United States dollars ("US\$"), which is the functional currency of the Company.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise judgement in the process of applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity are disclosed in Note 3 to the financial statements.

Adoption of New and Revised Singapore Financial Reporting Standards (International) ("SFRS(I)") issued which are effective

On 1 January 2023, the Group has adopted the new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INTs") that are mandatory for application for the financial year. The adoption of these new and revised SFRS(I) and SFRS(I) INTs did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

### Adoption of New and Revised SFRS(I) issued but not yet effective

At the date of authorisation of these financial statements, the following standards that have been issued and are relevant to the Group and Company but not yet effective:

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD

(Incorporated in Singapore)

### AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

### (a) Basis of Preparation (Cont.)

		Effective for annual financial periods beginning on or after
Amendments to SFRS(I) 1-1	Amendments to SFRS(I) 1-1 Presentation of Financial Statements – Classification of Liabilities as current or non-current and Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 16	Amendments to SFRS(I) 16 Lease – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS(I) 1-7	Amendments to SFRS(I) 1-7 Statement of Cash Flows and SFRS(I) 7 Financial Instruments: Disclosures: Supplier Finance Arrangements	1 January 2024
Amendments to SFRS(I) 1-21	Amendments to SFRS(I) 1-21 the Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025
Amendments to SFRS(I) 10 and SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28 Investments in Associates and Joint Ventures – Sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely, early application is still permitted

The directors expect that the adoption of the standards above will have no material impact on the consolidated financial statements in the period of initial application.

### (b) Foreign Currencies

#### i. Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

For the purpose of the financial statements, the results and financial position of each entity in the Group are expressed in United States Dollar ("US\$"), which is the functional currency of the Company and the presentation currency for the financial statements.

#### ii. Transactions and balances

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation difference arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in the other comprehensive income and accumulated in the exchange translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD (Incorporated in Singapore)

### AND ITS SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

### (b) Foreign Currencies (Cont.)

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in term of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the net investment.

### iii. Translation of Group entities' financial statements

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing exchange rates at the reporting date;
- income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transactions dates, in which the case income and expenses are translating using the exchange rates at the dates of the transactions); and
- all resulting currency translation differences are recognised in other comprehensive income and accumulated in the exchange translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

### (c) Group Accounting

#### i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD

(Incorporated in Singapore)

### AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

### (c) Group Accounting (Cont.)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual agreements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Group applies the acquisition method to account for business combinations when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether an integrated set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create output. The Group has an option to apply a 'fair value concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test can be applied on a transaction-by-transaction basis. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the test is met, the set of activities and assets is determined not to be a business and no further assessment is needed. If the test is not met, or if the Group elects not to apply the test, a detailed assessment must be performed applying the normal requirements in SFRS(I) 3.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD

(Incorporated in Singapore)

### AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

### (c) Group Accounting (Cont.)

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred assets. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group loses control of a subsidiary, it:

- derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest (including any components of other comprehensive income attributable to them);
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained in the former subsidiary at its fair value;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate; and
- recognises any resulting difference as a gain or loss in profit or loss.

Investments in subsidiaries are carried at cost less accumulated impairment losses in the statement of financial position of the Company. On disposal of investment in subsidiaries the difference between the net disposal proceeds and the carrying amount of the investment are recognised in profit or loss.

### (d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

### (e) Plant and Equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Leased building	Over the remaining lease term till 2024
Computers	3 years
Office renovation	3 years
Furniture and fittings	3 years
Office equipment	3 years

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD (Incorporated in Singapore)

### AND ITS SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

### (e) Plant and Equipment (Cont.)

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

### (f) Exploration and Evaluation Assets

Exploration and evaluation activity involves the search for oil and gas resources, the determination of technical feasibility and the assessment of the commercial viability of an identified resource. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in profit or loss.

Exploration and evaluation costs are capitalised in respect of each area of interest for which the rights to tenure are current and where:

- i. the exploration and evaluation costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- ii. exploration and evaluation activities in the area of interest have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

Exploration and evaluation assets comprise, among others, costs that are directly attributable to researching and analysing existing exploration data, gathering exploration data through topographical, geochemical and geophysical studies, exploratory drilling, trenching and sampling, determining and examining the volume and grade of the resource, examining and testing extraction and treatment methods, surveying transportation and infrastructure requirements, compiling pre-feasibility and feasibility studies and/or gaining access to areas of interest including occupancy and relocation compensation and other directly attributable costs of exploration and appraisal including technical and administrative costs.

General and administrative costs are allocated to, and included in, the cost of exploration and evaluation asset only to the extent that those costs can be related directly to operational activities in the area of interest to which the exploration and evaluation asset relates. In all other cases, these costs are expensed as incurred.

Exploration and evaluation assets are transferred to development costs, a component of exploration and evaluation assets, when the technical feasibility and commercial viability of extracting the resource are demonstrable and sanctioned by management.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. Where a potential impairment is indicated, assessment is performed for each area of interest in conjunction with the group of operating assets (representing a Cash Generating Unit) to which the exploration and evaluation is attributable. To the extent that capitalised exploration and evaluation is not expected to be recovered, it is charged to profit or loss.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are depreciated over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward cost in relation to that area of interest.

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD (Incorporated in Singapore)

### AND ITS SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

### (f) Exploration and Evaluation Assets (Cont.)

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the cost of that stage. Site restoration costs include the dismantling and removal of drilling facilities, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the concession permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis.

Any changes to the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within 1 year of abandoning the concession site.

### (g) Impairment of Non-Financial Assets

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The impairment loss is recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

### (h) Financial Instruments

#### i. Financial Assets

##### Classification and Measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVPL").

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives, if any, are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD (Incorporated in Singapore)

### AND ITS SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

### (h) Financial Instruments (Cont.)

#### Initial recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

#### Subsequent measurement

##### i. Debt instruments

Debt instruments mainly comprise other receivables, amount due from subsidiaries and cash and cash equivalents.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- **Amortised cost:** Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- **FVOCI:** Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other income / other expenses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income", if any.
- **FVPL:** Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other income/other operating expenses", if any.

##### ii. Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other income/other operating expenses", except for those equity securities which are not held for trading.

#### Recognition and Derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

**CONRAD ASIA ENERGY LTD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

### (h) Financial Instruments (Cont.)

#### iii. Financial Liabilities

##### Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group and the Company determine the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

##### Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

##### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### (i) Impairment of Financial Assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivable and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each reporting period. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay. For other receivables, the Group and the Company apply a general approach to calculate loss allowance based on a 12-month ECL.

The Group and the Company consider a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

**CONRAD ASIA ENERGY LTD**  
(Incorporated in Singapore)

**AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

### (j) Share Capital

Ordinary shares issued by the Group and the Company are classified as equity and recorded at the proceeds received, net of direct issue costs.

### (k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### (l) Revenue Recognition

Revenue is measured based on the consideration to which the Group and the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group and the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Revenue from rendering of services, if any, is recognised when the services have been performed and rendered.

Interest income is recognised on a time proportion basis using the effective interest method.

### (m) Employee Benefits

#### Defined contribution plans

The Group operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period.

#### Employee Incentive Plan

The Group operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period.

The total amount to be recognised is determined by reference to the fair value of the shares granted on the date of the grant. These shares are vested immediately upon issue. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

At each reporting date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD (Incorporated in Singapore)

### AND ITS SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

### (m) Employee Benefits (Cont.)

The employee share option reserve is transferred to accumulated losses upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

Where the employee share option plan is cancelled, it is treated as if it vested on the date of cancellation, and any expense that otherwise would have been recognised for services received over the remaining vesting period is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met.

### (n) Leases

#### As lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

The Group recognises right-of-use assets and lease liabilities at the date which the underlying assets become available for use. Right-of-use assets are measured at cost, which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement dates, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment, over the lease term till 2024. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the corresponding lease liabilities. The Group and the Company present its right-of-use assets and lease liabilities in "Plant and equipment" and "Lease liabilities" respectively in the statements of financial position.

The initial measurement of lease liabilities is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease components. The Group has elected not to separate lease and non-lease components for property leases; instead, these are accounted for as one single lease component.



# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

**CONRAD ASIA ENERGY LTD**  
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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

### (n) Leases (Cont.)

Lease liabilities are measured at amortised cost, and are remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise lease extension and termination options;
- There is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- There is a modification to the lease term.

When lease liabilities are remeasured, corresponding adjustments are made against the right-of-use assets. If the carrying amounts of the right-of-use assets have been reduced to zero, the adjustments are recorded in profit or loss. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less, as well as leases of low value assets, except in the case of sub-lease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Variable lease payments that are based on an index or a rate are included in the measurement of the corresponding right-of-use assets and lease liabilities. Other variable lease payments are recognised in profit or loss when incurred.

#### Short-term lease and lease of low-value assets

The Group applies the short-term leases recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payment on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

### (o) Warrants

The warrants are recognised as financial liabilities and represent the assigned fair value of the warrants issued by the Company, net of issue expenses, if any, at initial recognition.

