

Quarterly Activities Report

For the period ended 30 June 2024

Carnarvon Energy (**ASX:CVN**) (**Carnarvon**) is pleased to provide an update on the company's activities and financial position as at 30 June 2024.

Quarter highlights

- Optimisation of Dorado Phase 1 liquids development project is being finalised, which is expected to improve project economics and significantly lower up-front CAPEX
- The Joint Venture is assessing several idle FPSOs that could be repurposed for the project, with FEED re-entry expected to occur later this year and FID expected in 2025
- Robert (Rob) Black assumed the role of Chair from William (Bill) Foster
- Company strategic objectives are on track, with J.P. Morgan assisting to explore options to maximise shareholder value
- Strong balance sheet with A\$180m cash, no debt, and US\$90m Dorado development free carry.

Carnarvon's CEO, Philip Huizenga, commented:

"During the quarter, I was pleased to outline the progress on Dorado. In particular, the conceptual re-shaping of the initial liquids development project that has the opportunity to reduce the total capital outlay prior to first oil to be below the operator's previous guidance of US\$2 billion (gross) (US\$200 million net to Carnarvon). With current cash and development free carry of ~\$US210m¹, Carnarvon is well placed to fund its share of the Dorado development.

The re-shaping of Dorado also allows the development team to assess FPSO re-deployment options along with other donor hulls for FPSO conversion. Dependent on the suitability and availability of these units, there could be further reductions in capital expenditure, with the total amount dependent on the condition of the assets.

*While good progress has been achieved on the optimised development, the timing for the Final Investment Decision (**FID**) will be slightly later than previously envisaged. This allows the Joint Venture to take the requisite time to assess the optimisation and FPSO redeployment opportunities, and to materially progress Environmental Plan approvals prior to FID. These are important activities which require additional time and are expected to unlock considerable value for shareholders. As such, the Joint Venture is expecting to re-enter FEED later this year, with FID expected in 2025.*

While the main priority for the Company is to move towards FID and subsequently oil production, Carnarvon continues to make progress on our strategic objectives as outlined late last year. We look

¹ ~A\$180m cash at an exchange rate US\$0.67 (30 June 2024), and US\$90m development carry.

to **maximise value** by supporting progress on Dorado and by reviewing options to accelerate this value, with J.P. Morgan being appointment to explore alternative transaction options.

We continue to **reduce our corporate and administrative costs** as witnessed in the current quarter actuals with corporate costs materially below interest income. We also are **preserving our existing balance sheet** with a clear focus on Dorado and our Bedout exploration assets, and an ongoing commitment to making no new material acquisitions.

At the close of the quarter and as previously outlined to shareholders, Rob Black has assumed the Chair role for Carnarvon from Bill Foster, with Bill to remain on the Board as a non-executive director until such time as a suitably qualified director is appointed to replace him. I look forward to Rob's guidance as Chair as we progress the Dorado development with a focus on maximising shareholder value."

Project development

Dorado WA-64-L (Carnarvon 10%; Santos is the Operator)

The Dorado oil and gas field sits 150km off the coast of Western Australia in about 90 metres water depth. The largest undeveloped oil field in Australia, Dorado is planned to be developed via a staged development, with an initial liquids extraction (Phase 1) followed by gas export (Phase 2).

The selected concept for the Dorado Phase 1 liquids development is based on production from a fixed wellhead platform (**WHP**) connected to a Floating Production, Storage and Offtake (**FPSO**) vessel handling oil and condensate stabilisation, storage and offloading, water treatment for disposal, gas dehydration, gas compression and reinjection. During the Phase 1 development, gas is injected back into the reservoir to enhance oil and condensate production, with the gas then being available for the future Phase 2 gas export development.

During the quarter, the Joint Venture firmed up several material economic improvement opportunities for the project.

These include an opportunity to optimise the production rate, allowing the Joint Venture to reduce the sizing of the FPSO, WHP and other facilities, and phase the timing of wells.

