

ASX ANNOUNCEMENT

Quarterly Activities Report

For the period ended 30 September 2024

28 October 2024

Carnarvon Energy Limited (ASX:CVN)(Carnarvon or the Company) is pleased to provide an update on the Company's activities and financial position as at 30 September 2024.

Quarter Highlights

- Progress continues to be made on the Dorado Phase 1 liquids development project
- Assessment of FPSO options ongoing
- Technical studies to support FEED re-entry are expected to be completed in the December quarter towards a targeted Final Investment Decision (FID) in 2025
- Experienced industry executive, Susan Jones, was appointed to the Board as a Non-Executive Director. William (Bill) Foster retired from the Board at the end of the reporting period.
- Strong Balance Sheet maintained with A\$177 million cash, no debt, and US\$90 million Dorado development free carry

Carnarvon's CEO, Philip Huizenga, commented:

"Whilst we eagerly anticipate FEED re-entry for the Dorado Project during the next quarter, we are encouraged by the ongoing progress being undertaken with respect to the various technical studies that are supporting the conceptual re-shaping of the initial liquids' development project.

As noted previously, the re-shaping has allowed the Joint Venture development team to assess various options for the key infrastructure, which continued during the quarter. With FEED re-entry anticipated for the December quarter, expected to build on the extensive work already undertaken, we look forward to the Joint Venture being able to progress the project towards FID, which is targeted in 2025.

Finally, I would like to welcome Susan Jones to the Company as a Non-Executive Director. Susan's experience will be a valuable addition to the Board as it drives Carnarvon's strategic directives, especially with respect to entering FEED and progressing to FID. I would also like to thank Bill Foster for his significant contributions to the Company over the past fourteen years."

Project Development

Dorado WA-64-L (Carnarvon 10%, Santos 80%, operator)

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

The selected concept for the Dorado Phase 1 liquids development is based on production from a fixed wellhead platform (WHP) connected to a Floating Production, Storage and Offtake (FPSO) vessel handling oil and condensate stabilisation, storage and offloading, water treatment for disposal, gas dehydration, gas compression and reinjection. This industry proven development concept is used extensively in other facilities off the coast of Western Australia.

During the Phase 1 development, gas will be injected back into the reservoir to enhance oil and condensate production, with the gas then being available for the future Phase 2 gas export development.

The Joint Venture continues to finalise the optimised development concept for Dorado. This includes an opportunity to optimise the production rate, allowing the Joint Venture to reduce the sizing of the FPSO, WHP and other facilities, and phase the timing of wells. The joint venture also continued its assessment of FPSO options for the development.

The Joint Venture is anticipating FEED re-entry to commence during the December quarter, with FID targeted in 2025.

Bedout Exploration

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

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

As outlined above, with the re-shaping of the Dorado facilities throughput, there are expected to be sufficient discovered liquids resources in Dorado, a 162 million barrel field (2C, gross) and Pavo, which contains an additional 43 million barrels (2C, gross) (refer to ASX announcement on 2 May 2022), to fully utilise the planned Dorado facilities for several years. Hence, the next phase of exploration in the Bedout is intended to concentrate on unlocking additional gas resources to support the expected Phase 2 gas export development.

Preparatory work for the next exploration drilling campaign is well advanced. However, due to rig availability and environmental approval timelines, drilling is not expected to commence until 2026.

Other Exploration

EP509 and TP29

During the quarter, the Company received approval from the regulator to surrender the EP509 and TP29 exploration permits. This finalises the surrender of the Company's non-core exploration permits consistent with Carnarvon's refined strategy and continued exploration focus on the highly prospective and proven Bedout Sub-basin.

Corporate

The Board succession process was completed during the quarter, with William (Bill) Foster retiring from the Board and Susan Jones being appointed as a Non-Executive Director.

Ms Jones is an experienced executive with over 25 years' experience in the energy sector gained in Australia and internationally. She is a lawyer by training but has undertaken a wide variety of roles including legal, commercial, asset management, sustainability, risk and governance. Her most recent role was Executive Vice President Legal and ESG at Beach Energy. Ms Jones has worked at large multi-national energy companies and law firms as well being a co-founder of an offshore exploration company. Her experience covers all aspects of project development and delivery.

Cash and liquidity position

The Company ended the quarter with A\$177 million in cash, and no debt. Carnarvon also maintains US\$90 million in Dorado development cost carry.

In line with the significant corporate cost reductions achieved over the course of 2024, the interest received during the quarter continued to be materially higher than administrative, corporate and staff costs for the period.