The warrants liability needs to be fair valued at each subsequent reporting date, with any adjustment to the value recorded being reflected in profit and loss.

#### Warrants Reserve

The warrants reserve represents the assigned fair value of the warrants issued by the Company, net of issue expenses. Each warrant carries the right to subscribe to a certain number of new ordinary shares at an exercise price. As and when the warrants are exercised, the related balance is transferred to the share capital account. At the expiry of the warrants, the balance in the warrants reserve will be transferred to accumulated losses.

### (p) Income Tax

#### i. Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD (Incorporated in Singapore)

### AND ITS SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT.)

### (p) Income Tax (Cont.)

#### ii. Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### (q) Related Parties

A related party is defined as follows:

A related party is a person or entity that is related to the entity that is preparing its financial statements ("reporting entity").

- a. A person or a close member of that person's family is related to the Group and Company if that person:
  - i. has control or joint control over the reporting entity;
  - ii. has significant influence over the reporting entity; or
  - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b. An entity is related to the Group and the company if any of the following conditions applies:
  - i. the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - iii. both entities are joint ventures of the same third party;
  - iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - v. the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
  - vi. the entity is controlled or jointly controlled by a person identified in (a);
  - vii. a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
  - viii. the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

### (r) Segment reporting

Operating segment is reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segment. The Group has only one operating segment which is the oil and gas exploration.

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD (Incorporated in Singapore)

### AND ITS SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

#### (a) Critical Judgements in applying Accounting Policies

##### Determination of functional currency

In determining the functional currency of the Group, judgment is used by the Group to determine the currency of the primary economic environment in which the Group operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

##### Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether it is likely that future economic benefits are likely, either from future exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Group defers exploration and evaluation expenditure.

The deferral policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in profit or loss in the period when the new information becomes available.

#### (b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

##### Useful lives of plant and equipment

The useful life of an item of plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of plant and equipment at the end of reporting period is disclosed in Note 10.

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below (cont'd).

##### Employee Incentive Plan

In the previous financial year ended 31 December 2022, the Company established the Employee Incentive Plan for key management personnel of the Group to receive share rights and options of the Company. These shares were granted by the Company under the "Conrad Incentive Plan" as disclosed in Note 18.

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD

(Incorporated in Singapore)

## AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT.)

#### (b) Key Sources of Estimation Uncertainty (Cont.)

The Group measures the cost of equity-settled transactions with employees with reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share rights and options, volatility and dividend yield and making assumptions about them.

#### Warrants

The Group issues warrants to its shareholders.

The Group measures the fair value of warrants with reference to the Binomial valuation model. Estimating the fair value for warrants is dependent on various factors such as the current spot price, exercise price, exercise period, risk-free rate and volatility.

Information on the fair value measurement is disclosed in Note 24.

### 4. REVENUE

Revenue represented service income recognised at a point in time and derived mainly from Indonesia.

	Company	
	2023 US\$	2022 US\$
Consultancy services rendered	-	333,328

### 5. OTHER INCOME

	Group	
	2023 US\$	2022 US\$
Government grants	6,736	19,567
Other income	1,487	-
	8,223	19,567

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD

(Incorporated in Singapore)

### AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 6. LOSS BEFORE INCOME TAX

	Group	
	2023 US\$	2022 US\$
Discounting effect of performance bond	209,123	-
Maintenance and marketing fee	108,153	-
Computer expenses	274,602	217,419
Depreciation of plant and equipment	194,551	146,227
Exploration and evaluation assets written off	-	2,389,218
Insurance	151,847	67,592
Legal and professional fees	1,065,544	1,108,938
Consultancy fee	-	1,475,144
Public relations	95,643	55,888
New venture costs	16,201	292,500
Employee Incentive Plan expense	3,310,214	1,084,089
Commission fee	-	236,952
IPO listing costs	47,945	1,581,321
Audit fees:		
- Company's auditors	64,381	59,691
Audit-related services:		
- Company's auditors	20,905	20,070
Staff costs:		
- Director's remuneration	831,000	793,923
- Fees for professional services	636,432	799,250
- Staff salaries	1,929,175	1,412,830
- Contract labour	205,132	-
- Staff benefit	117,953	23,855
Pension and severance allowance	551,926	-
Travelling	348,634	220,821
Fair value loss on revaluation of financial assets, at FVPL	8,244	61,463
Fair value change of warrants	(1,164,308)	575,385
Loss on extinguishment of convertible loan	-	917,881
Warrants expense	-	2,958,950
	-	3,876,831

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD (Incorporated in Singapore)

### AND ITS SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 7. FINANCE INCOME

	Group	
	2023 US\$	2022 US\$
Interest income from cash and cash equivalents	179,537	43,037

#### 8. FINANCE EXPENSE

	Group	
	2023 US\$	2022 US\$
Interest expense		
- Amount due to shareholders (Note 20)	-	604,843
- Warrants	-	1,084,932
- Lease liabilities (Note 22)	30,970	33,343
- Others	1,793	-
	32,763	1,723,118

#### 9. INCOME TAX

	Group	
	2023 US\$	2022 US\$
Income tax:		
- current year	-	-

The income tax expense varies from the amount of income tax determined by applying the statutory rate of income tax to loss before taxation due to the following factors:

	Group	
	2023 US\$	2022 US\$
Loss before income tax		
Tax calculated at 17%	(9,728,665)	(18,091,726)
Tax effects of:	(1,653,873)	(3,075,593)
- Expenses not deductible	144,281	1,426,852
- Deferred tax assets not recognised	1,509,592	1,648,741

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD (Incorporated in Singapore)

### AND ITS SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 9. INCOME TAX (CONT.)

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of US\$53,000,000 (2022: US\$44,000,000) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The tax losses have no expiry date.

##### Deferred tax assets not recognised

The components of deferred tax assets not recognised are as follows:

	Group	
	2023 US\$	2022 US\$
Unutilised tax losses	10,000,000	8,000,000

#### 10. PLANT AND EQUIPMENT

	Computers US\$	Office renovation US\$	Furniture and fittings US\$	Office equipment US\$	Leased building <sup>(1)</sup> US\$	Total US\$
<b>Group</b>						
2023						
Cost						
Balance at 1 January	134,568	16,132	97,279	4,036	612,592	864,607
Additions	-	-	4,130	-	98,825	102,955
Lease modification	-	-	-	-	7,059	7,059
<b>Balance at 31 December</b>	<b>134,568</b>	<b>16,132</b>	<b>101,409</b>	<b>4,036</b>	<b>718,476</b>	<b>974,621</b>
Accumulated depreciation						
Balance at 1 January	94,681	11,464	86,978	605	291,117	484,845
Depreciation	2,132	1,807	12,639	1,319	176,654	194,551
<b>Balance at 31 December</b>	<b>96,813</b>	<b>13,271</b>	<b>99,617</b>	<b>1,924</b>	<b>467,771</b>	<b>679,396</b>
Net book value						
<b>At 31 December 2023</b>	<b>37,755</b>	<b>2,861</b>	<b>1,792</b>	<b>2,112</b>	<b>250,705</b>	<b>295,225</b>



# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD

(Incorporated in Singapore)

### AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 10. PLANT AND EQUIPMENT (CONT.)

	Computers US\$	Office renovation US\$	Furniture and fittings US\$	Office equipment US\$	Leased building <sup>(1)</sup> US\$	Total US\$
<b>Group</b>						
2022						
Cost						
Balance at 1 January	91,181	10,710	85,270	79	316,828	504,068
Additions	43,387	5,422	12,009	3,957	295,764	360,539
<b>Balance at 31 December</b>	<b>134,568</b>	<b>16,132</b>	<b>97,279</b>	<b>4,036</b>	<b>612,592</b>	<b>864,607</b>
Accumulated depreciation						
Balance at 1 January	88,111	10,710	85,270	79	154,448	338,618
Depreciation	6,570	754	1,708	526	136,669	146,227
<b>Balance at 31 December</b>	<b>94,681</b>	<b>11,464</b>	<b>86,978</b>	<b>605</b>	<b>291,117</b>	<b>484,845</b>
Net book value						
<b>At 31 December 2022</b>	<b>39,887</b>	<b>4,668</b>	<b>10,301</b>	<b>3,431</b>	<b>321,475</b>	<b>379,762</b>

	Computers US\$	Office renovation US\$	Furniture and fittings US\$	Office equipment US\$	Leased building <sup>(1)</sup> US\$	Total US\$
<b>Company</b>						
2023						
Cost						
Balance at 1 January	74,438	16,132	14,258	4,036	186,680	295,544
Additions	-	-	624	-	-	624
<b>Balance at 31 December</b>	<b>74,438</b>	<b>16,132</b>	<b>14,882</b>	<b>4,036</b>	<b>186,680</b>	<b>296,168</b>
Accumulated depreciation						
Balance at 1 January	69,481	11,464	3,957	605	46,670	132,177
Depreciation	2,132	1,807	4,177	1,319	93,340	102,775
<b>Balance at 31 December</b>	<b>71,613</b>	<b>13,271</b>	<b>8,134</b>	<b>1,924</b>	<b>140,010</b>	<b>234,952</b>
Net book value						
<b>At 31 December 2023</b>	<b>2,825</b>	<b>2,861</b>	<b>6,748</b>	<b>2,112</b>	<b>46,670</b>	<b>61,216</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD

(Incorporated in Singapore)

### AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 10. PLANT AND EQUIPMENT (CONT.)

	Computers US\$	Office renovation US\$	Furniture and fittings US\$	Office equipment US\$	Leased building <sup>(1)</sup> US\$	Total US\$
<b>Company</b>						
2022						
Cost						
Balance at 1 January	69,862	10,710	2,249	79	-	82,900
Additions	4,576	5,422	12,009	3,957	186,680	212,644
<b>Balance at 31 December</b>	<b>74,438</b>	<b>16,132</b>	<b>14,258</b>	<b>4,036</b>	<b>186,680</b>	<b>295,544</b>
Accumulated depreciation						
Balance at 1 January	66,792	10,710	2,249	79	-	79,830
Depreciation	2,689	754	1,708	526	46,670	52,347
<b>Balance at 31 December</b>	<b>69,481</b>	<b>11,464</b>	<b>3,957</b>	<b>605</b>	<b>46,670</b>	<b>132,177</b>
Net book value						
<b>At 31 December 2022</b>	<b>4,957</b>	<b>4,668</b>	<b>10,301</b>	<b>3,431</b>	<b>140,010</b>	<b>163,367</b>

1. Light-of-use asset arising from leased buildings is recognised in accordance with SFRS(I) 16 *Leases*.

Please see Note 22 for more information.

## 11. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 US\$	2022 US\$
Unquoted equity investments, at cost		
Balance at the beginning of the year	17,573	17,691
Additions during the year	-	2
Write off of a subsidiary	-	(120)
Balance at the end of the year	17,573	17,573

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD (Incorporated in Singapore)

### AND ITS SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 11. INVESTMENTS IN SUBSIDIARIES (CONT.)

The details of subsidiaries as at 31 December are as follows:

Name of subsidiaries and country of incorporation	Principal activities	Effective equity interest	
		2023 %	2022 %
Conrad Petroleum (V) Limited Seychelles	International oil and gas exploration, appraisal development and production	100	100
West Natuna Exploration Ltd. British Virgin Islands	International oil and gas exploration, appraisal development and production	100	100
Conrad Petroleum OM Pte. Ltd. Singapore	International oil and gas extraction	100	100
ONWA Pte. Ltd. Singapore	International oil and gas extraction	100	100
OSWA Pte. Ltd. Singapore	International oil and gas extraction	100	100

The entities mentioned above are audited by Moore Stephens LLP.

#### 12. EXPLORATION AND EVALUATION ASSETS

	Group	
	2023 US\$	2022 US\$
Balance at the beginning of the financial year	22,392,713	24,421,450
Additions during the year	4,709,135	360,481
Exploration and evaluation assets written off	-	(2,389,218)
Balance at the end of the financial year	27,101,848	22,392,713

During the financial year, the Group acquired exploration and evaluation assets by means of:

	2023 US\$	2022 US\$
Cash	4,709,135	360,481

In the previous financial year ended 31 December 2022, the Group recognised the write-off of exploration and evaluation assets of US\$2,389,218 as the directors of the Company were of the opinion that the assets were not recoverable.

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD (Incorporated in Singapore)

### AND ITS SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 13. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Company	
	2023 US\$	2022 US\$
Investment in quoted shares	167,495	175,739

Movements in financial asset, at fair value through profit or loss are as follows:

	2023 US\$	2022 US\$
At the beginning of the financial year	175,739	237,202
Fair value loss	(8,244)	(61,463)
At the end of the financial year	167,495	175,739

Investment in quoted shares pertains to the share consideration received from the disposal of a production sharing contract interest in a subsidiary, West Natuna Exploration Limited. The quoted shares are listed on the London Stock Exchange and denominated in British Pound Sterling. The investment has no fixed maturity term and held for trading and is designated to be measured at FVPL. The share price indication of the investment is based on an active market price, which is a level 1 of the fair value hierarchy.

#### 14. OTHER RECEIVABLES

	Group	
	2023 US\$	2022 US\$
Other receivables and deposits:		
Production Sharing Contract partners (a)	324,375	184,016
Deposits (b)	415,385	266,573
Performance bond (c)	2,790,877	-
Other receivables	50,494	12,038
	<b>3,581,131</b>	<b>462,627</b>
Non-current	3,165,877	225,000
Current	415,254	237,627
	<b>3,581,131</b>	<b>462,627</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD (Incorporated in Singapore)

### AND ITS SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 14. OTHER RECEIVABLES (CONT.)

	Company	
	2023	2022
	US\$	US\$
Other receivables and deposits:		
Other receivables	21,309	-
Deposits	20,839	20,749
	<b>42,148</b>	<b>20,749</b>

- a. West Natuna Exploration Limited, Coro Energy Duyung (Singapore) Pte. Ltd. and Empyrean Energy PLC own 76.5%, 15% and 8.5% interest in the Production Sharing Contract respectively.

The amount pertains to the 100% operating cost that is charged back to the two partners in the PSC Scheme, Coro and Empyrean. The operating costs in relation to drilling and exploration costs incurred on the approved gas field which will be reimbursed from the cash carry and cash call paid by Coro and Empyrean.

As at 31 December 2023 and 2022, the PSC partners agreed to offset the receivables and payables and presented a net asset under "Production Sharing Contract partners".

- b. The amount pertains mainly to the working advance placed as deposits to SKK Migas and Badan Pengelola Migas Aceh ("BPMA") which will be refunded upon the termination of the contract.
- c. The amount pertains to the working advance placed as a performance bond to DG Migas to guarantee a definite commitment for the first 3 years of the contract.

#### Other receivables

Other receivables are considered to have a low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for non-trade receivables.

Accordingly, for the purpose of impairment assessment for non-trade receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses ("ECL").

Please refer to Note 23(b) for ageing analysis of other receivables of the Group and the Company.

Based on historical default rates, the Group and the Company believe that no impairment allowance is necessary in respect of other receivables.

#### 15. AMOUNT DUE FROM SUBSIDIARIES

Amount due from subsidiaries is non-trade in nature, unsecured, interest-free, not expected to be repaid in the next 1 year (2022: repayable on demand) and denominated in United States Dollar.

For the purpose of impairment assessment, the amount due from subsidiaries (except subsidiaries with impairment losses) are considered to have a low credit risk as the timing of payment is controlled by the Company taking into account cash flow management within the Group and there has been no significant increase in risk of default from the subsidiaries since initial recognition. Accordingly, the loss allowance measured at an amount equal to the 12-month expected credit loss is not material, except for amounts due from certain subsidiaries of US\$8,137,192 (2022: US\$8,023,751). The subsidiaries reported net liability positions as at 31 December 2023 (2022: net liability positions). The directors of the Company have assessed the amounts not to be recoverable.

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD (Incorporated in Singapore)

### AND ITS SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 16. CASH AND CASH EQUIVALENTS

	Group	
	2023 US\$	2022 US\$
Cash on hand and at bank	4,511,418	18,961,222

	Company	
	2023 US\$	2022 US\$
Cash on hand and at bank	4,229,375	15,429,361

#### 17. SHARE CAPITAL

	2023		2022	
	No. of shares	US\$	No. of shares	US\$
Issued and fully paid:				
At the beginning of the year	159,398,990	67,883,357	15,302,901	34,629,209
Effect of share split*	-	-	107,120,307	-
Issue of ordinary shares	-	-	30,821,919	28,664,385
Conversion of equity loan into ordinary shares	-	-	6,153,863	5,917,881
Exercise of share rights to ordinary Shares (Note 18)	2,324,616	2,235,474	-	-
	2,324,616	2,235,474	36,975,782	34,582,266
Costs of issuing capital	-	-	-	(1,328,118)
At the end of the year	161,723,606	70,118,831	159,398,990	67,883,357

On 8 April 2022, the Company sub-divided all the ordinary shares in the capital of the Company comprising 15,302,901 shares, on the basis of one (1) ordinary share for eight (8) ordinary shares into 122,423,208 new ordinary shares.

The new ordinary shares ranked pari-passu with the existing ordinary shares. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

#### (a) Loss Per Share

Basic loss per share is calculated by dividing the Group's net results attributable to ordinary equity holders for the financial year by the weighted average number of ordinary shares issued.

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD (Incorporated in Singapore)

### AND ITS SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 17. SHARE CAPITAL (CONT.)

	Group	
	2023 US\$	2022 US\$
Loss attributable to the owners of the Company (US\$)	(9,728,665)	(18,091,726)
Weighted average number of ordinary shares issued		
Basic	160,016,765	129,717,061
Diluted	166,005,049	131,291,548
Loss per ordinary share (US\$ cents)		
Basic	(0.06)	(0.14)
Diluted	(0.06)	(0.14)

Basic loss per share is calculated by dividing the consolidated loss after tax attributable to the equity holders of the Company, by the weighted average number of ordinary shares outstanding during the financial year.