Reducing the facility capacity provides the opportunity to reduce the overall capital expenditure for the Phase 1 liquids development. Phasing the wells and reducing the number of wells required prior to first oil allows the joint venture to further reduce the up-front CAPEX prior to first oil. Any remaining wells would be drilled during production allowing them to be funded through project cash flows. These opportunities could considerably improve the project's value and returns by reducing both the up-front capital outlay and the time to first oil.

Through the optimisation process, the Joint Venture is also assessing FPSO vessel redeployment options along with other donor hulls for FPSO conversion. Dependent on the suitability and availability of these units, there could be further cost savings and opportunities to reduce the time to first oil for the Project above those already outlined.

The Joint Venture is taking the requisite time to fully evaluate these opportunities. Given the impact on engineering design and cost of utilising this potentially lower cost option, FEED re-entry is planned for later this year once the Joint Venture secures the best option vessel or hull.

Importantly, any design changes would be within the scope of the approved Offshore Project Proposal (OPP). This allows the Operator to leverage the previously completed FEED work for the optimised development FEED re-entry later this year, with FID expected in 2025.

Carnarvon 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). Carnarvon expects that the Company, with its strong balance sheet, the US\$90m development cost carry and optionality for a prospective debt facility, will be fully funded for its share of development.

Along with the engineering and design work to allow the Dorado Phase 1 liquids development to progress to FID, work is ongoing for the requisite Environmental Plans (“EPs”) that are necessary to progress the project. The EPs for Drilling and Completion, and WHP and subsea systems installation are in progress, with the external consultation work expected to be visible in the coming quarter. The Joint Venture has already secured a Production License and Offshore Project Proposal, ensuring that all primary project approvals will be secured following the approval of the relevant EPs.

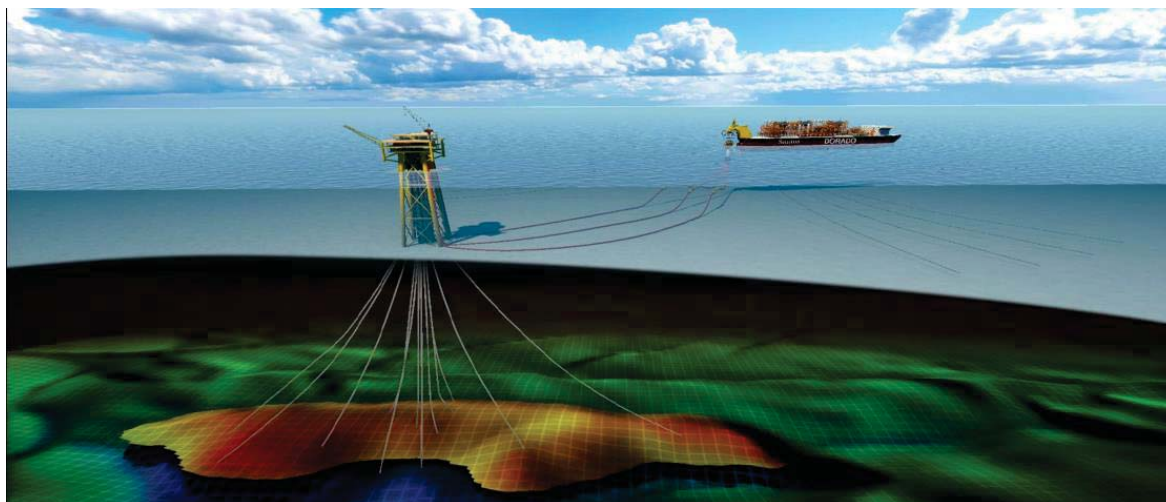


Figure 1: Schematic of potential Dorado FPSO and WHP

Bedout exploration

WA-435,6,7&8-P (Carnarvon 10%-20%; Santos is the Operator)