The Company recognised a A\$3.12 million unrealised foreign exchange loss at the end of the quarter, due to a depreciation of USD in comparison to AUD on the portion of the Company's funds held in USD. However, Carnarvon prudently manages its cash balance through term deposits and by holding a balance of funds between AUD and USD, which maintains a natural hedge for future expected expenditures in each currency.

Financial analysis of selected items within Appendix 5B

Appendix 5B reference	ASX description reference	Carnarvon commentary
1.2 (d)	Staff costs	Staff costs include employee salaries and on costs.
1.2 (e)	Administration and corporate costs	<p>This item includes costs for and associated with operating the company's office, ASX listing fees, insurances, software licences, investor relations and travel.</p> <p>In the current quarter, the Company incurred annual insurance and technical software licensing costs.</p>
1.4	Interest received	<p>Carnarvon holds a significant portion of its cash in term deposits, which generate interest income during the year. Interest is recorded in the Appendix 5B when received, namely when deposits mature.</p> <p>Accordingly, the amount varies each quarter based on the interest rate, the amount on term deposit and the timing of the maturity of the term deposits.</p>
2.1 (d)	Exploration and evaluation costs capitalised	During the quarter, Carnarvon incurred a net outflow of A\$702k on exploration and evaluation activities which primarily related to the Dorado development optimisation and pre-FEED work.
4.5	Effect of movement in exchange rates on cash held	<p>This reflects the impact of a depreciation of USD in comparison to AUD on the portion of the company's funds which are held in USD.</p> <p>Carnarvon prudently manages its cash balance by holding a balance of funds between AUD and USD, which maintains a natural hedge for future expected expenditures in each currency.</p>
6.1	Payments to related parties and their associates	These costs pertain to remuneration paid to Non-Executive Directors.
8.0	Future operating activities	<p>For the upcoming quarter, Carnarvon has forecast A\$1.6 million - \$2 million expenditures in the Bedout Sub-basin and A\$0.8 - \$1.0 million in corporate, staff and other costs.</p> <p>Corporate and staff costs are expected to be fully offset by interest received for the quarter.</p>