As at 31 December 2023 and 2022, the diluted loss per share includes the effect of unissued ordinary shares granted under the Conrad Incentive Plan due to the vesting conditions are likely to be met. The effect of the inclusion is dilutive. The diluted loss per share does not include the effect of warrants as the effect of the inclusion is anti-dilutive.

#### 18. EMPLOYEE BENEFITS RESERVE

The Conrad Incentive Plan for key management personnel and employees of the Group was approved and adopted by shareholders through the shareholders' resolution in writing on 23 May 2022.

The Group has granted 239,578 share rights (2022: 3,844,616 share rights and 2,080,000 options) to key management personnel and employees in the current financial year.

In the current financial year, two employees resigned and 680,000 share rights and 320,000 options had lapsed relating to these two employees.

##### Share rights

##### iv. Vesting conditions

Vesting conditions of share rights are not the same, depending on the recipient. There are five (5) different sets of vesting conditions in total.

##### Vesting conditions set 1:

- a. on 25 September 2023, which is 1 year from the date of grant of the share rights; or
- b. 100% at such time as Conrad farms down or sells down to a Participating interest of 20% or less in the Duyung Production Sharing Contract.

##### Vesting conditions set 2:

- a. on 25 September 2024, which is 2 years from the date of grant of the share rights.



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## 18. EMPLOYEE BENEFITS RESERVE (CONT.)

### Share rights (Cont.)

#### Vesting conditions set 3:

- a. in four equal tranches annually over 4 years from grant date; or
- b. 100% at such time as Conrad farms down or sells down to a Participating interest of 20% or less in the Duyung Production Sharing Contract.

#### Vesting conditions set 4:

- a. on 25 September 2024, which is 2 years from the date of grant of the share rights; or
- b. 100% at such time as Conrad farms down or sells down to a Participating interest of 20% or less in the Duyung Production Sharing Contract.

#### Vesting conditions set 5:

- a. in three equal tranches annually over 3 years from the date of grant of the share rights.

#### ii. Expiration

The share rights will lapse and expire if the vesting conditions are not met.

#### iii. Dealing restrictions

The holders of share rights agree to not deal with the share rights issued to them on the vesting of those share rights prior to the release from any relevant voluntary or mandatory escrow arrangements entered into by the holders.

#### iv. Quotation

The share rights will not be quoted on the ASX or any other securities exchange.

#### v. Rights associated with share rights

The share rights do not carry any dividend or voting rights (except as required by law).

The share rights do not permit the holder to:

- a. Participate in a return of capital, whether in a winding up, upon a reduction of capital or otherwise; or
- b. Participate in new issue of capital such as bonus issue and entitlement issue.

The share rights do not carry any entitlement to participate in the surplus profit or asset of the Company upon winding up of the Company.

#### vi. Transfer restrictions

The share rights are not transferable, except to the estate of the holder on the death, permanent disability or permanent incapacitation of the holder.

#### vii. Adjustment of share rights

The share rights may be adjusted in accordance with the Conrad Incentive Plan.

#### viii. Cessation of employment/office or termination of services

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD (Incorporated in Singapore)

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#### 18. EMPLOYEE BENEFITS RESERVE (CONT.)

##### Share rights (Cont.)

The following table outlines the treatment of share rights should the share rights holder cease employment with the Company or their office/appointment with the Company is terminated or they cease providing services to Conrad, unless the Board in its discretion determines otherwise:

Time of cessation	Good leaver	Bad leaver
Prior to vesting	Holder will be entitled to have the vesting of their share rights accelerated and vest on cessation of employment or termination of office/appointment/ services.	Unvested share rights will lapse.
After vesting and delivery of shares/CDIs	Holder will continue to hold the shares/CDIs that have been delivered to them.	(Resignation) Holder will continue to hold the shares/ CDIs that have been delivered to them.
		(For cause)  Unvested share rights will lapse and shares/CDIs delivered to them on vesting of their share rights will be forfeited and bought back by Conrad.

##### ix. Share rights on share of control

If a change of control event occurs in relation to the Company (for example, a takeover bid, scheme of arrangement, merger or any other transaction or event that in the Board's opinion is a change of control event in relation to the Company), the Board may (amongst other things):

- waive any vesting condition; and/or
- determine that any vesting condition is satisfied, in accordance with the Conrad Incentive Plan.

##### x. Clawback

Under the Conrad Incentive Plan, the Board may make a determination in its discretion on how the share rights will be treated, such as deeming the share rights to have lapsed or forfeited, where (without limitation), in the opinion of the Board:

- the holder has acted fraudulently or dishonestly;
- the holder has engaged in, or was involved in, serious misconduct;
- the holder has breached their duties, responsibilities or obligations to the Company;
- the holder has done an act which brings the Company into disrepute;
- where there has been a material misstatement or omission in the financial statements of the Company;
- there occurs a catastrophic environmental or safety event (including the occurrence of any fatalities) caused by, contributed to or in respect of the Company, its operations or personnel, or other event which leads to a significant adverse impact on the reputation of the Company or its operations; or

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## 18. EMPLOYEE BENEFITS RESERVE (CONT.)

### Share rights (Cont.)

g. there occurs any other circumstance, which the Board has determined in good faith provides grounds for the Board to exercise its discretion for the treatment of the holder's share rights.

In circumstances of clawback the Board may, without limitation, require shares, received in connection with share rights to be forfeited or paid as directed by the Board under the Conrad Incentive Plan.

### xi. Tax deferral under tax legislation

The Conrad Incentive Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 is intended to apply (subject to the conditions in that Act).

### Options

Vesting conditions of options are not the same, depending on the recipient. There are three (3) different sets of vesting conditions in total.

#### Vesting conditions set 1:

- a. in three equal tranches annually over 3 years from grant date; or
- b. 100% at such time as Conrad farms down or sells down to a Participating interest of 20% or less in the Duyung Production Sharing Contract.

#### Vesting conditions set 2:

- a. on 25 September 2023, which is 1 year from the date of grant of the options; or
- b. 100% at such time as Conrad farms down or sells down to a Participating interest of 20% or less in the Duyung Production Sharing Contract.

#### Vesting conditions set 3:

- a. on 25 September 2024, which is 2 years from the date of grant of the options and only once the following performance-based vesting conditions being met:
  - one-third of the options will vest through Conrad (or through West Natuna Exploration Limited ("WNEL")) signing a binding gas sales agreement in respect of the Mako project.
  - one-third of the options will vest upon the final investment decision in respect of the Mako project.
  - one-third of the options will vest upon first production of gas from Mako Gas Field and supplied at the daily contract quality specified in any gas sales agreement executed by Conrad.

The options will expire at 5.00 pm (Singapore time) on 25 September 2027, the date which is the fifth anniversary of the grant date.

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD (Incorporated in Singapore)

### AND ITS SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 18. EMPLOYEE BENEFITS RESERVE (CONT.)

##### Options (Cont.)

The details of outstanding share rights and options to subscribe for ordinary shares of the Group pursuant to the Conrad Incentive Plan are as follows:

Date of grant	Exercise price	Balance at the beginning of the financial year	Number of share rights (lapsed)/granted during the financial year	Number of share rights exercised during the financial year	Number of share rights outstanding at the end of the financial year
25.09.2022	-	3,844,616	(680,000)	(2,324,616)	840,000
01.07.2023	-	-	239,578	-	239,578

Date of grant	Exercise price	Balance at the beginning of the financial year	Number of options lapsed during the financial year	Number of options vested during the financial year	Number of unvested options outstanding as at the end of the financial year
25.09.2022	US\$0.81	2,080,000	(320,000)	(319,998)	1,440,002

##### Fair value of share rights and options awarded

The fair value of each share granted under the Conrad Incentive Plan at the date of grant is based on the share price of the Company given that the Company's shares are publicly traded on the ASX.

The fair value of the share rights and options granted to key management personnel and employees is deemed to represent the value of the employee services received over the vesting period.

#### 19. TRADE AND OTHER PAYABLES

	Group	
	2023 US\$	2022 US\$
Trade payables	520,925	123,407
Other payables	123,407	175,043
Accrued expenses	1,071,979	246,905
Deferred income	75,000	75,000
	<b>1,791,311</b>	<b>686,651</b>

	Company	
	2023 US\$	2022 US\$
Trade payables	168,713	186,255
Other payables	123,407	158,762
Accrued expenses	70,514	105,773
Deferred income	-	-
	<b>362,634</b>	<b>450,790</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

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## 19. TRADE AND OTHER PAYABLES (CONT.)

Accrued expenses mainly comprise the exploration cost for the appraisal wells and employee severance pension funds.

