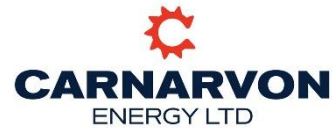


Dorado project update

17 August 2022



Highlights

- Dorado development FEED is now substantially complete
- Production Licence has been awarded
- OPP continues to be assessed by NOPSEMA
- In the current inflationary cost environment and period of supply chain uncertainties, a prudent approach is being adopted which does not support FID in 2022
- The Joint Venture remains focused on value enhancement through further Bedout drilling and optimisation of an integrated Dorado development concept
- Carnarvon's financing process, including potential divestment, is continuing to progress

Carnarvon Energy Limited ("**Carnarvon**") (ASX:CVN) is pleased to provide the following update on the Dorado development occurring within Production License WA-64-L, and Pavo pre-development studies in Exploration Permit WA-438-P.

Carnarvon Managing Director and CEO, Mr Adrian Cook, said:

"We are pleased that the Dorado development FEED process is now substantially complete and that the project, through this process, has been shown to be technically robust.

Carnarvon is keen to see the timely sanctioning of the Dorado development and commencement of the construction phase, and we continue to work collaboratively with the operator to achieve this.

That said, given the current regional inflationary pressures and supply chain challenges, the risk of cost escalation is unacceptably high and requires fiscal discipline until this environment shows signs of stabilising.

The analysis of the Pavo discovery to date shows that this is a tremendous resource with the potential to generate a significant amount of value for Carnarvon shareholders by utilising the proposed Dorado facilities. Accordingly, the Joint Venture is undertaking detailed studies to optimise an integrated Dorado development concept."

Dorado development

The Dorado Front End Engineering and Design ("**FEED**") process is substantially complete and has progressed to the point of the Dorado development being close to Financial Investment Decision ("**FID**") ready.

The main outstanding matter is the finalisation the Engineering Procurement and Construction ("**EPC**") contract for the Floating Production Storage and Offloading ("**FPSO**") vessel. The Joint Venture has been working with the relevant contractor to ensure the contract is in an acceptable form. This requires the cost environment to be more stable and more certainty around supply chain capacity. Because the FPSO represents more than 50% of the expected project cost, it is important that this work scope is carefully contracted and managed, especially in the current supply chain environment.

The engineering work for the well-head platform (“**WHP**”) and FPSO is essentially complete, with a robust technical design able to extract the oil and gas from the Dorado field as planned and allowing for further tie-back opportunities such as Pavo. The initial development incorporates 10 wells being drilled into the four reservoirs (Caley, Baxter, Crespin and Milne) and the hydrocarbons being produced via a 16-slot WHP to an FPSO. The FPSO has a design capacity to process 100,000 barrels of oil per day, along with 215 million scf/day of gas injection and storage for around 1 million barrels of oil & condensate.

Pavo

Pre-development work has commenced for the Pavo discovery, with a Discovery Assessment report being filed with the regulator while studies are being undertaken for development of this resource.

The Pavo-1 well discovered 43 million barrels (2C, gross) of oil as a Contingent Resource – referred to as Pavo North. This highly valuable resource is intended to be tied back to the Dorado FPSO. The studies being undertaken are to ensure the current Dorado FPSO design is capable of receiving the Pavo fluids with minimal requirement for further enhancements during tie back operations.

The Pavo South structure is estimated to contain an additional resource of 55 million barrels of oil (Pmean, gross), and has the potential to generate significant further value. The Joint Venture is assessing options to drill this prospect as soon as possible.

ASX disclosure: Prospective resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project and may relate to undiscovered accumulations. These prospective resource estimates have an associated risk of discovery and risk of development. Further exploration and appraisal will be required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Financing process

A formal process for Carnarvon to fund its share of the Dorado development is underway. The company has received a number of proposals for traditional reserve-based, non-recourse senior debt facilities and alternative funding options including subordinated debt, offtake prepayments and royalties. The financing process will be progressed once the FPSO EPC contract and other key contracts have been substantially agreed.

As part of the funding process, Carnarvon is undertaking a formal process to potentially divest a portion of its share of the Dorado project and associated exploration acreage prior to taking FID. This process is ongoing, and the company will provide shareholders with an update if a binding agreement is reached.

Regulatory approvals

The Offshore Project Proposal (“**OPP**”) remains under assessment by NOPSEMA.

This is a key regulatory approval required for the Joint Venture to progress subsequent approvals and to sanction the Dorado development. The operator is continuing to engage closely with NOPSEMA to gain acceptance of the OPP.

