

ASX ANNOUNCEMENT

Dorado Project Update

29 April 2024

Optimisation of Dorado Phase 1 liquids development expected to deliver a material uplift in the project's value

- ▶ Dorado continues progress towards being FID-ready by end of 2024
- ▶ The key optimisation opportunities that are being pursued centre around re-shaping the production rates between 60,000 and 100,000 bopd
- ▶ Re-shaping of production rates allows for phasing of development wells which would reduce up-front CAPEX and time to first oil
- ▶ Joint Venture has identified several idle FPSOs that could be re-purposed for the project, which would further reduce the overall cost of the project and time to first oil.
- ▶ Carnarvon anticipates that overall CAPEX prior to first oil will be below previous guidance of ~US\$2 billion (gross)

Carnarvon Energy Limited (**Carnarvon**) is pleased to provide an update on its world class Dorado Phase 1 liquids development, offshore Western Australia.

The Joint Venture that covers Dorado (**Joint Venture**) is between Santos Limited (80%, Operator), Carnarvon (10%) and OPIC Australia Pty Ltd (a wholly owned subsidiary of CPC Corporation) (10%).

The Joint Venture is in the process of completing a revision of the project design, to improve economics through optimised utilisation of the proposed production facilities. The optimised production capacity is expected to result in a reduction in initial capital outlay and has the potential to accelerate the timetable to first oil production.

As part of the optimisation study, the Joint Venture has identified several idle FPSOs that could be re-purposed for the project which would further reduce the overall cost of the project and time to first oil.

Any design changes would be within the scope of the approved Offshore Project Proposal (**OPP**). This allows the Operator to update the previously completed FEED work with confidence to maintain the existing FID-ready target of end-2024.

Carnarvon CEO, Philip Huizenga, commented:

“Dorado is an outstanding project, and these optimisations to the development concept would result in a more robust project overall.

Optimising the project with lower upfront CAPEX, faster time to first oil and enhanced economics, would put Carnarvon in a strong position to unlock value for shareholders.

Carnarvon’s estimates for up-front capital expenditure savings are expected to be material to the Company. With the Company’s A\$176m (~US\$115m) cash balance (December 2023), US\$90m development funding cost carry and a prospective debt facility, Carnarvon expects to be fully funded for its share of development costs to first oil under the optimised project.

Carnarvon is also very encouraged by Santos’ ongoing commitment to the Dorado Project being FID-ready by end-2024.

I am incredibly proud of the core role Carnarvon is contributing to the optimisation process and I look forward to providing further updates to shareholders as we progress towards sanctioning the Dorado development.”

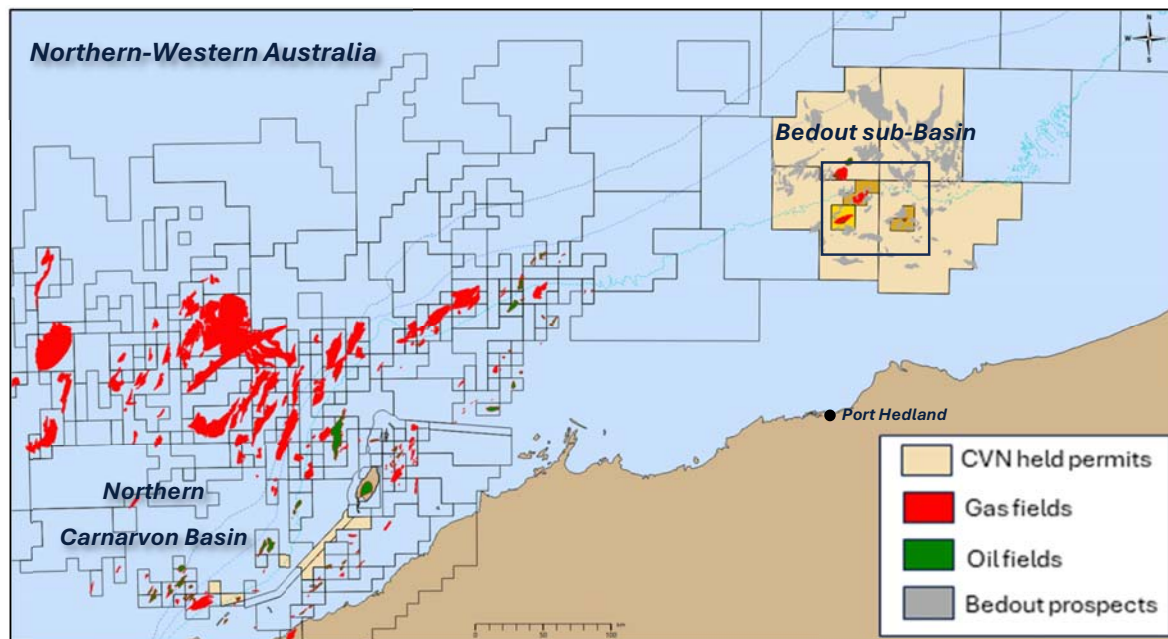


Figure 1: Location of Bedout Basin assets.

Dorado Phase 1 liquids development

Significant progress has been achieved as the Dorado project continues towards the FID-ready target of end-2024.

Work performed by the Joint Venture in 2023 through to the early stages of 2024 has revalidated the previously selected concept of an initial Phase 1 liquids development, with the

production and export of a light oil product and reinjection of gas back into the sub-surface reservoir.

The Joint Venture continues to explore a number of material economic improvement opportunities for the project.

These include an opportunity to optimise the production rate allowing the joint venture to phase the timing of wells. Subject to ongoing engineering work, a revised capacity between 60,000 to 100,000 bopd could result in only a portion of the wells being required prior to first oil. Any remaining wells would be drilled during production allowing them to be self-funded through project cash flows. Right-sizing the project and deferring wells after production startup will reduce both the up-front capital outlay and the time to first oil, hence improving project value and returns.

Based on Carnarvon's estimates that the overall CAPEX prior to first oil will be below the previous guidance of ~US\$2 billion (refer to STO ASX announcement on 16 February 2022), we expect that the Company, with its strong balance sheet, the development cost carry and a prospective debt facility, to be fully funded for its share of development.

Redeployed FPSO optionality

The original base case for the Phase 1 Dorado liquids development incorporates the conversion of an existing tanker hull into an FPSO through the additional construction of process equipment, turret, accommodation, and utilities.

Through the optimisation process, the Joint Venture is currently assessing FPSO vessel redeployment options. Dependent on the suitability and availability of these units, the Joint Venture believes there could be further cost and time to first oil optimisation opportunities for the Project.

FID-ready

The Joint Venture is continuing to maintain an FID-ready target for end-2024.

FID on Dorado remains conditional on materially advancing the relevant EPs to ensure that project execution can commence as expected.

In recent months, there has been notable improvement in the acceptance of Environment Plans (EPs) and an overall increase in confidence within the oil and gas industry in respect of environmental approvals.

Dorado Phase 2 Gas

The Joint Venture has confirmed that the option remains for a Phase 2 rich gas export development after a period of gas recycle, potentially supporting a broader gas export development from the Bedout Sub-basin subject to future exploration success.

Exploration Drilling

While the Joint Venture did have an exploration well in the contingent budget for 2024, due to a scarcity of suitable drilling rigs in Australia at this time, further drilling has been deferred to

at least 2025, subject to joint venture and regulatory approvals. Carnarvon will provide further details on drilling timelines as plans progress.

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