

Updated Pro Forma Historical Consolidated Statement of Financial Position as at 30 June 2022

The table below set out the Pro Forma Historical Consolidated Statement of Financial Position of Conrad Asia Energy Ltd (“Conrad” or the “Company”) as at 30 June 2022. The Pro Forma Historical Consolidated Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of the Company’s view of its future financial position.

	<i>Ref</i>	Audited 30 June 2022 US\$	Pro forma Adjustments US\$	Unaudited Pro forma US\$
Assets				
Current assets				
Cash and cash equivalents	<i>i</i>	2,376,462	21,093,057	23,469,519
Trade and other receivables		209,132	-	209,132
Prepayments and deposits		134,077	-	134,077
Investment in quoted shares		173,872	-	173,872
Total current assets		2,893,543		23,986,600
Non-current assets				
Exploration and evaluation assets		24,479,930	-	24,479,930
Right of use assets		231,949	-	231,949
Plant and equipment		1,809	-	1,809
Other receivables		221,723	-	221,723
Total non-current assets		24,935,411		24,935,411
Total assets		27,828,954		48,922,011
Liabilities				
Current liabilities				
Trade and other payables		592,065	-	592,065
Amount due to shareholders	<i>ii</i>	10,001,275	(10,001,275)	-
Warrants due to shareholders	<i>iii</i>	3,553,847	(3,553,847)	-
Lease liabilities		101,604	-	101,604
Total current liabilities		14,248,791		693,669
Non-current liabilities				
Lease liabilities		152,205	-	152,205
Total non-current liabilities		152,205		152,205
Total liabilities		14,400,996		845,874
Net assets		13,427,958		48,076,137
Shareholders’ equity				
Share capital	<i>iv</i>	34,629,209	32,706,550	67,335,759
Reserves	<i>v</i>	-	4,073,847	4,073,847
Accumulated losses	<i>vi</i>	(21,201,251)	(2,132,218)	(23,333,469)
Total shareholders’ equity		13,427,958		48,076,137

Notes on the Pro Forma Historical Consolidated Statement of Financial Position

The Pro forma Historical Consolidated Statement of Financial Position of Conrad as at 30 June 2022 is based on the Historical Consolidated Statement of Financial Position of Conrad as at 30 June 2022 incorporating the following adjustments, which have either occurred subsequent to 30 June 2022 or will occur prior to listing on ASX:

- The conversion of the US\$5 million Simple Agreement for Future Equity (**SAFE**), raised from shareholders during the period ended 30 June 2022, into 6,153,863 ordinary shares in the Company using a conversion price at a 10% discount to the Offer Price of AU\$1.46 (capped at an equivalent of US\$0.81 (AU\$1.29) per share) and the expensing of this discount valued at US\$0.68 million to accumulated losses as a financing expense;
- The issue of 3,076,942 warrants attached to the SAFE on conversion to ordinary shares (with an exercise price equal to 150% of the Conversion Price and a two-year exercise period), valued at a total of US\$0.52 million and expensed to accumulated losses;
- The repayment of the shareholder loan of US\$5 million plus associated interest of US\$0.81 million out of cash, the transfer of associated 846,154 Loan Warrants (on a pre warrant split basis) with a value of US\$3.553 million out of the warrant liability to a Share Based Payments Reserve account in equity and the expensing to retained earnings of the unamortised portion of the expense attributed to these warrants of US\$0.81 million;
- The Public Offer of A\$45 million (US\$28.5 million), being 30,821,917 shares at A\$1.46 each;
- Direct expenses of the Public Offer totaling A\$2.25million (US\$1.42 million), which have been deducted from cash and debited to share capital; and
- The payment out of cash of estimated other costs of the Offer of A\$0.19 million (US\$0.21 million) that have not been paid prior to 30 June 2022 which have been debited to accumulated losses.

In preparing the pro forma historical consolidated statement of financial position, we have assumed that the 846,154 Loan Warrants attached to the shareholder loan are not exercised upon listing of Conrad on ASX, despite having an exercise price at a minimum 20% discount to the Offer Price, as the Loan Warrant holder has no obligation at that time to exercise their Loan Warrants and convert them to ordinary shares. If all of these Loan Warrants were to be exercised, the Company would receive cash proceeds from the issue of shares of an estimated US\$5 million (assuming an Offer Price of AU\$1.46 per share and the proposed share split of every 1 Loan Warrant into 8 warrants). This adjustment would have the impact of increasing net assets by up to approximately US\$5 million.

Foreign Exchange Rates Applied to the Pro Forma Historical Financial Information

Conrad's functional and presentation currency is American dollars ("US\$").

For each table within the financial information section of this Prospectus, the relevant information has been stated in American dollars (US\$). Where some pro forma adjustments are expected to occur in Australian dollars (AU\$), we have translated these adjustments into US\$. The following conversion rates, based on the Reserve Bank of Australia's (RBA) published foreign exchange rate tables, have been used:

Foreign Currency Conversion Rates

Exchange rate	18 October 2022
Exchange rate used in translating the pro forma adjustments occurring in AU\$ to US\$	0.6322

i. Pro Forma Cash Reconciliation

The table below details the reconciliation of the pro forma cash balance of Conrad as 30 June 2022, reflecting the actual cash at bank at that date and the impact of the pro forma adjustments:

	Pro Forma (US\$)
Conrad cash at 30 June 2022	2,376,462
Proceeds of the Offer	28,449,000
Direct cost of capital raising	(1,422,450)
Repayment of shareholders loan plus interest	(5,812,234)
Costs of the Offer not yet paid subsequent to 30 June 2022	(121,259)
Pro forma cash balance	23,469,519

ii. Pro forma Amounts Due to shareholders

The table below details the reconciliation of the pro forma balance due to shareholders of Conrad as at 30 June 2022, reflecting the actual amounts due to shareholders at that date and the impact of the pro forma adjustments:

	<i>Ref</i>	Pro Forma (US\$)
Conrad as at 30 June 2022	<i>a</i>	10,001,275
Repayment of shareholders loans plus interest in cash		(5,812,234)
Conversion of SAFE to ordinary shares on Completion		(5,680,000)
Finance cost expensed to P&L		1,490,959
Pro forma amounts due to shareholders balance		-

a. Conrad's amounts owed to shareholders balance as at 30 June 2022 comprised:

	US\$
Shareholder loan ¹	5,000,000
Interest due on shareholders loan ¹	812,234
Issue of SAFE	5,000,000
Prepaid finance expense in relation to attached Loan Warrants ²	(810,959)
Amounts owed to shareholders as at 30 June 2022	10,001,275

¹ The shareholder loan is non-trade in nature, unsecured, attracts a fixed interest rate at 10% per annum, and is repayable within 12 months.

² During the financial period ended 30 June 2022, in relation to the shareholders' loan, the Company issued 845,154 Loan Warrants to its shareholders to be exercisable any time within the five-year period from date of issue in June 2021. The cost of debt relating to the Loan Warrants is amortised over the term of the shareholders' loan of one year.

iii. Pro forma Warrants Due to shareholders

The table below details the reconciliation of the pro forma balance of warrants due to shareholders of Conrad as at 30 June 2022, reflecting the actual amounts due to shareholders at that date and the impact of the pro forma adjustments:

	Pro Forma (US\$)
Conrad as at 30 June 2022 ¹	3,553,847
SAFE Warrants ²	520,000
Transfer of Loan Warrants to Reserves on repayment of shareholder loans	(3,553,847)
SAFE Warrants issued on conversion of SAFE to ordinary shares	(520,000)
Pro forma amounts due to shareholders balance	-

¹During the financial period ended 30 June 2022, the Company issued 845,154 Loan Warrants (6,769,232 Loan Warrants on a post warrant split basis) to its shareholders as an attachment to the shareholders loans. The Loan Warrants are exercisable any time within the five-year period from date of issue in June 2021. The Loan Warrants have been fair valued using a Binomial option pricing methodology and included as a liability as at 30 June 2022.

²During the period ended 30 June 2022, the company issued US\$5 million of SAFE with 3,076,942 attached SAFE Warrants with an exercise price of 150% of the Conversion Price and a two-year term. The fair value of these SAFE Warrants has been valued at US\$520,000 and expensed to the P&L on conversion at Completion.

iv. Pro Forma Share Capital Reconciliation

The table below details the reconciliation of the pro forma share capital balance of Conrad as at 30 June 2022, reflecting the actual share capital balance at that date and the impact of the pro forma adjustments:

	Pro Forma	
	# of shares	US\$
Ordinary issued and paid up share capital		
Actual balance as at 30 June 2022	122,423,208	34,629,209
Shares on conversion of SAFE at Completion	6,153,863	5,680,000
Shares issued under the Offer	30,821,918	28,449,000
Transaction costs associated with the Offer	-	(1,422,450)
Pro forma share capital balance	159,398,990	67,335,759

v. Pro Forma Reserves Reconciliation

The table below details the reconciliation of the pro forma reserves balance of Conrad as at 30 June 2022, reflecting the actual reserves balance at that date and the impact of the pro forma adjustments:

	Pro Forma	
	# of warrants	US\$
Ordinary issued and paid up share warrants		
Actual Balance as at 30 June 2022 ¹	6,769,232	-
Value transferred from Warrant liability on Completion ¹	-	3,553,847
SAFE Warrants issued on conversion of SAFE ²	3,076,9442	520,000
Pro forma warrants balance	9,846,174	4,073,847

¹The Loan Warrants issued to shareholders on repayment of the shareholder loan have an exercise price of the lower of US\$0.81 and a 10% discount to the Offer Price, with a five-year term which expires on 14 June 2026. The value of these Loan Warrants has been reclassified from a liability to equity on Completion.

²The SAFE raised 3,076,942, on a post 1 for 8 split basis, SAFE Warrants attached. These SAFE Warrants have an exercise price of 150% of the Conversion Price and a two-year term.

In addition to the warrants noted in the table above, the Company also intends to issue the following:

- 3,844,616 Share Rights under the New Incentive Plan, that vest on the completion of service-based milestones subsequent to Completion; and
- 2,080,000 Options under the New Incentive Plan, that vest either on the achievement of performance-based milestones subsequent to Completion or based on the completion of service-based milestones subsequent to Completion.

Given that these do not vest prior to, or on Completion, no value has been placed on them in the Pro Forma Statement of Financial Position.

vi. Accumulated Losses

The table below details the reconciliation of the pro forma accumulated losses of Conrad as 30 June 2022, reflecting the actual accumulated losses at that date and the impact of the pro forma adjustments:

	Pro Forma (US\$)
Conrad accumulated losses at 30 June 2022	(21,201,251)
Prepaid finance expense in relation to warrants attached to shareholder loans	(810,959)
Cost of conversion of the SAFE	(680,000)
Cost of SAFE Warrants issued on conversion of the SAFE	(520,000)
Costs of the Offer not expensed prior to 30 June 2022	(121,259)
Pro forma accumulated losses	(23,333,469)