Deferred income pertains to the working advance placed as a deposit by SDA Mangkalihat Pte. Ltd. and Samudra Energy Mangkalihat Limited (ex-operator) of Offshore Mangkalihat to SKK Migas and will be recognised as income when the deposit is refunded upon the termination of the contract. According to the contract, the Group does not need to repay the working advance to SDA Mangkalihat Pte. Ltd. and Samudra Energy Mangkalihat Limited (ex-operator) of Offshore Mangkalihat.

## 20. AMOUNT DUE TO SHAREHOLDERS AND WARRANTS

	Group and Company	
	2023 US\$	2022 US\$
Current		
Shareholders' loan	-	5,000,000
Add: interest expense	-	878,816
Less: repayment made to shareholders	-	(5,878,816)
Warrants, at the beginning of the year	4,129,232	3,553,847
Fair value change during the year	(1,164,308)	575,385
Warrants, at the end of the year	2,964,924	4,129,232

Shareholders' loan was non-trade in nature, unsecured and carried fixed interest at 10% per annum. The shareholders' loan was fully repaid in the previous financial year ended 31 December 2022.

In relation to the shareholders' loan, the Company issued 6,769,232 warrants (sub-divided from 846,154 warrants on the basis of one (1) warrant for eight (8) warrants) to its shareholders to be exercisable any time within the five-year period from the date of issue in June 2021. The cost of debt relating to the warrants is amortised over the term of the shareholders' loan of 18 months which was extended by 6 months in the previous financial period (from 12 months to 18 months).

The fair value of the warrants has been derived using the Binomial valuation model and is classified under Level 3 of the fair value hierarchy as at 31 December 2023. The key inputs applied in the estimation of warrants is volatility, risk-free rate of return and binomial steps.

### Valuation technique used to derive Level 3 fair value

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3) as at 31 December 2023:

Description	Fair value as at 31 December 2023 US\$	Valuation technique	Unobservable inputs	Inputs
Warrants	2,964,924	Binomial valuation model	Volatility	89.60%
			Risk free rate of return	3.61%
			Number of binomial steps	60 steps

A significant increase (decrease) in unobservable inputs based on management's estimates would result in a significantly higher (lower) fair value measurement.

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## CONRAD ASIA ENERGY LTD (Incorporated in Singapore)

### AND ITS SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 21. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions with related parties on terms mutually agreed during the financial year are as follows:

	Group	
	2023 US\$	2022 US\$
Compensation of key management personnel		
Issuance of shares and warrants	2,507,281	2,150,442
Wages and salary	218,386	-
Directors' remuneration	831,000	793,923
Staff benefit	26,237	23,855
Fees for professional services*	544,432	799,250

\* Fees received or receivable by a firm in which the director is a member or with a company in which the director has a substantial financial interest for professional services rendered to the Company or management and other fees for the year end.

#### 22. LEASE LIABILITIES

The Group and the Company as Lessees

The Group and the Company entered into lease contracts for its office premises. The Group and the Company have the option to terminate the lease contract but are unlikely to exercise the option. The right-of-use asset is recognised within plant and equipment (Note 10). The effective interest rate used is between 5.25% and 10.03%.

##### Extension option

The office premises include term extension options as per below of which the Group has the rights and expects to exercise this option.

The lease of South Quarter Tower A (Unit H) includes a term extension option for 3 years till 2024.

The lease of South Quarter Tower A (Unit A) includes a term extension option for 1 year till 2025.

Accordingly, lease payments in the extension period have been capitalised in the Group's right-of-use assets and lease liabilities.

(a) Carrying amount of right-of-use asset classified within plant and equipment

	Group	
	31 December 2023 US\$	31 December 2022 US\$
Leased building	250,705	321,475



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## CONRAD ASIA ENERGY LTD (Incorporated in Singapore)

### AND ITS SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 22. LEASE LIABILITIES (CONT.)

	Company	
	31 December 2023 US\$	31 December 2022 US\$
Leased building	46,670	140,010

#### (b) Amounts recognised in profit or loss

	Group	
	2023 US\$	2022 US\$
Depreciation of right-of-use asset	176,654	136,669
Interest expense on lease liabilities (Note 8)	30,970	33,343
Total amount recognised in profit or loss	207,624	170,012

#### (c) Other disclosures

	2023 US\$	2022 US\$
Total cash outflow for leases	214,634	152,937

#### (d) Carrying amount of lease liabilities

	Group	
	2023 US\$	2022 US\$
Minimum lease payments due:	172,648	225,034
- Not later than 1 year	140,097	149,071
- Later than 1 year but within 5 years	312,745	374,105
Less:		
Future finance charges	(28,103)	(24,080)
Present value of financial lease liabilities	284,642	350,025

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD (Incorporated in Singapore)

### AND ITS SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 22. LEASE LIABILITIES (CONT.)

The present value of lease liabilities is analysed as follows:

	Group	
	2023 US\$	2022 US\$
Not later than 1 year	154,626	205,632
Later than 1 year but within 5 years	130,016	144,393
	284,642	350,025

	Company	
	2023 US\$	2022 US\$
Minimum lease payments due:		
- Not later than 1 year	54,496	107,455
- Later than 1 year but within 5 years	-	53,727
	54,496	161,182
Less:		
Future finance charges	(825)	(6,507)
Present value of financial lease liabilities	53,671	154,675

The present value of lease liabilities is analysed as follows:

	Company	
	2023 US\$	2022 US\$
Not later than 1 year	53,671	101,760
Later than 1 year but within 5 years	-	52,915
	53,671	154,675

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD

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### NOTES TO THE FINANCIAL STATEMENTS

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## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities expose it to a variety of financial risks from its operations. The key financial risks include market risk (including currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial years, the Group's and the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks. There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

### (a) Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's and the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

#### i. Currency risk

The Group's and the Company's foreign exchange risk arise mainly from cash flows from transactions denominated in foreign currencies. At present, the Group and the Company do not have any formal policy for hedging against currency risk. The Group and the Company ensure that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

The Group and the Company have transactional currency exposures arising from transactions that are denominated in a currency other than the functional currency of the Group and the Company, primarily Indonesian Rupiah ("IDR"), Singapore Dollar ("SGD"), Australian Dollar ("AUD") and British Pound Sterling ("GBP").

The Group's and the Company's currency exposures to the IDR, SGD, AUD and GBP at the reporting date are as follows:

31 December 2023	SGD US\$	IDR US\$	AUD US\$	GBP US\$
<b>Group</b>				
Financial assets				
Other receivables	16,226	50,557	-	-
Cash and cash equivalents	37,012	14,771	197,309	-
Financial asset at fair value through profit or loss	-	-	-	167,495
	<b>53,238</b>	<b>65,328</b>	<b>197,309</b>	<b>167,495</b>
Financial liabilities				
Trade and other payables	(110,903)	(1,331,343)	(117,198)	-
Lease liabilities	(53,671)	(230,971)	-	-
	<b>(164,574)</b>	<b>(1,562,314)</b>	<b>(117,198)</b>	<b>-</b>
Net currency exposures	(111,336)	(1,496,986)	80,111	167,495

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD

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## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

### (a) Market Risk (Cont.)

The Group's and the Company's currency exposures to the IDR, SGD and GBP at the reporting date are as follows: (cont'd)

31 December 2023	SGD US\$	IDR US\$	AUD US\$	GBP US\$
<b>Group</b>				
Financial assets				
Other receivables	-	34,788	-	-
Cash and cash equivalents	27,393	9,697	744,597	-
Financial asset at fair value through profit or loss	-	-	-	175,739
	<b>27,393</b>	<b>44,485</b>	<b>744,597</b>	<b>175,739</b>
Financial liabilities				
Trade and other payables	(87,590)	(89,352)	(27,188)	-
Lease liabilities	(154,675)	(195,350)	-	-
	<b>(242,265)</b>	<b>(284,702)</b>	<b>(27,188)</b>	<b>-</b>
Net currency exposures	(214,872)	(240,217)	717,409	175,739

31 December 2023	SGD US\$	IDR US\$	AUD US\$	GBP US\$
<b>Company</b>				
Financial assets				
Other receivables	16,226	1,946	-	-
Cash and cash equivalents	37,012	2,915	197,309	-
Financial asset at fair value through profit or loss	-	-	-	167,495
	<b>53,238</b>	<b>4,861</b>	<b>197,309</b>	<b>167,495</b>
Financial liabilities				
Trade and other payables	(103,339)	-	(117,198)	-
Lease liabilities	(53,671)	-	-	-
	<b>(157,010)</b>	<b>-</b>	<b>(117,198)</b>	<b>-</b>
Net currency exposures	(103,772)	4,861	80,111	167,495

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

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## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

### (a) Market Risk (Cont.)

The Group's and the Company's currency exposures to the IDR, SGD and GBP at the reporting date are as follows: (cont'd)

31 December 2023	SGD US\$	IDR US\$	AUD US\$	GBP US\$
<b>Company</b>				
Financial assets				
Other receivables	-	1,926	-	-
Cash and cash equivalents	27,393	1,080	744,597	-
Financial asset at fair value through profit or loss	-	-	-	175,739
	27,393	3,006	744,597	175,739
Financial liabilities				
Trade and other payables	(87,590)	-	(27,188)	-
Lease liabilities	(154,675)	-	-	-
	(242,265)	-	(27,188)	-
Net currency exposures	(214,872)	3,006	717,409	175,739

A 10% strengthening of United States dollar against the foreign currencies denominated balances as at the reporting date would increase/(decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Group Loss before income tax		Company Loss before income tax	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Singapore Dollar	11,134	21,487	10,377	21,487
Indonesian Rupiah	149,699	24,022	(486)	(301)
Australian Dollar	(8,011)	(71,741)	(8,011)	(71,741)
British Pound Sterling	(16,750)	(17,574)	(16,750)	(17,574)

A 10% weakening of United States dollar against the above currencies would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

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## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

### (a) Market Risk (Cont.)

#### ii. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rate. The Group's exposure to interest rates arises primarily from interest-earning financial assets and interest-bearing financial liabilities.

