



2024
ANNUAL REPORT



CARNARVON
ENERGY LTD

CORPORATE DIRECTORY

Directors

RH Black (Chair) (Appointed on 2 April 2024, appointed Chair on 1 July 2024)

WA Foster (Non-Executive Director) (Ceased as Chair on 30 June 2024)

R Delroy (Non-Executive Director) (Appointed on 15 December 2023)

WS Barker (Non-Executive Director) (Appointed on 15 December 2023)

AC Cook (Managing Director) (Ceased on 15 December 2023)

PS Moore (Non-Executive Director) (Ceased on 17 November 2023)

SG Ryan (Non-Executive Director) (Ceased on 2 April 2024)

D Bakker (Non-Executive Director) (Ceased on 15 December 2023)

Company Secretary

A Doering

G Sproule (Ceased on 26 April 2024)

Auditors

Ernst & Young

Bankers

Australia and New Zealand Banking Group Limited

Commonwealth Bank of Australia

National Australia Bank Limited

Macquarie Bank Limited

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Website: carnarvon.com.au

Corporate Governance statement: carnarvon.com.au/about-us/corporate-governance/

Share Registry

Link Market Services Limited

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Stock Exchange Listing

Carnarvon Energy Limited's shares are quoted on the Australian Securities Exchange.

ASX Code: CVN - ordinary shares

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CHAIR'S REVIEW



CARNARVON ENERGY LIMITED
("CARNARVON" OR "COMPANY")

Carnarvon has undergone significant changes during the financial year; however the Company is in a strong position to realise significant value from its asset portfolio, which features Dorado, Australia's largest undeveloped liquids field.

The Company completed a partial divestment of its interests in the Bedout Sub-basin permits, including the Dorado production licence, to OPIC Australia Pty Ltd, a wholly owned subsidiary of CPC Corporation (**CPC**), Taiwan's national oil company. We're pleased to welcome a quality partner in CPC to the Joint Venture. Carnarvon's divestment also means the Company is in an excellent financial position to fund its share of the Dorado development.

Carnarvon also made considerable progress towards its Board succession plan during the year. I was pleased to welcome Robert (Rob) Black, Russell Delroy and William Barker to the Carnarvon Board during the year. The new Board has a wealth of experience, a

resolute focus on maximising shareholder value and has already made positive progress towards the Company's revised strategic objectives.

I would sincerely like to thank Adrian Cook, Peter Moore, and Debra Baker, who retired from the board this year. They have provided considerable effort and guidance to Carnarvon over many years and leave the Company in a very strong position. I especially would like to thank Adrian for his many years of service as Managing Director, who was instrumental in the Company's journey from an onshore explorer and producer in Thailand, to a founding partner in the world class Dorado field.



Following these changes, Philip Huizenga was appointed Chief Executive Officer (**CEO**), having served as Chief Operating Officer (**COO**) for a number of years. Phil's appointment had been planned for some time and reflects Carnarvon's progression from explorer to producer.

Phil hardly needs a welcome as CEO, despite only taking on that role recently, his active service to the Company over the past 15 years, primarily as COO, has meant he should be well known to all. I am confident that Phil has the support and skills necessary to take Carnarvon to development and production.

Carnarvon's refreshed Board has refined the Company's strategic objectives with a firm focus on preserving the company's balance sheet strength, significantly reducing the corporate and administrative cost base, and maximising value from the existing asset base.

I am pleased with the progress that has been made towards these objectives during the period. Carnarvon continued to review and reduce its corporate and administrative costs, with ongoing costs now reduced by over 40% compared to the 2023 cost base. These cost reductions, in addition to a commitment to making no new material acquisitions, means Carnarvon is strengthening and retaining its robust balance sheet to deliver the Dorado development to a Final Investment Decision, and onto first oil.

Carnarvon is also resolutely focused on maximising value from its existing assets. The company continues to support the Dorado development and progressing exploration in the highly prospective Bedout Sub-basin. Carnarvon also remains open to exploring alternative transactions to accelerate value realisation and is working with J.P. Morgan to consider its strategic options.

Further to reducing the Company's corporate and administrative cost base, the Board has revised the Board and Management's remuneration structure. Fixed remuneration has been reduced for new Directors and the CEO, and performance rights have been granted to better align remuneration with shareholder interests, and to incentivise management to drive higher returns. Details of the remuneration structure are outlined in the Remuneration Report.

As announced during the year, I stepped down as Chair of Carnarvon on 1 July 2024, with Rob Black assuming the role. I intend to retire from my non-executive directorship once a suitable replacement has been appointed.

It has been a pleasure being on the Board of Carnarvon for the past 14 years, including Chair for nearly 4 years. It saddens me to leave the Company however I feel confident in leaving the Chair role to Rob, knowing he will provide excellent guidance to the Company in its next phase.

Finally, I would like to thank our shareholders for their continued patience over a number of years. I share your frustration with the time it has taken to progress the Dorado development, however I am confident that your patience and support will be rewarded in due course. I look forward to seeing the Company develop Dorado and continue to unlock the prolific Bedout Sub-basin as a fellow shareholder.

William (Bill) Foster
Chair (retired as Chair on 1 July 2024)

CHIEF EXECUTIVE OFFICER REVIEW



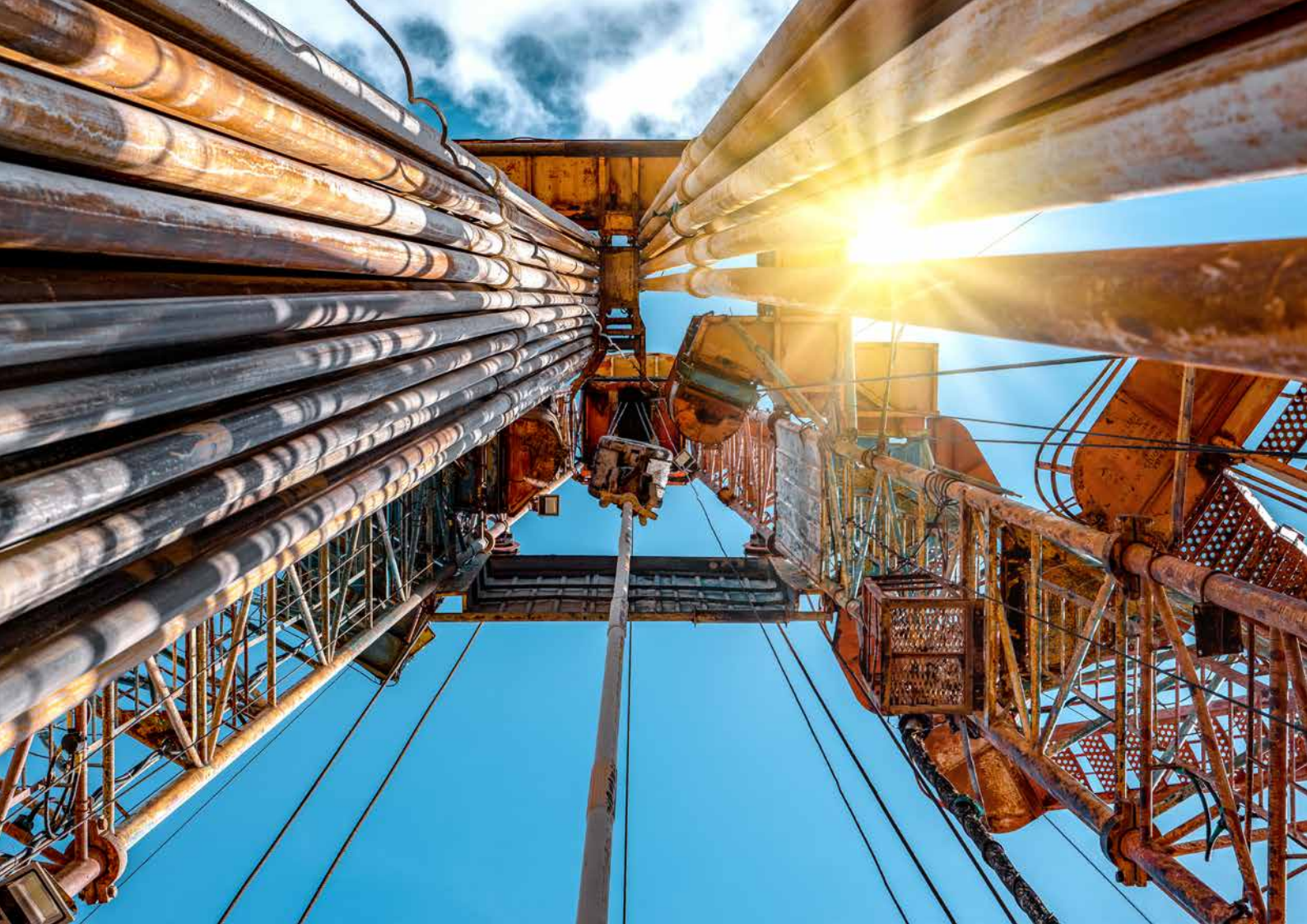
Over the past year there have been changes to the board and management at Carnarvon, along with a refresh of our strategic objectives, but Carnarvon's commitment to developing Dorado and continuing with exploration in the Bedout Sub-basin offshore Western Australia has remained constant.

The Dorado oil and gas discovery, of which Carnarvon holds a 10% equity, was made in 2018 and at 162 MMbbl recoverable (2C, gross) (see page 14), is the largest undeveloped oilfield in the Northwest Shelf.

Through the years since that discovery, we have successfully appraised the field in 2019, received a Production Licence in 2022 and our Offshore Project Proposal for development was accepted in 2023.

Along the way we have also had further exploration success, with the 43 MMbbl Pavo oilfield discovery (2C, gross) in 2022, located around 45km from the site of the proposed Dorado facilities.

In 2024 we have progressed with optimising the Development Concept, commencing with the necessary project specific Environment Plan approvals, and are working towards re-entering FEED later this year towards a Final Investment Decision in 2025.



The Dorado Phase 1 liquids development concept is simple and robust, similar to other developments in the region, consisting of a WHP and the phased development of up to 11 wells, connected to a right-sized FPSO for production and storage, with the gas being reinjected to enhance oil recovery and stored in the sub-surface reservoirs for an eventual Phase 2 gas export development.

The Company retains a very strong financial position having \$318 million in liquidity, comprising cash of A\$180 million and A\$138 million (US\$90 million) in future contributions to Carnarvon's Dorado development costs. Along with a prospective debt facility, Carnarvon is extremely well placed to fund its share of the development and ongoing Bedout Sub-basin exploration.

The exploration potential remaining in our Bedout Sub-basin acreage is significant, and while we have the oil necessary to progress the Phase 1 liquids development at Dorado, we are targeting additional gas resources to underpin an eventual Phase 2 gas export project. The challenges that the industry has experienced over the past couple of years, related to necessary approvals and rig availability, are clearing and Carnarvon is working hard to ensure we return to exploration drilling.

I have relished the challenges associated with taking up the CEO role these past few months, and while some difficult decisions had to be made to ensure that our ongoing corporate and administrative costs are reduced and well below the interest income we are receiving, the result is a clean, streamlined business.

Together with the Board, I look forward to the ongoing work in delivering our strategic objectives of maximising value from Carnarvon's asset base, reducing our corporate cost base and preserving our existing balance sheet strength.

I would personally like to thank the previous CEO, Adrian Cook, for the many years we worked together to position the Company to where it is today. I would also like to thank the Board for their support of myself in this new role, especially as we take the Dorado project to FID and then production. I would especially like to thank the remaining team at Carnarvon for their stellar efforts in undertaking the work required to ensure we build the best asset and explore the best prospectivity in what is undoubtedly the premier oil and gas basin in Australia.

We have a clear and concise focus in the business, generating value for shareholders through our holdings in the Bedout sub-basin while maintaining our balance sheet, and together with you, our shareholders, I am looking forward to getting ever closer to production at Dorado and further exploration within the Bedout Sub-basin.

Philip Huizenga
Chief Executive Officer

OPERATING AND FINANCIAL REVIEW

OVERVIEW OF OPERATIONS

HIGHLIGHTS

FOR THE COMPANY DURING THE 2024 FINANCIAL YEAR WERE:

- > Completed the divestment of a 10% interest in the Company's Bedout Sub-basin assets to CPC Corporation, Taiwan for US\$148m.
- > Company's financing of the Dorado development significantly derisked, following the divestment.
- > Optimisation of the Dorado Phase 1 liquids development expected to deliver a material uplift in the project's value – FEED re-entry targeted for later in 2024, with FID expected in 2025.
- > Significant additional prospective resources identified in the Bedout Sub-basin following interpretation of new 3D seismic.
- > Preparatory work progressed for exploration drilling in Bedout exploration permits - focus on expanding the discovered gas resources to underpin the proposed Phase 2 gas export development.

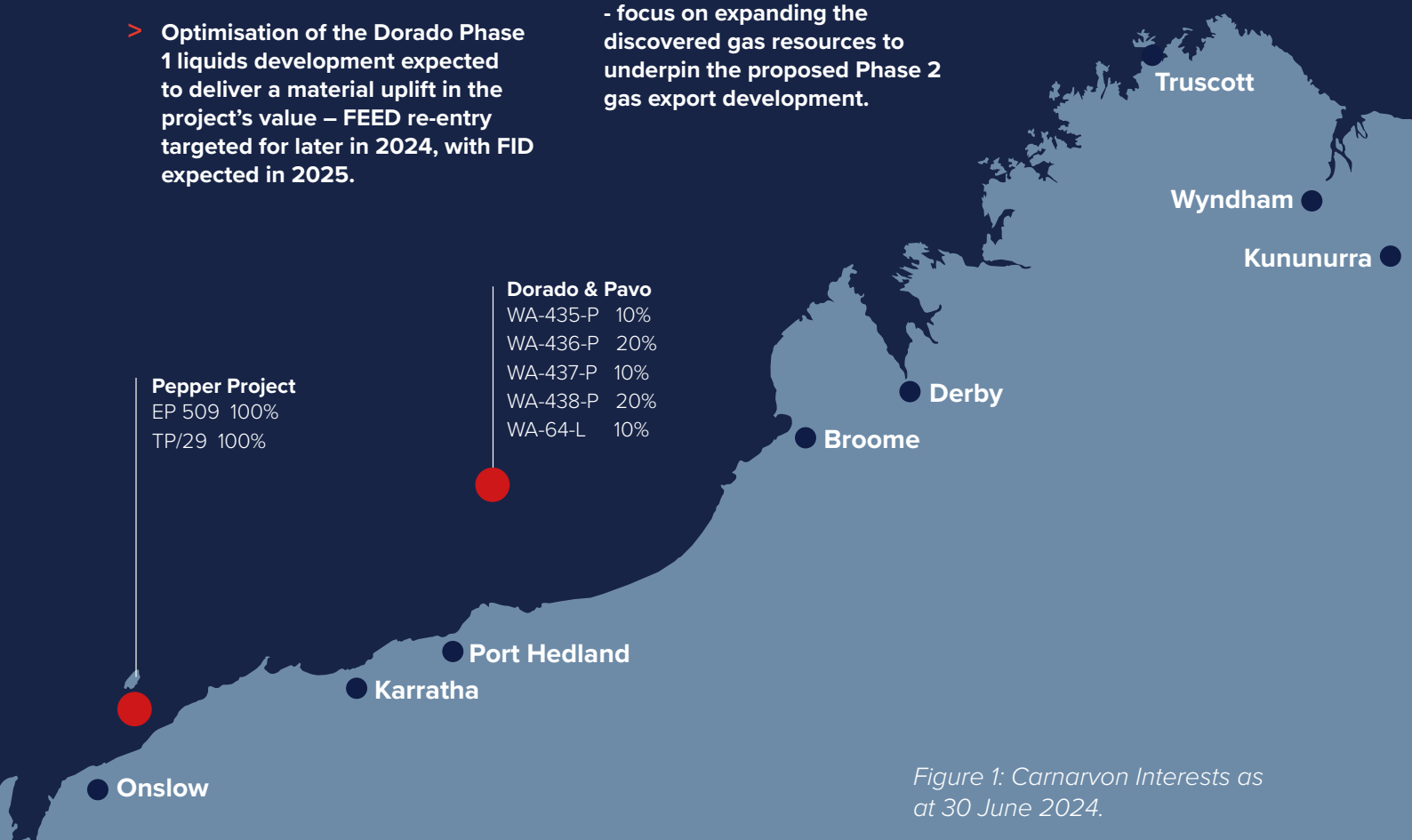


Figure 1: Carnarvon Interests as at 30 June 2024.

OPERATING AND FINANCIAL REVIEW

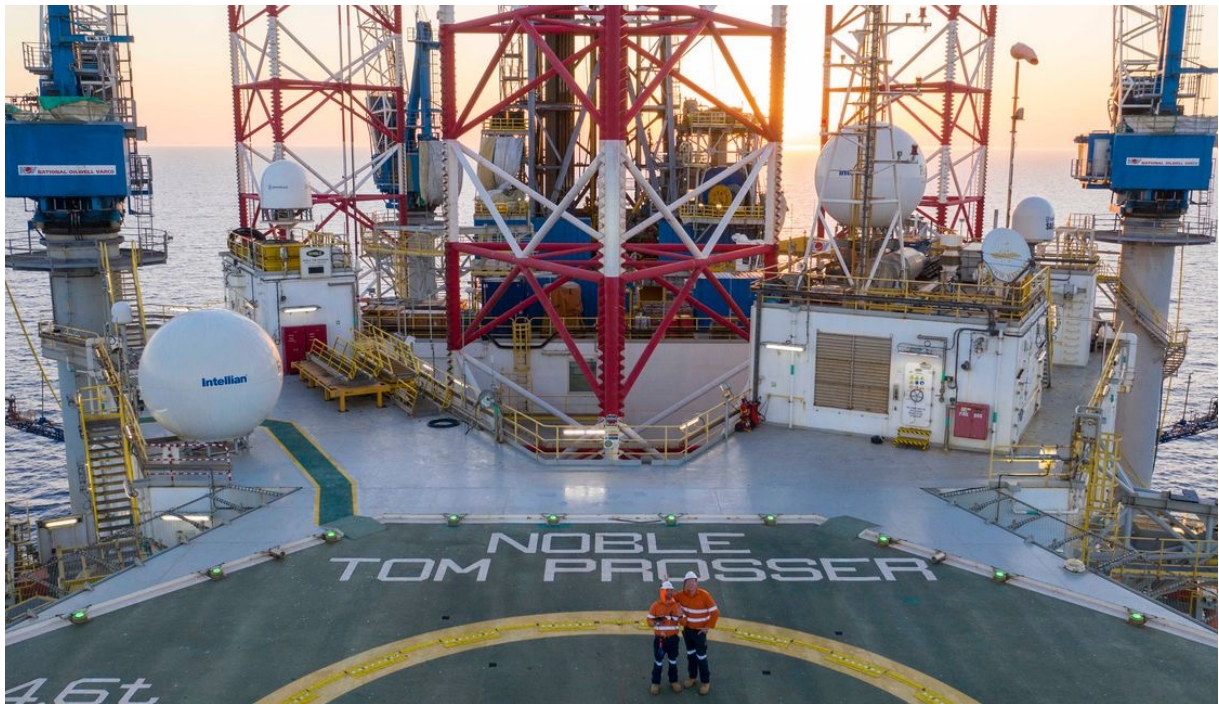


Figure 2: Image of Noble's Tom Prosser rig on site during the Dorado Appraisal campaign.

Dorado Project Background

Carnarvon secured its interests in the Bedout Sub-Basin exploration permits (WA-435-P, WA-436-P, WA-437-P and WA-438-P) in 2009. The offshore permits cover an expansive area of 21,652km² which is located approximately 110km from the coast, offshore of Port Hedland in Western Australia.

Historically, the Bedout Sub-Basin was significantly underexplored in comparison to the prolific Carnarvon Basin to the south-west and the Bonaparte Basin to the north-east. Exploration drilling within the area was limited to a string of wells in the 1970's and early 1980's. These included the Phoenix-1 and Phoenix-2 wells, which at the time were considered gas discoveries and were not pursued further. The unexplored potential across this vast area and the presence of hydrocarbons within the region, led to Carnarvon's initial interest in the basin.

Carnarvon's preliminary work on the permits involved extensive geological studies and the acquisition of modern 3D seismic data which was a marked upgrade to the existing legacy 2D seismic. The 3D seismic acquisition confirmed two significant prospects in Phoenix South within WA-435-P and Roc in WA-437-P. As a result, interest in the permits grew and the Bedout Joint Venture farmed out equity in the project to new partners who funded exploration drilling costs to test the Phoenix South and Roc targets.

The Phoenix South-1 well was drilled in 2014, discovering light oil within an effective reservoir. This was followed by the discovery and appraisal of a condensate rich gas in the Roc field. The Roc-2 appraisal well also included a historic flow test, confirming the ability of the hydrocarbons to flow from the quality Caley Member reservoir. These results proved to be the catalyst for this region which warranted further exploration.

In 2018, the Dorado-1 exploration well discovered a significant light oil column in the primary Caley Member, and condensate rich gas in four additional reservoirs. The subsequent appraisal of the Dorado discovery was successfully completed with the well test results exceeding pre-test expectations and confirming the high quality nature of the reservoirs in Dorado. Dorado is a world class discovery which has ignited interest in the Bedout Sub-basin and has proven to be transformational for the Company.

Further success in the basin was realised in 2022, as the Pavo-1 exploration well discovered a 60m gross, undersaturated light oil column in excellent Caley Member reservoir. Importantly, the discovery, which is located 46km east of Dorado, validated the effectiveness of the Caley Member play extent to the East and now provides a valuable back-fill option to the proposed Dorado facilities.

OPERATING AND FINANCIAL REVIEW

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

The Dorado Field is located approximately 150km north of Port Hedland in the Bedout Sub-basin with water depths of approximately 90m.

Discovered in 2018, Dorado is the largest undeveloped liquids field in Australia consisting of five separate light oil and rich gas condensate accumulations, with high quality hydrocarbon fluids within excellent quality reservoirs.

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, which handles oil and condensate stabilisation, storage and offloading, water treatment for disposal, gas dehydration, gas compression and reinjection (Figure 3). During the Phase 1 development, gas is injected back into the reservoir to enhance oil and condensate production, with the remaining gas stored for later extraction as part of the future Phase 2 gas export development.

In August 2023, Carnarvon completed the divestment of a 10% interest working interest in its Bedout assets to OPIC Australia Pty Limited, its ultimate holding company being CPC Corporation, Taiwan (CPC), Taiwan's national oil and gas company.

Under the agreement, Carnarvon will receive a total cash consideration of US\$148 million. This includes the upfront payment of US\$58 million, with the remaining US\$90 million as a carry on Carnarvon's future expenditure on the Dorado development and Bedout permits, once FID has been sanctioned for the Dorado development.

The partial divestment brings another high-quality partner to the project in CPC, and means Carnarvon is well positioned to fund its share of the Dorado development.

During the period, the Joint Venture completed a revision of the Dorado project design, to improve the economics through optimised utilisation of the proposed production facilities. The key optimisation opportunities focused on re-shaping the production rates to between 60,000 and 100,000 bopd, which allows for the rightsizing of the FPSO, WHP and other facilities as well as the phasing of development well placement. This reduction in the facility capacity is likely to reduce the overall CAPEX for the Phase 1 liquids development.

Furthermore, the revised capacity allows for phasing of the development wells by reducing the number of wells and the up-front capital expenditure required prior to first oil. Any remaining wells would be drilled during production allowing them to be self-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.

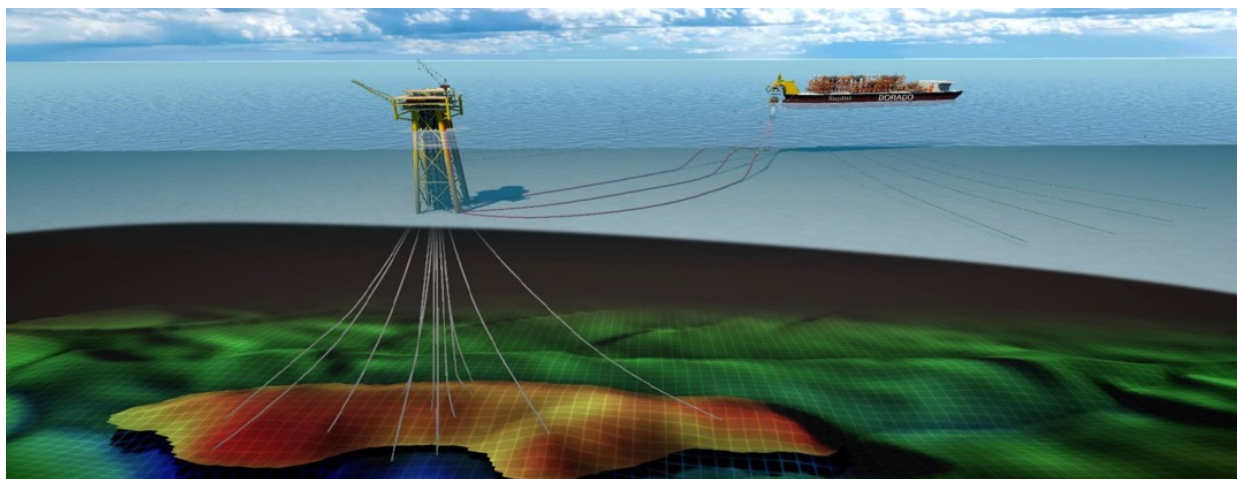


Figure 3: Schematic of potential Dorado FPSO and WHP

OPERATING AND FINANCIAL REVIEW

Given the impact on engineering design and cost of utilising this potentially lower cost option, FEED re-entry is dependent on the ability to secure 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 update the previously completed FEED work with FEED re-entry targeted for later this year and a Final Investment Decision (**FID**) 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 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 project to enter FEED prior to the end of the year, the Joint Venture commenced work on the vital drilling and development Environment Plans (“**EP**”) that are required to progress the project. While a Production License was secured in 2022, and an Offshore Project Proposal was accepted by the regulator in 2023, individual EPs are required to execute certain works in the field, and the Joint Venture has expressed a desire to materially progress these prior to FID. The necessary EPs for Drilling and Completion and WHP and SURF installation are in progress, with the external consultation work expected to be visible in due course.

Pavo Oil Discovery (WA-438-P) (Carnarvon 20% Santos is the Operator)

In 2022, the Joint Venture made another successful discovery with the Pavo-1 exploration well, which encountered a 60-meter gross oil column within the Caley Member. The oil column is wholly contained within the northern culmination of the Pavo structure (Pavo North) and is assessed to contain a 2C contingent resource of 43 million barrels of oil (mmbbls) gross (see page 14).

