



NS Agreement

CONRAD SECURES FARM DOWN AND FUNDING FOR MAKO

[EMPYREAN ENERGY PLC](#)

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Empyrean Energy PLC ('Empyrean' or 'the Company') Conrad Secures Farm Down and Funding for Mako Development

Empyrean Energy Plc ("Empyrean" or the "Company") advises that Conrad Asia Energy Ltd (ASX: CRD) ("**Conrad**") and its wholly owned subsidiary West Natuna Exploration Limited ("**WNEL**") today announced that they have signed an agreement with PT Nations Natuna Barat ("**Nations**"), a subsidiary of the Arsari Group, to farm into the development of the Mako ("**Mako**") gas field in the Duyung ("**Duyung**") Production Sharing Contract ("**PSC**") and provide financing for 100% of project development costs and associated working capital (the "**Transaction**").

Highlights

- Conrad, WNEL and Nations have signed definitive documentation for Nations to acquire a 75% non-operated Participating Interest ("**PI**") in the Duyung PSC. Following the Transaction, WNEL will retain a 25% PI, which is expected to be fully carried through Mako commercial production (subject to Indonesia government approvals).
- Under the Transaction, Nations will fund its 75% portion of all future costs under the PSC, including the development of Mako, and has agreed to carry WNEL's portion of estimated project costs through the first phase of Mako development. A Carry Loan Agreement ("**CLA**") will govern the repayment of WNEL's proportionate funding to Nations, with such repayments funded out of WNEL's share of production revenues. Disbursements for long lead items have already commenced.
- Nations will pay WNEL a consideration which includes US\$16 million for its 75% PI, to be settled in three tranches of US\$5 million, US\$4 million, and US\$7 million, the first to be paid out on meeting certain conditions precedent expected by 1Q2026, the second tranche to be paid on completion of the Transaction expected by 3Q2026 and the third at the date of first commercial production expected in 4Q2027, respectively.
- WNEL is entitled to recover 75% of its agreed historical costs in the PSC after repayment of the CLA.
- Overall capital expenditures to bring the field to first gas are estimated to be US\$320 million, in line with previous advice^{1,2}. The CLA provides sufficient funding for WNEL's portion of development costs, including downpayments, contingencies for cost overruns, interest during construction, and working capital. First gas from Mako remains on track for delivery in the 4th quarter of calendar year 2027.
- As the operator of the Duyung PSC, WNEL, working closely with Nations, will continue to be responsible for the development and production of the Mako gas field, leveraging off WNEL's intimate knowledge of the field.
- WNEL has previously announced the acquisition of Coro Energy Duyung (Singapore) Pte. Ltd.'s ("**Coro**") 15% PI in Duyung, which is pending completion.
- On 17 November 2025, WNEL issued a proposed withdrawal notice to Empyrean, as announced by Empyrean. The intended effect of the Notice is that Empyrean is deemed to have proposed to withdraw under the joint operating agreement governing Duyung PSC ("**JOA**") and Empyrean's participating interest is deemed to have been transferred to WNEL. As noted in its announcement on 17 November 2025, Empyrean's position is that the **dispute-resolution process is active and ongoing and no such remedies may be exercised under the JOA**. Empyrean reiterates that it is

confident in its view that there was no basis to issue the Notice and will take all necessary action to defend its position.

- **Empyrean remains committed to a cooperative, commercial and transparent resolution of the dispute** and continues to reserve all of its rights in respect of any loss, damage or costs arising from actions by WNEL/Conrad that Empyrean considers to be contrary to the JOA or associated agreements.
- Transaction completion is expected prior to a long-stop date during Q3 2026, unless otherwise agreed.

Empyrean Executive Director and Interim CEO Gaz Bisht commented "We are pleased to see that Conrad has reached agreement on the farm-down and secured funding for the development of Mako. This is an important milestone for Empyrean as well, given our long-standing involvement in the asset-from discovery through appraisal and now into the development phase."

"However, we are disappointed with Conrad's release today, particularly as we have been engaging actively and constructively to resolve the cash-call dispute. As reaffirmed in our market announcements of 18 November 2025 and again today, Empyrean strongly disputes the validity of the Notice of Forced Withdrawal issued by Conrad. Under the terms of the JOA, the dispute resolution process relating to the outstanding cash calls remains ongoing, and no such remedy can be exercised while that process is underway."

"Empyrean has nonetheless continued discussions with WNEL in good faith and remains open to further dialogue to resolve the dispute and to agree the basis of its ongoing participation in the Mako project."