The Group is not exposed to any significant interest-bearing financial liabilities as at year end except for lease liabilities.

The table below sets out the Group's exposure to interest rate risk. Included in the tables are the financial assets and financial liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates:

	Interest bearing at variable rates		Interest bearing at fixed rates		Non-interest bearing US\$	Total US\$
	Within 1 year US\$	Within 2 - 5 years US\$	Within 1 year US\$	Within 2 - 5 years US\$		
<b>Group</b>						
31 December 2023						
<b>Financial assets</b>						
Other receivables and deposits (exclude PSC partners and GST receivable of US\$5,081)	-	-	-	-	3,251,675	3,251,675
Cash and bank balances	4,509,498	-	-	-	1,920	4,511,418
Financial asset at fair value through profit or loss	-	-	-	-	167,495	167,495
	4,509,498	-	-	-	3,421,090	7,930,588
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	-	1,716,311	1,716,311
Warrants	-	-	2,964,924	-	-	2,964,924
Lease liabilities	-	-	154,626	130,016	-	284,642
	-	-	3,119,550	130,016	1,716,311	4,965,877

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

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### NOTES TO THE FINANCIAL STATEMENTS

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## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

### (a) Market Risk (Cont.)

	Interest bearing at variable rates		Interest bearing at fixed rates			
	Within 1 year US\$	Within 2 - 5 years US\$	Within 1 year US\$	Within 2 - 5 years US\$	Non-interest bearing US\$	Total US\$
Group						
31 December 2022						
Financial assets						
Other receivables and deposits (exclude PSC partners)	-	-	-	-	278,611	278,611
Cash and bank balances	18,960,149	-	-	-	1,073	18,961,222
Financial asset at fair value through profit or loss	-	-	-	-	175,739	175,739
	18,960,149	-	-	-	455,423	19,415,572
Financial liabilities						
Trade and other payables	-	-	-	-	611,651	611,651
Warrants	-	-	4,129,232	-	-	4,129,232
Lease liabilities	-	-	205,632	144,393	-	350,025
	-	-	4,334,864	144,393	611,651	5,090,908



# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

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## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

### (a) Market Risk (Cont.)

	Interest bearing at variable rates		Interest bearing at fixed rates			
	Within 1 year US\$	Within 2 - 5 years US\$	Within 1 year US\$	Within 2 - 5 years US\$	Non-interest bearing US\$	Total US\$
Company						
31 December 2023						
Financial assets						
Other receivables and deposits (exclude GST receivable of US\$5,081)	-	-	-	-	37,067	37,067
Amount due from subsidiaries	-	-	-	-	35,044,079	35,044,079
Cash and bank balances	4,229,375	-	-	-	-	4,229,375
Financial asset at fair value through profit or loss	-	-	-	-	167,495	167,495
	4,229,375	-	-	-	35,248,641	39,478,016
Financial liabilities						
Trade and other payables	-	-	-	-	362,634	362,634
Warrants	-	-	2,964,924	-	-	2,964,924
Lease liabilities	-	-	53,671	-	-	53,671
	-	-	3,018,595	-	362,634	3,381,229

	Interest bearing at variable rates		Interest bearing at fixed rates			
	Within 1 year US\$	Within 2 - 5 years US\$	Within 1 year US\$	Within 2 - 5 years US\$	Non-interest bearing US\$	Total US\$
Company						
31 December 2022						
Financial assets						
Other receivables and deposits	-	-	-	-	20,749	20,749
Amount due from subsidiaries	-	-	-	-	28,162,869	28,162,869
Cash and bank balances	15,429,361	-	-	-	-	15,429,361
Financial asset at fair value through profit or loss	-	-	-	-	175,739	175,739
Financial liabilities						
Trade and other payables	-	-	-	-	450,790	450,790
Warrants	-	-	4,129,232	-	-	4,129,232
Lease liabilities	-	-	101,760	52,915	-	154,675
	-	-	4,230,992	52,915	450,790	4,734,697

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD (Incorporated in Singapore)

### AND ITS SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

### (a) Market Risk (Cont.)

A 3% increase in the interest rates as at the end of reporting period, with all variables including tax rate being held constant, would result in a corresponding increase/(decrease) in loss before tax as follows:

	Group		Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Loss before tax	(135,285)	(568,804)	(126,881)	(462,881)

#### iii. Sensitivity analysis on financial asset at fair value through profit or loss

The sensitivity analysis has been determined based on the exposure to equity price risk at the end of the reporting period.

The Group's quoted equity investment is listed on the London Stock Exchange. If equity price for the investment increased/(decreased) by 5% with all other variables being held constant, the Group's net loss for the year and total comprehensive loss would have decreased/(increased) by US\$8,000 (31 December 2022: US\$9,000). There has been no change to the Group's exposure to equity price or the manner in which this risk is managed and measured.

#### iv. Commodity price risk

Commodities that the Group ultimately hopes to produce are subject to fluctuations due to a number of factors that result in price risk. For the type of pre-production assets that the Group owns, price risk may impact the valuation of those assets. There is little the Group can do to manage or mitigate such impacts. When production does begin, the Group may have the ability to hedge some of the price risk, but the attractiveness of such strategies can only be measured at the time.

### (b) Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group's and the Company's exposure to credit risk arise primarily from other receivables, contract assets and amount due from subsidiaries. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. The Group and the Company perform ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group and the Company have determined the default event on a financial asset to be high when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days, default of interest due for more than 30 days or there is significant difficulty of the counterparty.

To minimise credit risk, the Group and the Company have developed and maintained the Group's and the Company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Group's and the Company's own trading records to rate its other debtors.

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD (Incorporated in Singapore)

### AND ITS SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

### (b) Credit Risk (Cont.)

The Group and the Company consider available reasonable and supportive forward-looking information which includes the following indicators:

- i. Internal credit rating
- ii. External credit rating
- iii. Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- iv. Actual or expected significant changes in the operating results of the debtor
- v. Significant increases in credit risk on other financial instruments of the same debtor
- vi. Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group and the Company determine that its financial assets are credit-impaired when:

- i. there is significant difficulty of the debtor.
- ii. A breach of contract, such as a default or past due event
- iii. It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- iv. There is a disappearance of an active market for that financial asset because of financial difficulty

The Group and the Company categorise a receivable for potential write-off when a debtor fails to make contractual payments. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

Categories	Description	Basis of recognising expected credit loss (ECL)
i. Performing	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
ii. Under-performing	Amount is more than 30 days due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
iii. Non-performing	Amount is more than 60 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL - credit-impaired
iv. Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the Group's and the Company's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD

(Incorporated in Singapore)

## AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

#### (b) Credit Risk (Cont.)

	Category	12-month or Lifetime ECL	Gross amount US\$	Loss allowance US\$	Net carrying amount US\$
<b>Group</b>					
31 December 2023					
Other receivables (Note 14)	Performing	12-month ECL	3,251,675	-	3,251,675
31 December 2022					
Other receivables (Note 14)	Performing	12-month ECL	278,611	-	278,611

	Category	12-month or Lifetime ECL	Gross amount US\$	Loss allowance US\$	Net carrying amount US\$
<b>Company</b>					
31 December 2023					
Other receivables (Note 14)	Performing	12-month ECL	37,067	-	37,067
Amount due from subsidiaries (Note 15)	Performing	12-month ECL	35,044,079	-	35,044,079
Amount due from subsidiaries (Note 15)	Non-performing	Lifetime ECL	8,137,192	(8,137,192)	-
31 December 2022					
Other receivables (Note 14)	Performing	12-month ECL	20,749	-	20,749
Amount due from subsidiaries (Note 15)	Performing	12-month ECL	28,162,869	-	28,162,869
Amount due from subsidiaries (Note 15)	Non-performing	Lifetime ECL	8,023,751	(8,023,751)	-

#### Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's and the Company's performance to developments affecting a particular industry.

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD

(Incorporated in Singapore)

### AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### Exposure to credit risk

The Group and the Company have no significant exposure to credit risk. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

#### Other receivables, deposits and amount due from subsidiaries

The Group and the Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group and the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant except for amounts due from certain subsidiaries which impairment loss has been made.