Importantly, the discovery, which is located 46 kilometres east of Dorado, provides valuable back-fill potential to the proposed Dorado facilities.

During the period, the Joint Venture completed the Pavo Assess subsurface and engineering study which confirmed that a WHP and sub-sea tieback to the Dorado facilities would be the most effective method to develop the Pavo North discovery (Figure 4). Static reservoir modelling of Pavo North and South has also been completed, which is an essential study to understand geological uncertainties in the reservoir that provides insights for in-place hydrocarbon volumes as well as reservoir performance.

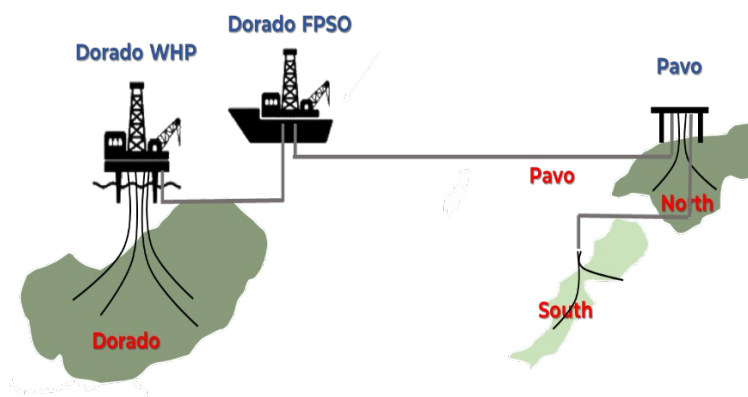


Figure 4: Proposed Dorado Field Development Layout and tie-backs of Pavo North and Pavo South.

OPERATING AND FINANCIAL REVIEW

Further engineering studies have progressed including dynamic modelling to understand the likely production performance of the Pavo fluids based on well placement, as well as the integration of the Pavo fluids into the Dorado facilities.

The Joint Venture also submitted the Keraudren Extension Phase 3 3D seismic (KEP3) EP, which is currently out for public consultation. The KEP3D seismic acquisition is expected to commence from 2026 and will capture the

Pavo North discovery and Pavo South appraisal target. Importantly, it will also provide an additional seismic acquisition azimuth for the Pavo development.

Whilst the Pavo tie-back is a high value opportunity, based on the optimised Dorado production rates, tie-back of the Pavo resource to the Dorado facilities is not expected to be required for several years after Dorado production commences.

Exploration – Greater Bedout Area (WA-435-P, WA-436-P, WA-437-P and WA-438-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 unrisked prospective resource estimates of 9 Tcf of gas and 1.6 billion barrels of liquids (Pmean, gross) (see page 18).

Within the extensive exploration acreage, five prospects have been highlighted for both their potential and their ability to unlock surrounding acreage – the Ara, Wallace, Wendolene, Starbuck and Pavo South prospects and are being high-graded for potential future drilling campaigns (Figures 5 and 6). These prospects have been strategically selected for their potential to build resource scale, de-risk significant prospectivity within nearby clusters and strengthen a number of development opportunities.

The five prospects contain a combined material resource of 623mmboe, comprised of 1.52Tcf gas and 352mmbl oil (Figure 5). Moreover, an additional 7.78Tcf and 1.25Bbbl (Pmean, gross) is estimated to be present in the exploration clusters delineated for tieback potential. This highlights the exceptional amount of identified exploration upside within Carnarvon’s exploration acreage, with such scale making it one of the most prospective exploration portfolios in Australia.

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

Recent exploration studies have concentrated on the exploration prospectivity in the northern blocks, particularly around the Ara prospect (figure 7), as this gas-prone target has the potential to enhance the value for the Dorado Phase 2 gas export development.

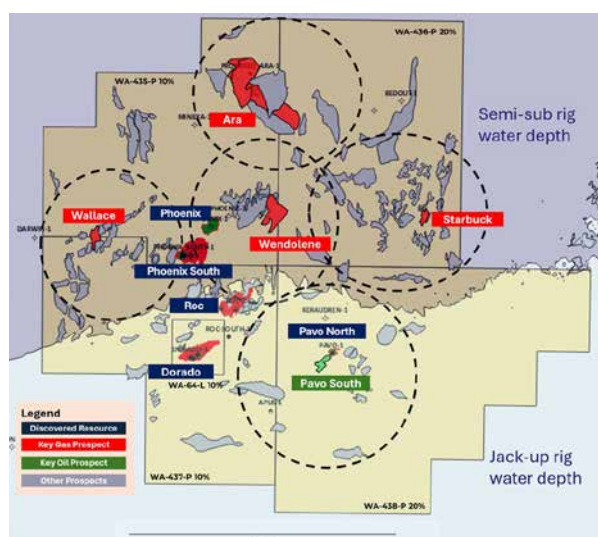


Figure 5: Bedout Prospect and Lead Map with key prospects and related tie-back clusters highlighted

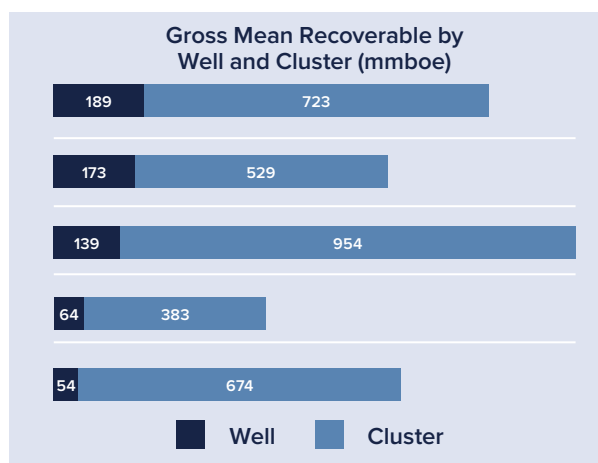


Figure 6: Volumetrics of the five standout prospects and their respective cluster of nearby prospects.

OPERATING AND FINANCIAL REVIEW

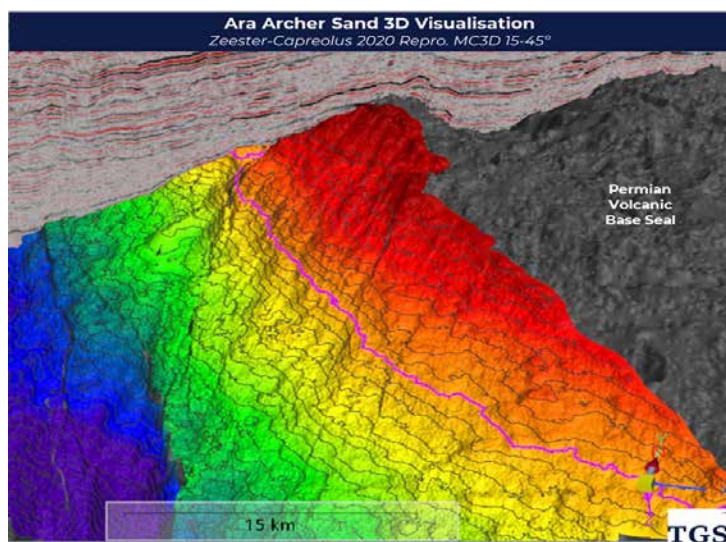


Figure 7: Ara Archer Formation stratigraphic target. Image taken from the TGS Zeester Capreolus MC3D.

During the period, seismic interpretation of the ZeesterCap Reprocessed 3D seismic volume, particularly the Sand Probability Quantitative Interpretation seismic product, has helped further derisk the Ara Prospect and surrounding exploration cluster for reservoir and seal configurations at both target levels.

Success at a prospect such as Ara would considerably de-risk the surrounding portfolio. Based on Carnarvon's seismic interpretation, the Ara prospect is expected to contain over 549 Bscf and 91 million barrels of condensate (Pmean, gross) (see page 16). 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) (see page 16).

The Company looks forward to returning to drilling as soon as practical and will provide further details on drilling timelines as plans progress.

Exploration success in this region has been underpinned by the acquisition and utilisation of modern 3D seismic. This continued during the period, as the Joint Venture progressed its 3D seismic interpretation on the Dorado Multi-azimuth (DORMAZ) 3D, ZeesterCap Reprocessed 3D seismic and Keraudren Extension Full Integrity ("FI") 3D datasets. These surveys targeted the highly prospective Archer Formation, which includes the prolific Caley Member, the primary reservoir for the Dorado, Roc and Pavo discoveries, as well as multiple secondary reservoir targets.

The DORMAZ 3D is a merged final product of the Archer, Keraudren and Capreolus 3D seismic volumes, which in turn provides multiple azimuth imaging and the most accurate representation of the Dorado Field. Whilst the Keraudren Extension FI 3D seismic volume represents the final, high-quality version of the dataset.

The Keraudren Extension FI 3D volume covers the southern portion of the WA-436-P permit, which in addition to the Zeester MC3D over the northern sections, now provides contiguous seismic coverage over 97% of the permit. 3D seismic interpretation of the Keraudren Extension FI 3D is well advanced with the prospectivity of the WA-436-P permit significantly high-graded. The exploration permit currently holds the highest number of identified prospects (40 prospects) and the largest total recoverable volumes in the Bedout portfolio.

During the period, the Joint Venture also submitted its renewal program for the four Bedout exploration permits to the regulator. Due to significant activity above the required commitments and exploration spend over the initial period, the Joint Venture has been able to successfully extend the initial six-year exploration period to a total of fourteen years. The end of the initial period occurred in mid-2023, and hence the Joint Venture has submitted the required documentation to fulfil the renewal requirements and allow continuous exploration in all for exploration permits.

OPERATING AND FINANCIAL REVIEW

Pepper Project (EP509 & TP29) (Carnarvon 100% and operator)

EP509 and TP29 permits (Pepper Project) are located in the inboard Barrow Sub-basin of the Northern Carnarvon Basin, within State waters (Figure 1). Both permits sit within shallow water depths (less than 50 meters) and lie adjacent to each other, immediately south-west of Barrow Island, offshore Western Australia.

The permit was acquired in June 2021 and contains several wells which encountered non-commercial hydrocarbon-bearing intervals. This includes the Pepper-1 well, which intersected a live hydrocarbon column in tight thinly bedded turbidite sands of the Late Jurassic Dupuy Member within a mapped structural closure. Additionally, net hydrocarbon pay was also recorded in topsets of the Early Cretaceous Lower Barrow Group.

Building on the geological desktop studies completed in the prior period, Carnarvon completed a 3D seismic planning study to ascertain the feasibility and indicative cost of acquiring a shallow water 3D over the permit's Pepper prospect.

Based on the indicative costs for the seismic acquisition and Carnarvon's strategic focus on the Dorado development and surrounding Bedout sub-basin exploration, the Company applied to surrender the EP509 and TP29 permits. The application is currently being considered by the regulator.

Outtrim Project (WA-155-P)

In the prior financial year, Carnarvon entered into a sale agreement with Sky Exploration Pty Ltd and Skye Resources Pty Ltd (Skye) to divest the whole of its interest in Exploration Permit WA-155-P, for nominal consideration.

However, during the current period, Carnarvon and Skye agreed to terminate the sale agreement. Carnarvon subsequently applied to surrender the permit, which was accepted by the regulator.

Renewable Fuels

Carnarvon made an initial investment into the biofuels sector in 2021, with a 50% interest in the FutureEnergy Australia (**FEA**) incorporated joint venture. The objective of FEA was to establish Australia's first commercial scale renewable diesel biorefinery utilising woody biomass as feedstock. Following the initial investment into FEA, an exclusive option agreement was secured for the purchase of a 65-Ha parcel of land near the town of Narrogin, Western Australia to be the first project site.

Despite the Company's initial interest in the project, Carnarvon monetised and exited its biorefinery business interests at the end of the period. The exit was clean, and the Company has no residual liabilities from the biorefinery joint venture. The exit from the biorefinery business aligns with the Company's refined strategy that focusses on maximising the value of its Dorado project and Bedout Sub-basin assets.

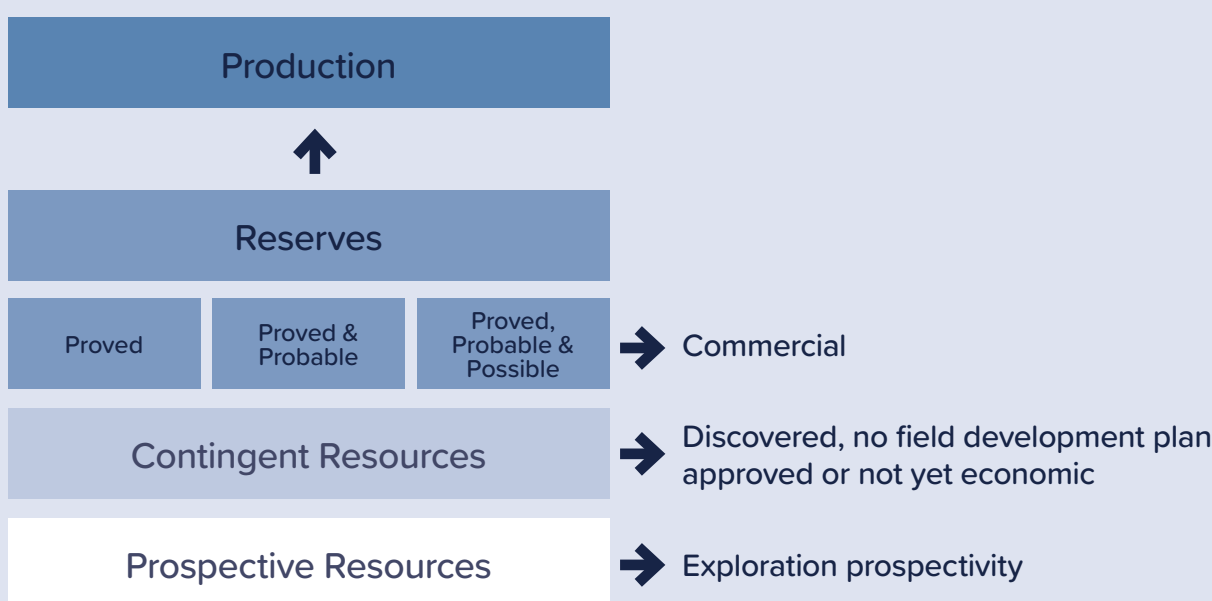


OPERATING AND FINANCIAL REVIEW

RESERVE ASSESSMENT

Petroleum Resource Classification, Categorisation and Definitions

Carnarvon calculates reserves and resources according to the Society of Petroleum Engineers' Petroleum Resource Management System ("SPE-PRMS") definition of petroleum resources. Carnarvon reports reserves and resources in line with ASX Listing Rules.



Reserves

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 commercial or technical hurdle must be overcome prior to there being confidence in the eventual production of the volumes. Carnarvon does not yet have any reported reserves.

Contingent Resources

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).

Based on the results of drilling and testing to date, the following Contingent Resource estimates are provided.

OPERATING AND FINANCIAL REVIEW

Gross Contingent Resources (100%)

Gross at 30 June 2023		Light Oil and Condensate			Free & Associated Gas			Barrels of Oil Equivalent		
Resource	Permit	MMSTB 1C	MMSTB 2C	MMSTB 3C	BSCF 1C	BSCF 2C	BSCF 3C	MMBOE 1C	MMBOE 2C	MMBOE 3C
Dorado	WA-437-P	86	162	285	367	748	1,358	176	344	614
Pavo	WA-438-P	26	43	62	6	11	17	27	45	65
Roc	WA-437-P	12	20	35	204	332	580	48	78	137
Phoenix South	WA-435-P	7	17	30	-	-	-	7	17	30
Phoenix	WA-435-P	2	7	16	-	-	-	2	7	16
Total		133	249	428	577	1,091	1,955	260	491	862

Technical Revision		Light Oil and Condensate			Free & Associated Gas			Barrels of Oil Equivalent		
Resource	Permit	MMSTB 1C	MMSTB 2C	MMSTB 3C	BSCF 1C	BSCF 2C	BSCF 3C	MMBOE 1C	MMBOE 2C	MMBOE 3C
Dorado	WA-437-P									
Pavo	WA-438-P									
Roc	WA-437-P									
Phoenix South	WA-435-P									
Phoenix	WA-435-P									
Total		-	-	-	-	-	-	-	-	-

Gross at 30 June 2023		Light Oil and Condensate			Free & Associated Gas			Barrels of Oil Equivalent		
Resource	Permit	MMSTB 1C	MMSTB 2C	MMSTB 3C	BSCF 1C	BSCF 2C	BSCF 3C	MMBOE 1C	MMBOE 2C	MMBOE 3C
Dorado	WA-437-P	86	162	285	367	748	1,358	176	344	614
Pavo	WA-438-P	26	43	62	6	11	17	27	45	65
Roc	WA-437-P	12	20	35	204	332	580	48	78	137
Phoenix South	WA-435-P	7	17	30	-	-	-	7	17	30
Phoenix	WA-435-P	2	7	16	-	-	-	2	7	16
Total		133	249	428	577	1,091	1,955	260	491	862

OPERATING AND FINANCIAL REVIEW

Net Contingent Resources (Carnarvon's Share)

Net at 30 June 2023

Resource	Permit	Light Oil and Condensate			Free & Associated Gas			Barrels of Oil Equivalent		
		MMSTB 1C	MMSTB 2C	MMSTB 3C	BSCF 1C	BSCF 2C	BSCF 3C	MMBOE 1C	MMBOE 2C	MMBOE 3C
Dorado	WA-437-P	17	32	57	73	150	272	35	69	123
Pavo	WA-438-P	8	13	19	2	3	5	8	13	19
Roc	WA-437-P	2	4	7	41	66	116	10	16	27
Phoenix South	WA-435-P	1	3	6	-	-	-	1	3	6
Phoenix	WA-435-P	-	1	3	-	-	-	-	1	3
Total		29	54	92	116	219	393	55	103	179

Technical Revision

Resource	Permit	Light Oil and Condensate			Free & Associated Gas			Barrels of Oil Equivalent		
		MMSTB 1C	MMSTB 2C	MMSTB 3C	BSCF 1C	BSCF 2C	BSCF 3C	MMBOE 1C	MMBOE 2C	MMBOE 3C
Dorado	WA-437-P	(8)	(16)	(29)	(37)	(75)	(136)	(18)	(34)	(61)
Pavo	WA-438-P	(3)	(4)	(7)	(1)	(1)	(2)	(3)	(4)	(6)
Roc	WA-437-P	(1)	(2)	(4)	(20)	(33)	(58)	(5)	(8)	(14)
Phoenix South	WA-435-P	(1)	(2)	(3)	-	-	-	(1)	(2)	(3)
Phoenix	WA-435-P	-	(1)	(2)	-	-	-	-	(1)	(2)
Total		(13)	(25)	(43)	(58)	(109)	(196)	(26)	(49)	(86)

Gross at 30 June 2023

Resource	Permit	Light Oil and Condensate			Free & Associated Gas			Barrels of Oil Equivalent		
		MMSTB 1C	MMSTB 2C	MMSTB 3C	BSCF 1C	BSCF 2C	BSCF 3C	MMBOE 1C	MMBOE 2C	MMBOE 3C
Dorado	WA-437-P	9	16	29	29	36	75	17	35	62
Pavo	WA-438-P	5	9	12	12	1	2	5	9	13
Roc	WA-437-P	1	1	4	4	21	33	5	8	13
Phoenix South	WA-435-P	1	17	3	3	-	-	1	1	3
Phoenix	WA-435-P	-	-	1	1	-	-	-	0	1
Total		16	29	29	49	58	110	197	54	93

OPERATING AND FINANCIAL REVIEW

Prospective Resources

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.

Gross Prospective Resources (100%)

Ara Cluster Gross Volumes

Prospect	Permit	CVN Equity	Probability of Geological Success (Pg)	Gas (Bscf)				Liquids (MMbbls)				Barrels of Oil Equivalent (BOE)				Risked Mean (MMBOE)
				P90	P50	Pmean	P10	P90	P50	Pmean	P10	P90	P50	Pmean	P10	
Bandy	WA-435-P	10%	31%	45.0	286.0	399.0	911.0	6.0	41.0	66.0	160.0	15.0	96.0	137.0	316.0	42.5
Revelstoke	WA-436-P	20%	30%	15.0	220.0	413.0	1,013.0	2.0	31.0	68.0	172.0	5.0	73.0	141.0	351.0	42.3
Yuma	WA-435-P	10%	13%	36.0	260.0	408.0	970.0	4.0	37.0	68.0	171.0	12.0	87.0	140.0	449.0	18.2
Wi-Waxy	WA-436-P	20%	30%	14.0	82.0	130.0	305.0	2.0	12.0	22.0	53.0	4.0	27.0	45.0	106.0	13.5
Bara	WA-435-P	10%	13%	12.0	99.0	207.0	533.0	2.0	14.0	34.0	88.0	4.0	34.0	71.0	182.0	9.2
Sum				122.0	947.0	1,557.0	3,732.0	16.0	135.0	258.0	644.0	40.0	317.0	534.0	1,404.0	125.7
Ara	WA-435-P	10%	37%	21.0	291.0	549.0	1,411.0	3.0	40.0	91.0	237.0	7.0	98.0	189.0	483.0	69.9
Cluster Total				143.0	1,238.0	2,106.0	5,143.0	19.0	175.0	349.0	881.0	47.0	415.0	723.0	1,887.0	195.6

Wallace Cluster Gross Volumes

Prospect	Permit	CVN Equity	Probability of Geological Success (Pg)	Gas (Bscf)				Liquids (MMbbls)				Barrels of Oil Equivalent (BOE)				Risked Mean (MMBOE)
				P90	P50	Pmean	P10	P90	P50	Pmean	P10	P90	P50	Pmean	P10	
Bottlebrush South	WA-437-P	10%	16%	83.0	242.0	286.0	546.0	3.0	11.0	14.0	28.0	19.0	54.0	64.0	123.0	10.2
Calendula North	WA-437-P	10%	16%	24.0	195.0	267.0	601.0	1.0	8.0	13.0	30.0	5.0	44.0	60.0	137.0	9.6
Sampati	WA-437-P	10%	36%	20.0	84.0	111.0	237.0	1.0	4.0	5.0	12.0	4.0	19.0	25.0	54.0	9.0
Horus	WA-437-P	10%	22%	17.0	96.0	145.0	344.0	1.0	4.0	7.0	17.0	4.0	21.0	32.0	77.0	7.0
Gromit	WA-435-P	10%	15%	3.0	123.0	205.0	524.0	0.4	5.0	10.0	26.0	1.0	28.0	46.0	118.0	6.9
Wallace East	WA-435-P	10%	10%	55.0	224.0	278.0	574.0	2.0	10.0	13.0	28.0	12.0	50.0	62.0	128.0	6.2
Dragons Back	WA-435-P	10%	16%	55.0	142.0	164.0	304.0	2.0	6.0	8.0	16.0	12.0	32.0	37.0	69.0	5.9
Indigo	WA-437-P	10%	16%	49.0	135.0	160.0	303.0	2.0	6.0	8.0	16.0	11.0	30.0	36.0	68.0	5.8
Cool Moon	WA-437-P	10%	16%	51.0	131.0	151.0	277.0	2.0	6.0	7.0	14.0	11.0	29.0	34.0	63.0	5.4
Jatayu North	WA-435-P	10%	38%	1.0	7.0	9.0	19.0	2.0	10.0	13.0	26.0	2.0	11.0	14.0	30.0	5.3
Badwater	WA-435-P	10%	16%	45.0	118.0	140.0	263.0	2.0	5.0	7.0	14.0	10.0	26.0	31.0	59.0	5.0
Bottlebrush North	WA-437-P	10%	16%	24.0	95.0	129.0	280.0	1.0	4.0	6.0	14.0	5.0	21.0	29.0	63.0	4.6
Calendula South	WA-437-P	10%	16%	39.0	105.0	123.0	232.0	1.0	5.0	6.0	12.0	9.0	23.0	28.0	52.0	4.5
Grindstone	WA-435-P	10%	16%	39.0	99.0	114.0	210.0	1.0	4.0	5.0	11.0	9.0	22.0	26.0	47.0	4.2
Nanny Goat	WA-437-P	10%	16%	41.0	102.0	118.0	217.0	1.0	4.0	6.0	11.0	9.0	23.0	26.0	48.0	4.2
Hellbender	WA-437-P	10%	16%	38.0	95.0	110.0	201.0	1.0	4.0	5.0	10.0	8.0	21.0	24.0	45.0	3.8
Double Buckle	WA-437-P	10%	15%	39.0	99.0	113.0	205.0	1.0	4.0	5.0	11.0	9.0	22.0	25.0	46.0	3.8
Arrowhead	WA-437-P	10%	14%	32.0	81.0	93.0	169.0	1.0	4.0	5.0	9.0	7.0	18.0	21.0	38.0	2.9
Sum				655.0	2,173.0	2,716.0	5,506.0	25.4	104.0	143.0	305.0	147.0	494.0	620.0	1,265.0	104.4
Wallace	WA-437-P	10%	43%	35.0	190.0	238.0	503.0	1.0	8.0	11.0	25.0	8.0	43.0	54.0	114.0	23.2
Cluster Total				690.0	2,363.0	2,954.0	6,009.0	26.4	112.0	154.0	330.0	155.0	537.0	674.0	1,379.0	127.6

OPERATING AND FINANCIAL REVIEW

Wendolene Cluster Gross Volumes

Prospect	Permit	CVN Equity	Probability of Geological Success (Pg)	Gas (Bscf)				Liquids (MMbbls)				Barrels of Oil Equivalent (BOE)				Risked Mean (MMBOE)
				P90	P50	Pmean	P10	P90	P50	Pmean	P10	P90	P50	Pmean	P10	
				Murray	WA-436-P	20%	21%	61.0	377.0	431.0	827.0	8.0	53.0	70.0	151.0	
Avoca	WA-436-P	10%	16%	61.0	253.0	379.0	839.0	8.0	40.0	66.0	150.0	20.0	89.0	133.0	295.0	21.3
Mensa Barret	WA-435-P	10%	58%	3.0	21.0	44.0	105.0	2.0	12.0	25.0	55.0	3.0	16.0	30.0	73.0	17.4
Mensa Permian	WA-435-P	10%	35%	25.0	82.0	110.0	231.0	1.0	5.0	6.0	13.0	6.0	18.0	24.0	52.0	8.4
Mensa Caley	WA-435-P	10%	39%	20.0	75.0	91.0	182.0	1.0	5.0	6.0	13.0	5.0	18.0	22.0	45.0	8.6
Sum				170.0	808.0	1,055.0	2,184.0	20.0	115.0	173.0	382.0	54.0	266.0	356.0	755.0	86.5
Wendolene	WA-435-P	10%	20%	48.0	277.0	507.0	1,300.0	6.0	38.0	83.0	221.0	16.0	92.0	173.0	443.0	34.6
Cluster Total				218.0	1,085.0	1,562.0	3,484.0	26.0	153.0	256.0	603.0	70.0	358.0	529.0	1,198.0	121.1

