

ASX ANNOUNCEMENT

Chair address – 2023 Annual General Meeting

17 November 2023

In accordance with Listing Rule 3.13.3, Carnarvon Energy Limited (**Company**) is pleased to provide the **attached** address to be given by the Chair, Mr William Foster, at the Company's Annual General Meeting today.

Approved for release by:



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As an opening comment, I appreciate many shareholders are frustrated that there has been little change in the Company's share price since the last AGM. This is despite the Company executing a transformative divestment of a portion of its Bedout assets to Taiwan's national oil and gas company, CPC Corporation (**CPC**), for US\$148MM in the intervening period.

I want to assure shareholders that the Board and Management share this frustration, and are absolutely focused on realising the Company's true value. It is encouraging that the share price has firmed recently, reflecting investor confidence in the Company's strategy, and its underlying value. As greater certainty is achieved in respect of a Final Investment Decision (**FID**) for the Dorado development, we expect to see the share price improve further.

Carnarvon is unique among mid-cap energy stocks in terms of its financial strength, quality resource base and significant long-term growth prospects.

Following completion of the divestment to CPC, our cash reserves now stand at \$183 million, with total liquidity of \$321 million once the US\$90 million 'carry' forming part of the CPC transaction is taken into account.

The Dorado field is world-class, and one of best undeveloped liquids resources in the region. With integration studies for the Pavo field now complete, the Phase 1 Dorado liquids development will have a combined gross resource of over 200 million barrels (2C, gross).

The Bedout Sub-basin is Australia's most prospective offshore exploration acreage, with focused exploration having the potential to deliver 9 Tcf of gas and 1.6 billion barrels of liquids (Pmean, gross)* across a spread of highly attractive prospects.

** Prospective resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) and relate to undiscovered accumulations. These estimates have both a 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.*

The Joint Venture is working towards FID for the Dorado development in 2024. We continue to work closely with Santos, the operator, to achieve this. Whilst there are some factors that could potentially impact FID timing, including the current regulatory uncertainty in respect of approval of Environment Plans, we are confident that momentum is building within Santos and there is a clear path to FID after previous deferrals.

I have already touched on some of the Company's key activities and achievements in the past year, and would like to highlight these in more detail.

First and foremost is the CPC transaction, which provides the Company with substantive funding for the Dorado Phase 1 liquids development, and positions it to realise the value of its high-quality portfolio in the Bedout Sub-basin. The price achieved by the Company for this transaction was very attractive, which is a testament to Management and their deep understanding of the Bedout assets.

Second is acceptance of the Offshore Project Proposal (OPP) by NOPSEMA. This means the Joint Venture now has all the primary regulatory approvals necessary for the Dorado development following the grant of a Production Licence for the Dorado field last year. A

Declaration of Location has also recently been made in respect of the Pavo field, meaning the Joint Venture can apply for a Production Licence for Pavo, once required.

Third is completion of the integration studies for Pavo. These studies confirmed Pavo can be tied-back to the Dorado facilities, allowing the Pavo resource to backfill production from the Dorado field at a low unit cost once production rates begin to naturally decline after 2 – 3 years. The liquids from Pavo are similar to the Dorado liquids, and the light, sweet crude produced from both fields have a lower carbon intensity than heavier grades, making it highly suited to petrochemical feedstock.

Fourth is interpretation of recently acquired 3D seismic. This has substantially high-graded the exploration potential of the Company's Bedout assets. The Joint Venture is targeting five strategic clusters, with a focus on near-field opportunities for future tie-backs like Pavo South, and gas prospects which will underpin the Phase 2 gas development like Ara and Starbuck. The Joint Venture is currently maturing plans for further exploration drilling, with up to three wells proposed to be drilled in late 2024 and / or 2025.

Lastly, the Company has started preparing for managing emissions from the future Dorado production facilities by acquiring Australian Carbon Credit Units (**ACCUs**) and seeking to partner with local landowners to generate ACCUs through soil carbon and other land regeneration opportunities. The Company has also continued to mature its biorefining venture, FutureEnergy Australia (**FEA**). We are maintaining a disciplined approach to our investment in FEA as the venture progressively works through the various elements required to establish the feasibility of its proposed biorefining project in the Shire of Narrogin.