Figure 1: Project Map

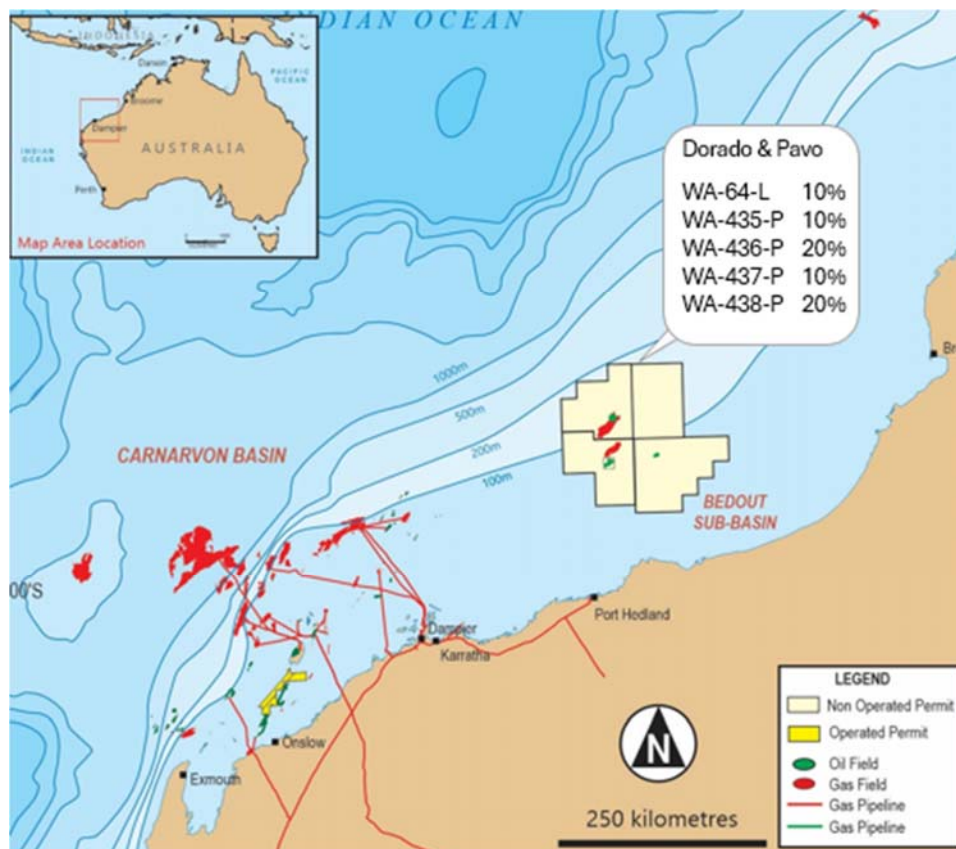


Table 1: Carnarvon tenements

Project	Permit(s)	Operator	Interest Held	Interest Change Q/Q
Bedout	WA-64-L	Santos	10%	-
Bedout	WA-435-P	Santos	10%	-
Bedout	WA-436-P	Santos	20%	-
Bedout	WA-437-P	Santos	10%	-
Bedout	WA-438-P	Santos	20%	-
Pepper	EP509 & TP29	Carnarvon	-	(100%)

Acronym	Definition
bopd	barrels of oil per day
bbls	Barrels of oil
CVN	Carnarvon Energy Limited
FEED	Front end engineering and design
FID	Final Investment Decision
JV	Joint Venture
km	Kilometres
km ²	Square kilometres
m	Millions
Qtr	Quarter
Q/Q	Quarter on quarter
Tcf	Trillion cubic feet (gas)
WHP	Wellhead platform
2D	Two-dimensional seismic data
3D	Three-dimensional seismic data
MC3D	Multi-client 3D – seismic data acquired for multiple parties that require licensing
USD	United States of America dollar

Cautionary Statement*

There are numerous uncertainties inherent in estimating reserves and resources, and in projecting future production, development expenditures, operating expenses and cash flows. Oil and gas reserve engineering and resource assessment are subjective processes of estimating subsurface accumulations of oil and gas that cannot be measured in an exact way. Prospective resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) and relate to undiscovered accumulations. These estimates have both a risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially recoverable hydrocarbons.

Resources

All prospective resources in this update are prepared as at 4 October 2022, 30 June 2023 and 1 September 2023 pursuant to the announcements released to the ASX on 4 October 2022, 30 August 2023 and 1 September 2023. The estimates of prospective resources included in this update have been prepared in accordance with the definitions and guidelines set forth in the SPE-PRMS.

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

Prospective resources have been reported using the best estimate. Prospects are made up of multiple potential reservoir horizons and these are “rolled-up” statistically into a single prospective resource. These prospective resources are statistically aggregated up to the field level and arithmetically summed to the project level.

Conversion from gas to barrels of oil equivalent is based on Gross Heating Value. Carnarvon uses a constant conversion factor of 5.7 Bscf/MMboe. Volumes of oil and condensate, defined as ‘C5 plus’ petroleum components, are converted from MMbbl to MMboe on a 1:1 ratio.

Competent Person Statement Information

The resource estimates outlined in this report were compiled by Carnarvon’s Chief Executive Officer, Mr Philip Huizenga, who is a full-time employee of the company.

Mr Huizenga has over 25 years’ experience in petroleum exploration and engineering. Mr Huizenga holds a Bachelor’s Degree in Engineering, a Master’s Degree in Petroleum Engineering and is a member of the Society of Petroleum Engineers. Mr Huizenga is qualified in accordance with ASX Listing Rules and has consented to the form and context in which this statement appears.

Forward Looking Statements

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

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Appendix 5B

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

Name of entity

CARNARVON ENERGY LIMITED

ABN

60 002 688 851

Quarter ended ("current quarter")

30 September 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(347)	(347)
	(e) administration and corporate costs	(718)	(718)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2,247	2,247
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	1,182	1,182

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(702)	(702)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(702)	(702)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(52)	(52)
3.10	Net cash from / (used in) financing activities	(52)	(52)

4.	Net increase / (decrease) in cash and cash equivalents for the period	Current quarter \$A'000	Year to date (12 months) \$A'000
4.1	Cash and cash equivalents at beginning of period	179,551	179,551
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,182	1,182
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(702)	(702)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(52)	(52)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(3,174)	(3,174)
4.6	Cash and cash equivalents at end of period	176,805	176,805

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	13,835	11,201
5.2	Call deposits	162,970	168,350
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	176,805	179,551

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	95
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

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

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

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	1,182
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(702)
8.3 Total relevant inflows/(outgoings) (item 8.1 + item 8.2)	480
8.4 Cash and cash equivalents at quarter end (item 4.6)	176,805
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	176,805
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	N/A
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: n/a	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: n/a	

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

Answer: n/a

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

Compliance statement

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

Date: 28 October 2024

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

Notes

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