Starbuck Cluster Gross Volumes

Prospect	Permit	CVN Equity	Probability of Geological Success (Pg)	Gas (Bscf)				Liquids (MMbbls)				Barrels of Oil Equivalent (BOE)				Risked Mean (MMBOE)
				P90	P50	Pmean	P10	P90	P50	Pmean	P10	P90	P50	Pmean	P10	
				Fall Line	WA-436-P	20%	48%	7.0	55.0	136.0	363.0	4.0	33.0	80.0	214.0	
Tacoma	WA-436-P	20%	54%	5.0	37.0	60.0	144.0	3.0	22.0	36.0	85.0	4.0	29.0	48.0	110.0	25.9
Coho	WA-436-P	20%	51%	10.0	39.0	52.0	110.0	7.0	24.0	31.0	63.0	8.0	31.0	41.0	82.0	20.9
Revel	WA-436-P	20%	11%	42.0	345.0	529.0	1,249.0	6.0	52.0	93.0	231.0	14.0	120.0	187.0	449.0	20.6
Whiskey Jack	WA-436-P	20%	13%	16.0	191.0	323.0	858.0	2.0	26.0	55.0	144.0	5.0	63.0	117.0	296.0	15.2
Goats Eye	WA-436-P	20%	13%	53.0	357.0	510.0	1,184.0	1.0	5.0	10.0	44.0	11.0	76.0	109.0	253.0	14.2
Manetoa	WA-436-P	20%	14%	39.5	229.0	293.0	629.0	5.0	31.0	48.0	113.0	13.0	76.0	100.0	253.0	10.6
Snowsnake	WA-436-P	20%	19%	7.0	40.0	56.0	127.0	4.0	24.0	33.0	74.0	6.0	32.0	43.0	95.0	8.2
Selkirk	WA-436-P	20%	15%	5.0	33.0	64.0	164.0	3.0	19.0	37.0	95.0	4.0	26.0	49.0	125.0	7.4
Stampeders	WA-436-P	20%	42%	3.0	15.0	22.0	51.0	2.0	9.0	13.0	30.0	3.0	12.0	17.0	39.0	7.1
Sum				187.5	1,341.0	2,045.0	4,879.0	37.0	245.0	436.0	1,093.0	74.0	509.0	815.0	1,982.0	180.0
Starbuck	WA-436-P	20%	58%	15.0	138.0	215.0	511.0	3.0	55.0	101.0	260.0	10.0	83.0	139.0	347.0	80.6
Cluster Total				202.5	1,479.0	2,260.0	5,390.0	40.0	300.0	537.0	1,353.0	84.0	592.0	954.0	2,329.0	260.6

OPERATING AND FINANCIAL REVIEW

Pavo South Cluster Gross Volumes

Prospect	Permit	CVN Equity	Probability of Geological Success (Pg)	Gas (Bscf)				Liquids (MMbbls)				Barrels of Oil Equivalent (BOE)				Risked Mean (MMBOE)
				P90	P50	Pmean	P10	P90	P50	Pmean	P10	P90	P50	Pmean	P10	
Torin	WA-438-P	20%	38%	2.0	10.0	15.0	35.0	6.0	39.0	58.0	136.0	7.0	41.0	61.0	142.0	23.2
Orona	WA-438-P	20%	10%	40.0	138.0	181.0	374.0	25.0	82.0	105.0	216.0	34.0	109.0	137.0	275.0	13.7
Taurus	WA-437-P	10%	38%	15.0	84.0	102.0	215.0	1.0	4.0	5.0	11.0	3.0	19.0	23.0	49.0	8.7
Diachi	WA-438-P	20%	54%	0.4	3.0	4.0	9.0	2.0	10.0	15.0	33.0	2.0	11.0	15.0	35.0	8.1
Gurbani	WA-437-P	10%	10%	3.0	33.0	73.0	185.0	2.0	19.0	42.0	107.0	2.0	26.0	55.0	140.0	5.5
Tucana	WA-438-P	20%	22%	2.0	18.0	30.0	73.0	1.0	11.0	18.0	43.0	2.0	15.0	24.0	56.0	5.3
Sum				62.4	286.0	405.0	891.0	37.0	165.0	243.0	546.0	50.0	221.0	315.0	697.0	64.5
Pavo South	WA-438-P	10%	60%	1.0	6.0	10.0	24.0	6.0	41.0	66.0	162.0	6.0	42.0	68.0	166.0	40.8
Cluster Total				63.4	292.0	415.0	915.0	43.0	206.0	309.0	708.0	56.0	263.0	383.0	863.0	105.3

Total Gross Prospective Resources 1,316.9 6,457.0 9,297.0 20,941.0 154.4 946.0 1,605.0 3,875.0 412.0 2,165.0 3,263.0 7,656.0 810.3

Net Prospective Resources (Carnarvon's Share)

Ara Cluster Net Volumes

Prospect	Permit	CVN Equity	Probability of Geological Success (Pg)	Gas (Bscf)				Liquids (MMbbls)				Barrels of Oil Equivalent (BOE)				Risked Mean (MMBOE)
				P90	P50	Pmean	P10	P90	P50	Pmean	P10	P90	P50	Pmean	P10	
Bandy	WA-435-P	10%	31%	4.5	28.6	39.9	91.1	0.6	4.1	6.6	16.0	1.5	9.6	13.7	31.6	4.2
Revelstoke	WA-436-P	20%	30%	3.0	44.0	82.6	202.6	0.4	6.2	13.6	34.4	1.0	14.6	28.2	70.2	8.5
Yuma	WA-435-P	10%	13%	3.6	26.0	40.8	97.0	0.4	3.7	6.8	17.1	1.2	8.7	14.0	44.9	1.8
Wi-Waxy	WA-436-P	20%	30%	2.8	16.4	26.0	61.0	0.4	2.4	4.4	10.6	0.8	5.4	9.0	21.2	2.7
Bara	WA-435-P	10%	13%	1.2	9.9	20.7	53.3	0.2	1.4	3.4	8.8	0.4	3.4	7.1	18.2	0.9
Sum				15.1	124.9	210.0	505.0	2.0	17.8	34.8	86.9	4.9	41.7	72.0	186.1	18.2
Ara	WA-435-P	10%	37%	2.1	29.1	54.9	141.1	0.3	4.0	9.1	23.7	0.7	9.8	18.9	48.3	70.0
Cluster Total				17.2	154.0	264.9	646.1	2.3	21.8	43.9	110.6	5.6	51.5	90.9	234.4	88.2

OPERATING AND FINANCIAL REVIEW

Wallace Cluster Net Volumes

Prospect	Permit	CVN Equity	Probability of Geological Success (Pg)	Gas (Bscf)				Liquids (MMbbls)				Barrels of Oil Equivalent (BOE)				Risked Mean (MMBOE)
				P90	P50	Pmean	P10	P90	P50	Pmean	P10	P90	P50	Pmean	P10	
Bottlebrush South	WA-437-P	10%	16%	8.3	24.2	28.6	54.6	0.3	11	14	2.8	1.9	5.4	6.4	12.3	1.0
Calendula North	WA-437-P	10%	16%	2.4	19.5	26.7	60.1	0.1	0.8	1.3	3.0	0.5	4.4	6.0	13.7	1.0
Sampati	WA-437-P	10%	36%	2.0	8.4	11.1	23.7	0.1	0.4	0.5	1.2	0.4	1.9	2.5	5.4	0.9
Horus	WA-437-P	10%	22%	1.7	9.6	14.5	34.4	0.1	0.4	0.7	1.7	0.4	2.1	3.2	7.7	0.7
Gromit	WA-435-P	10%	15%	0.3	12.3	20.5	52.4	0.0	0.5	1.0	2.6	0.1	2.8	4.6	11.8	0.7
Wallace East	WA-435-P	10%	10%	5.5	22.4	27.8	57.4	0.2	1.0	1.3	2.8	1.2	5.0	6.2	12.8	0.6
Dragons Back	WA-435-P	10%	16%	5.5	14.2	16.4	30.4	0.2	0.6	0.8	1.6	1.2	3.2	3.7	6.9	0.6
Indigo	WA-437-P	10%	16%	4.9	13.5	16.0	30.3	0.2	0.6	0.8	1.6	1.1	3.0	3.6	6.8	0.6
Cool Moon	WA-437-P	10%	16%	5.1	13.1	15.1	27.7	0.2	0.6	0.7	1.4	1.1	2.9	3.4	6.3	0.5
Jatayu North	WA-435-P	10%	38%	0.1	0.7	0.9	1.9	0.2	1.0	1.3	2.6	0.2	1.1	1.4	3.0	0.5
Badwater	WA-435-P	10%	16%	4.5	11.8	14.0	26.3	0.2	0.5	0.7	1.4	1.0	2.6	3.1	5.9	0.5
Bottlebrush North	WA-437-P	10%	16%	2.4	9.5	12.9	28.0	0.1	0.4	0.6	1.4	0.5	2.1	2.9	6.3	0.5
Calendula South	WA-437-P	10%	16%	3.9	10.5	12.3	23.2	0.1	0.5	0.6	1.2	0.9	2.3	2.8	5.2	0.4
Grindstone	WA-435-P	10%	16%	3.9	9.9	11.4	21.0	0.1	0.4	0.5	1.1	0.9	2.2	2.6	4.7	0.4
Nanny Goat	WA-437-P	10%	16%	4.1	10.2	11.8	21.7	0.1	0.4	0.6	1.1	0.9	2.3	2.6	4.8	0.4
Hellbender	WA-437-P	10%	16%	3.8	9.5	11.0	20.1	0.1	0.4	0.5	1.0	0.8	2.1	2.4	4.5	0.4
Double Buckle	WA-437-P	10%	15%	3.9	9.9	11.3	20.5	0.1	0.4	0.5	1.1	0.9	2.2	2.5	4.6	0.4
Arrowhead	WA-437-P	10%	14%	3.2	8.1	9.3	16.9	0.1	0.4	0.5	0.9	0.7	1.8	2.1	3.8	0.3
Sum				65.5	217.3	271.6	550.6	2.5	10.4	14.3	30.5	14.7	49.4	62.0	126.5	10.4
Wallace	WA-436-P	10%	43%	3.5	19.0	23.8	50.3	0.1	0.8	1.1	2.5	0.8	4.3	5.4	11.4	2.3
Cluster Total				69.0	236.3	295.4	600.9	2.6	11.2	15.4	33.0	15.5	53.7	67.4	137.9	12.8

Wendolene Cluster Net Volumes

Prospect	Permit	CVN Equity	Probability of Geological Success (Pg)	Gas (Bscf)				Liquids (MMbbls)				Barrels of Oil Equivalent (BOE)				Risked Mean (MMBOE)
				P90	P50	Pmean	P10	P90	P50	Pmean	P10	P90	P50	Pmean	P10	
Murray	WA-436-P	20%	21%	12.2	75.4	86.2	165.4	1.6	10.6	14.0	30.2	4.0	25.0	29.4	58.0	6.2
Avoca	WA-436-P	20%	15%	12.2	50.6	75.8	167.8	1.6	8.0	13.2	30.0	4.0	17.8	26.6	59.0	4.3
Mensa Barret	WA-435-P	10%	58%	0.3	2.1	4.4	10.5	0.2	1.2	2.5	5.5	0.3	1.6	3.0	7.3	1.7
Mensa Permian	WA-435-P	10%	36%	2.5	8.2	11.0	23.1	0.1	0.5	0.6	1.3	0.6	1.8	2.4	5.2	0.8
Mensa Caley	WA-435-P	10%	39%	2.0	7.5	9.1	18.2	0.1	0.5	0.6	1.3	0.5	1.8	2.2	4.5	0.9
Sum				29.2	143.8	186.5	385.0	3.6	20.8	30.9	68.3	9.4	48.0	63.6	134.0	13.9
Wendolene	WA-435-P	10%	20%	4.8	27.7	50.7	130.0	0.6	3.8	8.3	22.1	1.6	9.2	17.3	44.3	3.5
Cluster Total				34.0	171.5	237.2	515.0	4.2	24.6	39.2	90.4	11.0	57.2	80.9	178.3	17.3

OPERATING AND FINANCIAL REVIEW

Starbuck Cluster Net Volumes

Prospect	Permit	CVN Equity	Probability of Geological Success (Pg)	Gas (Bscf)				Liquids (MMbbls)				Barrels of Oil Equivalent (BOE)				Risked Mean (MMBOE)
				P90	P50	Pmean	P10	P90	P50	Pmean	P10	P90	P50	Pmean	P10	
Fall Line	WA-436-P	20%	48%	1.4	11.0	27.2	72.6	0.8	6.6	16.0	42.8	1.2	8.8	20.8	56.0	10.0
Tacoma	WA-436-P	20%	54%	1.0	7.4	12.0	28.8	0.6	4.4	7.2	17.0	0.8	5.8	9.6	22.0	5.2
Coho	WA-436-P	20%	51%	2.0	7.8	10.4	22.0	1.4	4.8	6.2	12.6	1.6	6.2	8.2	16.4	4.2
Revel	WA-436-P	20%	11%	8.4	69.0	105.8	249.8	1.2	10.4	18.6	46.2	2.8	24.0	37.4	89.8	4.1
Whiskey Jack	WA-436-P	20%	13%	3.2	38.2	64.6	171.6	0.4	5.2	11.0	28.8	1.0	12.6	23.4	59.2	3.0
Goats Eye	WA-436-P	20%	13%	10.6	71.4	102.0	236.8	0.2	1.0	2.0	8.8	2.2	15.2	21.8	50.6	2.8
Manetoa	WA-436-P	20%	14%	7.9	45.8	58.6	125.8	1.0	6.2	9.6	22.6	2.6	15.2	20.0	50.6	2.1
Snowsnake	WA-436-P	20%	19%	1.4	8.0	11.2	25.4	0.8	4.8	6.6	14.8	1.2	6.4	8.6	19.0	1.6
Selkirk	WA-436-P	20%	15%	1.0	6.6	12.8	32.8	0.6	3.8	7.4	19.0	0.8	5.2	9.8	25.0	1.5
Stampedeers	WA-436-P	20%	42%	0.6	3.0	4.4	10.2	0.4	1.8	2.6	6.0	0.6	2.4	3.4	7.8	1.4
Sum				37.5	268.2	409.0	975.8	7.4	49.0	87.2	218.6	14.8	101.8	163.0	396.4	36.0
Starbuck	WA-436-P	20%	58%	3.0	27.6	43.0	102.2	0.6	11.0	20.2	52.0	2.0	16.6	27.8	69.4	16.1
Cluster Total				40.5	295.8	452.0	1,078.0	8.0	60.0	107.4	270.6	16.8	118.4	190.8	465.8	52.1

Pavo South Cluster Net Volumes

Prospect	Permit	CVN Equity	Probability of Geological Success (Pg)	Gas (Bscf)				Liquids (MMbbls)				Barrels of Oil Equivalent (BOE)				Risked Mean (MMBOE)
				P90	P50	Pmean	P10	P90	P50	Pmean	P10	P90	P50	Pmean	P10	
Torin	WA-438-P	20%	38%	0.4	2.0	3.0	7.0	1.2	7.8	11.6	27.2	1.4	8.2	12.2	28.4	4.6
Orona	WA-438-P	20%	10%	8.0	27.6	36.2	74.8	5.0	16.4	21.0	43.2	6.8	21.8	27.4	55.0	2.7
Taurus	WA-437-P	10%	38%	1.5	8.4	10.2	21.5	0.1	0.4	0.5	1.1	0.3	1.9	2.3	4.9	0.9
Diachi	WA-438-P	20%	54%	0.1	0.6	0.8	1.8	0.4	2.0	3.0	6.6	0.4	2.2	3.0	7.0	1.6
Gurbani	WA-437-P	10%	10%	0.3	3.3	7.3	18.5	0.2	1.9	4.2	10.7	0.2	2.6	5.5	14.0	0.6
Tucana	WA-438-P	20%	22%	0.4	3.6	6.0	14.6	0.2	2.2	3.6	8.6	0.4	3.0	4.8	11.2	1.1
Sum				10.7	45.5	63.5	138.2	7.1	30.7	43.9	97.4	9.5	39.7	55.2	120.5	11.5
Pavo South	WA-438-P	10%	60%	0.2	1.2	2.0	4.8	1.2	8.2	13.2	32.4	1.2	8.4	13.6	33.2	8.2
Cluster Total				10.9	46.7	65.5	143.0	8.3	38.9	57.1	129.8	10.7	48.1	68.8	153.7	19.6
Total Net Prospective Resources				171.6	904.3	1,315.0	2,983.0	25.4	156.5	263.0	634.4	59.6	328.9	498.8	1,170.1	190.0

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.

OPERATING AND FINANCIAL REVIEW

Notes on Petroleum Resource Estimates and Competent Persons Statement

Unless otherwise stated, all petroleum resource estimates are quoted as at 30 June 2024 at standard oilfield conditions of 14,696 psi (101.325 kPa) and 60 degrees Fahrenheit (15.56 deg Celsius).

Carnarvon is not aware of any new information or data that materially affects the information included in the Reserves Statement. All the material assumptions and technical parameters underpinning the estimates in the Reserves Statement continue to apply and have not materially changed.

Carnarvon uses both deterministic and probabilistic methods for estimation of petroleum resources at the field and project levels. Unless otherwise stated, all petroleum estimates reported at the company level are aggregated by arithmetic summation by category.

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.

The estimates of petroleum resources are based on and fairly represent information and supporting documentation prepared by qualified petroleum reserves and resources evaluators. The estimates have been approved by the Company's Chief Executive Officer, Mr Philip Huizenga, who is a full-time employee of Carnarvon. Mr Huizenga has over 30 years' experience in petroleum exploration and engineering. Mr Huizenga holds a Bachelor's Degree in Engineering and a Master's Degree in Petroleum Engineering and is a member of the Society of Petroleum Engineers. Mr Huizenga is a Competent Person in accordance with ASX Listing Rules and has consented to the form and context in which this statement appears.

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.



OPERATING AND FINANCIAL REVIEW

FINANCIAL REVIEW

The Group reports an after-tax loss of \$656,000 for the financial year ending 30 June 2024 (2023: loss of \$4,096,000).

Carnarvon's balance sheet remains strong with cash and cash equivalents of \$179,551,000 (2023: \$95,301,000), with no debt and minimal commitments going forward.

The Company has also made significant corporate and administrative cost reductions during the period to preserve its strong balance sheet towards funding the Dorado development and Bedout Sub-basin exploration activities.

Importantly, the current interest income the Company is earning on its significant cash balance is more than the ongoing corporate and administrative costs which further preserves the Company's balance sheet. As such, the Group earned \$8,499,000 (2023: \$3,390,000) in interest income during the year by taking advantage of the higher interest rates received on call deposits and the Company's cash position.

In comparison, the Group's administrative and head office costs during the year were \$1,934,000 (2023: \$2,634,000). The reduction in costs for the current year is a result of the company's strategic efforts to materially reduce administrative and corporate cash costs. The Company also completed a Minimum Holding Buy-back valued at \$384,000 plus costs to help reduce administrative and registry costs associated with maintaining thousands of small shareholdings.

During the year, the Company invested \$2,392,000 on exploration and evaluation assets (2023: \$12,119,000). These costs were primarily related to Dorado development optimisation, pre-FEED work, and interpretation of 3D seismic over the Dorado and surrounding exploration areas

Employee benefits of \$2,907,000 (2023: \$3,356,000) were incurred during the year which includes the recognition of performance rights granted during the period, termination payments, and expense reversals related to performance rights previously issued to employees that were terminated during the year.

The Company's new venture and advisory costs for the year were \$1,396,000 (2023: \$1,737,000), which included advisory costs relating to the partial divestment of the Bedout permits in August 2023.

The Company also recognised an impairment of \$1,305,000 during the year in relation to the Company's biofuels joint venture with FutureEnergy Australia (FEA) (Refer to note 14). The Company has now exited its interests in this joint venture as the Company focuses on its core Dorado and Bedout exploration assets.

There was an unrealised loss on foreign exchange movements of \$1,256,000 (2023: gain of \$1,521,000) during the period due to the appreciation of the AUD against the Company's USD cash and financial assets.

The Group does not currently use derivative financial instruments to hedge financial risk exposures and therefore it is exposed to daily movements in the international oil prices, exchange rates, and interest rates. The Company manages its cash position in US Dollars and Australian Dollars to naturally hedge its foreign exchange rate exposures having regard to likely future expenditure.



OPERATING AND FINANCIAL REVIEW

RISK MANAGEMENT

Carnarvon recognises the importance of risk management in order to deliver the Company's strategies and to provide sustainable growth to shareholders. Carnarvon manages its risks in accordance with its risk management policy to ensure critical risks are identified, managed and monitored.

Carnarvon's risk management framework is overseen by the Risk, Governance and Sustainability Committee. Oversight of the effectiveness of the risk management process provides assurance to the Board and shareholders and supports the Company's commitment to continuous business improvement.

MATERIAL BUSINESS RISKS

Safety, Environment and Sustainability:

Health, Safety and Environment

Oil and gas exploration, development and production activities involve a variety of risks which may impact the health and safety of Carnarvon's people, communities, and the environment. These impacts could also damage Carnarvon's reputation or lead to fines and other penalties.

Carnarvon's projects are subject to various laws and regulations regarding the environment. Oil and gas exploration, development and production can be potentially environmentally hazardous giving rise to substantial costs for environmental clean-up and rehabilitation.

Carnarvon maintains high standards for health, safety, and environmental ("HSE") management. HSE risks are embedded in Carnarvon's operations and risk management framework and actively managed. Appropriate insurance is also maintained, and regularly reviewed to ensure adequate coverage.

Where Carnarvon does not directly manage exploration and development activities, Carnarvon ensures its partner acting as operator maintains equally high standards in respect of HSE management.



Climate Change

Climate change and the management of carbon emissions may affect Carnarvon's operations, markets for oil and gas and the funding and insuring of projects. Potential risks arising from physical changes caused by climate change include increased severe weather events and rising sea levels which may impact Carnarvon's operations. There are also risks arising from policy changes by government which may result in increased regulation and costs which could have a material adverse impact on Carnarvon's operations.

Carnarvon recognises climate-related risks and the need for these to be managed effectively. As a result, the Company actively monitors current and potential areas of climate change risk.

Further information about Carnarvon's emissions management, and the potential impact of climate change on Carnarvon's business, can be found in the company's Sustainability Report for the financial year ending 30 June 2024.

In terms of future developments, like Dorado, Carnarvon is committed to working with its Joint Venture partners to reduce emissions from the project facilities. Carnarvon has also developed its 'carbon bank' during the reporting period via the acquisition of ACCUs on-market. These ACCUs are intended to offset future emissions from the Dorado production facilities in accordance with the relevant regulatory requirements under the Safeguard Mechanism.

Economic and Financial Risks:

Additional information on financial risks is contained in Note 26 to the Financial Statements.

Oil Price

The financial performance, future value and growth of Carnarvon is dependent upon the prevailing oil price. The price of oil is subject to fluctuations and is affected by numerous factors beyond the control of Carnarvon.

A sustained period of low or declining oil prices could adversely affect the carrying value of Carnarvon's assets and the commercial viability of future developments.

Carnarvon monitors and analyses oil markets and seeks to reduce the price risk where reasonable and practical. Carnarvon will develop a hedging strategy upon sanction of future projects. Due to the early stage of Carnarvon's projects, Carnarvon does not currently have any active hedges against the price of oil. Once Carnarvon's projects develop further, the Company may enter hedging contracts to mitigate against fluctuations in the price of oil.

OPERATING AND FINANCIAL REVIEW

Foreign Currency Exchange

Carnarvon's financial report is presented in Australian dollars; however, Carnarvon holds funds in both AUD and USD. The retention of US dollars influences Carnarvon's reported cash holdings due to AUD / USD exchange rates at the end of each relevant reporting period, which may result in foreign exchange gains or losses in a period. Carnarvon also incurs some costs in foreign currencies, typically US dollars, which means Carnarvon is subject to fluctuations in the rates of currency exchanges.

To mitigate against these foreign currency exchange fluctuations, Carnarvon holds a balance between USD and AUD as a natural hedge to committed future expenditures denominated in both USD and AUD. Once Carnarvon's projects develop further, the Company may enter into hedging contracts to mitigate against fluctuations in foreign currency exchanges.

Funding Risk

The nature of Carnarvon's business involves significant capital expenditure on exploration, appraisal, and potential development activities. Carnarvon's business and the development of projects which Carnarvon pursues relies on access to debt and equity funding.

Limitations on Carnarvon's ability to access funding could result in the postponement or reduction of capital expenditures, the relinquishment of rights in relation to assets, adversely affect Carnarvon's ability to take advantage of new opportunities and restrict the expansion of the business. These could result in a material adverse effect on Carnarvon's business, financial condition, and operations.

Carnarvon establishes funding plans for its material projects to ensure that the optimal funding is obtained to maximise shareholder value. This includes an economic and commercial analysis of projects and funding and ensuring that potential funding complies with Carnarvon's risk management framework. Carnarvon also prepares short and long-term budgets and financial models which are monitored monthly in order to identify and manage any potential risks.

Operational Risks:

Exploration

Exploration is a speculative activity with an associated risk of discovery to find oil and gas in commercial quantities. The future profitability of Carnarvon directly relates to the results of exploration, development, and production activities. If Carnarvon is unsuccessful in locating and developing new resources that are commercially viable, this may have a material adverse effect on Carnarvon's future business, operations, and financial conditions.

Carnarvon utilises well-established prospect evaluation and experienced personnel to identify and evaluate prospects in order to manage exploration risks. Carnarvon also has a process to ensure major decisions are subject to assurance reviews which include external experts and contractors where appropriate.