I would like to finish by focusing briefly on the Company's forward strategy. In September we released a strategy refresh outlining our focus on value generation as we progress from explorer to producer. The key elements of the strategy reflect the points I have already spoken to – achieving a timely FID for the Dorado development, integration of the Pavo resource with Dorado, realising the exploration potential of the Bedout Sub-basin, conservative investment in the energy transition and prudent financial management. Our strategy also encompasses an assessment of inorganic growth opportunities, like a potential asset acquisition. Whilst there are strong drivers for near-term production and cashflow to complement the Company's current development and exploration portfolio, I want to highlight that there is no imperative on the Company to undertake a transaction. Any potential acquisition will always be balanced against competing alternatives, including organic growth opportunities and / or returns to shareholders.

I would like to commend Management and staff for their efforts over the year. Carnarvon optimised its team further this year to minimise internal costs, and retains a small group of experienced staff. Corporate resizing is never an easy task, and the Board is sensitive to striking the right balance between maintaining appropriate skills and expertise to meet the scope of the Company's business activities, while also achieving efficiencies.

Looking ahead, I believe the Company is well placed to deliver on its near-term objective of Dorado FID and hope to be able to provide definitive news about this, and further Bedout exploration drilling, as we progress through 2024. Carnarvon has a strong future, and one that is targeted to deliver considerable value to its shareholders in the longer-term.

Annexure – Supporting Information

Contingent and prospective resources

The resource estimates outlined in this address are based on and fairly represent information and supporting documentation prepared by the Company'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 Degree in Engineering, a Masters 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.

All contingent and prospective resources presented in this address are prepared as at 2 May 2022, 4 October 2022, 30 June 2023 and 1 September 2023 pursuant to the announcements released to the ASX on 2 May 2022, 17 August 2022, 4 October 2022, 30 August 2023 and 1 September 2023. The estimates of contingent and prospective resources included in this address 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 address, and that all material assumptions and technical parameters underpinning the estimates in this address continue to apply and have not materially changed.

Deterministic and probabilistic methods have been used to prepare the estimates of contingent resources. These contingent resources have been aggregated by arithmetic summation and hence the aggregate 1C may be a very conservative estimate, and the 3C may be a very optimistic estimate, due to the portfolio effects of arithmetic summation. Prospective resources have been reported using the best estimate. Prospects are made up of multiple potential reservoir horizons and these are "rolled-up" statistically into a single prospective resource. These prospective resources are statistically aggregated up to the field level and arithmetically summed to the project level.

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 are subjective processes of estimating subsurface accumulations of oil and gas that cannot be measured in an exact way.

Conversion from gas to barrels of oil equivalent is based on Gross Heating Value. The conversion is based on composition of gas in each reservoir and is 4.07 Bscf/MMboe, 3.85 Bscf/MMboe, 4.16 Bscf/MMboe, 4.45 Bscf/MMboe, and 3.87 Bscf/MMboe for the Upper Caley, Caley associated gas, Crespin, Baxter and Milne reservoirs, respectively, that make up the Dorado Contingent Resource. For all other gas resources, the Company uses a constant conversion factor of 5.7 Bscf/MMboe. Volumes of oil and condensate, defined as 'C5 plus' petroleum components, are converted from MMbbl to MMboe on a 1:1 ratio.

Forwarding looking statements

This address contains certain "forward looking statements" which involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies including those risk factors associated with the oil and gas industry, many of which are

outside the control of, change without notice, and may be unknown to the Company, as are statements about market and industry trends, which are based on an interpretation of market conditions. Forward looking statements can generally be identified by the use of forward looking words such as “anticipate”, “expect”, “likely” “propose”, “will”, “intend”, “should”, “could”, “may”, “propose”, “believe”, “forecast”, “estimate”, “target”, “outlook”, “guidance” and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, the future performance of the Company.

No representation, warranty or assurance, express or implied, is given or made in relation to any forward looking statement. In particular no representation, warranty or assumption, express or implied, is given in relation to any underlying assumption or that any forward looking statement will be achieved. Actual and future events may vary materially from the forward looking statements and the assumptions on which the forward looking statements were based, because events and actual circumstances frequently do not occur as forecast and future results are subject to known and unknown risks such as changes in market conditions and regulations.

Given these uncertainties, readers are cautioned not to place undue reliance on such forward looking statements, and should rely on their own independent enquiries, investigations and advice regarding the information contained in this address. Any reliance by a recipient on the information contained in this address is wholly at the recipient's own risk.

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