#### **(c) Liquidity Risk**

Liquidity risk refers to the risk that the Group and the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group's and the Company's operations are financed mainly through equity and the continuing financial support from the shareholders. The directors are satisfied that funds are available to finance the operations of the Group and the Company.

#### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD

(Incorporated in Singapore)

### AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

### (c) Liquidity Risk (Cont.)

	Carrying amount US\$	Contractual cash flows US\$	1 year or less US\$	Within 5 years US\$
<b>Group</b>				
<b>2023</b>				
<u>Financial assets</u>				
Other receivables and deposits	3,251,675	3,460,798	85,798	3,375,000
Cash and cash equivalents	4,511,418	4,511,418	4,511,418	-
Financial asset at fair value through profit or loss	167,495	167,495	167,495	-
<b>Total undiscounted financial assets</b>	<b>7,930,588</b>	<b>8,139,711</b>	<b>4,764,711</b>	<b>3,375,000</b>
<u>Financial liabilities</u>				
Trade and other payables	1,716,311	1,716,311	1,716,311	-
Warrants	2,964,924	2,964,924	2,964,924	-
Lease liabilities	284,642	312,745	172,648	140,097
<b>Total undiscounted financial liabilities</b>	<b>4,965,877</b>	<b>4,993,980</b>	<b>4,853,883</b>	<b>140,097</b>
<b>Total net undiscounted financial assets/(liabilities)</b>	<b>2,964,711</b>	<b>3,145,731</b>	<b>(89,172)</b>	<b>3,234,903</b>
<b>2022</b>				
<u>Financial assets</u>				
Other receivables and deposits	278,611	278,611	278,611	-
Cash and cash equivalents	18,961,222	18,961,222	18,961,222	-
Financial asset at fair value through profit or loss	175,739	175,739	175,739	-
<b>Total undiscounted financial assets</b>	<b>19,415,572</b>	<b>19,415,572</b>	<b>19,415,572</b>	<b>-</b>
<u>Financial liabilities</u>				
Trade and other payables	611,651	611,651	611,651	-
Warrants	4,129,232	4,129,232	4,129,232	-
Lease liabilities	350,025	374,105	225,034	149,071
<b>Total undiscounted financial liabilities</b>	<b>5,090,908</b>	<b>5,114,988</b>	<b>4,965,917</b>	<b>149,071</b>
<b>Total net undiscounted financial assets/(liabilities)</b>	<b>14,324,664</b>	<b>14,300,584</b>	<b>14,449,655</b>	<b>(149,071)</b>

All financial assets and financial liabilities at the Company level are due within one year from the end of the reporting period based on undiscounted contractual cash flows except for lease liabilities which the contractual cash flows is presented in Note 22 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD (Incorporated in Singapore)

### AND ITS SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

##### (c) Liquidity Risk (Cont.)

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted prices, discounted cash flow models and option pricing models as appropriate.

The Group presents financial assets measured at fair value and classified by level of the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<b>Group and Company</b>				
31 December 2023				
Financial asset at fair value through profit or loss	167,495	-	-	167,495
Warrants	-	-	2,964,924	2,964,924
31 December 2022				
Financial asset at fair value through profit or loss	175,739	-	-	175,739
Warrants	-	-	4,129,232	4,129,232

The table below sets out information about significant unobservable inputs used as at 31 December 2023 measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair values
Warrants	Binomial valuation model	Volatility	The higher the volatility, the lower the fair value
		Risk-free rate of return	The higher the risk-free rate of return, the lower the fair value



# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD (Incorporated in Singapore)

### AND ITS SUBSIDIARIES NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### 24. FAIR VALUE MEASUREMENTS

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction.

There has been no transfer of financial instruments from Level 1 to Level 3 during the financial years ended 31 December 2023 and 2022.

*Fair Value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis.*

The carrying amounts of financial assets and liabilities with a maturity of less than one year approximate their fair values due to the relatively short-term maturity of these financial instruments.

The fair value of the non-current lease liabilities is determined by discounted expected cash flows. The discount rate used is based on the market rate for similar instruments as at the statement of financial position date.

The fair value of the warrants is determined with reference to the Binomial valuation model and included in Level 3 of the fair value hierarchy.

#### 25. FINANCIAL INSTRUMENTS BY CATEGORY

At the reporting date, the aggregate financial assets and financial liabilities carried at amortised cost were as follows:

	Group		Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Financial assets measured at amortised cost				
Other receivables	3,251,675	278,611	37,067	20,749
Amount due from subsidiaries	-	-	35,044,079	28,162,869
Cash and cash equivalents	4,511,418	18,961,222	4,229,375	15,429,361
	<b>7,763,093</b>	<b>19,239,833</b>	<b>39,310,521</b>	<b>43,612,979</b>
Financial liabilities measured at amortised cost				
Trade and other payables	1,716,311	611,651	362,634	450,790
Lease liabilities	284,642	350,025	53,671	154,675
	<b>2,000,953</b>	<b>961,676</b>	<b>416,305</b>	<b>605,465</b>

#### 26. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and net current asset position in order to support its business and maximise shareholders' value. The capital structure of the Group and the Company comprises issued share capital, reserves and accumulated losses.

The Group and the Company manage its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group and the Company are not subject to any externally imposed capital requirements.

# NOTES TO THE FINANCIAL STATEMENTS (CONT.)

## CONRAD ASIA ENERGY LTD

(Incorporated in Singapore)

### AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 26. CAPITAL MANAGEMENT (CONT.)

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2023 and 2022.

The Group and the Company are not subject to any externally imposed capital requirements. The Group's and the Company's overall strategy remains unchanged from 2022.

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group and the Company monitor capital on the basis of the gearing ratio. This ratio is calculated as net liabilities divided by total capital. Net liabilities is calculated as total borrowings (including trade and other payables (exclude PSC partners, if any), warrants and lease liabilities) less cash and cash equivalents. Total capital is calculated as total equity plus net liabilities/ (cash).

No specific gearing ratio has been determined by the management with the overall objective to keep the ratio as low as possible and such policy has not been changed since the date of incorporation.

The gearing ratios at 31 December 2023 and 2022 are as follows:

	Group	
	2023 US\$	2022 US\$
Net liabilities/(cash)	529,459	(13,795,314)
Total equity	30,965,282	37,383,733
Total capital	31,494,741	23,588,419
Gearing ratio	0.02	N.M

N.M. - Not meaningful

## 27. SUBSEQUENT EVENTS

### Placement of CHESS Depositary Interest ("CDI")

Subsequent to the financial year ended 31 December 2023, the Company successfully raised A\$13.0 million through an allotment of 13,684,211 CDI at an issue price of A\$0.95 each in February 2024.

### Security Purchase Plan ("SPP")

Subsequent to the financial year ended 31 December 2023, the Company successfully raised A\$2.85 million through an allotment of 3,000,000 CDI at an issue price of A\$0.95 each in March 2024.

The issue price under the Placement and Security Purchase Plan represents a:

- 13.6% discount to the last closing price of A\$1.10 on 30 January 2024, being the last trading day before the announcement of the Placement and SPP; and
- 13.5% discount to the 10-day volume weighted average price of Conrad's CDIs to 30 January 2024.

All CDIs issued under the Placement will rank equally with existing CDIs on issue in Conrad as at the date of issue.

# SHAREHOLDER INFORMATION

In accordance with ASX Listing Rule 4.10, the Directors provide the following information as at 8 March 2024.

## STOCK EXCHANGE QUOTATION

The Company's Chess Depositary Interests (CDIs) are quoted on the ASX under the code CRD.

## CLASSES OF SECURITIES

Class	Number of Holders
CHESS Depositary Interests	611
Loan Warrants	36
Safe Warrants	44
ESOP Options	5
ESOP Rights	4

## VOTING RIGHTS

One CDI represents a beneficial interest in one share. The rights and interests of a CDI holder are the same as a shareholder. All CDI holders who wish to attend and vote at the Company's general meetings may do so. Additionally, all CDI holders receive all direct economic benefits and other entitlements in relation to the underlying shares, including dividends and other entitlements which attach to the underlying shares.

As provided under Conrad's Constitution and the Singapore Companies Act, voting at any meeting of shareholders is by show of hands unless a poll has been demanded before or on the declaration of the results of the show of hands as summarised below:

- the chairman of the meeting.
- at least two shareholders in person or by proxy (or in the case of a corporation or other body corporate, by its duly authorised representative or proxy), and entitled to vote thereat.
- any shareholder or shareholders present in person or by proxy (or in the case of a corporation or other body corporate, by its duly authorised representative or proxy) and collectively holding at least five per cent (5%) of the total voting rights of all the shareholders having a right to vote at the meeting.
- any shareholder or shareholders present in person or by proxy (or in the case of a corporation or other body corporate, by its duly authorised representative or proxy) and collectively holding Shares having a right to vote at the meeting, being Shares on which an aggregate sum has been paid up equal to not less than five per cent. (5%) of the total sum paid up on all the Shares conferring that right. Every shareholder entitled to vote who (being an individual) is present in person or by proxy or, if a corporation or other body corporate is present by its duly authorised representative or by proxy, shall on a show of hands have one vote, and on a poll have one vote for every Share of which he is the holder. Proxies need not be shareholders.