Joint Venture Operations

Carnarvon participates in a number of joint ventures. This is a common commercial arrangement in the oil and gas industry to share the benefits, costs and risks associated with projects between participants. Subject to any sole risk rights which may exist in joint venture agreements, Carnarvon may require the agreement of other joint venturers to proceed with its activities, including a development project. Failure to agree on these matters may have a material adverse effect on Carnarvon's business.

To the extent that Carnarvon is not the operator of a joint venture, it is reliant on the efficient and effective management of its partner acting as operator. The objectives and strategies of the operator may not always be consistent with the objectives and strategies of Carnarvon. However, operators must act in accordance with the directions of the operating committee, whose decisions are subject to the voting principles in the joint operating agreement ("JOA").

Carnarvon must also pay its percentage interest share of all costs and liabilities incurred by the joint venture as required under the relevant JOA. If Carnarvon fails to meet these obligations it may experience a dilution or loss (via a buy-out) of its interest in the joint venture or may not gain the benefit of joint venture activities, except at a significant cost penalty later in time.

Carnarvon manages joint venture risks through careful joint venture partner selection, stakeholder engagement and relationship management. Commercial and legal agreements, including industry standard JOAs, are in place across all joint ventures to define the responsibilities and obligations of the joint venture.

OPERATING AND FINANCIAL REVIEW

Resource Estimates

Oil and gas resource estimates are expressions of judgement based on knowledge, experience, and industry practice. Estimates which are valid when originally calculated may alter significantly or become uncertain when new information becomes available. Material changes to resource estimates may result in Carnarvon altering its plans which could have a positive or negative effect on its operations.

Carnarvon prepares its reserves and contingent resources estimates in accordance with the definitions and guidelines in the Society of Petroleum Engineers 2018 Petroleum Resources Management System. Carnarvon engages personnel with an appropriate level of skill and experience to prepare and review its resource estimates. The assessment of Reserves and Contingent Resources may also undergo independent audit and review.

Development

The development of Carnarvon's projects is subject to a range of risks and uncertainties. Oil and gas developments are exposed to the risk of low side reserve outcomes, cost overruns, timing delays, technical issues and potential production decreases. A poor development outcome could result in material adverse impacts to reserve and production forecasts, future revenues, and operating costs.

Carnarvon mitigates these risks through the careful selection of joint venture partners, ensuring the utilisation of high quality and experienced contractors throughout the development process, conducting assurance and other reviews during development, as well as comprehensively assessing all developments prior to making any commitment to participate.

Regulatory

Carnarvon operates in highly regulated industries and jurisdictions. Changes in regulations or enforcement actions could have material adverse impacts on Carnarvon. Changes in government, monetary, taxation, operational and other laws in the country(s) in which Carnarvon operates may also impact Carnarvon's operations.

Carnarvon holds interests in permits which are governed by the granting of contracts, licences, permits, or leases by the appropriate government authorities. Carnarvon may lose title to or its interest in a permit if licence conditions are not met, or insufficient funds are available to meet expenditure commitments.

Carnarvon monitors changes in relevant regulations and engages with regulators and industry bodies to ensure the impact of policy changes are understood, and the Company continues to comply with all regulatory requirements.

Key Personnel

Skilled employees and consultants are essential to the successful delivery of Carnarvon's business strategy. Carnarvon relies on the services of certain key personnel, including Executive Management, other key employees, and consultants. The loss of any of these key personnel could have a material adverse effect on Carnarvon's business.

Carnarvon ensures it maintains competitive remuneration practices relative to its industry, including short and long incentive schemes, to ensure it maintains the services of key personnel and has the ability to attract additional staff, as required.

Carnarvon maintains clear and regular updates on strategy and business planning to provide clarity on the company's future plans. Guidance and opportunities are provided for staff to further their careers, and staff training and development seeks to ensure individual development goals align with Carnarvon's strategy. Succession planning for key personnel and other key employees is also undertaken on a periodic basis.

Cyber Security Risks

The integrity, availability and reliability of data within the Group's information technology systems may be subject to intentional or unintentional disruption. Given the increasing level of sophistication and scope for potential cyberattacks, these attacks may lead to significant breaches of security that could jeopardise the sensitive information and financial transactions of the Group (from a cyber perspective) and property and environmental damage (from a physical perspective).

Carnarvon has cyber security controls in place in addition to ensuring the Company's data is backed up. Carnarvon also tests these controls through penetration testing and phishing simulations. The Company reviews its cyber risks regularly to reflect the evolving nature of these risks.

OPERATING AND FINANCIAL REVIEW

Permit Interests

Permit	Basin	Equity	Joint Venture Partner(s)	Partner Interest		Indicative Forward Program
				Santos	OPIC	
Australia						
AC-P62	Bonaparte	0%	-	-	-	Relinquished
AC-P63	Bonaparte	0%	-	-	-	Relinquished
EP509	Carnarvon	100%	-	-	-	Relinquishment
TP29	Carnarvon	100%	-	-	-	Relinquishment
WA-435-P	Roebuck	10% ⁱⁱ	Santos Limited ⁱ , & OPIC Australia	80%	10%	G & G studies
WA-436-P	Roebuck	20% ⁱⁱ	Santos Limited ⁱ , & OPIC Australia	70%	10%	G & G studies
WA-437-P	Roebuck	10% ⁱⁱ	Santos Limited ⁱ , & OPIC Australia	80%	10%	G & G studies
WA-438-P	Roebuck	20% ⁱⁱ	Santos Limited ⁱ , & OPIC Australia	70%	10%	G & G studies, appraisal
WA-64-L	Roebuck	10% ⁱⁱ	Santos Limited ⁱ , & OPIC Australia	80%	10%	Development and production
WA-155-P	Carnarvon	0%	-	-	-	Relinquished

Notes

- ⁱ Denotes operator where Carnarvon is non-operator partner.
- ⁱⁱ Ownership interest reduced during the year due to the completion of the 10% divestment to OPIC Australia Pty Ltd a wholly owned subsidiary of CPC Corporation, Taiwan, Taiwan's national oil and gas company.

DIRECTOR'S REPORT

Statutory Information

The directors present their report together with the financial report of the Group, being the Company, its controlled entities, and the Group's interest in jointly controlled assets, for the financial year ended 30 June 2024, and the auditor's report thereon.

Carnarvon Energy Limited is a listed public company incorporated and domiciled in Australia.

Directors

The names and details of the Company's directors in office at any time during or since the end of the financial year are as follows. Directors were in office for this entire period unless otherwise stated.



William (Bill) A Foster

Chair

BE (Chemical), MAICD

Appointed as a Non-Executive Director on 17 August 2010, appointed as Chair on 11 November 2020, stepped down from Chair role on 1 July 2024.

Mr Foster is an internationally experienced energy executive who has worked with Chevron, a Middle Eastern National Oil Corporation as well as US and ASX listed independents. He spent 30 years with Marubeni Corporation as Energy Advisor until his retirement, assisting in the development of their Oil, Gas and LNG business. During this time, a global business was established with Tokyo, London, Houston, Singapore and Perth offices. Mr Foster was a director of Marubeni's various exploration and production subsidiaries and a former director of Tap Oil Ltd.

Mr Foster's activities have covered a broad range of areas relevant to the oil and gas industry and he has extensive, commercial, financial and mergers and acquisitions experience, as well as that from his engineering background.

During the past three years Mr Foster has not served as a director of any other listed company.

Mr Foster was appointed as a member of the Audit Committee, Remuneration & Nominations Committee and the Risk, Governance & Sustainability Committee on 17 November 2023.



Robert (Rob) Black

Non-Executive Director

BBus GAICD

Appointed as a Non-Executive Director on 2 April 2024, appointed as Chair on 1 July 2024.

Mr Black has three decades experience in stockbroking and ECM, primarily with Euroz Hartleys (Euroz), which he joined in 2002.

In 2014 Mr Black was appointed Managing Director of Euroz, having previously run the Institutional Sales Desk where he was responsible for servicing domestic and international institutions. In 2017 Mr Black was appointed to the Board of the listed parent company, Euroz Limited. In 2022, Mr Black relinquished his role as Managing Director of Euroz following his appointment as Head of ECM syndication. He subsequently retired from Euroz in May 2023 after 21 years.

During Mr Black's tenure as Managing Director of Euroz, he oversaw significant growth of the business, with the acquisition of Blackswan Equities in 2014, Entrust Private Wealth Management in 2015, and the merger with Hartleys Limited in 2020. Mr Black was instrumental in supporting and driving the growth strategy of Euroz and advised on, and led, numerous transactions raising significant capital for Euroz's clients.

Mr Black was appointed Chair of the Remuneration & Nominations Committee and a member of the Audit Committee and the Risk, Governance & Sustainability Committee on 2 April 2024. Mr Black stood down as Chair of the Remuneration and Nomination Committee on 1 July 2024, when he assumed the Chair role of the Company, however he remains a member of the committee.

DIRECTOR'S REPORT



Russell Delroy

Non-Executive Director
Bcom

Appointed as director on 15 December 2023

Mr Delroy is Founder and Portfolio Manager of Nero Resource Fund (**Nero**). He has over 20 years' experience in funds management, corporate finance and executive management.

Mr Delroy has a proven track record in unlocking shareholder value through active company engagement. He held previous roles with Morgan Stanley UK, Patersons Securities and Marford Group.

Mr Delroy is a nominee director of Nero, a substantial holder of Carnarvon. Due to his association with Nero, he is not considered independent.

During the past three years Mr Delroy has not served as a director of any other listed company.

Mr Delroy was appointed Chair of the Audit Committee on 23 January 2024.



William (Will) Barker

Non-Executive Director
BSc (Geology)

Appointed as director on 15 December 2023

Mr Barker is a geologist with more than 20 years' experience in exploration and development of large-scale resource projects in Australia and internationally. He is founder and Executive Director of Western Gas, the developer of the proposed Equis Gas Project in Western Australia.

Mr Barker was previously General Manager LNG at Arrow Energy before Shell and PetroChina completed a takeover of Arrow for A\$3.5 billion.

During the past three years Mr Barker has not served as a director of any other listed company.

Mr Barker was appointed Chair of the Risk, Governance & Sustainability Committee and a member of the Remuneration & Nomination Committee on 23 January 2024. Mr Barker assumed the role of Chair of the Remuneration and Nomination Committee on 1 July 2024.

DIRECTOR'S REPORT



Adrian Cook

Chief Executive Officer and Managing Director

B Bus, CA, MAppFin, FAICD

Appointed as a director on 1 July 2011

Retired: 15 December 2023

Mr Cook has over 30 years' experience in commercial and financial management, primarily in the energy industry. Immediately prior to joining Carnarvon, he was the Managing Director of Buru Energy Limited, an ASX listed oil and gas exploration and production company with interests in the Canning Basin in Western Australia. Mr Cook has also held senior executive positions within Clough Limited's oil and gas construction business and was on the executive committee at ARC Energy Limited, an ASX listed mid cap oil and gas exploration and production company. Mr. Cook is a fellow of the Australian Institute of Company Directors.

Mr Cook has not served as a director of any other listed company for the three years prior to him ceasing employment at the Company.



Peter Moore

Non-Executive Director

B.Sc (Hons Geology), MBA, PhD, GAICD

Appointed as a director on 18 June 2015

Retired: 17 November 2023

Dr Moore has extensive experience in exploration and production in Australia and internationally gained through senior roles with a number of globally recognised companies. Dr Moore led Woodside's worldwide exploration efforts as the Executive Vice President Exploration reporting to the CEO and was the Head of the Geoscience function (Exploration, Development, Production, M&A).

Dr Moore has served as a non-executive Director of Beach Energy Limited since 2017.

Dr Moore was Chair of the Risk, Governance and Sustainability Committee and a member of the Audit Committee and the Remuneration and Nomination Committee up to the date that he retired from board.

DIRECTOR'S REPORT



Gavin Ryan

Non-Executive Director

LLB (Hons)

Appointed as a director on 30 July 2018

Retired: 2 April 2024

Mr Ryan is a lawyer with over thirty years' experience, gained mostly in the oil & gas sector. He has also held commercial, external affairs and government relations roles in his extensive industry career.

He has worked on projects in some thirty countries, primarily as in-house counsel for companies including BP, BHP Petroleum and Shell. His time at Shell included being head of Shell Australia's upstream legal team, and five years as Associate General Counsel, Global Businesses in The Hague where he led the legal team advising Shell's global LNG trading business. His most recent in-house role was as General Counsel for PTTEP Australasia, a subsidiary of the Thai national energy company with substantial operated interests in Australia.

Mr Ryan has previously managed his own legal and consultancy practice advising clients in the petroleum, resources, power, engineering and logistics sectors, and is currently Senior Commercial Counsel at Hancock Prospecting Group.

He holds a number of directorships of unlisted and not-for-profit corporations.

Mr Ryan was also Chair of the Remuneration & Nominations Committee and a member of the Audit Committee and Risk, Governance and Sustainability Committee up to the date that he retired from the board.



Debra Bakker

Non-Executive Director

MAppFin, BBus (FinAcc), Grad Dip FINSIA, GAICD

Appointed as director on 5 October 2020

Retired: 15 December 2023

Ms Bakker is an experienced financier and deal maker with more than 27 years' experience in the resources industry with significant international experience.

Ms Bakker has previously held senior positions with Commonwealth Bank of Australia, Standard Bank London Group and Barclays Capital. Ms Bakker is also an experienced non-executive director having held a number of positions with ASX resource companies.

During the past three years, Ms Bakker has served as a non-executive director for IGO Limited (since 2016) and non-executive chair of Ten Sixty Four Limited (since 2023).

Ms Bakker was Chair of the Audit Committee and a member of the Remuneration and Nomination Committee and the Risk, Governance and Sustainability Committee up to the date she retired from the board.



Mr Alex Doering



Mr Gavan Sproule

Company Secretary

Mr Alex Doering was appointed as company secretary in August 2019. Mr Doering is a qualified Chartered Accountant, an Associate of the Governance Institute of Australia and the Chief Financial Officer (appointed June 2023) at Carnarvon Energy.

Mr Gavan Sproule was appointed as joint company secretary in March 2022, and resigned from his position as joint company secretary on 26 April 2024. Mr Sproule is a Fellow of the Governance Institute of Australia and General Counsel at Carnarvon Energy.

DIRECTOR'S REPORT

Directors' meetings

The number of directors' meetings held and attended by each of the directors during the reporting period was as follows:

	(a)	(b)
W Foster	9	9
R Black	3	3
W Barker	5	5
R Delroy	5	5
A Cook	4	4
P Moore	2	2
S Ryan	6	6
D Bakker	4	4

(a) Number of meetings held and eligible to attend during period of office

(b) Number of meetings attended

Audit Committee

Names and qualifications of Audit and Risk Committee members

The Committee is to include at least 3 members. Current members of the committee are Mr Delroy (Chair), Mr Black and Mr Foster. Ms Bakker, Dr Moore and Mr Ryan were also members of the committee during the year and up to the date that they ceased their position on the Board. Ms Bakker was Chair of the committee until 15 December 2023. Qualifications of Audit and Risk Committee members are provided in the Directors section of this directors' report.

Audit Committee meetings

The number of Audit and Risk Committee meetings held and attended by the members during the reporting period was as follows:

	(a)	(b)
R Delroy	1	1
R Black	0	0
W Foster	1	1
D Bakker	1	1
P Moore	1	1
S Ryan	2	2

(a) Number of meetings held during period of office

(b) Number of meetings attended

Risk, Governance and Sustainability Committee

Names and qualifications of Risk, Governance and Sustainability ("RGS") Committee members

The RGS Committee is to include at least 3 members. Current members of the committee are Mr Barker (Chair of the Committee), Mr Foster and Mr Black. Dr Moore, Ms Bakker and Mr Ryan were also members of the committee during the year and up to the date that they ceased their position on the Board. Dr Moore was Chair of the committee until 17 November 2023. Qualifications of RGS Committee members are provided in the Directors section of this directors' report.

DIRECTOR'S REPORT

RGS Committee meetings

The number of RGS Committee meetings held and attended by the members during the reporting period was as follows:

	(a)	(b)
W Barker	1	1
R Black	1	1
W Foster	1	1
P Moore	1	1
D Bakker	1	1
S Ryan	1	1

(a) Number of meetings held during period of office

(b) Number of meetings attended

2024 REMUNERATION IN BRIEF FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 ("FY24")

FY24 remuneration outcomes at a glance

KMP Fixed Remuneration	Reduction during the year	Total fixed remuneration (TFR) was reduced from the previous period with more remuneration at risk to better align executive remuneration with shareholder interests and incentivise KMP to drive higher returns.
Non-executive directors	Fees reduced during the year.	<p>Base fees payable to non-executive directors were reduced from \$100,000 to \$60,000 for directors appointed after 15 December 2023 and remained the same for directors appointed prior to 15 December 2023.</p> <p>Chair fees remained unchanged from FY23 levels. Committee Chair fees were reduced to Nil for directors appointed after 15 December 2023 and remained at \$10,000 per annum for directors appointed prior to 15 December 2023.</p> <p>From 1 July 2024, Chair fees were reduced to \$120,000 per annum.</p>
Short Term Incentive (STI)	STI awarded to KMP during the year.	KMP were awarded an STI during the year following the KPI achievement to complete the 10% divestment of its interests in Dorado and the Bedout exploration permits.
Long Term Incentive (LTI)	Performance rights granted during the year.	<p>KMP were granted 7,703,550 LTI performance rights on 1 July 2023, however 4,556,620 of these performance rights were lapsed following cessation of employment.</p> <p>There were 295,273 LTI performance rights that vested and were exercised subsequent to year-end, relating to the rights granted to KMP in 2022, that were issued as part of the 2021 LTI award.</p>
2024 Performance Rights	Performance rights granted during the year.	<p>An additional 11,000,000 Performance Rights were granted during the period.</p> <p>The award was related to the reduction in fixed remuneration and director fees to better align executive remuneration with shareholder interests and incentivise KMP to drive higher returns.</p>

DIRECTOR'S REPORT

REMUNERATION REPORT (AUDITED) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

This report has been prepared in accordance with section 300A of the Corporations Act 2001 (Cth) (Corporations Act) for the consolidated entity for the financial year ended 30 June 2024. It has been audited as required by section 308(3C) of the Corporations Act and forms part of the Directors' Report.

At the Company's 2023 Annual General Meeting at least 25% of the votes cast were against the adoption of the Remuneration Report. In response, the Board enacted the following actions:

- The Company announced its Board succession process in December 2023 and has refreshed the Board with new appointments in December 2023 and April 2024.
- Base fees payable to non-executive directors appointed from 15 December 2023 reduced from \$100,000 to \$60,000. Committee Chair fees were also reduced to nil for directors appointed from 15 December 2023.
- CEO fixed remuneration was reduced during the period.
- Additional long-term share-based incentives were granted to KMP following the reduction in fixed remuneration to better align KMP interests with that of shareholders, and to incentivise KMP to drive higher returns.

KEY MANAGEMENT PERSONNEL ("KMP")

The Company's KMP are listed in Table 2. They are the Company's non-executive directors (NED) and executive KMP who have authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

Table 2: Key management personnel during FY24

Name	Position	Period as KMP during the year
Executive KMP		
AC Cook	Managing Director & Chief Executive Officer (CEO)	Ceased on 15 December 2023
P Huizenga	Chief Operating Officer & Chief Executive Officer	Appointed as CEO on 15 December 2023
A Doering	Chief Financial Officer	All of FY24
Non-executive Directors		
WA Foster	Independent Chair	All of FY24
R Black	Non-executive Director	Appointed on 2 April 2024
R Delroy	Non-executive Director	Appointed on 15 December 2023
W Barker	Non-executive Director	Appointed on 15 December 2023
P Moore	Non-executive Director	Ceased on 17 November 2023
SG Ryan	Non-executive Director	Ceased on 2 April 2024
D Bakker	Non-executive Director	Ceased on 15 December 2023

DIRECTOR'S REPORT

Summary of Carnarvon's remuneration policy framework

Carnarvon's vision is to become a major Australian energy provider with expertise and capability that enables the generation of material returns for shareholders over any given medium-term time horizon and outperformance against the Company's peers.

Carnarvon's remuneration framework seeks to focus executives on delivering that purpose:

- Fixed remuneration aligns to market practice and prevailing economic conditions. It seeks to attract, motivate and retain executives focused on delivering Carnarvon's purpose.
- 'At risk' performance-based incentives link to shorter-term and longer-term Company goals. The goals contribute to the achievement of Carnarvon's purpose.
- Longer term 'at risk' incentives are also designed to directly align with shareholder objectives and interests. Half of longer-term incentives are based on the Company's share price performance against peers considered to be alternative investments to Carnarvon. The other half is based on the Company's absolute share price appreciation. Both measures are assessed over a three-year period and are entirely share based rewards to executives.
- Additional long term 'at risk' 2024 Performance Rights incentives are also designed to further align executive remuneration with shareholder interests and incentivise management to drive higher returns. These incentives target the 20-day volume weighted average price (VWAP) of Carnarvon shares exceeding \$0.30 per share.

How Carnarvon makes decisions about remuneration

The Board determines Carnarvon's KMP remuneration based on recommendations made to the Board by its Remuneration and Nominations Committee. The Committee is to include at least 3 members who are all non-executive directors.

Members of the Committee during the 30 June 2024 financial year were Mr Black (Chair of Remuneration and Nomination Committee from 2 April 2024), Mr Barker (appointed 23 January 2024) and Mr Foster (appointed 17 November 2023). Mr Ryan (former Chair), Dr Moore and Mrs Bakker were also members of the committee during the year and up to the date that they ceased their position on the Board. Qualifications of Remuneration & Nomination Committee members are provided in the Directors section of this directors' report.

The Remuneration and Nomination Committee Charter is available at Carnarvon's website: www.carnarvon.com.au/corporate-governance/. Carnarvon's CEO and CFO may attend Committee meetings by invitation in an advisory capacity. The Committee excludes executives from any discussion about their own remuneration.

DIRECTOR'S REPORT

Remuneration & Nomination Committee meetings

The number of Remuneration & Nominations Committee meetings and the number attended by each of the members during the reporting period were as follows:

	(a)	(b)
R Black	1	1
W Foster	3	3
W Barker	2	2
D Bakker	1	1
S Ryan	2	2
P Moore	0	0

(a) Number of meetings held during period of office.

(b) Number of meetings attended.

External advisers and remuneration advice

Where an adviser is engaged by the company in relation to remuneration matters, the adviser is engaged by and reports to the Board or chair of the Remuneration and Nominations Committee. This protocol ensures any recommendations are free from undue influence by management. The Board or Committee Chair deals with the adviser on all material matters. Management involvement is only to the extent necessary to coordinate the work. No external advisers were engaged during FY24.

The Board and Committee seek recommendations from the CEO about executive remuneration. The CEO does not make any recommendation about their own remuneration.

The Board and Committee have regard to industry benchmarking information.

How Carnarvon links performance to incentives

Carnarvon's remuneration policy includes short term (STI) and long-term (LTI) incentive plans. The plans seek to align management performance with shareholder interests.

The STI is an operationally focused target incentive plan which is only considered if key KPIs are met during the period. STI can be awarded in cash and / or performance rights with a vesting period of 12 months, with the allocation based on the Board's discretion.

The LTI and 2024 Performance Rights link to an increase in total shareholder return over 3 and 5 year periods respectively and is a share-based incentive.

SENIOR EXECUTIVE REMUNERATION STRUCTURE

This section details the remuneration structure for senior executives (Key Management Personnel, or KMP).

Service contracts

The contract duration, period of notice and termination conditions for key management personnel are as follows:

- (i) Adrian Cook, Chief Executive Officer, is engaged as a full time employee (ceased employment on 15 December 2023). Termination by the Company is with 12 months notice or payment in lieu thereof. Termination by Mr Cook is with 6 months' notice.
- (ii) Philip Huizenga, Chief Executive Officer (appointed 15 December 2023, previously Chief Operating Officer), is engaged as a full time employee. Termination by the Company is with 9 months notice or payment in lieu thereof. Termination by Mr Huizenga is with 9 months' notice.
- (iii) Alex Doering, Chief Financial Officer, is engaged as a full time employee. Termination by the Company is with 3 months notice or payment in lieu thereof and an additional payment of 3 months' remuneration. Termination by Mr Doering is with 3 months' notice.

DIRECTOR'S REPORT

Remuneration mix

Remuneration for KMP is a mix of a fixed cash salary component and an 'at risk' component. The 'at risk' component means that specific targets or conditions must be met before there is any entitlement to receive that component.

What is the balance between fixed and 'at risk' remuneration?

The remuneration structure and packages offered to KMP for the period were:

- Fixed remuneration; and
- 'At risk' remuneration comprising:
 - Short term incentive (STI) – annual cash and / or performance rights with a 12-month vesting period, which were offered at the discretion of the Board, linked to Company and individual performance.
 - Long term incentive (LTI) – performance rights-based incentive, which were granted annually at the discretion of the Board, linked to the absolute and relative share price performance conditions measured over three years.
 - 2024 Performance Rights – performance rights-based incentive, which were granted in 2024 at the discretion of the Board, which vest if the 20-day volume weighted average price (VWAP) of Carnarvon shares exceeding \$0.30 per share.

The balance between fixed and 'at risk' remuneration depends on the senior executive's role. The CEO has the highest level of 'at risk' remuneration reflecting the greater level of responsibility of this role.

Table 3: Shareholder wealth indicators FY20 – FY24:

	FY20	FY21	FY22	FY23	FY24
Share price at year-end	\$0.195	\$0.25	\$0.195	\$0.13	\$0.195
Basic earnings/(loss) per share	\$(0.26)	\$1.09	\$(3.31)	\$(0.23)	\$(0.04)

Table 4 sets out the relative proportions of the three elements of the executives KMP's total remuneration packages from 1 July 2023.

Table 4: Remuneration mix¹

Position	Performance Based Remuneration			Total 'at risk'
	Fixed Remuneration	STI	LTI	
	%	%	%	%
CEO	34	33	33	66
Other KMP	50	25	25	50

¹ The remuneration mix assumes maximum 'at risk' awards. Percentages shown later in this report reflect the actual incentives paid as a percentage of total fixed remuneration, movements in leave balances and other benefits and share based payments calculated using the relevant accounting standards.

Fixed remuneration

What is fixed remuneration?

Senior executives are entitled to a fixed cash remuneration amount inclusive of the guaranteed superannuation contribution. The amount is not based upon performance. Senior executives may decide to salary sacrifice part of their fixed remuneration for additional superannuation contributions and other benefits.

How is fixed remuneration reviewed?