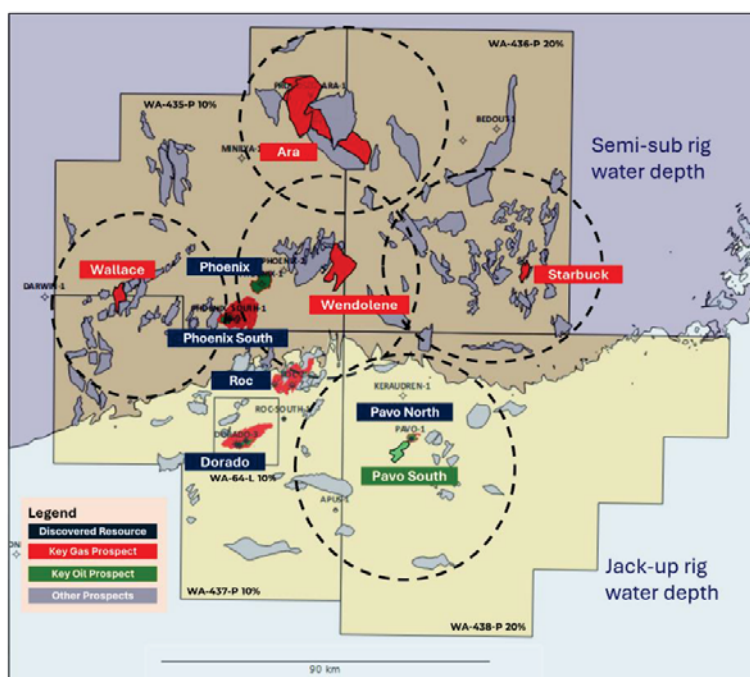
The Bedout Sub-basin, offshore Western Australia, is one of Australia’s most exciting exploration plays. The Joint Venture’s exploration strategy has the potential to unlock substantial additional resources, with unrisks prospective resource estimates of 9 Tcf of gas and 1.6 billion barrels of liquids (Pmean, gross*) (refer to ASX announcement on 1 September 2023).

The four Bedout exploration blocks are substantially covered by modern broadband 3D seismic data. Exploration drilling based on this modern data had resulted in an excellent 67% success rate, with 4 discoveries from 6 wells.

Preparatory work for exploration drilling in 2025 and beyond is well advanced. The core to these plans is the desire to expand the discovered gas resources to underpin the proposed Phase 2 gas export development.

As outlined above, with the re-shaping of the Dorado facilities throughput, there are expected to be sufficient discovered liquids resources in Dorado and Pavo, which contains an additional 43 million barrels (2C, gross) (refer to ASX announcement on 2 May 2022), to fully utilise the planned Dorado facilities for several years. Hence, the next phase of exploration in the Bedout is intended to concentrate on unlocking gas resources.

An area of particular interest to Carnarvon is in the northern sections of the WA-435-P exploration permit (figure 2) in which Carnarvon holds a 10% equity position. The standout target is the Ara prospect.



**Figure 2: Bedout Sub-basin basemap with key prospects highlighted based on hydrocarbon phase.
Note the Ara prospect in northern WA-435-P, which is currently the preferred drill target.**

Success at a prospect such as Ara would considerably de-risk the surrounding portfolio (figure 2). Based on Carnarvon's seismic interpretation, the Ara prospect is expected to contain over 549 Bscf and 91 million barrels of condensate (Pmean, gross*). The prospects in the immediate vicinity, which would be significantly de-risked on drilling success at Ara, contain an additional 1.5 Tcf and around 260 million barrels of condensate (Pmean, gross*) (refer to ASX announcement on 1 September 2023).

Based on current rig deployment and usage in Australia, Carnarvon anticipates that drilling could occur in 2H2025, subject to joint venture and regulatory approvals. The Company looks forward to returning to drilling as soon as practical and will provide further details on drilling timelines as plans progress.