Approved by:



Adrian Cook

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Technical Appendix - Resources

Gross Contingent Resource (Dorado)	1C	2C	3C
Oil (million barrels)	86	162	285
Gas (billion cubic feet)	367	748	1,358
Barrels of oil equivalent (million barrels)	176	344	614

Net Contingent Resource (Dorado) - CVN 20%	1C	2C	3C
Oil (million barrels)	17	32	57
Gas (billion cubic feet)	73	150	272
Barrels of oil equivalent (million barrels)	35	69	113

Gross Contingent Resource (Pavo)	1C	2C	3C
Oil (million barrels)	26	43	62
Gas (billion cubic feet)	6	11	17
Barrels of oil equivalent (million barrels)	27	45	65

Net Contingent Resource (Pavo) - CVN 30%	1C	2C	3C
Oil (million barrels)	8	13	19
Gas (billion cubic feet)	2	3	5
Barrels of oil equivalent (million barrels)	8	13	19

Gross Prospective Resource (Pavo South)	P90	P50	Pmean	P10	Pg
Oil (million barrels)	13	47	55	107	51%
Gas (billion cubic feet)	3	12	14	28	
Barrels of oil equivalent (million barrels)	14	49	57	112	

Net Prospective Resource (Pavo South) - CVN 30%	P90	P50	Pmean	P10	Pg
Oil (million barrels)	4	14	16	32	51%
Gas (billion cubic feet)	1	4	4	8	
Barrels of oil equivalent (million barrels)	4	15	17	34	

SPE definitions

Reserves represent that part of resources which are commercially recoverable and have been justified for development, while contingent and prospective resources are less certain because some significant commercial or technical hurdle must be overcome prior to there being confidence in the eventual production of the volumes. Carnarvon does not yet have reported reserves.

Contingent resources are less certain than reserves. These are resources that are potentially recoverable but not yet considered mature enough for commercial development due to technological or business hurdles. For contingent resources to move into the reserves category, the key conditions, or contingencies, that prevented commercial development must be clarified and removed. As an example, all required internal and external approvals should be in place or determined to be forthcoming, including environmental and governmental approvals. There also must be evidence of firm intention by a company's management to proceed with development within a reasonable time frame (typically 5 years, though it could be longer).

Prospective resources are estimated volumes associated with undiscovered accumulations. These represent quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from oil and gas deposits identified on the basis of indirect evidence but which have not yet been drilled. This class represents a higher risk than contingent resources since the risk of discovery is also added. For prospective resources to become classified as contingent resources, hydrocarbons must be discovered, the accumulations must be further evaluated and an estimate of quantities that would be recoverable under appropriate development project(s) prepared.

Additional resource information

All resources presented in this announcement are prepared as at 15 July 2019 and 2 May 2022 pursuant to the announcements released to the ASX on 15 July 2019 and 2 May 2022.

The estimates of contingent and prospective resources included in this presentation have been prepared in accordance with the definitions and guidelines set forth in the SPE-PRMS. Carnarvon is not aware of any new information or data that materially affects the information included in this presentation, and that all material assumptions and technical parameters underpinning the estimates in this presentation continue to apply and have not materially changed.

Deterministic and probabilistic methods have been used to prepare the estimates of resources.

There are numerous uncertainties inherent in estimating reserves and resources, and in projecting future production, development expenditures, operating expenses and cash flows. Oil and gas reserve engineering and resource assessment must be recognised as a subjective process of estimating subsurface accumulations of oil and gas that cannot be measured in an exact way.

Competent person statement information

The resource estimates outlined in this report were compiled by Carnarvon's Chief Operating Officer, Mr Philip Huizenga, who is a full-time employee of the Company. Mr Huizenga has over 25 years' experience in petroleum exploration and engineering. Mr Huizenga holds a Bachelor's Degree in Engineering, a Master's Degree in Petroleum Engineering and is a member of the Society of Petroleum Engineers. Mr Huizenga is qualified in accordance with the ASX Listing Rules and has consented to the form and context in which this statement appears.

Forward-looking statements

This announcement contains certain "forward-looking statements", which can generally be identified by the use of words such as "will", "may", "could", "likely", "ongoing", "anticipate", "estimate", "expect", "project", "intend", "plan", "believe", "target", "forecast", "goal", "objective", "aim", "seek" and other words and terms of similar meaning. Carnarvon cannot guarantee that any forward-looking statement will be realised. Achievement of anticipated results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from past results and those anticipated, estimated or projected. You should bear this in mind as you consider forward-looking statements, and you are cautioned not to put undue reliance on any forward-looking statement.