Fixed remuneration is determined by the Board based on external review and advice that takes account of the role and responsibility of each senior executive. It is reviewed annually against industry benchmarking information.

DIRECTOR'S REPORT

Fixed remuneration for the year

Total fixed remuneration (TFR) of KMP is provided in the table on Pages 44 to 45 which reports on the remuneration for KMP as required under the Corporations Act.

Short Term Incentive (STI)

What is the STI?	The STI is part of 'at risk' remuneration offered to senior executives. It measures individual and Company performance over a 12-month period. The period coincides with Carnarvon's financial year. The STI is offered to senior executives at the discretion of the Board based on company performance and performance against objectives. It is paid in cash and / or performance rights, with the allocation percentage at the Board's discretion. If awarded and subsequently vested, the Board has the discretion to approve the settlement of the STI performance rights in cash or equity.
How does the STI link to Carnarvon's key purpose?	The STI is an at-risk opportunity for senior executives and is subject to the achievement of the performance threshold (see below), it rewards senior executives for meeting or exceeding key performance indicators. The key performance indicators link to Carnarvon's key purpose and goals set for KMP during the reporting period. The STI aims to motivate senior executives to meet Company expectations for success. Carnarvon can only achieve its purpose if it attracts and retains high performing senior executives.
What are the performance conditions or KPIs?	Carnarvon's key performance indicators (KPIs) are set by the Board for each 12-month period beginning at the start of a financial year. They reflect Carnarvon's financial and operational goals that are essential to it achieving its purpose. Senior executives may also have individual KPIs which are linked to the below Company KPIs to reflect their particular responsibilities to each KPI. The KPIs are chosen as they are value catalysts which are linked to the Company's strategic objectives. For the reporting period, the performance measures comprised:

STI Measures	Weighting 100%	
Company KPI's	Achieve ¹	Overperform ²
Bedout Divestment	20%	40%
New Ventures	30%	50%
Dorado FID	10%	30%
RFSU Acceleration	10%	20%
Drilling Progression	10%	20%
Other	10%	20%
Dorado Financing	5%	10%
Energy Transition	5%	10%
Maximum		100%

¹ The minimum percentage receivable if the hurdle is achieved.

² The maximum percentage receivable if achievement of the hurdle is overperformed.

Refer to Table 5 for more information.

DIRECTOR'S REPORT

The value of the STI awards to individual KMPs

Incentive payments are based on a percentage of a senior executive's fixed remuneration. The CEO can earn up to a maximum of 100% of his fixed remuneration. The value of the award that can be earned by other KMP is up to a maximum of 50% of their fixed remuneration.

Assessment of performance conditions

The Board assesses the extent to which KPIs were met for the period after the close of the relevant financial year. The Board assesses the achievement of the KPIs for the CEO. The Board assesses the performance of other KMPs on the CEO's recommendation.

What happens if an STI is awarded

On achievement of the relevant KPIs Carnarvon will pay STI awards in cash and / or performance rights with a vesting period of 12 months provided the participants are employed by the company over the vesting period and as at the vesting date. The allocation of the award between cash and performance rights is at the Board's discretion. Carnarvon includes the cash and nominal value of any performance rights STI awards in its financial statements for the relevant financial year.

STI PERFORMANCE FOR THE YEAR

The Board tested each senior executive's performance against the STI performance conditions set for the year.

On this basis, the percentage of the maximum STI that was awarded or forfeited for the period for each executive KMP, was as follows (awarded/ forfeited):

KMP	STI Awarded	STI Forfeited
Adrian Cook	16%	84%
Mr Huizenga	32%	68%
Mr Doering	32%	68%

DIRECTOR'S REPORT

The STI awards made reflect Carnarvon's performance for FY24, and the outcomes of the Company related performance conditions are outlined in Table 5.

Table 5: Outcome of FY24 STI Company KPIs:

STI Measure	Description	STIP weight (%):		STI Performance and score
		Achieve ¹	Overperform ²	
Bedout Divestment	Partial Divestment of Bedout interests.	20%	40%	Score: KPI achieved. 22% awarded.
New Ventures	Acquisition of a value accretive production asset.	30%	50%	Score: KPI not achieved.
Dorado FID	Final Investment Decision for Dorado Phase-1 liquids development.	10%	30%	Score: KPI not achieved.
RFSU Acceleration	Finalise reduction of development costs and acceleration of first oil.	10%	20%	Score: KPI partially achieved. No award.
Drilling Progression	Confirmation of exploration drilling.	10%	20%	Score: KPI not achieved.
Other	Other commercial activities.	10%	20%	Score: KPI not achieved.
Financing	Dorado development financing.	5%	10%	Score: KPI not achieved.
Energy Transition	Energy transition, ESG or carbon-based transaction.	5%	10%	Score: KPI partially achieved. No award.

¹ The minimum percentage receivable if the hurdle is achieved.

² The maximum percentage receivable if achievement of the hurdle is overperformed.

STI performance rights issued

There were no STI performance rights awarded during the year in relation to FY24 performance.

DIRECTOR'S REPORT

LONG TERM INCENTIVE (LTI)

<p>What is the LTI?</p>	<p>The LTI is an equity based 'at risk' incentive plan which operates through a performance rights scheme approved by Carnarvon shareholders. The LTI aims to reward results that promote long term growth in shareholder value or total shareholder return (TSR).</p> <p>Carnarvon offers LTIs to senior executives at the discretion of the Board and offers to KMP as outlined in table 4.</p>																
<p>How does the LTI link to Carnarvon's key purpose?</p>	<p>The LTI links to Carnarvon's key purpose by aligning the longer term 'at risk' incentive rewards with outcomes that match shareholder objectives and interests by:</p> <ul style="list-style-type: none"> • benchmarking shareholder returns against a group of companies considered alternative investments to Carnarvon and against absolute target returns • giving share based rather than cash-based rewards to executives. This links their own rewards to shareholder expectations of company performance, especially share price growth. 																
<p>How are the number of rights issued to senior executives calculated?</p>	<p>The award of performance rights is at the absolute discretion of the Board. The number of performance rights granted to the executives under the LTI is calculated as fixed remuneration at 30 June of the Financial Year multiplied by the relevant percentage divided by the market value. The Market Value is the market value of a fully paid ordinary share in the Company, calculated using the Company's closing share price on 30 June.</p>																
<p>What equity based grants are given and are there plan limits?</p>	<p>Carnarvon grants performance rights using the formula set out above. If the performance conditions are met, senior executives have the opportunity to acquire one Carnarvon share for every vested performance right. There are no plan limits as a whole for the LTI due to the style of the plan.</p>																
<p>What are the performance conditions?</p>	<p>The two performance conditions used by Carnarvon are based on Total Shareholder Return (TSR) (1) in absolute terms and (2) relative to the returns of a group of companies considered alternative investments to Carnarvon, calculated using the closing share prices at a testing date of 30 June.</p> <p>The participants must also be employed by the Company over the vesting period and as at the vesting date.</p> <p>The vesting schedule of 50% of the performance rights is subject to relative TSR testing is as follows:</p> <table border="1" data-bbox="446 1444 1388 1579"> <thead> <tr> <th>Relative TSR Performance</th> <th>Level of vesting</th> </tr> </thead> <tbody> <tr> <td>Less than 50th percentile</td> <td>Zero</td> </tr> <tr> <td>Between 50th and 75th percentile</td> <td>Pro rata between 50% and 100%</td> </tr> <tr> <td>75th percentile or better</td> <td>100%</td> </tr> </tbody> </table> <p>Peer Group: 88 Energy, Buru Energy, Central Petroleum, Cooper Energy, Elixir Energy, Empire Energy, Galilee Energy, Helios Energy, Horizon Oil, Karoon Energy, Strike Energy, Tamboran Resources.</p> <p>The vesting schedule of 50% of the performance rights is subject to absolute TSR testing is as follows:</p> <table border="1" data-bbox="446 1724 1388 1852"> <thead> <tr> <th>Absolute TSR Performance</th> <th>% of performance rights that will vest</th> </tr> </thead> <tbody> <tr> <td>10% per annum return</td> <td>33%</td> </tr> <tr> <td>Between 10% and 20% per annum</td> <td>Pro rata between 33% and 100%</td> </tr> <tr> <td>Above 20% per annum</td> <td>100%</td> </tr> </tbody> </table>	Relative TSR Performance	Level of vesting	Less than 50th percentile	Zero	Between 50th and 75th percentile	Pro rata between 50% and 100%	75th percentile or better	100%	Absolute TSR Performance	% of performance rights that will vest	10% per annum return	33%	Between 10% and 20% per annum	Pro rata between 33% and 100%	Above 20% per annum	100%
Relative TSR Performance	Level of vesting																
Less than 50th percentile	Zero																
Between 50th and 75th percentile	Pro rata between 50% and 100%																
75th percentile or better	100%																
Absolute TSR Performance	% of performance rights that will vest																
10% per annum return	33%																
Between 10% and 20% per annum	Pro rata between 33% and 100%																
Above 20% per annum	100%																

DIRECTOR'S REPORT

Why choose these Performance conditions?	<p>Relative TSR is an appropriate performance hurdle because it ensures a proportion of each participants remuneration is linked to the return received by shareholders from holding shares in a company in the peer group for the same period.</p> <p>Absolute TSR is an appropriate performance hurdle because it ensures KMP performance is rewarded when a year-on-year improvement in shareholder value is achieved.</p>
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What happens to LTI performance rights on a change of control?	The Board reserves the discretion for early vesting in the event of a change of control of the Company. Adjustments to a participant's entitlements may also occur in the event of a company reconstruction and certain share issues.
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LTI equity awards issued or in operation during the year.

KMP (excluding Managing Director) were granted 3,146,930 LTI performance rights on 1 July 2023, and the Managing Director was granted 4,556,620 LTI performance rights on 17 November 2023 following approval at the AGM. Subsequently, all of the Managing Director's performance rights lapsed and were forfeited upon ceasing employment on 15 December 2023 (total of 9,629,436 lapsed and cancelled).

There were 295,273 performance rights that vested on 30 June 2024 relating to the rights granted to KMP in FY2022. The vested rights were exercised subsequent to year-end.

2024 Performance Rights

What are the 2024 Performance Rights?	The 2024 Performance Rights are an additional equity based 'at risk' incentive that aims to align Key Management Personnel remuneration with shareholder interests and incentivise them to drive higher returns. These were awarded in relation to a reduction of KMP fixed remuneration.
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How do the 2024 Performance Rights link to Carnarvon's key purpose?	The 2024 Performance Rights links to Carnarvon's objective of aligning the longer term 'at risk' incentive rewards with outcomes that match shareholder objectives and interests by giving share based rather than cash-based rewards. This links their own rewards to shareholder expectations of company performance and share price growth.
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How are the number of rights issued calculated?	The award of performance rights is at the absolute discretion of the Board. The Market Value is the market value of a fully paid ordinary share in the Company, calculated using the Company's closing share price on 30 June.
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What equity based grants are given and are there plan limits?	Carnarvon granted the performance rights at the absolute discretion of the Board. If the performance conditions are met, Key Management Personnel have the opportunity to acquire one Carnarvon share for every vested performance right. There are no plan limits.
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DIRECTOR'S REPORT

What are the performance conditions?

The performance rights will vest and become exercisable on the earlier to occur of:

- the 20-day volume weighted average price (VWAP) of Carnarvon shares exceeding \$0.30 per share; or
- a 'Change in Control' event, such as where:
 - Carnarvon announces that its shareholders, at a Court convened meeting of shareholders voted in favour of a scheme of arrangement and the Court, by order, approves the scheme of arrangement;
 - a takeover bid is announced, has become unconditional and the person making the takeover bid holds more than 50% of Carnarvon shares;
 - any person acquires a relevant interest in 50.1% or more Carnarvon shares by any other means; or
 - Carnarvon announces that a sale or transfer of the whole or substantially the whole of the undertaking and business of Carnarvon has been completed

Performance rights granted to executive Key Management Personnel are subject to progressive cancellation of all, or some, of any unvested portion of the performance rights where they resign from their respective role in the first year following grant of the performance rights, as follows:

- resignation within first three months of the date of grant of the performance rights (Grant Date) – all unvested performance rights forfeited and cancelled;
- resignation in period three – six months after Grant Date – 75% of unvested performance rights forfeited and cancelled;
- resignation in period six – nine months after Grant Date – 50% of unvested performance rights forfeited and cancelled;
- resignation in period nine months – twelve months after Grant Date – 25% of unvested performance rights forfeited and cancelled; and
- resignation in period following one year anniversary of Grant Date – nil unvested performance rights forfeited and cancelled.

None of the performance rights held by executive Key Management Personnel:

- which have vested prior to resigning from their respective role will be forfeited and cancelled; and
- will be forfeited and cancelled (whether vested or unvested) if they are made redundant from their respective role at any time prior to the one year anniversary of the Grant Date.

All vested and unvested performance rights will be forfeited and cancelled where Key Management Personnel employment is terminated for cause in accordance with the relevant provision of their respective employment contract.

Why choose these Performance conditions?

The performance conditions better align the interest of the Key Management Personnel with shareholder interests, and incentivise them to drive higher returns.

2024 Performance Right equity awards issued or in operation during the year.

Executive KMP were granted a total of 7,500,000 of 2024 performance rights on 26 April 2024.

Non-executive Directors appointed during the year were granted a total of 3,500,000 of 2024 Performance Rights on their appointment to the Board.

DIRECTOR'S REPORT

REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS:

The fees paid to non-executive directors are determined using the following principles. Fees are:

- determined by reference to the nature of the role, responsibility and time commitment required for the performance of the role including membership of Board Committees;
- are benchmarked against industry peers on an annual basis; and
- driven by a need to attract and retain a diverse and well-balanced group of individuals with relevant experience and knowledge
- 2024 Performance Rights were issued to align non-executive directors with shareholder interests

The Board made changes to its fee structure in the current year. Following the formal commencement of the Board succession process, the base fees payable to non-executive directors were reduced from \$100,000 to \$60,000 for directors appointed after 15 December 2023 and remained the same of directors appointed prior to 15 December 2023. Chair fees remained unchanged from FY23 levels.

Committee Chairs are paid an additional fee of \$10,000 for directors appointed prior to 15 December 2023, and Nil for directors appointed after 15 December 2023. No additional fees are payable to any director for membership of Board Committees.

The Director's fees are inclusive of superannuation contributions, which are paid by the Company.

Non-executive directors are entitled to be reimbursed at cost for their reasonable expenses incurred in the performance of their directors' duties.

The aggregate remuneration of Carnarvon non-executive directors remains below the annual limit of \$600,000 approved by shareholders at the 2018 Annual General Meeting.

Details of the fees payable to non-executive directors for Board and committee membership for FY24 are set out in Table 6.

Table 6: FY24 non-executive directors' fees and Board Committee fees per annum:

Date Appointed	Board		Board Committees					
	Chair \$	Member \$	Chair	Member	Chair	Member	Chair	Member
			Audit \$	Audit \$	Remuneration and Nomination \$	Remuneration and Nomination \$	RGS \$	RGS \$
Before 15 December 2023	200,000	100,000	10,000	-	10,000	-	10,000	-
After 15 December 2023	200,000	60,000	-	-	-	-	-	-

DIRECTOR'S REPORT

Directors' and executive officers' remuneration, Company and consolidated (continued)

Name	Short term benefits			Post-employment	Share-based payments	Long term benefits	Other benefits	Total (\$)	Total at risk %	Total issued in equity %
	Salary and fees (\$)	Short term cash bonus (\$)	Annual Leave (\$) ¹¹	Superannuation contributions (\$)	Performance Rights (\$) ^{12,13}	Long service leave (\$) ¹¹	Termination payments (\$)			
Directors										
<i>Non-Executive</i>										
Mr WA Foster (Chairman)										
2024	180,180	-	-	19,820	-	-	-	200,000	-	-
2023	171,946	-	-	18,054	-	-	-	190,000	-	-
Mr R Black ¹										
2024	13,514	-	-	1,487	8,773	-	-	23,774	36.9%	-
2023	-	-	-	-	-	-	-	-	-	-
Mr R Delroy ²										
2024	29,497	-	-	3,245	13,005	-	-	45,747	28.4%	-
2023	-	-	-	-	-	-	-	-	-	-
Mr W Barker ³										
2024	29,497	-	-	3,245	13,005	-	-	45,747	28.4%	-
2023	-	-	-	-	-	-	-	-	-	-
Dr P Moore ⁴										
2024	37,713	-	-	4,148	-	-	-	41,861	-	-
2023	99,548	-	-	10,452	-	-	-	110,000	-	-
Mr SG Ryan ⁵										
2024	82,500	-	-	-	-	-	-	82,500	-	-
2023	110,000	-	-	-	-	-	-	110,000	-	-
Ms D Bakker ⁶										
2024	45,287	-	-	4,962	-	-	-	50,249	-	-
2023	99,548	-	-	10,452	-	-	-	110,000	-	-
<i>Executive</i>										
Mr AC Cook (Chief Executive Officer) ⁷										
2024	284,560	83,804	20,830	23,785	(440,370)	2,650	814,078	789,337	-55.8%	-
2023	610,028	-	45,654	28,946	265,992	40,921	-	991,541	26.8%	-

DIRECTOR'S REPORT

Name	Short term benefits			Post-employment	Share-based payments	Long term benefits	Other benefits	Total (\$)	Total at risk %	Total issued in equity %
	Salary and fees (\$)	Short term cash bonus (\$)	Annual Leave (\$) ¹¹	Superannuation contributions (\$)	Performance Rights (\$) ^{12,13}	Long service leave (\$) ¹¹	Termination payments (\$)			
Other Executives										
Mr PP Huizenga (Chief Executive Officer) ⁸										
2024	537,254	73,313	58,541	35,348	199,355	(3,628)	-	900,183	22.1%	-
2023	544,465	-	49,924	28,148	114,883	23,293	-	760,713	15.1%	-
Mr A Doering (Chief Financial Officer) ⁹										
2024	306,845	42,848	26,012	34,963	68,195	5,014	-	483,876	14.1%	-
2023	25,000	-	1,927	2,625	-	-	-	29,552	-	-
Mr TO Naude (Chief Financial Officer) ¹⁰										
2024	-	-	-	-	-	-	-	-	-	-
2023	352,420	-	27,020	25,087	(36,104)	25,181	-	393,604	-9.2%	-
Total compensation: key management personnel (Company and consolidated)										
2024	1,546,847	199,964	105,383	131,002	(138,037)	4,036	814,078	2,663,274	-5.2%	-
2023	2,012,955	-	124,525	123,764	344,771	89,395	-	2,695,409	12.8%	-

Directors' fees are paid or payable to the director or a director-related entity.

¹ Mr Black was appointed to the Board on 2 April 2024.

² Mr Delroy was appointed to the Board on 15 December 2023.

³ Mr Barker was appointed to the Board on 15 December 2023.

⁴ Dr Moore retired from the Board at the Company's Annual General Meeting held on 17 November 2023.

⁵ Mr Ryan retired from the Board on 2 April 2024.

⁶ Mrs Bakker retired from the Board on 15 December 2023.

⁷ Mr Cook ceased as Managing Director and Chief Executive Officer on 15 December 2023. His remuneration reflects the amounts paid up to this date.

⁸ Mr Huizenga was promoted to Chief Executive Officer on 15 December 2023. His remuneration was reduced to \$475,000 (before superannuation) per annum from 1 May 2024 (previously \$515,868). He was also granted 5,000,000 of 2024 Performance Rights.

⁹ Mr A Doering's 2023 remuneration reflects the remuneration received from the date of his appointment as Chief Financial Officer on 1 June 2023.

¹⁰ Mr TO Naude's 2023 remuneration reflects the remuneration received up to the date he ceased employment as Chief Financial Officer on 31 May 2023.

¹¹ These amounts represent the leave entitlement accrual for the year.

¹² KMP were granted 7,703,550 LTI performance rights in the for which a combined expense of \$235,513 was recognised at 30 June 2024. In addition, 9,629,436 LTI performance rights lapsed and were cancelled upon Mr Cook ceasing employment, which resulted in a reversal of expense valued at \$440,370 being recognised in the Consolidated Income Statement at 30 June 2024.

¹³ KMP were granted 11,000,000 of 2024 Performance Rights during the year for which a combined expense of \$66,820 was recognised at 30 June 2024.

¹³ Termination payments include payments under service contracts and accrued annual and long service leave payments.

DIRECTOR'S REPORT

Ordinary shares held by key management personnel

The movement during the reporting period in the number of ordinary shares in Carnarvon Energy Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

2024	Balance at 1 July 2023 / on appointment	Net acquired/ (sold) on market	Award under Employee Share Plan	Received on exercise of options	Held at date of cessation	Balance at 30 June 2024
Directors						
WA Foster	1,425,938	-	-	-	-	1,425,938
AC Cook ¹	15,938,797	-	-	-	(15,938,797)	-
P Moore ²	964,232	-	-	-	(964,232)	-
SG Ryan ³	305,221	-	-	-	(305,221)	-
D Bakker ⁴	574,774	-	-	-	(574,774)	-
W Barker ⁵	-	-	-	-	-	-
R Black ⁶	-	1,000,000	-	-	-	1,000,000
R Delroy ⁷	91,128,968	-	-	-	-	91,128,968

Other Executives

PP Huizenga	12,326,196	-	-	-	-	12,326,196
A Doering	1,237,001	200,000	-	-	-	1,437,001

¹ Mr Cook ceased as Managing Director and Chief Executive Officer on 15 December 2023.

² Dr Moore retired from the Board at the Company's Annual General Meeting held on 17 November 2023.

³ Mr Ryan retired from the Board on 2 April 2024.

⁴ Mrs Bakker retired from the Board on 15 December 2023.

⁵ Mr Barker was appointed to the Board on 15 December 2023.

⁶ Mr Black was appointed to the Board on 2 April 2024.

⁷ Mr Delroy was appointed to the Board on 15 December 2023. Mr Delroy is also the founder and investment manager of Nero Resource Fund which holds the 91,128,968 shares

2023	Balance at 1 July 2022 / on appointment	Net acquired/ (sold) on market	Award under Employee Share Plan	Received on exercise of options	Held at date of cessation	Balance at 30 June 2023
Directors						
WA Foster	1,425,938	-	-	-	-	1,425,938
AC Cook	15,938,797	-	-	-	-	15,938,797
P Moore	964,232	-	-	-	-	964,232
SG Ryan	305,221	-	-	-	-	305,221
D Bakker	574,774	-	-	-	-	574,774
Other Executives						
PP Huizenga	12,076,196	250,000	-	-	-	12,326,196
TO Naude	4,019,357	-	-	-	(4,019,357) ¹	-
A Doering ²	1,237,001	-	-	-	-	1,237,001

¹ Mr TO Naude ceased employment as Chief Financial Officer on 31 May 2023.

² Mr A Doering was appointed as Chief Financial Officer on 1 June 2023. His balance at 1 July 2022 is representative of the number shares he held as an employee (before becoming a KMP).

DIRECTOR'S REPORT

Performance rights - held by key management personnel

2024	Held at 1 July 2023	Granted	Exercised	Lapsed	Held at 30 June 2024	Vested and exercisable at 30 June 2024 ⁸	Vested and un-exercisable at 30 June 2024
Directors							
WA Foster	-	-	-	-	-	-	-
AC Cook ¹	5,072,816	4,556,620	-	(9,629,436)	-	-	-
P Moore ²	-	-	-	-	-	-	-
SG Ryan ³	-	-	-	-	-	-	-
D Bakker ⁴	-	-	-	-	-	-	-
W Barker ⁵	-	1,000,000	-	-	1,000,000	-	-
R Black ⁶	-	1,500,000	-	-	1,500,000	-	-
R Delroy ⁷	-	1,000,000	-	-	1,000,000	-	-
Other Executives							
PP Huizenga	2,329,816	6,993,084	-	-	9,322,900	250,273	750,819
A Doering	426,924	3,653,846	-	-	4,080,770	45,000	135,000
Total	7,829,556	18,703,550	-	(9,629,436)	16,903,670	295,273	885,819

¹ Mr Cook ceased employment as Managing Director and Chief Executive Officer on 15 December 2023. His performance rights lapsed on this date.

² Dr Moore retired from the Board at the Company's Annual General Meeting held on 17 November 2023.

³ Mr Ryan retired from the Board on 2 April 2024.

⁴ Mrs Bakker retired from the Board on 15 December 2023.

⁵ Mr Barker was appointed to the Board on 15 December 2023.

⁶ Mr Black was appointed to the Board on 2 April 2024.

⁷ Mr Delroy was appointed to the Board on 15 December 2023.

⁸ On 30 June 2024, 295,273 of the 1,181,092 performance rights issued to Mr Huizenga and Mr Doering on 1 July 2021 vested and became exercisable upon meeting the required vesting conditions. Both executives elected to exercise the vested performance rights subsequent to year end. The un-exercisable performance rights were cancelled subsequent to year end.

2023	Held at 1 July 2022	Granted	Exercised	Lapsed	Held at 30 June 2023	Vested and exercisable at 30 June 2023	Vested and un-exercisable at 30 June 2023
Directors							
WA Foster	-	-	-	-	-	-	-
AC Cook	2,179,724	2,893,092	-	-	5,072,816	-	-
P Moore	-	-	-	-	-	-	-
SG Ryan	-	-	-	-	-	-	-
D Bakker	-	-	-	-	-	-	-
Other Executives							
PP Huizenga	1,001,092	1,328,724	-	-	2,329,816	-	-
TO Naude ¹	585,468	933,986	-	(1,519,454)	-	-	-
A Doering ²	180,000	246,924	-	-	426,924	-	-
Total	3,946,284	5,402,726	-	(1,519,454)	7,829,556	-	-

¹ Mr TO Naude's performance rights lapsed in June 2023 after he ceased employment as Chief Financial Officer on 31 May 2023.

² Mr A Doering's performance rights held as at 30 June 2023 include rights issued to him as part of the company's Employee Share Incentive Plan prior to commenting as Chief Financial Officer on 1 June 2023.

DIRECTOR'S REPORT

Performance rights - STIP held by key management personnel

There were no performance rights granted under the short-term incentive plan during the year, nor were there any rights held by key management personnel under the plan as at 30 June 2023.