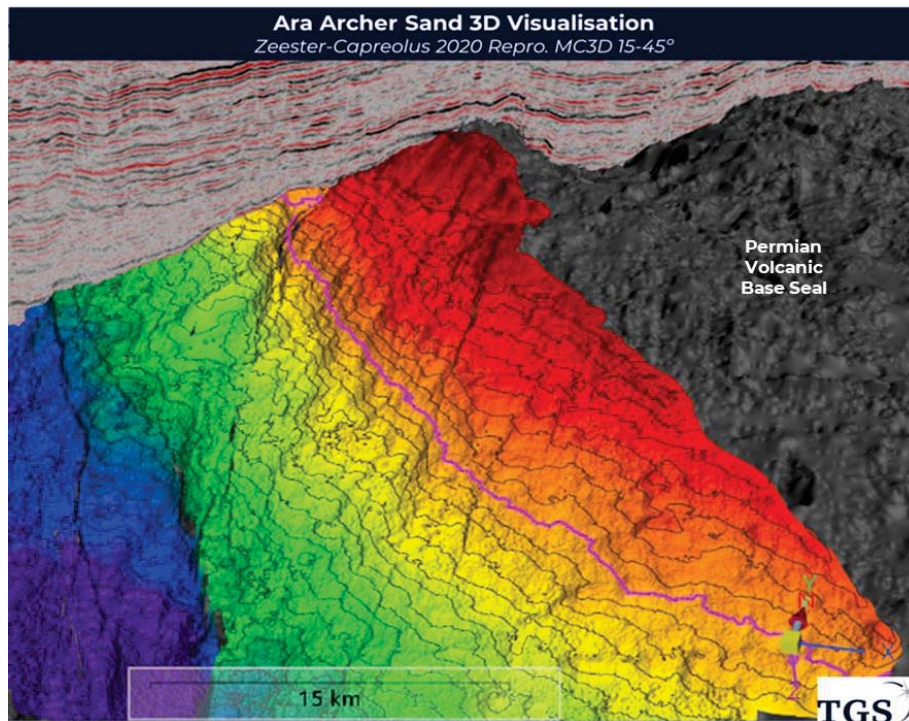


Figure 3: 3D seismic visualisation of the Archer Formation within the Ara Prospect from the TGS Zeester-Capreolus 2020 Reprocessed Multi-Client 3D (MC3D).

Other Exploration

WA-155-P (Carnarvon 100%)

During the quarter, the regulator accepted Carnarvon's application to surrender the WA-155-P exploration permit.

EP509 and TP29 (Carnarvon 100%)

During the quarter, Carnarvon applied to surrender the EP509 and TP29 exploration permits. The application is currently being considered by the regulator.

The surrender of non-core exploration permits is consistent with Carnarvon's refined strategy and continued exploration focus on the highly prospective and proven Bedout Sub-basin.

Renewable Fuels

At the end of the quarter, Carnarvon monetised and exited its biorefinery business interests. Carnarvon's exit is clean and there are no residual liabilities from the biorefinery joint venture.

Corporate

During the quarter, the Board continued its succession process which was first announced on 12 December 2023.

Effective 1 July 2024, Mr Black has assumed the role of Chair from Carnarvon's previous Chair, Mr Foster (see ASX announcement 28 March 2024). Mr Foster will remain on the Board as a non-executive director following the transition of the Chair role until such time as a suitably qualified director is appointed to replace him.

The refreshed Board are firmly focused on ensuring Carnarvon maximises shareholder value from the Company's existing asset base. As such, Carnarvon continues to support the development of Dorado with work continuing to prepare for FID in 2025. The Company also remains open to exploring alternative transactions to accelerate value realisation and is working with J.P. Morgan to consider its strategic options.

Carnarvon has also continued to reduce its ongoing corporate and administrative cost base, which is now budgeted to be over 40% lower compared to the 2023 cost base, to maintain the strength of its balance sheet to fund the Dorado development.

Cash and liquidity position

The company ended the quarter with A\$180 million in cash, and no debt. Carnarvon also maintains US\$90 million in Dorado development cost carry.

