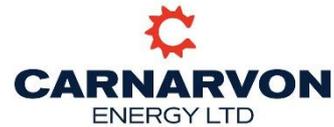


Dorado project & financing update

4 March 2022



Highlights

- **FEED progress on target to be FID ready by mid-calendar 2022**
- **Strong initial production rates of 75,000 – 100,000 (gross) bopd confirmed**
- **Competitive development and operational costs to be fully defined ahead of FID**
- **Financing process commenced with a range of sources of capital being considered including senior debt, mezzanine finance and potential divestment of some project equity**

Carnarvon Energy Limited (“Carnarvon”) (ASX: CVN) is pleased to provide an update on the Front-End Engineering & Design (“FEED”) work for the Dorado project and related project financing.

Dorado project

Detailed design and engineering work for the production facilities for the Dorado Phase 1 liquids development continues to progress as expected. The facilities engineering and subsurface studies have confirmed the project will initially produce 75,000 – 100,000 barrels of oil per day (“bopd”) (gross).

The Dorado liquids are an extra light, sweet product with externally provided market analysis indicating sales are likely to achieve a premium to Brent.

Studies have also confirmed that the associated gas can effectively be re-injected into the Dorado reservoirs to maintain reservoir pressure, thereby maintaining strong production rates. This gas will be available for production as part of a subsequent, Phase 2, development, and has been incorporated in the basis of design for the facilities.

Detailed design for the production and injection wells has been completed, with tenders issued for long lead items required for development.

Final capital cost definition is being undertaken as part of the FEED process and will be finalised ahead of a Final Investment Decision (“FID”). Given the Dorado project is in shallow water, near existing infrastructure and is an industry-standard design, initial operating cost estimates have confirmed that this project will be a low unit cost operation.

Applications for regulatory approvals have been submitted to the relevant regulators for assessment, with the Production License expected to be granted ahead of FID.

Based on the status of these activities, it is anticipated that the Dorado project will be FID ready by mid-calendar 2022.

Additional information on the Dorado Phase 1 liquids development is contained in the annexure to this announcement.

Project funding

Carnarvon has commenced a formal process to fund its share of the Dorado project.

Azure Capital have been appointed as Carnarvon's financial adviser and are currently progressing a range of potential sources of capital, which may include:

- Traditional reserve-based, non-recourse senior debt facilities;
- Alternative funding options (including junior or subordinated debt, offtake prepayment and royalties); and
- Divestment of a portion of Carnarvon's share of the Dorado project and associated exploration acreage.

Carnarvon will consider all funding options to deliver the optimal balance of capital management while maximising value for shareholders.

Carnarvon Managing Director and CEO, Mr Adrian Cook, said:

"We are pleased that the engineering and design work on the world class Dorado Phase 1 liquids development is progressing to plan and on track to be ready for FID around the middle of this year.

Various sources of capital are being pursued to optimise the Company's balance sheet and extract the most value from this high-quality asset. I look forward to sharing further progress updates in the coming months."

Dorado Project (WA-437-P) Equity Participants

Carnarvon Energy Limited	20%
Santos Limited (<i>Operator</i>)	80%

Approved by:



Adrian Cook
Managing Director
Carnarvon Energy

Investor inquiries:

Thomson Naude
Chief Financial Officer
Phone: (08) 9321 2665
Email: investor.relations@cvn.com.au

Media inquiries:

Luke Derbyshire
Managing Director, Spoke Corporate
Phone: 0488 664 246
Email: luke@spokecorporate.com

Forward-looking statements

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

Resources

All contingent resources presented in this announcement are prepared as at 23 April 2018 and 15 July 2019 pursuant to the announcements released to the ASX on 23 April 2018 and 15 July 2019.

The estimates of contingent and prospective resources included in this presentation 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 presentation, and that all material assumptions and technical parameters underpinning the estimates in this presentation continue to apply and have not materially changed.

Deterministic and probabilistic methods have been used to prepare the estimates of contingent resources. These contingent resources have been aggregated by arithmetic summation and hence the aggregate 1C may be a very conservative estimate, and the 3C may be a very optimistic estimate, due to the portfolio effects of arithmetic summation.

Annexure: Dorado project information

Large Volume	<ul style="list-style-type: none"> 1C Resource of 86 million barrels of liquids (gross) 2C Resource of 162 million barrels of liquids (gross)
Production Rate	<ul style="list-style-type: none"> Targeting initial production of 75,000 - 100,000 bopd
Premium Product	<ul style="list-style-type: none"> Light sweet liquids, averaging around 51° API Low inerts including less than 0.02% sulphur Potential premium to Brent
Concept	<ul style="list-style-type: none"> First phase targeting liquids with gas reinjection Multiple production wells connected to WHP & FPSO (with spare WHP capacity) Gas & LPG expected to be produced at a later stage
Flexible	<ul style="list-style-type: none"> Designed to allow for near-field discoveries to be easily tied-in
Location	<ul style="list-style-type: none"> Water depth of around 90m 144km north of Port Headland Proximate to shore base and support
Approvals	<ul style="list-style-type: none"> Environmental (OPP) and Production Licence applications submitted to NOPSEMA & NOPTA
Material Equity	<ul style="list-style-type: none"> Carnarvon has 20% interest in the project and 20-30% of near field upside

Gross Resources (100% basis)

	Oil & Condensate			Natural Gas			Barrels of Oil Equivalent		
	MMbbl			BCF			MMboe		
	1C	2C	3C	1C	2C	3C	1C	2C	3C
Dorado	86	162	285	367	748	1,358	176	344	614
Roc	12	20	35	205	332	580	48	78	137
Bedout Project Sub-Total	98	182	320	572	1,080	1,938	224	422	751

Net Resources (CVN's share)

	Oil & Condensate			Natural Gas			Barrels of Oil Equivalent		
	MMbbl			BCF			MMboe		
	1C	2C	3C	1C	2C	3C	1C	2C	3C
Dorado	17	32	57	73	150	272	35	69	123
Roc	2	4	7	41	66	116	10	16	27
Bedout Project Sub-Total	20	36	64	114	216	388	45	85	150