Details of performance rights granted to KMP during the year ended 30 June 2024 are:

KMP	Instrument	Grant date	Expiry date	Vesting date	Fair value per right \$	Exercise price	Number of performance rights granted	Number of performance rights lapsed ¹	Number of performance rights vested	Maximum value to be recognised in future periods \$
Executive KMP										
A Cook	PR's - LTIP	17-Nov-23	01-Jul-33	30-Jun-26	0.135	-	4,556,620	(4,556,620)	-	-
P Huizenga	PR's - LTIP	01-Jul-23	01-Jul-33	30-Jun-26	0.10	-	1,993,084	-	-	126,229
P Huizenga	2024 PR's	26-Apr-24	26-Apr-29	When conditions are met	0.12	-	5,000,000	-	-	535,268
A Doering	PR's - LTIP	01-Jul-23	01-Jul-33	30-Jun-26	0.10	-	1,153,846	-	-	73,077
A Doering	2024 PR's	26-Apr-24	26-Apr-29	When conditions are met	0.12	-	2,500,000	-	-	267,634
Non-Executive Directors										
R Black	2024 PR's	02-Apr-24	02-Apr-29	When conditions are met	0.12	-	1,500,000	-	-	160,581
W Barker	2024 PR's	15-Dec-23	15-Dec-28	When conditions are met	0.12	-	1,000,000	-	-	106,995
R Delroy	2024 PR's	15-Dec-23	15-Dec-28	When conditions are met	0.12	-	1,000,000	-	-	106,995
Total							18,703,550	(4,556,620)	-	1,376,779

¹ Mr Cook ceased employment as Managing Director and Chief Executive Officer on 15 December 2023. His performance rights lapsed on this date.

DIRECTOR'S REPORT

Details of performance rights granted to KMP in previous years that are still vesting are:

KMP	Instrument	Grant date	Expiry date	Vesting date	Fair value per right \$	Exercise price	Number of performance rights granted	Number of performance rights lapsed ¹	Number of performance rights vested ²	Maximum value to be recognised in future periods \$
Executive KMP										
A Cook	PR's - LTIP	12-Nov-21	01-Jul-31	30-Jun-24	0.24	-	2,179,724	(2,179,724)	-	-
A Cook	PR's - LTIP	18-Nov-22	01-Jul-32	30-Jun-25	0.10	-	2,893,092	(2,893,092)	-	-
P Huizenga	PR's - LTIP	01-Jul-21	01-Jul-31	30-Jun-24	0.19	-	1,001,092	-	250,273	-
P Huizenga	PR's - LTIP	01-Jul-22	01-Jul-32	30-Jun-25	0.12	-	1,328,724	-	-	53,149
A Doering	PR's - LTIP	01-Jul-21	01-Jul-31	30-Jun-24	0.19	-	180,000	-	45,000	-
A Doering	PR's - LTIP	01-Jul-22	01-Jul-32	30-Jun-25	0.12	-	246,924	-	-	9,877
Total							7,829,556	(5,072,816)	295,273	63,026

¹ Mr Cook ceased employment as Managing Director and Chief Executive Officer on 15 December 2023. His performance rights lapsed on this date.

² On 30 June 2024, 295,273 of the 1,181,092 performance rights issued to Mr Huizenga and Mr Doering on 1 July 2021 vested and became exercisable upon meeting the required vesting conditions. Both executives elected to exercise the un-exercisable performance rights subsequent to year end. The unvested performance rights were cancelled subsequent to year end.

DIRECTOR'S REPORT

Plan shares held by key management personnel

Included in the above table are plan shares held by key management personnel held under the previous ESP loan scheme which are accounted for as in substance options (refer to page 76 for further terms). The balance and movement during the reporting period in the number of plan shares directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

2024	Held at 1 July 2023	Granted as compensation	Employee Share Plan cancellations	Exercised	Held at date of cessation	Held at 30 June 2024
Directors						
WA Foster	-	-	-	-	-	-
AC Cook ¹	12,945,592	-	-	-	(12,945,592)	-
P Moore ²	-	-	-	-	-	-
SG Ryan ³	-	-	-	-	-	-
D Bakker ⁴	-	-	-	-	-	-
W Barker ⁵	-	-	-	-	-	-
R Black ⁶	-	-	-	-	-	-
R Delroy ⁷	-	-	-	-	-	-

Other Executives

PP Huizenga	11,976,196	-	-	-	-	11,976,196
A Doering	1,237,001	-	-	-	-	1,237,001

¹ Mr Cook ceased as Managing Director and Chief Executive Officer on 15 December 2023.

² Dr Moore retired from the Board at the Company's Annual General Meeting held on 17 November 2023.

³ Mr Ryan retired from the Board on 2 April 2024.

⁴ Mrs Bakker retired from the Board on 15 December 2023.

⁵ Mr Barker was appointed to the Board on 15 December 2023.

⁶ Mr Black was appointed to the Board on 2 April 2024.

⁷ Mr Delroy was appointed to the Board on 15 December 2023.

2023	Held at 1 July 2022	Granted as compensation	Employee Share Plan cancellations	Exercised	Held at date of cessation	Held at 30 June 2023
Directors						
WA Foster	-	-	-	-	-	-
AC Cook	12,945,592	-	-	-	-	12,945,592
P Moore	-	-	-	-	-	-
SG Ryan	-	-	-	-	-	-
D Bakker	-	-	-	-	-	-
Other Executives						
PP Huizenga	11,976,196	-	-	-	-	11,976,196
TO Naude	3,992,512	-	-	-	(3,992,512) ¹	-
A Doering ²	1,237,001	-	-	-	-	1,237,001

¹ Mr TO Naude ceased employment as Chief Financial Officer on 31 May 2023.

² Mr A Doering was appointed as Chief Financial Officer on 1 June 2023. His balance at 1 July 2022 is representative of the number shares he held as an employee (before becoming a KMP).

End of Remuneration Report

DIRECTOR'S REPORT

Non-audit services

The auditors have not performed any non-audit services over and above their statutory duties during the current reporting period.

Directors' interests

At the date of this report, the relevant interests of the directors in securities of the Company are as follows:

Name	Ordinary Shares	Performance Rights
WA Foster	1,425,938	-
W Barker	-	1,000,000
R Black	1,000,000	1,500,000
R Delroy	91,128,968	1,000,000

Diversity

The Board has set the following measurable diversity objectives for the 2024 financial year:

2024 Measurable objectives	Progress
Aim to have not less than 30% of the directors of each gender	There was no female Board representation at 30 June 2024. This is due to the ongoing Board succession plan.
Dedicated mentoring program for the female employees of the Company	The Company provided ongoing training, mentoring and professional support in the development of all employees' careers.
Maintain flexible work practices	The Company continued to maintain its flexible work practices which includes a parental leave policy and provides employees the ability to maintain flexible hours and to work from home where required.

Likely developments

The likely developments for the 2024 financial year are contained in the operating and financial review as set out on pages 6 to 26.

Environmental regulation and performance

The Group's oil and gas exploration and development activities are concentrated in offshore Western Australia. Environmental obligations are regulated under both State and Commonwealth law in Western Australia, depending on whether a permit sits in State or Commonwealth waters. The Group is not aware of any significant environmental breaches during the year ended 30 June 2024.

Dividends

No dividends were paid during the year and the directors do not recommend payment of a dividend in respect of the current financial year (2023: Nil).

Auditor's independence declaration

The auditor's Independence Declaration under Section 307C of the Corporations Act is set out on page 54 and forms part of the directors' report for the financial year ended 30 June 2024.

Principal activities

During the course of the 2024 financial year the Group's principal activities continued to be directed towards oil and gas exploration, development and production.

DIRECTOR'S REPORT

Identification of independent directors

The independent directors are identified in the Company's Corporate Governance Statement. The Corporate Governance Statement is available on Carnarvon Energy's website at: carnarvon.com.au/about-us/corporate-governance/.

Significant changes in state of affairs

In the opinion of the directors no significant changes in the state of affairs of the Group occurred during the current financial year other than as outlined in the operating and financial review as set out on pages 6 to 26.

Indemnification and insurance of directors and officers

During the period the Company paid a premium to insure the directors and officers of the Company and its controlled entities. The policy prohibits the disclosure of the nature of the liabilities covered and the amount of the premium paid. Deeds of Access and Indemnity have been executed by the Company with each of the directors and Company Secretary. The deeds require the Company to indemnify each director and Company Secretary against any legal proceedings, to the extent permitted by law, made against, suffered, paid or incurred by the directors or Company Secretary pursuant to, or arising from or in any way connected with the director or Company Secretary being an officer of the Company.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of the proceedings. The Company was not a party to any such proceedings during the year.

Operating and financial review

An operating and financial review of the Group for the financial year ended 30 June 2024 is set out on pages 6 to 26 and forms part of this report.

Indemnity of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Events subsequent to reporting date

On 5 July 2024, the Company issued 1,000,000 of the 2024 performance rights to non-KMP staff.

On 5 July 2024, 1,020,819 LTI performance rights from 2021 lapsed and were cancelled due to not achieving all of the relative TSR conditions and none of the absolute TSR conditions. 885,819 of the lapsed rights related to key management personnel.

On 5 July 2024, 340,273 of the 2021 LTI performance rights that vested at 30 June 2024 were exercised and converted into ordinary shares pursuant to and in accordance with the Company's Performance Rights Plan. 295,273 of the rights related to key management personnel.

On 5 July 2024, the wholly owned subsidiary Carnarvon Thailand Limited was de-registered.

Other than above, there is no other matters or circumstance has arisen since 30 June 2024 that in the opinion of the directors has significantly affected, or may significantly affect in future financial years:

- (i) The Group's operations; or
- (ii) The results of those operations; or
- (iii) The Group's state of affairs

DIRECTOR'S REPORT

Rounding off

The Company is an entity of the kind referred to in the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016. As a result, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'R. Black', is positioned above the printed name.

Robert Black
Chair
Perth, 30 August 2024

AUDITOR'S INDEPENDENCE DECLARATION



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Auditor's independence declaration to the directors of Carnarvon Energy Limited

As lead auditor for the audit of the financial report of Carnarvon Energy Limited for the financial year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Carnarvon Energy Limited and the entities it controlled during the financial year.

A handwritten signature in black ink that reads 'Ernst + Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that appears to be 'T S Hammond' in a cursive style.

T S Hammond
Partner
30 August 2024

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

CORPORATE GOVERNANCE STATEMENT

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Carnarvon Energy Limited and its Controlled Entities ('the Group') have adopted the fourth edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council in February 2019 and became effective for financial years commencing on or after 1 January 2020.

The Group's Corporate Governance Statement for the financial year ending 30 June 2024 is dated as at 30 June 2024 and was approved by the Board on 30 August 2024. The Corporate Governance Statement is available on Carnarvon Energy's website at carnarvon.com.au/about-us/corporate-governance/.

CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2024

	Notes	Consolidated	
		2024 \$000	2023 \$000
Other income	2	8,744	3,390
Gain on remeasurement of fair value assets	8	12	32
Administrative expenses		(1,934)	(2,634)
Directors' fees		(455)	(520)
Employee benefits expense	21(a)	(2,907)	(3,356)
New venture and advisory costs		(1,396)	(1,737)
Exploration expenditure written off	12	(222)	-
Loss on disposal of financial assets		(61)	-
Share of gain/(loss) of Joint venture	14	124	(792)
Impairment of investment in joint venture		(1,305)	-
Foreign exchange (loss)/gain		(1,256)	1,521
Loss before income tax		(656)	(4,096)
Taxes			
Current income tax expense	6(a)	-	-
Loss for the year		(656)	(4,096)
Other comprehensive income/(expense)			
Items may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences arising on translation of foreign operations		-	(22)
Total comprehensive loss for the year		(656)	(4,118)
Total comprehensive loss for the period attributable to members of the entity		(656)	(4,118)
Loss /Earnings per share:			
Basic (loss)/earnings per share (cents per share)	5	(0.04)	(0.23)
Diluted (loss) /earnings per share (cents per share)	5	(0.04)	(0.23)

The above consolidated income statement and other comprehensive income should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	Consolidated	
		2024 \$000	2023 \$000
Current assets			
Cash and cash equivalents	18(b)	179,551	95,301
Other receivables	7	974	1,070
Other assets	10	290	642
Total current assets		180,815	97,013
Non-current assets			
Property, plant and equipment	9	9	37
Financial assets	8	-	667
Exploration and evaluation expenditure	12	85,552	169,382
Right-of-use assets	11	599	186
Intangible Assets	17	616	-
Investment in Joint Venture	14	-	1,287
Total non-current assets		86,776	171,559
Total assets		267,591	268,572
Current liabilities			
Trade and other payables	15	287	1,187
Employee benefits	21(b)	305	663
Lease liabilities	11	190	220
Total current liabilities		782	2,070
Non-current liabilities			
Employee benefits	21(b)	64	147
Lease liabilities	11	411	-
Total non-current liabilities		475	147
Total liabilities		1,257	2,217
Net assets		266,334	266,355
Equity			
Contributed equity	16	311,135	314,176
Reserves	16	5,080	1,404
(Accumulated losses)/retained profit		(49,881)	(49,225)
Total equity		266,334	266,355

The above consolidated statement of financial position should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

	Issued capital \$000	Reserve shares \$000	(Accumulated losses) / retained profit \$000	Translation reserve \$000	Share based payments reserve \$000	Total \$000
Balance at 1 July 2022	314,096	(6,875)	(45,129)	152	7,734	269,978
Comprehensive Income						
Loss for the year	-	-	(4,096)	(22)	-	(4,118)
Total comprehensive loss for the year	-	-	(4,096)	(22)	-	(4,118)
Transactions with owners and other transfers						
Share based payments	-	-	-	-	503	503
Cash settlement of STI performance rights	-	-	-	-	(185)	(185)
Exercise of ESP shares	80	97	-	-	-	177
Total transactions with owners and other transfers	80	97	-	-	318	495
Balance at 30 June 2023	314,176	(6,778)	(49,225)	130	8,052	266,355
Balance at 1 July 2023	314,176	(6,778)	(49,225)	130	8,052	266,355
Comprehensive Income						
Loss for the year	-	-	(656)	-	-	(656)
Total comprehensive loss for the year	-	-	(656)	-	-	(656)
Transactions with owners and other transfers						
Share based payments	-	-	-	-	(73)	(73)
Minimum holding buy-back	(384)	-	-	-	-	(384)
Cancellation of ESP shares	(3,429)	3,429	-	-	-	-
Exercise of ESP shares	772	320	-	-	-	1,092
Total transactions with owners and other transfers	(3,041)	3,749	-	-	(73)	635
Balance at 30 June 2024	311,135	(3,029)	(49,881)	130	7,979	266,334

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

	Notes	Consolidated	
		2024 \$000	2023 \$000
Cash flows from operating activities			
Payments to suppliers and employees		(7,205)	(7,570)
Interest received		8,219	2,930
R&D refund		245	-
Net cash provided by / (used in) operating activities	18(a)	1,259	(4,640)
Cash flows from investing activities			
Exploration and development expenditure		(2,593)	(13,628)
Payments on other financial assets	8	(45)	(100)
Proceeds from sale of other financial assets		916	-
Acquisition of property, plant and equipment		-	(10)
Investment in joint ventures		-	(55)
Acquisition of intangible assets	17	(616)	-
Proceeds from sale of joint venture	14	106	-
Proceeds sale of exploration and evaluation assets	12	86,000	-
Net cash provided by / (used in) investing activities		83,768	(13,793)
Cash flows from financing activities			
Proceeds from repayment of Employee Share Plan loans		1,092	177
Minimum holding share buy-back		(384)	-
Payment of principal portion of lease	11	(241)	(235)
Net cash provided by / (used in) financing activities		467	(58)
Net increase / (decrease) in cash and cash equivalents held		85,494	(18,491)
Cash and cash equivalents at the beginning of the financial year		95,301	112,424
Effect of exchange rate fluctuations on cash and cash equivalents		(1,244)	1,368
Cash and cash equivalents at the end of the financial year	18(b)	179,551	95,301

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

The consolidated financial report of Carnarvon Energy Limited ('Company') for the financial year ended 30 June 2024 comprises the Company and its controlled entities (the "Group").

Carnarvon Energy Limited is a for profit oil, gas and energy exploration and production company limited by shares incorporated in Australia at the registered office of Level 2, 76 Kings Park Road, West Perth, Western Australia, whose shares are publicly traded on the Australian Stock Exchange.

The financial report was authorised for issue by the directors on 30 August 2024.

The basis for the preparation of the following notes can be found in note 30 and the material accounting policies used in the preparation can be found in note 31.

2. OTHER INCOME

	Consolidated	
	2024	2023
	\$000	\$000
Interest revenue ¹	8,499	3,390
R&D refund	245	-
	8,744	3,390

¹ Interest revenue is calculated using the effective interest rate method.

3. OTHER EXPENSES

	Consolidated	
	2024	2023
	\$000	\$000
The following expenses are included in administrative and employee benefit expenses in the consolidated income statement:		
Depreciation – property, plant and equipment	(28)	(53)
Depreciation – right-of-use assets	(203)	(203)
Defined contribution – superannuation expense	(272)	(284)

NOTES TO THE FINANCIAL STATEMENTS

4. AUDITORS' REMUNERATION

As a result of work in relation to and required for the 30 June 2024 period, the auditor of the Group, Ernst & Young, has charged the following fees:

	2024 \$	2023 \$
<i>Fees to Ernst & Young Australia:</i>		
Fees for auditing statutory financial report of the parent covering the group and auditing the statutory financial report of any controlled entities	(79,998)	(77,311)

5. (LOSS)/ EARNINGS PER SHARE

The calculation of basic and diluted earnings per share was based on a weighted average number of shares calculated as follows:

	2024	2023
	Number of shares	
Issued ordinary shares at 1 July	1,800,186,904	1,800,186,904
Effect of shares issued/cancelled	(4,842,684)	-
Weighted average number of ordinary shares 30 June (basic)	1,795,344,220	1,800,186,904
Weighted average number of ordinary shares 30 June (diluted)	1,795,344,220	1,800,186,904
	2024 \$	2023 \$
Loss used in calculating basic and diluted loss per share	(656,000)	(4,096,000)

As the consolidated entity incurred a loss for the year ended 30 June 2024, the effect of 17,536,288 performance rights on issue is considered to be antidilutive and therefore not factored in determining the diluted earnings per share for the year.

As at 30 June 2024, the Group has 21,900,777 reserve shares on issue under the employee share plan (refer Note 16). Based on the weighted average exercise price of these in substance options, they are considered to be anti-dilutive and therefore have not impacted the calculation of diluted loss per share.

NOTES TO THE FINANCIAL STATEMENTS

6. TAXES

	Consolidated	
	2024 \$000	2023 \$000
(a) Income tax expense		
<i>Current Income tax expense</i>		
Current Income tax (benefit) / expense	-	-
Adjustment for prior period	(1,514)	(70)
	(1,514)	(70)
<i>Deferred tax (income)</i>		
Origination and Reversal of temporary differences – current		
Adjustment for prior period	1,514	70
	1,514	70
Total income tax (benefit) / expense	-	-
<i>Numerical reconciliation between pre-tax profit and income tax expense:</i>		
Loss for the period	(656)	(4,096)
Income tax using the statutory rate of 30% (2023: 30%)	(197)	(1,229)
Share based payment expense	(22)	151
Tax gain on divestment	16,680	-
Accounting (gain) / loss on Joint Venture agreement	(37)	238
Impairment – Investment in Joint Venture	391	-
Revaluation/impairment of financial assets	-	6
Impairment of assets	67	5
Other permanent adjustment	(54)	4
Benefit of Tax losses (brought to account) / not brought to account	(16,828)	825
	-	-
Under(over) provision in prior years	-	-
Income tax (benefit) / expense	-	-

NOTES TO THE FINANCIAL STATEMENTS

6. TAXES (CONTINUED)

(b) Current tax liability

The current tax liability of nil (2023: nil) represents the amount of income tax payable in respect of current and prior financial periods.

Tax Consolidation

Effective 1 July 2003, for the purposes of Australian income taxation, Carnarvon and its 100%-owned Australian controlled entities formed a tax consolidated group. The head entity of the tax consolidated group is Carnarvon.

The impact of consolidating for tax purposes is that Carnarvon's Australian controlled entities are treated as divisions of Carnarvon rather than as separate entities for tax purposes. At the date of this report, the members of the group have not entered into a tax sharing arrangement.

(c) Deferred tax assets and liabilities

	Consolidated	
	2024	2023
	\$000	\$000
<i>Deferred tax liabilities</i>		
Capitalised exploration deducted immediately	24,738	47,495
Prepayments	77	-
Unrealised foreign exchange gains	-	474
Gross deferred tax liabilities	24,815	47,969
	2024	2023
	\$000	\$000
<i>Deferred tax assets</i>		
Carry forward revenue tax losses	23,401	63,881
Unrealised foreign exchange loss	697	-
Property, plant and equipment	81	102
Business capital expenditure	485	-
Share issue costs	609	609
Provisions	111	243
Accruals	29	21
Lease liability and right-of-use-assets	1	10
Gross deferred tax assets	25,414	64,866
Set-off of deferred tax liabilities pursuant to set-off provisions	(24,815)	(47,969)
Unrecognised deferred tax asset	(599)	(16,897)
Net deferred tax assets	-	-

NOTES TO THE FINANCIAL STATEMENTS

6. TAXES (CONTINUED)

(d) Partially unrecognised tax losses and PRRT credits (not tax effected)

	2024 \$000	2023 \$000
Total Australian tax losses	78,003	212,938
Unaugmented PRRT losses	123,381	205,670

7. OTHER RECEIVABLES

	Consolidated	
	2024 \$000	2023 \$000
<i>Current</i>		
Other receivables	756	852
Cash held as security	218	218
	974	1,070

The Group's exposure to credit and currency risks is disclosed in Note 26.

8. FINANCIAL ASSETS

	2024 \$000	2023 \$000
Financial assets at FVTPL	-	667

Reconciliation

Reconciliation of the fair values at the beginning and end of the current financial year are set out below:

Investment in CWX Shares

Beginning balance	501	491
Gain on remeasurement of fair value assets	12	32
Disposal of financial assets	513	(22)
Closing balance	-	501

Other Financial Assets – Land Option

Beginning balance	166	66
Option payments	45	100
Disposal of other financial assets	(150)	-
Loss on disposal of other financial assets	(61)	-
Closing balance	-	166

Carrying value at the end of period	-	667
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NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL ASSETS (CONTINUED)

On 6 September 2017, CWX Global Limited (formerly Loyz Energy Limited) ("CWX") issued 331,653,000 shares to Carnarvon. The shares were received as settlement for a deferred consideration asset relating to the sale of Carnarvon's share in oil producing Concessions in Thailand to CWX in 2014. As part of the settlement, Carnarvon is also entitled to 12% of any sale proceeds over US\$45m, should CWX sell the Concessions.

During the reporting period, Carnarvon disposed of 225,441,900 shares at average of S\$0.002/share. (AU\$0.0022).

Other financial assets:

On 4 March 2022, Carnarvon entered into a 12-month call option (Call Option) to purchase a 65Ha site in the Shire of Narrogin, approximately 200kms southeast of Perth, Western Australia, for its proposed biorefinery project. The option fee payable under the Call Option was \$70,000. On 28 February 2023, the parties agreed to extend the Call Option by 6 months to 4 September 2023, with an additional option fee payable of \$80,000. On 25 July 2023, the parties agreed to further extend the Call Option by 9 months to 4 June 2024, with an additional option fee payable of \$45,000.

On 25 March 2024, the company entered into a sale and purchase agreement with Harlin Land Company Pty Ltd to sell the land option for \$150,000. The sale was completed on 5 April 2024.

9. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2024 \$000	2023 \$000
<i>Fixtures and fittings</i>		
Gross carrying amount at cost:		
Balance at beginning of financial year	757	747
Additions	-	10
Balance at end of financial year	757	757
Depreciation and impairment losses:		
Balance at beginning of financial year	720	667
Depreciation charge for year	28	53
Balance at end of financial year	748	720
Carrying amount opening	37	80
Carrying amount closing	9	37

NOTES TO THE FINANCIAL STATEMENTS

10. OTHER ASSETS

	Consolidated	
	2024 \$000	2023 \$000
<i>Current</i>		
Prepayments	290	642

11. RIGHTS-OF-USE ASSETS AND LEASE LIABILITIES

The Group has leases which predominantly relate to office premise and office car bays. Amounts recognised in the statement of financial position and the carrying amounts of the Group's right-of-use assets and lease liabilities and the movement during the period are as follows:

<i>Rights-of-use asset</i>	Consolidated	
	2024 \$000	2023 \$000
Balance at beginning of financial year	186	389
Additions	616	-
Depreciation expense	(203)	(203)
Balance at end of financial year	599	186

<i>Lease liabilities</i>	Consolidated	
	2024 \$000	2023 \$000
Balance at beginning of financial year	220	441
Additions	616	-
Interest expense	6	14
Lease payments	(241)	(235)
Balance at end of financial year	601	220
Current lease	190	220
Non-current lease	411	-
Balance at end of financial year	601	220

The following are the amounts recognised in profit or loss:

	Consolidated	
	2024 \$000	2023 \$000
Depreciation – right-of-use assets	(203)	(203)
Interest expense – lease liabilities	(6)	(14)

NOTES TO THE FINANCIAL STATEMENTS

12. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2024 \$000	2023 \$000
Cost:		
Balance at beginning of financial year	169,382	157,263
Additions	2,392	12,119
Exploration expenditure written off	(222)	-
Divestment	(86,000)	
Balance at end of financial year	85,552	169,382

Recoverability

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

The Company performed an assessment on whether the carry value of the exploration and evaluation expenditure is recoverable at 30 June 2024. Following the assessment, an impairment expense of \$222,000 was recognised in relation to the exploration costs capitalised to permits EP509 and TP29, for which an application to surrender has been submitted to the regulator in June 2024.

All other capitalised expenditure is fully recoverable at 30 June 2024.

Divestment

On 21 February 2023, the Company entered into a binding agreement to divest a 10% interest in its Bedout assets to OPIC Australia Pty Limited, a wholly owned subsidiary of CPC Corporation, Taiwan (CPC), Taiwan's national oil and gas company.

The divestment was completed on 15 August 2023 upon all conditions associated with the transaction, being satisfied. Under the agreement, the Company will receive total cash consideration of up to US\$148,072,097 from the divestment. This comprises an upfront back costs payment of US\$58,072,097 (AU\$88,809,122) before transaction cost on completion of the transaction (received 11 August 2023), and a further carry of US\$90,000,000 of forward capital expenditure in the Bedout permits once a Final Investment Decision (FID) is taken on the Dorado development.

The carry of US\$90,000,000 has not been recognised as at 30 June 2024, in line with the Company's accounting policy (refer to note 31).