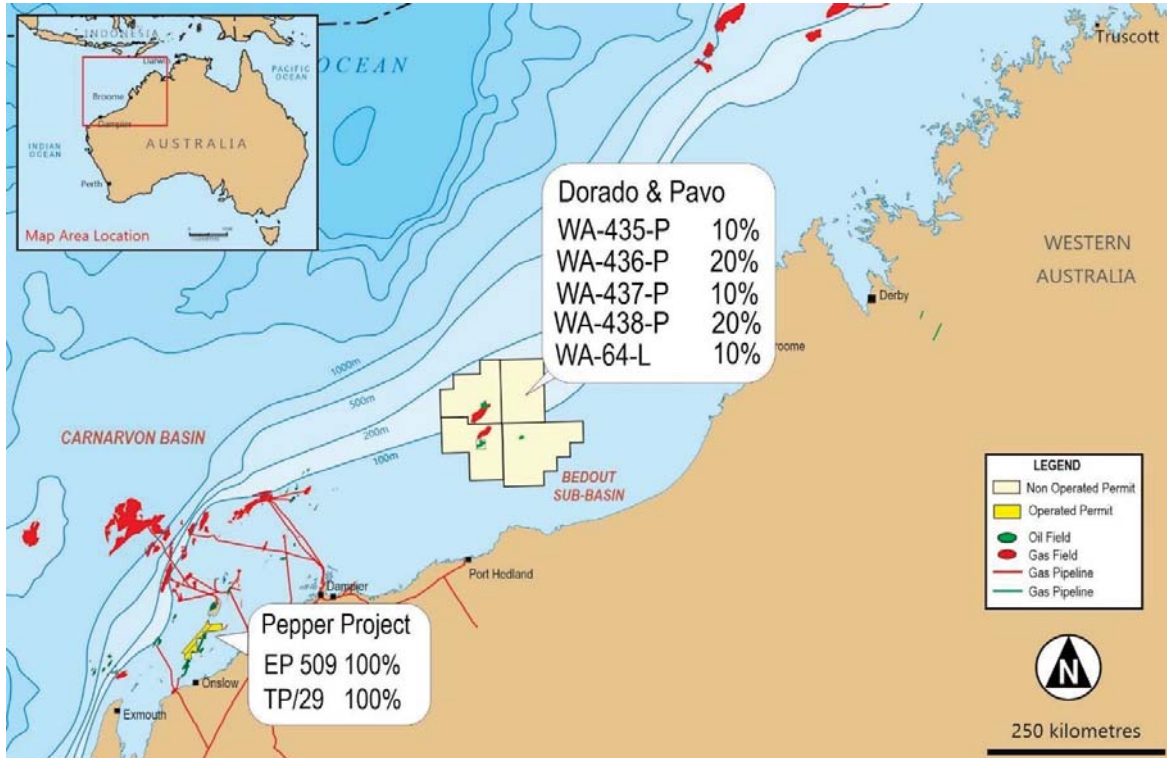
In line with the significant corporate cost reductions achieved in recent months, the interest received during the quarter was materially higher than administrative, corporate and staff costs for the period. However, there was a decrease in the cash position from the previous quarter due to the impact of a depreciation of USD in comparison to AUD on the portion of the company's funds which are held in USD.

Carnarvon continues to prudently manage its cash balance through term deposits and by holding a balance of funds between AUD and USD, which maintains a natural hedge for future expected expenditures in each currency.