Farm Down and Funding for Mako Development

Conrad and its wholly owned subsidiary WNEL, have signed various agreements for Nations to farm into the development of Mako in the Duyung PSC and provide financing for 100% of the first phase of the project (i.e. the Transaction).

The Transaction is subject to certain conditions precedent and subsequent, customary for a transaction of this nature, including government and regulatory approvals, including approval from Indonesia's Ministry of Energy and Mineral Resources (MEMR) to the transfer of the participating interests. ASX has confirmed that Conrad is not required to obtain shareholder approval for the Transaction.

Nations is a wholly owned subsidiary of the Arsari Group, an Indonesia-based, diversified private investment corporation with interests, amongst others, in upstream gas and oil and mining.

Upon completion of the Transaction, Nations will hold a 75% PI in the Duyung PSC. Transaction completion is expected to be prior to a long-stop date during Q3 2026, unless otherwise agreed.

Under the Transaction, in addition to funding its proportionate costs of the Mako project, Nations has agreed under the CLA to fund WNEL's anticipated project portion of costs through to commercial production under the CLA. WNEL will repay amounts funded under the CLA out of its share of production. Fund disbursement has already commenced and the Transaction timeline is structured to meet the stated first production target in late calendar year 2027.

In addition to funding WNEL, Nations will also pay WNEL US\$16 million, payable in three tranches of US\$5 million, US\$4 million, and US\$7 million, to be paid out on milestones expected from 1Q2026 to the date of first commercial production.

Net cash flows from WNEL's carried 25% interest in the Mako development and other proceeds from the Transaction will be used for general corporate purposes of Conrad, including maturation of its Aceh blocks, including seismic acquisition.

As the Operator of the Duyung PSC, WNEL, working closely with Nations, will continue to be responsible for the development of the Mako gas field and its operations once production starts. The Mako field contains 2C Contingent Resources (100%) of 376 Bcf5 .

With funding fully secured for development, Conrad will seek the reclassification of Mako Resources into Reserves in the next independent expert report.

The Mako development comprises a two-phase, development plan based on six initial development wells tied back to a leased MOPU at the field with sales gas transported via a ~59 km 18" pipeline to the KF platform in the adjoining Kakap PSC, connection to the West Natuna Transport System ("WNTS") pipeline and then onwards to the Indonesian domestic market via a yet-to-be constructed spur from the WNTS to Pemping Island, Riau province, Indonesia. This spur will be built by PT PLN Energi Primer Indonesia ("PLN EPI"), a wholly owned subsidiary of PT Perusahaan Listrik Negara (Persero) ("PLN Persero"), on Pemping Island. An EPCI contract has been awarded by PLN EPI for this spur to connect to the existing Java-Sumatra pipeline network. Under the Plan of Development ("POD") 1 Revision, two further development wells may be drilled two years after first gas, if required. The MOPU will have a design capacity of 172 MMscfd. The latest POD was approved by the Indonesian regulatory authority SKK Migas and was announced by Empyrean on 8 November 2022.

Mako gas will be sold to PLN EPI. The contract term is until the end of the Duyung PSC in January 2037 and provides for the sale of plateau gas rates of 111 Bbtud which is equivalent to around 111.9 mmscfd. The contract is for the entirety of Mako's 2C Contingent Resources . The gas price will be linked to the Indonesian Crude Price ("ICP") which is akin to Brent oil linked LNG pricing, and will be economically equivalent to the pricing approved earlier for Mako gas to be sold both domestically and for export, thereby underpinning the value of gas from Mako. This reflects ever-growing Indonesian domestic gas demand. The terms of the gas sales agreement are confidential. First gas from Mako remains on track for delivery in the 4th quarter of calendar year 2027.

Notice of Election of Remedy and Forced Withdrawal

As advised on 18 November 2025, received a Notice of Election of Remedy and Forced Withdrawal ("Notice") WNEL. The intended effect of the Notice is that Empyrean is deemed to have proposed to withdraw under the JOA and Empyrean's participating interest is deemed to have been transferred to WNEL.

Empyrean notes that the Notice was issued while Empyrean and WNEL/Conrad have been engaged over several months in constructive and good-faith discussions regarding the settlement of outstanding cash calls, in accordance with the dispute-resolution procedures set out in JOA.

Empyrean's position is that the dispute-resolution process is active and ongoing and no such remedies may be exercised under the JOA. Empyrean reiterates that it is confident in its view that there was no basis to issue the Notice and will take all necessary action to defend its position.

Empyrean remains committed to a cooperative, commercial and transparent resolution of the dispute and continues to reserve all of its rights in respect of any loss, damage or costs arising from actions by WNEL/Conrad that Empyrean considers to be contrary to the JOA or associated agreements.

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