13. JOINT OPERATIONS

The Group has the following interests in joint operations:

Joint operation	Principal activities	Ownership interest %	
		2024	2023
<i>Western Australia</i>			
WA-435-P, WA-437-P, Roebuck Basin	Exploration for hydrocarbons	10% ¹	20%
WA-436-P, WA-438-P, Roebuck Basin	Exploration for hydrocarbons	20% ¹	30%
WA-64-L, Roebuck Basin	Exploration for hydrocarbons	10% ¹	20%

¹ Ownership interest reduced during the year due to the completion of the 10% divestment to OPIC Australia Pty Ltd a wholly owned subsidiary of CPC Corporation, Taiwan, Taiwan's national oil and gas company.

Carnarvon has accounted for its interest in the above Concessions as Joint Operations as the company has joint control. Joint control is derived from the voting rights assigned by the Joint Operating Agreements for each permit.

NOTES TO THE FINANCIAL STATEMENTS

14. INVESTMENT IN JOINT VENTURE – FUTUREENERGY

On 27 June 2024, Carnarvon entered a Sale and Purchase Agreement to divest its entire interest in Future Energy Australia Pty Ltd (“FEA”) to Frontier Impact Group (FIG). In accordance with the agreement, Carnarvon received a payment \$106,202 from FIG.

Prior to the termination date of 27 June 2024, the arrangement was classified as a Joint Venture and Carnarvon recognised its interest in the Joint Venture using the equity method. As such, Carnarvon accounted for its 50% share of loss for the period up to the termination date.

Summarised financial information of FEA:

Identifiable assets and liabilities, as at 27 June 2024, of FEA are as follows:

	30 June 2024 \$000
Cash and cash equivalents	106
Total Assets	106
Trade and other payables	106
Total Liabilities	106
Net Assets	-

As indicated above, the fair value of the net assets of FEA at 27 June 2024 is nil.

Reconciliation of interest in FEA:

	30 June 2024 \$000	30 June 2023 \$000
Investment in joint venture beginning balance	1,287	2,079
Share of profit/(loss) for the period (50%)	124	(792)
Impairment of investment in joint venture ¹	(1,305)	-
Divestment of joint venture interest	(106)	-
Investment in joint venture closing balance	-	1,287

¹ The Company performed an impairment assessment during the year, and concluded that the preferred technology had not matured to a level required to allow the Company to recover its initial investment. The Company has therefore recognised an impairment of \$1,305,000 in the Consolidated Income Statement.

Summarised statement of profit or loss of FEA for the period from 1 July 2023 to 27 June 2024:

	30 June 2024 \$000	30 June 2023 \$000
Other Income	444	409
Administrative expenses	(158)	(1,576)
Employee benefits	(38)	(417)
Profit / (Loss) for the period	248	(1,584)
Group’s share of profit/ (loss) for the period (50%)	124	(792)

NOTES TO THE FINANCIAL STATEMENTS

15. TRADE AND OTHER PAYABLES

	Consolidated	
	2024 \$000	2023 \$000
<i>Current</i>		
Trade payables	180	1,045
Director fees payable	9	74
Non-trade payables and accrued expenses	98	68
	287	1,187

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 26.

16. CAPITAL AND RESERVES

	Consolidated	
	2024	2023
<i>Contributed equity</i>		
Balance at beginning of financial year	1,800,186,904	1,800,186,904
Minimum holding buy-back	(2,477,524)	-
Employee share plan shares cancelled	(10,185,079)	-
Performance rights vested	1,222,308	-
Balance at end of financial year	1,788,746,609	1,800,186,904
<i>Issued capital</i>		
Balance at beginning of financial year	314,176	314,096
Exercise of employee shares	772	80
Minimum holding buy-back	(384)	-
Employee share plan shares cancelled	(3,429)	-
Balance at end of financial year	311,135	314,176

NOTES TO THE FINANCIAL STATEMENTS

16. CAPITAL AND RESERVES (CONTINUED)

Ordinary shares have the right to one vote per share at meetings of Carnarvon, to receive dividends as declared and, in the event of a winding-up of Carnarvon, to participate in the proceeds from the sale of all surplus assets in proportion to the number of, and amounts paid up on, shares held.

	2024	2023
	Number of shares	
<i>Reserve shares (plan shares)</i>		
Balance at beginning of financial year	40,790,892	42,062,668
Employee share plan shares cancelled	(10,185,079)	-
Employee share plan repaid	(8,705,036)	(1,271,776)
Balance at end of financial year	21,900,777	40,790,892
	Consolidated	
	2024	2023
	\$000	\$000
<i>Reserve shares (plan shares)</i>		
Balance at beginning of financial year	(6,778)	(6,875)
Employee share plan shares cancelled	3,429	-
Repayment of Employee Share Plan Loans	320	97
Balance at end of financial year	(3,029)	(6,778)

Translation reserve

Movements in the translation reserve are set out in the Statement of Changes in Equity on page 58.

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

Share based payments reserve

Movements in the share-based payments reserve are set out in the Statements of Changes in Equity on page 58. This reserve represents the fair value of shares and rights issued under the previous Employee Share Plan the current Employee Share Incentive Plan and the additional 2024 Performance Rights issue.

17. INTANGIBLE ASSETS

During the period, the Company acquired 20,240 Australian Carbon Credit Units (ACCUs) on market, which will be utilised to offset the company's head office and future Dorado facilities emissions.

The ACCUs have been accounted for as an intangible asset under AASB 138: *Intangible Assets*. Refer to note 31(q) for the groups accounting policy on Intangible Assets.

	Consolidated	
	2024	2023
	\$000	\$000
Intangible Assets	616	-

NOTES TO THE FINANCIAL STATEMENTS

18. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated	
	2024 \$000	2023 \$000
(a) Cash flows from operating activities		
Loss for the year	(656)	(4,096)
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	28	53
Depreciation on right-of-use assets	203	203
Share based payment	(73)	503
Fair value movement of financial asset	(12)	(32)
Loss on sale of other financial assets	61	-
Foreign exchange movement	1,257	(1,521)
Exploration expenditure write-off	222	-
Interest accrued	(741)	(461)
Employee benefit accrual adjustments	-	352
Share of (profit)/loss on Joint Venture	(124)	792
Impairment of Investment in joint ventures	1,305	-
Operating profit/(loss) before changes in working capital and provisions:	1,470	(4,207)
Changes in assets and liabilities:		
(Increase)/Decrease in other receivables	923	(422)
Decrease in other assets	-	14
(Decrease)/Increase in trade and other payables	(693)	403
Decrease in provisions and employee benefits	(441)	(243)
Decrease in ESP reserve	-	(185)
Net cash flows used in operating activities	1,259	(4,640)
(b) Reconciliation of cash and cash equivalents		
Cash at bank and at call	11,201	8,308
Cash on deposit	168,350	86,993
	179,551	95,301

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in Note 26.

Restricted cash of \$218,000 relating to security deposits for corporate credit cards and rental of the Company's head office is included under other receivables (2023: \$218,000 consolidated), see Note 7.

NOTES TO THE FINANCIAL STATEMENTS

19. CAPITAL AND OTHER COMMITMENTS

(a) Exploration expenditure commitments

Due to the nature of the Group's operations in exploring and evaluating areas of interest it is necessary to incur expenditure in order to retain the Group's present permit interests. Expenditure commitments on exploration permits can be reduced by selective relinquishment of exploration tenure, by the renegotiation of expenditure commitments, or by farming out portions of the Group's equity. Failure to meet Joint Operation cash requirements may result in a reduction in equity in that particular Joint Operation.

Exploration expenditure commitments forecast but not provided for in the financial statements are as follows:

	Consolidated	
	2024 \$000	2023 \$000
Less than one year	-	250
Between one and five years	-	-
	-	250
(b) Capital expenditure commitments		
Data licence commitments	52	104

(c) Leases

Lease information for the current reporting period is outlined in Note 11.

20. CONTINGENCIES

In accordance with normal petroleum industry practice, the Group has entered into joint operations and farm-in agreements with other parties for the purpose of exploring and developing its petroleum permit interests. If a party to a joint operation defaults and does not contribute its share of joint operation obligations, then the other joint operators are liable to meet those obligations. In this event, the interest in the permit held by the defaulting party may be redistributed to the remaining joint operators. As at 30 June 2024, there are no liabilities owing by the Group as a result of a joint operating party defaulting on their contributions to the joint operation.

NOTES TO THE FINANCIAL STATEMENTS

21. EMPLOYEE BENEFITS

	Consolidated	
	2024 \$000	2023 \$000
(a) Employee benefits charged to P&L		
Salary and wages (including super)	4,096	4,176
Staff costs allocated to projects	(1,431)	(1,323)
Short term cash bonus	315	-
Share based payment expense	529	575
Share based payment expense reversal ¹	(602)	(72)
Total Employee benefits	2,907	3,356

¹ The Company's share-based payment expense is in credit for the year ending 30 June 2024 due to employee terminations. The terminated employee's performance rights and employee share plan shares were forfeited on termination and subsequently cancelled, with the company recognising an adjustment in the Consolidated Income Statement in line with AASB 2: Share-based payment.

	Consolidated	
	2024 \$000	2023 \$000
(b) Employee benefits liabilities		
<i>Current:</i>		
Liability for annual leave and long service leave	305	663
<i>Non-Current:</i>		
Provision for long service leave	64	147
Total Employee benefits	369	810

NOTES TO THE FINANCIAL STATEMENTS

21. EMPLOYEE BENEFITS (CONTINUED)

Employee Performance Rights

The following table illustrates the balance and valuation of performance rights using Monte Carlo Simulation model as at 30 June 2024:

Instrument	Held at 1 July 2023	Share price at grant date	Date granted	Vesting period (years)	Exercise price	Share price volatility	Risk free rate	Dividend yield	Rights granted	Rights forfeited	Rights lapsed	Rights vested	Weighted fair value at grant date	Held at 30 June 2024 (unvested)
PR-LTIP	2,131,092	0.26	01/07/2021	3	-	50%	0.1%	-	-	(560,000)	(1,020,819)	(550,273)	0.19	-
PR-LTIP	2,179,724	0.33	12/11/2021	3	-	50%	0.1%	-	-	(2,179,724)	-	-	0.24	-
PR-LTIP	3,478,194	0.19	01/07/2022	3	-	64%	0.85%	-	-	(1,090,403)	-	(301,539)	0.12	2,086,252
PR-LTIP	53,106	0.16	05/10/2022	3	-	64%	2.6%	-	-	-	-	-	0.10	53,106
PR-LTIP	2,893,092	0.15	18/11/2022	3	-	64%	2.85%	-	-	(2,893,092)	-	-	0.10	-
PR-LTIP	-	0.13	01/07/2023	3	-	63%	4.1%	-	6,868,468	(1,760,769)	-	(710,769)	0.10	4,396,930
PR-LTIP	-	0.18	17/11/2023	3	-	63%	4.35%	-	4,556,620	(4,556,620)	-	-	0.14	-
2024 PR's	-	0.19	26/04/2024	5	-	54%	4.35%	-	7,500,000	-	-	-	0.12	7,500,000
Total	10,735,208								18,925,088	(13,040,608)	(1,020,819)	(1,562,581)		14,036,288

Under the terms of the Employee Share Incentive Plan (Plan) which was last approved by shareholders of the Company on 11 November 2020, performance rights can be granted to eligible employees for no consideration. Entitlements under these awards vest as soon as the associated vesting conditions have been met. Awards can be settled in cash at the absolute discretion of the Company. Awards under the Plan carry dividends and voting rights.

Performance rights awarded under the STIP are granted for a 12-month period. The vesting condition requires the employee to remain employed by the Company over the vesting period and as at the vesting date.

Performance rights awarded under the LTIP are granted for a 3-year period. The vesting conditions are based on Carnarvon's Total Shareholder Return (TSR) (1) in absolute terms and (2) relative to the returns of a group of companies considered alternative investments to Carnarvon.

The participants must also be employed by the Company over the vesting period and as at the vesting date.

The vesting schedule of 50% of the LTIP performance rights will be subject to relative TSR testing is as follows:

Relative TSR Performance	Level of vesting
Less than 50th percentile	Zero
Between 50th and 75th percentile	Pro rata between 50% and 100%
75th percentile or better	100%

Peer Group: 88 Energy, Buru Energy, Central Petroleum, Cooper Energy, Elixir Energy, Empire Energy, Galilee Energy, Helios Energy, Horizon Oil, Karoon Energy, Strike Energy, Tamboran Resources.

NOTES TO THE FINANCIAL STATEMENTS

21. EMPLOYEE BENEFITS (CONTINUED)

The vesting schedule of 50% of the LTIP performance rights will be subject to absolute TSR testing is as follows:

Absolute TSR Performance	% of performance rights that will vest
10% per annum return	33%
Between 10% and 20% per annum	Pro rata between 33% and 100%
Above 20% per annum	100%

There is an expiration date of 10 years and an exercise period of 90 days from the vesting dates for both STIP and LTIP performance rights.

The additional award of 2024 Performance Rights have different conditions to the above. They were granted for a 5-year period and will vest and become exercisable on the earlier to occur of:

- the 20-day volume weighted average price (VWAP) of Carnarvon shares exceeding \$0.30 per share; or
- a 'Change in Control' event, such as where:
 - Carnarvon announces that its shareholders, at a Court convened meeting of shareholders voted in favour of a scheme of arrangement and the Court, by order, approves the scheme of arrangement;
 - a takeover bid is announced, has become unconditional and the person making the takeover bid holds more than 50% of Carnarvon shares;
 - any person acquires a relevant interest in 50.1% or more Carnarvon shares by any other means; or
 - Carnarvon announces that a sale or transfer of the whole or substantially the whole of the undertaking and business of Carnarvon has been completed

2024 Performance Rights granted to executive Key Management Personnel are subject to progressive cancellation of all, or some, of any unvested portion of the performance rights where they resign from their respective role in the first year following grant of the performance rights, as follows:

- resignation within first three months of the date of grant of the performance rights (Grant Date) – all unvested performance rights forfeited and cancelled;
- resignation in period three – six months after Grant Date – 75% of unvested performance rights forfeited and cancelled;
- resignation in period six – nine months after Grant Date – 50% of unvested performance rights forfeited and cancelled;
- resignation in period nine months – twelve months after Grant Date – 25% of unvested performance rights forfeited and cancelled; and
- resignation in period following one year anniversary of Grant Date – nil unvested performance rights forfeited and cancelled.

None of the performance rights held by executive Key Management Personnel:

- which have vested prior to resigning from their respective role will be forfeited and cancelled; and
- will be forfeited and cancelled (whether vested or unvested) if they are made redundant from their respective role at any time prior to the one-year anniversary of the Grant Date.

All vested and unvested performance rights will be forfeited and cancelled where Key Management Personnel employment is terminated for cause in accordance with the relevant provision of their respective employment contract.

NOTES TO THE FINANCIAL STATEMENTS

21. EMPLOYEE BENEFITS (CONTINUED)

Employee Share Plan

Under the terms of the Carnarvon's previous Employee Share Plan ("ESP"), as approved by shareholders, Carnarvon may, in its absolute discretion, make an offer of ordinary fully paid shares in Carnarvon to any Eligible Person, to be funded by a limited recourse interest free loan granted by the Company.

The issue price is determined by the directors and is not to be less than the weighted average market price of the Carnarvon's shares on the five trading days prior to the date of offer. Eligible Persons use the above-mentioned loan to acquire plan shares.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in plan shares during the year:

	Number 2024	WAEP 2024	Number 2023	WAEP 2023
Outstanding at beginning of year	40,790,892	0.31	42,062,668	0.30
Forfeited during the year	(10,185,079)	0.52	-	-
Exercised during the year	(8,705,036)	0.13	(1,271,776)	0.14
Outstanding at end of year	21,900,777	0.28	40,790,892	0.31
Exercisable at end of year	21,900,777	0.28	40,790,892	0.31

Shares previously granted under the ESP are accounted for as "in-substance" options due to the limited recourse nature of the loan between the employees and Carnarvon to finance the purchase of ordinary shares. There were no ESP shares issued during the period.

22. RELATED PARTY DISCLOSURES

Ultimate parent

Carnarvon Energy Limited is the ultimate parent company.

During the reporting period, the Company provided accounting and administrative services to its other controlled entities for which it did not charge a management fee (2023: nil fees charged).

The carrying value of loans to Carnarvon Petroleum Timor Unipessoal LDA (CPT) was \$4,604,962 as at 30 June 2024 (2023: \$4,604,962). This amount is unsecured, interest-free and is only repayable out of the after-tax profits and has been recorded at a fair value of nil in the Group's statement of financial position as it is only repayable out of after-tax profits of CPT noting that the entity is in the process of being wound-up.

Other related party balances and transactions

At 30 June 2024, an amount of \$ 9,000 (2023: \$74,000) is included in the Group's trade and other payables balance for outstanding director fees and expenses.

NOTES TO THE FINANCIAL STATEMENTS

23. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

There were no performance rights granted under the short-term incentive plan during the current year, nor were there any rights held by key management personnel under the plan at 30 June 2023.

	Consolidated	
	2024 \$000	2023 \$000
Short term benefits	1,852	2,013
Post employment benefits	131	124
Share based payments	(138)	345
Long term benefits	4	214
Other benefits	814	
	<u>2,663</u>	<u>2,696</u>

Information regarding individual directors and executives' compensation and some equity instruments disclosures, as permitted by Corporations Regulation 2M.3.03, are provided in the Remuneration Report section of the directors' report as set out on pages 33 to 50.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

(b) Other key management personnel transactions

Amounts payable to key management personnel or their related parties at reporting date in respect of outstanding director fees and expenses are as follows:

	Consolidated	
	2024 \$000	2023 \$000
<i>Current</i>		
Director's fee payable	<u>9</u>	<u>74</u>

NOTES TO THE FINANCIAL STATEMENTS

23. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(c) Ordinary shares held by key management personnel

The movement during the reporting period in the number of ordinary shares in Carnarvon Energy Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Balance at 1 July 2023 / on appointment	Net acquired/ (sold) on market	Award under Employee Share Plan	Received on exercise of options	Held at date of cessation	Balance at 30 June 2024
<i>Directors</i>						
WA Foster	1,425,938	-	-	-	-	1,425,938
AC Cook ¹	15,938,797	-	-	-	(15,938,797)	-
P Moore ²	964,232	-	-	-	(964,232)	-
SG Ryan ³	305,221	-	-	-	(305,221)	-
D Bakker ⁴	574,774	-	-	-	(574,774)	-
W Barker ⁵	-	-	-	-	-	-
R Black ⁶	-	1,000,000	-	-	-	1,000,000
R Delroy ⁷	91,128,968	-	-	-	-	91,128,968
<i>Other Executives</i>						
PP Huizenga	12,326,196	-	-	-	-	12,326,196
A Doering	1,237,001	200,000	-	-	-	1,437,001

¹ Mr Cook ceased as Managing Director and Chief Executive Officer on 15 December 2023.

² Dr Moore retired from the Board at the Company's Annual General Meeting held on 17 November 2023.

³ Mr Ryan retired from the Board on 2 April 2024.

⁴ Mrs Bakker retired from the Board on 15 December 2023.

⁵ Mr Barker was appointed to the Board on 15 December 2023.

⁶ Mr Black was appointed to the Board on 2 April 2024.

⁷ Mr Delroy was appointed to the Board on 15 December 2023. Mr Delroy is also the founder and investment manager of Nero Resource Fund which holds the 91,128,968 shares

NOTES TO THE FINANCIAL STATEMENTS

23. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

2023	Balance at 1 July 2022 / on appointment	Net acquired/ (sold) on market	Award under Employee Share Plan	Received on exercise of options	Held at date of cessation	Balance at 30 June 2023
<i>Directors</i>						
WA Foster	1,425,938	-	-	-	-	1,425,938
AC Cook	15,938,797	-	-	-	-	15,938,797
P Moore	964,232	-	-	-	-	964,232
SG Ryan	305,221	-	-	-	-	305,221
D Bakker	574,774	-	-	-	-	574,774
<i>Other Executives</i>						
PP Huizenga	12,076,196	250,000	-	-	-	12,326,196
TO Naude	4,019,357	-	-	-	(4,019,357) ¹	-
A Doering ²	1,237,001	-	-	-	-	1,237,001

¹ Mr TO Naude ceased employment as Chief Financial Officer on 31 May 2023.

² Mr A Doering was appointed as Chief Financial Officer on 1 June 2023. His balance at 1 July 2022 is representative of the number shares he held as an employee (before becoming a KMP).

NOTES TO THE FINANCIAL STATEMENTS

23. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(d) Performance rights - held by key management personnel

2024	Held at 1 July 2023	Granted	Exercised	Lapsed	Held at 30 June 2024	Vested and exercisable at 30 June 2024 ⁸	Vested and unexercisable at 30 June 2024 ⁸
<i>Directors</i>							
WA Foster	-	-	-	-	-	-	-
AC Cook ¹	5,072,816	4,556,620	-	(9,629,436)	-	-	-
P Moore ²	-	-	-	-	-	-	-
SG Ryan ³	-	-	-	-	-	-	-
D Bakker ⁴	-	-	-	-	-	-	-
W Barker ⁵	-	1,000,000	-	-	1,000,000	-	-
R Black ⁶	-	1,500,000	-	-	1,500,000	-	-
R Delroy ⁷	-	1,000,000	-	-	1,000,000	-	-
<i>Other Executives</i>							
PP Huizenga	2,329,816	6,993,084	-	-	9,322,900	250,273	750,819
A Doering	426,924	3,653,846	-	-	4,080,770	45,000	135,000
Total	7,829,556	18,703,550	-	(9,629,436)	16,903,670	295,273	885,819

¹ Mr Cook ceased employment as Managing Director and Chief Executive Officer on 15 December 2023. His performance rights lapsed on this date.

² Dr Moore retired from the Board at the Company's Annual General Meeting held on 17 November 2023.

³ Mr Ryan retired from the Board on 2 April 2024.

⁴ Mrs Bakker retired from the Board on 15 December 2023.

⁵ Mr Barker was appointed to the Board on 15 December 2023.

⁶ Mr Black was appointed to the Board on 2 April 2024.

⁷ Mr Delroy was appointed to the Board on 15 December 2023.

⁸ On 30 June 2024, 295,273 of the 1,181,092 performance rights issued to Mr Huizenga and Mr Doering on 1 July 2021 vested and became exercisable upon meeting the required vesting conditions. Both executives elected to exercise the vested performance rights subsequent to year end. The un-exercisable performance rights were cancelled subsequent to year end.

NOTES TO THE FINANCIAL STATEMENTS

23. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

2023	Held at 1 July 2022	Granted	Exercised	Lapsed	Held at 30 June 2023	Vested and exercisable at 30 June 2023	Vested and unexercisable at 30 June 2023
<i>Directors</i>							
WA Foster	-	-	-	-	-	-	-
AC Cook	2,179,724	2,893,092	-	-	5,072,816	-	-
P Moore	-	-	-	-	-	-	-
SG Ryan	-	-	-	-	-	-	-
D Bakker	-	-	-	-	-	-	-
<i>Other Executives</i>							
PP Huizenga	1,001,092	1,328,724	-	-	2,329,816	-	-
TO Naude ¹	585,468	933,986	-	(1,519,454)	-	-	-
A Doering ²	180,000	246,924	-	-	426,924	-	-
Total	3,946,284	5,402,726	-	(1,519,454)	7,829,556	-	-

¹ Mr TO Naude's performance rights lapsed in June 2023 after he ceased employment as Chief Financial Officer on 31 May 2023.

² Mr A Doering's performance rights held as at 30 June 2023 include rights issued to him as part of the company's Employee Share Incentive Plan prior to commenting as Chief Financial Officer on 1 June 2023.

(e) Performance rights- STIP held by key management personnel

There were no performance rights granted under the short-term incentive plan during the year, nor were there any rights held by key management personnel under the plan as at 30 June 2023.

NOTES TO THE FINANCIAL STATEMENTS

23. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(f) Plan shares held by key management personnel

Included in the above table are plan shares held by key management personnel held under the previous ESP loan scheme which are accounted for as in substance options (refer to page 76 for further terms). The balance and movement during the reporting period in the number of plan shares directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

2024	Held at 1 July 2023	Granted as compensation	Employee Share Plan cancellations	Exercised	Held at date of cessation	Held at 30 June 2024
<i>Directors</i>						
WA Foster	-	-	-	-	-	-
AC Cook ¹	12,945,592	-	-	-	(12,945,592)	-
P Moore ²	-	-	-	-	-	-
SG Ryan ³	-	-	-	-	-	-
D Bakker ⁴	-	-	-	-	-	-
W Barker ⁵	-	-	-	-	-	-
R Black ⁶	-	-	-	-	-	-
R Delroy ⁷	-	-	-	-	-	-
<i>Other Executives</i>						
PP Huizenga	11,976,196	-	-	-	-	11,976,196
A Doering	1,237,001	-	-	-	-	1,237,001

¹ Mr Cook ceased as Managing Director and Chief Executive Officer on 15 December 2023.

² Dr Moore retired from the Board at the Company's Annual General Meeting held on 17 November 2023.

³ Mr Ryan retired from the Board on 2 April 2024.

⁴ Mrs Bakker retired from the Board on 15 December 2023.

⁵ Mr Barker was appointed to the Board on 15 December 2023.

⁶ Mr Black was appointed to the Board on 2 April 2024.

⁷ Mr Delroy was appointed to the Board on 15 December 2023.

2023	Held at 1 July 2022	Granted as compensation	Employee Share Plan cancellations	Exercised	Held at date of cessation	Held at 30 June 2023
<i>Directors</i>						
WA Foster	-	-	-	-	-	-
AC Cook	12,945,592	-	-	-	-	12,945,592
P Moore	-	-	-	-	-	-
SG Ryan	-	-	-	-	-	-
D Bakker	-	-	-	-	-	-
<i>Other Executives</i>						
PP Huizenga	11,976,196	-	-	-	-	11,976,196
TO Naude	3,992,512	-	-	-	(3,992,512) ¹	-
A Doering ²	1,237,001	-	-	-	-	1,237,001

¹ Mr TO Naude ceased employment as Chief Financial Officer on 31 May 2023.

² Mr A Doering was appointed as Chief Financial Officer on 1 June 2023. His balance at 1 July 2022 is representative of the number shares he held as an employee (before becoming a KMP).

NOTES TO THE FINANCIAL STATEMENTS

23. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(g) Options over equity instruments held by key management personnel

There were no options on issue that were still to vest at the end of the reporting period.