Financial Analysis of selected items within Appendix 5B

Appendix 5B reference	ASX description reference	Carnarvon commentary
1.2 (d)	Staff costs	Staff costs include employee salaries and on costs.
1.2 (e)	Administration and corporate costs	This item includes costs for and associated with operating the company's office, ASX listing fees, insurances, software licences, investor relations and travel.
2.2 (b)	Proceeds from the disposal of tenements	This item reflects the upfront payment of US\$58 million (less costs and cash offsets) received by Carnarvon following the partial divestment of a 10% interest in its Bedout assets to CPC. During the quarter, there was an adjustment following the completion of an audit of the back-costs payment.
1.4	Interest received	Carnarvon holds a significant portion of its cash in term deposits which generate interest income during the year. Interest is recorded in the Appendix 5B when received, namely when deposits mature. Accordingly, the amount varies each quarter based on the interest rate, the amount on term deposit and the timing of the maturity of the term deposits.
2.1 (d)	Exploration and evaluation costs capitalised	During the quarter, Carnarvon incurred a net outflow of A\$450k on exploration and evaluation activities which primarily related to the Dorado development optimisation and pre-FEED work.
3.3	Proceeds from exercise of options / ESP	During the quarter, some outstanding Employee Share Plan loans were repaid on employee shares. Payments are reflected as cash received by the company.
4.5	Effect of movement in exchange rates on cash held	This reflects the impact of a depreciation of USD in comparison to AUD on the portion of the company's funds which are held in USD. Carnarvon prudently manages its cash balance by holding a balance of funds between AUD and USD, which maintains a natural hedge for future expected expenditures in each currency.
6.1	Payments to related parties and their associates	These costs pertain to remuneration paid to Non-Executive Directors.
8.0	Future operating activities	For the upcoming quarter, Carnarvon has forecast A\$1.6 million - \$2 million expenditures in the Bedout Sub-basin and A\$0.9 - \$1.2 million in corporate and other costs. Corporate costs should be fully offset by interest received for the quarter.

Project map



Project table

Project	Permit(s)	Operator	Interest held	Interest Change Q/Q
Bedout	WA-64-L	Santos	10%	-
Bedout	WA-435-P	Santos	10%	-
Bedout	WA-436-P	Santos	20%	-
Bedout	WA-437-P	Santos	10%	-
Bedout	WA-438-P	Santos	20%	-
Outtrim	WA-155-P	Carnarvon	-	(100%)
Pepper	EP 509 & TP/29	Carnarvon	100%	-

Acronym	Definition
bopd	barrels of oil per day
bbls	barrels of oil
CVN	Carnarvon Energy Limited
JV	Joint Venture
km	Kilometres
km²	Square kilometres
m	Millions
Qtr	Quarter
Q/Q	Quarter on Quarter
Tcf	Trillion cubic feet (gas)
2D	Two-dimension seismic data
3D	Three-dimensional seismic data
MC3D	Multi-client 3D – seismic data acquired for multiple parties that require licensing
USD	United States of America dollar

Cautionary Statement*

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.

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.

Resources

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

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.

Conversion from gas to barrels of oil equivalent is based on Gross Heating Value. Carnarvon 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.

Competent Person Statement Information

The resource estimates outlined in this report were compiled by Carnarvon's Chief Executive 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 ASX Listing Rules and has consented to the form and context in which this statement appears.

Forward Looking Statements

This report 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.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

CARNARVON ENERGY LIMITED

ABN

60 002 688 851

Quarter ended ("current quarter")

30 June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	(502)
(b) development	-	-
(c) production	-	-
(d) staff costs	(707)	(4,254)
(e) administration and corporate costs	(474)	(2,327)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2,709	8,221
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	245
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	1,528	1,383
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(450)	(2,500)
(e) investments	-	(618)
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	(372)	85,993
	(c) property, plant and equipment	-	-
	(d) investments	256	1,023
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	(62)
2.6	Net cash from / (used in) investing activities	(566)	83,836

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	111	1,092
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(56)	(620)
3.10	Net cash from / (used in) financing activities	55	472

4.	Net increase / (decrease) in cash and cash equivalents for the period	Current quarter \$A'000	Year to date (12 months) \$A'000
4.1	Cash and cash equivalents at beginning of period	180,531	95,301
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,528	1,383
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(566)	83,836
4.4	Net cash from / (used in) financing activities (item 3.10 above)	55	472

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(1,997)	(1,441)
4.6	Cash and cash equivalents at end of period	179,551	179,551

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	11,201	12,662
5.2	Call deposits	168,350	167,869
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	179,551	180,531

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	94
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	1,528
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(450)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	1,078
8.4 Cash and cash equivalents at quarter end (item 4.6)	179,551
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	179,551
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	N/A
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: n/a	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: n/a	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: n/a

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 24 June 2024

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.