No other securities on issue have voting rights.

# SHAREHOLDER INFORMATION (CONT.)

## RESTRICTED SECURITIES

Conrad Asia Energy has the following restricted securities on issue:

	24 month (mandatory)
CDIs	Oct-24
<b>Balance</b>	
Escrowed securities	
Directors	34,652,771
Other employees	359,450
Other existing shareholders	28,502,912
<b>Total escrowed</b>	<b>63,515,133</b>
Total not escrowed	114,892,684
<b>Total CDIs</b>	<b>178,407,817</b>
<b>Escrowed Securities</b>	
Directors	19.4%
Other employees	0.2%
Other existing shareholders	16.0%
<b>Total escrowed</b>	<b>35.6%</b>
Total not escrowed	64.4%
<b>Total CDIs</b>	<b>100%</b>

## UNMARKETABLE HOLDERS

Conrad Asia Energy has 23 shareholders holding less than a marketable parcel 474 shares each (i.e. less than AUD\$500 (US\$331.29), based on the closing rate AUD\$1.055 (US\$0.699) on 8 March 2024 representing a total of 3,762 shares.

## ON-MARKET BUY-BACKS

There is no current on-market buy-back of any securities.

## CORPORATE GOVERNANCE STATEMENT

The Corporate Governance Statement is available on the Company's website at

<https://conradasia.com/about/#corporate-governance>

## SHAREHOLDER INFORMATION (CONT.)

### DISTRIBUTION SCHEDULE OF THE NUMBER OF HOLDERS OF CDIS

Holdings Ranges	Holders	Total Units	%
1-1,000	50	22,700	0.010
1,001-5,000	124	336,158	0.190
5,001-10,000	66	491,715	0.280
10,001-100,000	257	9,869,061	5.530
100,001-9,999,999,999	114	167,688,183	93.990
<b>Totals</b>	<b>611</b>	<b>178,407,817</b>	<b>100.000</b>

### OTHER SECURITIES

Conrad Asia Energy has 12,685,752 unlisted options, rights over shares, Safe warrants and Loan warrants on issue held by 89 holders.

### DISTRIBUTION SCHEDULE OF THE NUMBER OF HOLDERS OF EMPLOYEE OPTIONS

Holdings Ranges	Holders	Total Units	%
1-1,000	0	0	0.000
1,001-5,000	0	0	0.000
5,001-10,000	0	0	0.000
10,001-100,000	0	0	0.000
100,001-9,999,999,999	5	1,760,000	100.000
<b>Totals</b>	<b>5</b>	<b>1,760,000</b>	<b>100.000</b>

### DISTRIBUTION SCHEDULE OF THE NUMBER OF HOLDERS OF EMPLOYEE RIGHTS

Holdings Ranges	Holders	Total Units	%
1-1,000	0	0	0.000
1,001-5,000	0	0	0.000
5,001-10,000	0	0	0.000
10,001-100,000	0	0	0.000
100,001-9,999,999,999	4	1,079,578	100.000
<b>Totals</b>	<b>4</b>	<b>1,079,578</b>	<b>100.000</b>

### DISTRIBUTION SCHEDULE OF THE NUMBER OF HOLDERS OF LOAN WARRANTS, EXP 14 JUNE 2026, EXERCISABLE AT US\$0.81

Holdings Ranges	Holders	Total Units	%
1-1,000	0	0	0.000
1,001-5,000	2	8,112	0.120
5,001-10,000	2	17,728	0.260
10,001-100,000	15	491,968	7.270
100,001-9,999,999,999	17	6,251,424	92.350
<b>Totals</b>	<b>36</b>	<b>6,769,232</b>	<b>100.000</b>

## SHAREHOLDER INFORMATION (CONT.)

### DISTRIBUTION SCHEDULE OF THE NUMBER OF HOLDERS OF SAFE WARRANTS, EXP 20 OCTOBER 2025, EXERCISABLE AT US\$1.22

Holdings Ranges	Holders	Total Units	%
1-1,000	0	0	0.000
1,001-5,000	8	31,133	1.010
5,001-10,000	3	21,264	0.690
10,001-100,000	22	969,872	31.520
100,001-9,999,999,999	11	2,054,673	66.780
<b>Totals</b>	<b>44</b>	<b>3,076,942</b>	<b>100.000</b>

### TWENTY LARGEST CDI HOLDERS

CDI Holder	Number of CDIs held	% of issued capital
1. INSPIRED INTERNATIONAL LIMITED	18,125,656	10.160%
2. TRANSWORLD OIL INC	17,166,075	9.622%
3. GIANT GREEN RESOURCES LTD	14,400,000	8.071%
4. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	10,235,092	5.737%
5. MARIO TRAVIATI	9,321,834	5.225%
6. HCM I CONRAD PETRO LIMITED	9,200,000	5.157%
7. CITICORP NOMINEES PTY LIMITED	8,403,716	4.710%
8. WESTMAN MANAGEMENT LIMITED	4,973,239	2.788%
9. BNP PARIBAS NOMS PTY LTD	4,729,141	2.651%
10. PARTNER ELITE INVESTMENTS LIMITED	4,663,938	2.614%
11. MR PAUL BERNARD & MRS GERALDINE BERG <HOLLAND PARK INVESTMENTS A/C>	4,432,202	2.484%
12. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	3,908,073	2.191%
13. BNP PARIBAS NOMS PTY LTD UOBKH A/C R'MIERS	3,569,793	2.001%
14. CLADELA PTY LIMITED <THE MOORE FAMILY A/C>	3,475,127	1.948%
15. J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,193,461	1.790%
16. LELAND LIM	2,923,750	1.639%
17. BRYN MAWR TRUST COMPANY OF DELAWARE <GAH 2021 U/A MARCH 2021 A/C>	2,878,194	1.613%
18. ROBERT LUKE COLLICK	2,185,000	1.225%
19. CHATFIELD INVESTMENTS PTY LTD	2,080,032	1.166%
20. FARSIGHTED LIMITED	2,055,016	1.152%
Total Securities of Top 20 Holdings	131,919,339	73.943%
<b>Total Securities</b>	<b>178,407,817</b>	

# SHAREHOLDER INFORMATION (CONT.)

## SUBSTANTIAL SHAREHOLDERS

A substantial holder is one who has a relevant interest in 5 per cent or more of the total issued CDIs in the Company. The names of substantial holders, and the number of securities in which each substantial holder has a relevant interest, as disclosed in substantial holding notices given to the entity under the Corporations Act are set out below:

Shareholder	Number of shares	% of issued capital
CONRAD ASIA ENERGY LTD*	63,515,133	39.27%
INSPIRED INTERNATIONAL LIMITED	18,125,656	11.37%
TRANSWORLD OIL INC	16,591,680	10.41%
MILTADIS XYNOGALAS	16,591,680	10.41%
GIANT GREEN RESOURCES LTD	14,400,000	9.03%
MARIO TRAVIATI	11,389,281	7.15%
HMC I CONRAD PETRO LIMITED	9,200,000	5.77%

\* Conrad Asia Energy Ltd is a substantial holder of the Company in respect of the relevant interest it has acquired in its own shares pursuant to mandatory and voluntary escrow arrangements in respect of its shares. The Company has no rights to acquire and no rights to control voting of those shares.



# CORPORATE DIRECTORY

CONRAD ASIA ENERGY LTD (ASX: CRD)

## DIRECTORS

**Peter Botten**, *Non-Executive Chairman*  
**Miltiadis Xynogalas**, *Managing Director and CEO*  
**David Johnson**, *Executive Director and COO*  
**Paul Bernard**, *Non-Executive Director*  
**Jeremy Brest**, *Non-Executive Director*  
**Mario Traviati**, *Non-Executive Director*

## AUSTRALIAN LOCAL AGENT & ASX CONTACT

**Eryl Baron**  
 Boardroom Pty Limited  
 Level 8, 210 George Street  
 Sydney NSW 2000

## COMPANY SECRETARY

**Regine Lai**  
 Boardroom Corporate & Advisory Services Pte. Ltd.  
 1 Harbourfront Avenue  
 Keppel Bay Tower #14-07  
 Singapore 098632

## HEAD OFFICE

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 15th Floor, Unit H,  
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 Jakarta 12430, Indonesia

## REGISTERED OFFICE

84 Amoy Street  
 #03-01, Singapore 069903

## SHARE REGISTRY

Boardroom Pty Limited  
 Level 8, 210 George Street  
 Sydney NSW 2000

## AUSTRALIAN LAWYERS

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 Level 27, 250 St Georges Terrace, Perth WA 6000,  
 Australia

## AUDITORS

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 #29-15 International Plaza, Singapore 079903

## WEBSITE

<https://conradasia.com/>



[www.conradasia.com](http://www.conradasia.com)