24. CONSOLIDATED ENTITIES AND JOINT VENTURE

Name	Country of Incorporation	Ownership interest	
		2024	2023
<i>Company</i>			
Carnarvon Energy Ltd	Australia		
<i>Controlled entities</i>			
Carnarvon Thailand Ltd	British Virgin Islands	100%	100%
Timor-Leste Petroleum Pty Ltd	Australia	100%	100%
Dorado Petroleum Pty Ltd	Australia	100%	100%
Carnarvon Bedout 1 Pty Ltd	Australia	100%	100%
Carnarvon Petroleum Timor Unip LDA	Timor-Leste	100%	100%
Carnarvon Future Energy Pty Ltd	Australia	100%	100%
FutureEnergy Australia Pty Ltd	Australia	-	50%

25. SUBSEQUENT EVENTS

On 5 July 2024, the Company issued 1,000,000 of the 2024 performance rights to non-KMP staff.

On 5 July 2024, 1,020,819 LTI performance rights from 2021 lapsed and were cancelled due to not achieving all of the relative TSR conditions and none of the absolute TSR conditions. 885,819 of the lapsed rights related to key management personnel.

On 5 July 2024, 340,273 of the 2021 LTI performance rights that vested at 30 June 2024 were exercised and converted into ordinary shares pursuant to and in accordance with the Company's Performance Rights Plan. 295,273 of the rights related to key management personnel.

On 5 July 2024, the wholly owned subsidiary Carnarvon Thailand Limited was de-registered.

Other than above, there is no other matters or circumstance which have arisen since 30 June 2024 that in the opinion of the directors has significantly affected, or may significantly affect in future financial years:

- (i) The Group's operations; or
- (ii) The results of those operations; or
- (iii) The Group's state of affairs

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. This note presents qualitative and quantitative information about the Group's exposure to each of the above risks, their objectives, policies and procedures for managing risk, and the management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group's overall risk management approach focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects on the financial performance of the Group. The Group does not currently use derivative financial instruments to hedge financial risk exposures and therefore it is exposed to daily movements in the international oil prices, exchange rates, and interest rates.

The Group uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange, and commodity price risk and ageing analysis for credit risk.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future development of the business. Given the stage of the Group's development there are no formal targets set for return on capital. There were no changes to the Group's approach to capital management during the year. Neither the Company nor any of its controlled entities are subject to externally imposed capital requirements.

(a) Interest rate risk

The significance and management of the risks to the Group is dependent on a number of factors including:

- Interest rates (current and forward) and the currencies that are held;
- Level of cash and liquid investments and their term;
- Maturity dates of investments;
- Proportion of investments that are fixed rate or floating rate.

The Group manages the risk by maintaining an appropriate mix between fixed and floating rate investments.

At the reporting date, the effective interest rates of variable rate interest bearing financial instruments of the Group were as follows.

	Consolidated	
	2024	2023
<i>Carrying amount (A\$000)</i>		
Financial assets – cash and cash equivalents	179,551	95,301
<i>Weighted average interest rate (%)</i>		
Financial assets – cash and cash equivalents	4.75%	4.42%
All other financial assets and liabilities are non-interest bearing.		

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity analysis

An increase in 100 basis points from the weighted average year-end interest rates at 30 June 2024 would have increased equity and profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis was performed on 100 basis points for 2023:

	Consolidated	
	Equity \$000	Profit and loss \$000
30 June 2024	1,798	1,798
30 June 2023	955	955

A decrease in 100 basis points from the weighted average year-end interest rates at 30 June 2024 would have decreased equity and profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis was performed on 100 basis points for 2024:

	Consolidated	
	Equity \$000	Profit and loss \$000
30 June 2024	(1,798)	(1,798)
30 June 2023	(955)	(955)

(b) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a financial loss to the Group and arises principally from the Group's receivables from customers and cash deposits.

The Group's receivables are deposits. There were no receivables at 30 June 2024 or 30 June 2023 that were past due.

Cash transactions are limited to financial institutions considered to have a suitable credit rating.

Exposure to credit risk is monitored on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Consolidated	
	2024 \$000	2023 \$000
<i>Carrying amount:</i>		
Cash and cash equivalents	179,551	95,301
Other receivables	974	1,070
	<u>180,525</u>	<u>96,371</u>

All cash held by the Group is deposited with investment grade banks and any expected credit loss is immaterial.

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

The aging of the Group's other receivables at reporting date was:

	Gross 2024 \$000	Impairment 2024 \$000	Gross 2023 \$000	Impairment 2023 \$000
Not past due	974	-	1,070	-
	974	-	1,070	

The Group trades only with recognised creditworthy third parties and the exposure to credit risk as at balance date is not significant. The Group believes that no impairment allowance is necessary in respect of other receivables.

(c) Currency risk

Currency risk arises from assets and liabilities that are denominated in a currency other than the functional currencies of the entities within the Group, being the A\$ and US\$.

The Group does not currently use derivative financial instruments to hedge foreign currency risk and therefore is exposed to daily movements in exchange rates. However, the Group intends to maintain sufficient USD cash balances to meet its USD obligations.

The Group's exposure to foreign currency risk at balance date was as follows, based on carrying amounts.

	USD A\$000
<i>30 June 2024</i>	
Cash and cash equivalents	55,869
Trade payables and accruals	-
Gross balance sheet exposure	55,869
<i>30 June 2023</i>	
Cash and cash equivalents	25,739
Trade payables and accruals	198
Gross balance sheet exposure	25,937

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2024	2023	2024	2023
AUD to:				
1 USD	1.525	1.485	1.499	1.506

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity analysis

A 5% strengthening of the AUD against the USD for the 12 months to 30 June 2024 and 30 June 2023 would have decreased equity and pre-tax profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant:

	Consolidated	
	Equity \$000	Profit and loss \$000
30 June 2024		
USD	(3,989)	(3,989)
30 June 2023		
USD	(1,846)	(1,846)

A 5% weakening of the AUD against the USD for the 12 months to 30 June 2024 and 30 June 2023 would have increased equity and pre-tax profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant:

	Consolidated	
	Equity \$000	Profit and loss \$000
30 June 2024		
USD	4,409	4,409
30 June 2023		
USD	2,041	2,041

(e) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's approach to managing this risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under a range of financial conditions. The Group's significant balance of cash and cash equivalents are considered to be adequately address this risk.

The Group currently does not have any available lines of credit.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of any netting agreements:

	Carrying amount \$000	Contractual cash flows \$000	6 months or less \$000	6 to 12 months \$000
30 June 2024				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	180	180	180	-
30 June 2023				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	1,045	1,045	1,045	-

NOTES TO THE FINANCIAL STATEMENTS

27. FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

30 June 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Other financial assets	-	-	-	-
Total assets	-	-	-	-
30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Other financial assets	501	-	-	501
Total assets	501	-	-	501

There were no transfers between levels during the financial year.

The carrying amounts of cash and cash equivalents, other receivables and trade and other payables approximate their fair values due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS

28. PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with the Australian accounting standards:

	2024 \$000	2023 \$000
Statement of financial position		
Current Assets	180,815	97,013
Non-current assets	86,776	171,058
Total assets	267,591	268,071
Current liabilities	1,192	2,070
Non-current liabilities	65	147
Total liabilities	1,257	2,217
Equity		
Issued Capital	311,135	314,176
Accumulated loss	(49,750)	(49,596)
Reserves	4,949	1,273
Total equity	266,334	265,853
Statement of comprehensive income		
Total loss	(656)	(5,618)
Total comprehensive loss	(656)	(5,618)

Parent Contingencies

In accordance with normal petroleum industry practice, Carnarvon has entered into joint arrangements and farmin agreements with other parties for the purpose of exploring and developing its petroleum permit interests. If a party to a joint operation defaults and does not contribute its share of joint operation's obligations, then the other joint operators may be liable to meet those obligations. In this event, the interest in the permit held by the defaulting party may be redistributed to the remaining joint operators.

(a) Exploration expenditure commitments

Due to the nature of Carnarvon's operations in exploring and evaluating areas of interest it is necessary to incur expenditure in order to retain Carnarvon's present permit interests. Expenditure commitments on exploration permits can be reduced by selective relinquishment of exploration tenure, by the renegotiation of expenditure commitments, or by farming out portions of Carnarvon's equity. Failure to meet Joint Operation cash requirements may result in a reduction in equity in that particular Joint Operation.

NOTES TO THE FINANCIAL STATEMENTS

28. PARENT INFORMATION (CONTINUED)

Exploration expenditure commitments forecast but not provided for in the financial statements are as follows:

	2024 \$000	2023 \$000
Less than one year	-	250
Between one and five years	-	-
	-	250
(b) Capital expenditure commitments		
Data licence commitments	52	104

29. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets and liabilities as at 30 June 2024 (2023: nil).

30. BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Statement of compliance

The financial report is a general purpose financial report prepared in accordance with Australian Accounting Standards ("AASBs"), including Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"), and the *Corporations Act 2001*.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards ("IFRSs"). Material accounting policies adopted in the preparation of this financial report are presented below.

(b) Adoption of new and amended Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year.

The consolidated entity has adopted all the new, revised or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(c) Basis of measurement

The financial report is prepared on a historical cost basis, except for financial assets which are measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS

30. BASIS OF PREPARATION OF THE FINANCIAL REPORT (CONTINUED)

(d) Functional currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates (the "functional" currency). The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

(e) Use of estimates and judgements

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement to determine whether it is likely that future economic benefits are likely, from future either exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This requires management to make certain estimates and assumptions as to future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available.

If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in profit or loss in the period when the new information becomes available.

Key judgement – functional currency

The determination of the functional currency of the Company's controlled entities requires consideration of a number of factors. These factors include the currencies that primarily influence their costs and the economic environment in which the entities operate.

Key judgement – joint control

The determination of whether the Company has joint control, in relation to a joint arrangement, requires consideration of contractual arrangements. The Company must determine if there is a contractually agreed sharing of control, which only exists when decisions about the relevant activities require the unanimous consent of the parties sharing control.

(f) Rounding Off

The Company is an entity of the kind referred to in the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016. As a result, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

31. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report. The accounting policies have been applied consistently by all entities in the Group.

(a) Basis of consolidation

Controlled entities

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Joint Operations

The Group's share of the assets including its share of any assets held jointly, liabilities including its share of any liabilities incurred jointly, revenue from the sale of its share of the output arising from the joint operation and share of revenue from the sale of output by the joint operation and expenses, including its share of any expenses incurred jointly, have been included in the appropriate line items of the consolidated financial statements. Details of the Group's interests are provided in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

31. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Joint Ventures

The Group's investments in joint ventures are accounted for using the equity method. Details of the Group's interests in joint ventures are provided in Note 14.

Impairment of Joint Ventures

At each reporting date, the Group assesses whether there is any indication that an investment in joint venture may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an investment in joint venture exceeds its recoverable amount the investment is considered impaired and is written down to its recoverable amount.

(b) Income tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Income Statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS

31. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Tax consolidation

Carnarvon Energy Limited and its wholly-owned Australian-resident controlled entities formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. Carnarvon Energy Limited is the head entity of the tax-consolidated group.

(c) Property, plant and equipment

Recognition and measurement

All property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. The cost of an item also includes the initial estimate of the costs of dismantling and removing an item and restoring the site on which it is located. Such amounts are determined based on current costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Impairment

The carrying amount of property, plant and equipment is reviewed at each balance date to determine whether there are any objective indicators of impairment that may indicate the carrying values may not be recoverable in whole or in part.

Where an asset does not generate cash flows that are largely independent it is assigned to a cash generating unit and the recoverable amount test applied to the cash generating unit as a whole.

If the carrying value of the asset is determined to be in excess of its recoverable amount, the asset or cash generating unit is written down to its recoverable amount.

Depreciation

Depreciation on property, plant and equipment is calculated on a straight-line basis over expected useful life to the economic entity commencing from the time the asset is held ready for use. The major depreciation rates used for all classes of depreciable assets are:

Property, plant and equipment: 10% to 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least annually.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

31. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Exploration and evaluation

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the Group's rights of tenure to the area are current and that the costs are expected to be recouped through the successful development of the area, or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Each area of interest is assessed for impairment to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Impairment testing is carried out in accordance with Note 31(e). Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation costs attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation to oil and gas assets.

The Company does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

Divestment

Where an ownership interest in an exploration and evaluation asset is disposed of, the transaction is recognised by reference to the carrying value of the original interest. Any cash consideration paid, including transaction costs, is accounted for as an acquisition of exploration and evaluation assets. Any cash consideration received, net of transaction costs, is treated as a recoupment of costs previously capitalised with any excess accounted for as a gain on disposal of non-current assets.

Deferred consideration is accounted for if it is probable that future economic benefits will flow to the entity.

(e) Recoverable amount of non-financial assets and impairment testing

Assets that are subject to depreciation are reviewed annually to determine whether there is any indication of impairment. Where such an indicator exists, a formal assessment of recoverable amount is then made. Where this is less than carrying amount, the asset is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or cash generating unit. In estimating value in use, a pre-tax discount rate is used which reflects the current market assessments of the time value of money and the risks specific to the asset. Any resulting impairment loss is recognised immediately in the income statement.

For the purposes of impairment testing assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

(f) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

NOTES TO THE FINANCIAL STATEMENTS

31. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes other receivables.

NOTES TO THE FINANCIAL STATEMENTS

31. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the Income Statement .

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

NOTES TO THE FINANCIAL STATEMENTS

31. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

Expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss will be recognised through an allowance. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Income Statement.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

31. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Segment reporting

The Group reports one segment, oil and gas exploration, development and production, to the chief operating decision maker, being the Board of Carnarvon Energy Limited, in assessing performance and determining the allocation of resources. The segment operations and results are the same as those reported in the Group financial statements.

Unless otherwise stated, all amounts reported to the chief operating decision maker are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

From management purposes, the Group has identified only one reportable segment, being offshore exploration activities undertaken in Australia. This segment includes activities associated with the determination and assessment of the existence of commercial resources, from the Group's permits in this geographic location.

(i) Foreign currency

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates (the "functional" currency). The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate at balance date. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Foreign operations

The financial performance and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at balance date
- income and expenses are translated at average exchange rates for the period

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve as a separate component of equity. These differences are recognised in the income statement upon disposal of the foreign operation.

(j) Share capital

Incremental costs directly attributable to an equity transaction are shown as a deduction from equity, net of any recognised income tax benefit.

NOTES TO THE FINANCIAL STATEMENTS

31. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year are determined using the projected unit credit method.

Share based payments

Share based compensation has been provided to eligible persons via the Carnarvon current Employee Share Plan ("ESIP"), by the award of performance rights. Share based compensation has also been provided under the former Employee Share Plan ("ESP"), financed by means of interest-free limited recourse loans. Under AASB 2 "*Share-based Payments*", the both ESIP and ESP shares are deemed to be equity settled, share-based remuneration.

The fair values of the performance rights granted under the ESIP are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at the grant date and recognised over the period during which the employee becomes unconditionally entitled to the performance rights.

Under the ESP, for limited recourse loans and share options issued to eligible persons, the Group is required to recognise within the income statement a remuneration expense measured at the fair value of the shares inherent in the issue to the eligible person, with a corresponding increase to a share-based payments reserve in equity. The fair value is measured at grant date and recognised when the eligible person become unconditionally entitled to the shares, effectively on grant. A loan receivable is not recognised in respect of plan shares issued. Upon cancellation or forfeiture of the shares issued under ESPs, transfer is made from issued capital to reserve shares.

The fair value at grant date under the Former and Current ESP is determined using pricing models that factors in the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield, and the risk free rate for the assumed term of the plan. With respect to plan shares under the Former ESP, upon repayment of the ESP loans, the balance of the share-based payments reserve relating to the loan repaid is transferred to issued capital.

(l) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") for its ordinary shares.

Basic EPS is calculated by dividing the profit attributable to equity holders of the Company by the weighted number of shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potential ordinary shares, which comprise share options issued.

NOTES TO THE FINANCIAL STATEMENTS

31. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks.

(n) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Finance income and expenses

Interest revenue on funds invested is recognised as it accrues, using the effective interest rate method.

Finance expenses comprise interest expense on borrowings and the unwinding of the discount on provisions.

(p) Investment in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its joint venture is accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost.

The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date.

(q) Intangible assets – ACCU's

The Group only recognises intangible assets if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity, and if the cost can be reliably measured.

Intangible assets of the Group are initially measured at cost and subsequently measured at cost less any accumulated impairment losses, in line with AASB 138 "*Intangible Assets*".

The intangible assets are not amortised but will be assessed at least annually for impairment and more frequently if events or changes in circumstances indicate that it might be impaired.

NOTES TO THE FINANCIAL STATEMENTS

31. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(r) New Accounting Standards for Application in Future Periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, and have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2024. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below:

Reference	Title	Summary	Impact on the Company	Application date of standard	Application date for Group
AASB 101 Amendments to Australian Accounting Standards	<i>Classification of Liabilities as Current or Non-current</i>	The amendments clarify that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. The amendments also clarify what it means when it refers to the 'settlement' of a liability.	The Company is still assessing the impact.	1 July 2024	1 July 2024
AASB 18 Amendments to Australian Accounting Standards	<i>Presentation and Disclosure in Financial Statements</i>	<p>AASB 18 has been issued to improve how entities communicate in their financial statements, with a particular focus on information about financial performance in the statement of profit or loss. The key presentation and disclosure requirements established by AASB 18 are:</p> <ul style="list-style-type: none"> The presentation of newly defined subtotals in the statement of profit or loss The disclosure of management-defined performance measures (MPM) Enhanced requirements for grouping information (i.e. aggregation and disaggregation) <p>AASB 18 is accompanied with limited consequential amendments to the requirements in other accounting standards, including AASB 107 Statement of Cash Flows.</p> <p>AASB 18 introduces three new categories for classification of all income and expenses in the statement of profit or loss: operating, investing and financing. Additionally, entities will be required to present subtotals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'.</p> <p>For the purposes of classifying income and expenses into one of the three new categories, entities will need to assess their main business activity, which will require judgement. There may be more than one main business activity.</p> <p>AASB 18 also requires several disclosures in relation to MPMs, such as how the measure is calculated, how it provides useful information and a reconciliation to the most comparable subtotal specified by AASB 18 or another standard.</p> <p>AASB 18 will replace AASB 101 Presentation of Financial Statements.</p>	The Company is still assessing the impact.	1 January 2027	1 January 2027

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Entity Name	Entity Type	Body corporate country of incorporation	Body corporate % share of capital held	Country of tax residence
Carnarvon Energy Ltd	Body corporate	Australia	100%	Australia
Carnarvon Thailand Ltd	Body corporate	British Virgin Islands	100%	Australia
Timor-Leste Petroleum Pty Ltd	Body corporate	Australia	100%	Australia
Dorado Petroleum Pty Ltd	Body corporate	Australia	100%	Australia
Carnarvon Bedout 1 Pty Ltd	Body corporate	Australia	100%	Australia
Carnarvon Petroleum Timor Unip LDA	Body corporate	Timor-Leste	100%	Australia
Carnarvon Future Energy Pty Ltd	Body corporate	Australia	100%	Australia
FutureEnergy Australia Pty Ltd	Joint Venture	Australia	-	Australia

DIRECTORS' DECLARATION

- (1) In the opinion of the directors of Carnarvon Energy Limited:
 - (a) the financial statements and notes of the Group set out on Pages 56 to 102 are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year ended on that date; and
 - (ii) Complying with Accounting Standards and the Corporations Regulations 2001; and
 - (b) The financial statements and notes comply with International Financial Reporting Standards as set out in Note 31;
 - (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable
 - (d) The consolidated entity disclosure statement required by section 295(3A) of the Corporations Act is true and correct.

- (2) This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2024.

Signed in accordance with a resolution of the directors.



Robert Black
Chair
Perth, 30 August 2024

INDEPENDENT AUDIT REPORT



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Independent auditor's report to the members of Carnarvon Energy Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Carnarvon Energy Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated income statement and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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INDEPENDENT AUDIT REPORT



We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Carrying value of capitalised exploration and evaluation assets

Why significant	How our audit addressed the key audit matter
<p>The Group held exploration and evaluation assets ("E&E assets") of \$85,552,000 as at 30 June 2024.</p> <p>The carrying value of exploration and evaluation assets is assessed for impairment by the Group when facts and circumstances indicate that the exploration and evaluation assets may exceed their recoverable amount.</p> <p>The determination as to whether there are any indicators to require an exploration and evaluation asset to be assessed for impairment, involves a number of judgements including whether the Group has tenure, will be able to perform ongoing expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. The Group did not identify any impairment indicators as at 30 June 2024.</p> <p>Refer to Note 12 in the financial report for capitalised exploration and evaluation asset balances and related disclosures.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ We considered the Group's right to explore in the relevant exploration area which included obtaining and assessing supporting documentation such as license agreements. ▶ We considered the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration area which included an assessment of the Group's future cash flow forecasts and enquiries of management and the Board of Directors as to the intentions and strategy of the Group. ▶ We assessed whether data existed to indicate that the carrying value of capitalised E&E assets was unlikely to be recovered through development or sale. ▶ We considered management's assessment of the carrying value of exploration and evaluation assets. ▶ We assessed the adequacy of the disclosures contained in Note 12 of the financial report.

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2. Accounting for Bedout Partial Divestment

Why significant	How our audit addressed the key audit matter
<p>As disclosed in Note 12 to the financial report, the Group completed the divestment of a 10% interest in its Bedout assets to OPIC Australia Pty Limited, a wholly owned subsidiary of CPC Corporation, Taiwan ("CPC"), on 15 August 2023. The Group received an upfront payment of US\$58.7 million (A\$86 million) relating to back costs, and is entitled to a further carry of US\$90 million of future capital expenditure in the Bedout permits once a Final Investment Decision (FID) is taken on the Dorado development.</p> <p>The Group accounted for the back cost payment by reducing their E&E asset and recognising cash in accordance with its accounting policy.</p> <p>This was considered to be a key audit matter due to the significance of the amounts involved and the judgment applied in determining the accounting treatment for the partial divestment, including the carry of future capital expenditure.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ We read the Sale and Purchase Deed with CPC in order to understand the nature and terms of the divestment transaction. ▶ We assessed the Group's accounting treatment relating to the back cost payment received and future carry in accordance with the requirements of AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i> and the Group's accounting policy. ▶ With the involvement of our tax specialists, evaluated the reasonableness of the tax calculations and disclosures applicable to the divestment. ▶ We assessed the adequacy of the disclosure included in the Note 12 to the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2024 annual report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- ▶ The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

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- ▶ The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and

for such internal control as the directors determine is necessary to enable the preparation of:

- ▶ The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ▶ The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDIT REPORT



Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 33 to 50 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Carnarvon Energy Limited for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A stylized, handwritten signature in black ink that reads 'Ernst + Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'T S Hammond'.

T S Hammond
Partner
Perth
30 August 2024

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ADDITIONAL SHAREHOLDER INFORMATION

Additional information required by the ASX Limited ("ASX") Listing Rules and not disclosed elsewhere in this report is set out below.

a) Shareholdings as at 28 August 2024

Substantial shareholders

Name of Shareholder	Number of Shares	Date of last Notice
Collins St Asset Management ATF Collins St Value Fund	174,809,463	30 April 2024
Nero Resources Fund Pty Ltd	91,128,968	18 December 2023

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum \$500.00 parcel at \$0.155 per unit	3,226	419	674,751

Voting Rights

The voting rights attaching to Ordinary Shares are governed by the Constitution. On a show of hands every person present who is a member or representative of a member shall have one vote and on a poll, every member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each share held. No options have any voting rights.

Twenty Largest Shareholders

Name of Shareholder	Number of Shares	% held
Sandhurst Trustees Ltd	174,809,463	9.77
J P Morgan Nominees Australia Pty Limited	130,337,361	7.29
Treasury Services Group Pty Ltd	91,128,968	5.09
Citicorp Nominees Pty Limited	84,804,943	4.74
BNP Paribas Nominees Pty Ltd	65,217,910	3.65
HSBC Custody Nominees (Australia) Limited	51,081,952	2.86
Perpetual Corporate Trust Ltd	20,000,000	1.12
Havannah Investments Pty Ltd	16,710,037	0.93
Brixia Investments Ltd	14,244,750	0.80
Prettejohn Projects Pty Ltd	13,500,000	0.75
Kinabalu Australia Pty Ltd	12,969,842	0.72
Mr Philip Paul Huizenga	12,126,469	0.68
Pullington Investments Pty Ltd	10,853,481	0.61
Est Edward Patrick Jacobson	9,522,482	0.53
Jacobson Geophysical Services Pty Ltd	8,754,068	0.49
47 Eton Pty Ltd	8,690,000	0.49
Warbont Nominees Pty Ltd	7,949,845	0.44
BNP Paribas Noms Pty Ltd	7,914,019	0.44
Cosmetics Pty Ltd	7,200,000	0.40
Kemast Investments Pty Ltd	7,000,000	0.39
Pierce & Pierce Pty Ltd	7,000,000	0.39
	761,815,590	42.58

ADDITIONAL SHAREHOLDER INFORMATION

Distribution of equity security holders

Size of Holding			Number of shareholders	Number of fully paid shares
1	To	1,000	144	37,384
1,001	To	5,000	1,221	4,747,774
5,001	To	10,000	1,718	14,102,680
10,001	To	100,000	4,676	186,342,120
100,001	and over		1,692	1,561,956,148
			9,451	1,767,186,106

b) Option holdings as at 28 August 2024

There are no current option holdings.

c) On-market buyback

There is no current on-market buyback.

d) Schedule of permits (post-divestment)

Permit	Basin	Equity	Joint Venture Partner(s)	Partner Interest		Indicative Forward Program
				Santos	OPIC	
Australia						
EP509	Carnarvon	100%	-	-	-	Relinquishment
TP29	Carnarvon	100%	-	-	-	Relinquishment
WA-435-P	Roebuck	10%	Santos Limited, and OPIC Australia	80%	10%	G & G studies
WA-436-P	Roebuck	20%	Santos Limited, and OPIC Australia	70%	10%	G & G studies
WA-437-P	Roebuck	10%	Santos Limited, and OPIC Australia	80%	10%	G & G studies
WA-438-P	Roebuck	20%	Santos Limited, and OPIC Australia	70%	10%	G & G studies, appraisal
WA-64-L	Roebuck	10%	Santos Limited, and OPIC Australia	80%	10%	Development and production



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