

**CARNARVON PETROLEUM LIMITED  
ABN 60 002 688 851  
AND CONTROLLED ENTITIES**

**INTERIM FINANCIAL REPORT  
31 December 2019**

**CORPORATE DIRECTORY**

**Directors**

PJ Leonhardt (Chairman)  
AC Cook (Managing Director)  
W Foster (Non-Executive Director and Lead Independent Director)  
P Moore (Non-Executive Director)  
SG Ryan (Non-Executive Director)

**Company Secretary**

TO Naude  
A Doering

**Auditors**

Ernst & Young

**Bankers**

Australia and New Zealand Banking Group Limited  
Commonwealth Bank of Australia  
National Australia Bank Limited  
HSBC

**Registered Office**

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**Share Registry**

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Perth, WA 6000 Australia

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**Stock Exchange Listing**

Securities of Carnarvon Petroleum Limited are listed on the Australian Securities Exchange.  
ASX Code: CVN - Ordinary shares

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## **DIRECTORS' REPORT**

The directors present their report together with the consolidated interim financial report for the half-year ended 31 December 2019, and the independent review report thereon.

### **Directors**

The directors of the Company in office at any time during or since the end of the half-year are as follows. Directors were in office for this entire period unless otherwise stated.

Peter Leonhardt  
Adrian Cook  
William (Bill) Foster  
Peter Moore  
Stephen (Gavin) Ryan

### **Review of Operations**

The Group's operations comprise of oil and gas exploration in Australia and Timor-Leste with the Group's main interests located in the North West Shelf of Western Australia and in the Timor Sea.

The Group's loss after tax from continuing operations for the half year ended 31 December 2019 was \$2,575,000 (2018: \$1,927,000).

During the half year, significant progress was made on the Company's landmark Dorado project. Following its discovery in 2018, Carnarvon and its Joint Venture partner have now successfully appraised the Dorado resource. The appraisal program also included multiple interval flow tests which provided the Joint Venture with the confidence to prepare to commence Front End Engineering and Design (FEED) work early in the new calendar year.

The Joint Venture also completed the acquisition of a 3D seismic survey over the Dorado field and surrounding prospects. We look forward to providing additional updates during the year as the work on these significant prospects is matured.

In August 2019, the governments of Australia and Timor-Leste ratified the Maritime Boundary Treaty (Treaty) which redefined the Maritime Boundary between the countries. A consequence of the boundary change is that the Company's Buffalo project will now be operated under Timor-Leste's jurisdiction.

In conjunction with the Treaty, Carnarvon signed a Production Sharing Contract (PSC) with the Government of Timor-Leste. A key condition of the Treaty was that the affected parties, such as Carnarvon, would be granted security of title in Timor-Leste with conditions equivalent to those previously in place under Australian domestic Law. Importantly, Carnarvon's PSC achieves a similar net back after government taxes and duties when compared to Australia's offshore PRRT and income tax regimes.

With the PSC now effective, Carnarvon has the clarity to continue to work towards drilling a Buffalo well which is a key step towards redeveloping the Buffalo oil field.

From the above activities, Carnarvon capitalised an additional \$28,848,000 (2018: \$16,498,000) in exploration and appraisal expenditure during the period. These costs were primarily related to the Dorado and Roc South drilling campaign as well as the new 3D seismic acquisition over the Dorado area and the surrounding exploration prospects.

The Company wrote off \$1,174,000 (2018: \$0) of previously capitalised exploration expenditure in relation to the relinquishment of the WA-524-P permit. Following the completion of the primary term commitments, the Company elected to return the permit back to the regulator. Whilst the Company's technical work identified some prospectivity, these were not deemed to be material within the Company's portfolio.

Carnarvon incurred \$851,000 (2018: \$1,135,000) in new ventures and advisory costs as the Company continues to build its significant regional geological database which has been integral in identifying its suite of highly prospective assets across the North-West shelf of Australia. In addition, the Company's administrative and head office costs during the period were \$1,498,000 (2018: \$1,218,000).

**CARNARVON PETROLEUM LIMITED**  
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At the end of the period, Carnarvon recorded other financial assets of \$1,405,000 (30 June 2019: \$629,000). This represents the current value of the shares held by Carnarvon in CWX Global Limited (formerly Loyz Energy). The shares were received as settlement of the deferred consideration asset relating to 2014 sale of half of Carnarvon's former interests in its producing concessions in Thailand.

During the half year, there was an unrealised profit on foreign exchange movements of \$373,000 (2018: \$2,026,000) due to the depreciation of the AUD against the Company's USD cash and financial assets. The Company manages its cash position in US Dollars and Australian Dollars to naturally hedge its foreign exchange exposures.

The Company ended the half year in a strong financial position with cash of \$119,119,000. The Company's financial position was secured with a capital raise netting proceeds of \$78,670,000 during the period. The strong cash position with no debt as well as minimal commitments means the Company is able to very comfortably cover all of its planned 2020 expenditure.

**Subsequent events**

No other matter or circumstance has arisen since 31 December 2019 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

**Rounding of amounts**

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 these interim financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

**Auditors' Independence Declaration**

The lead auditors' Independence Declaration, as required under section 307C of the Corporations Act 2001, is set out on page 5 and forms part of this directors' report for the half-year ended 31 December 2019.

Signed in accordance with a resolution of the directors.



**PJ Leonhardt**  
**Director**

Perth  
28 February 2020



**Building a better  
working world**

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## **Auditor's Independence Declaration to the Directors of Carnarvon Petroleum Limited**

As lead auditor for the review of the half-year financial report of Carnarvon Petroleum Limited for the half-year ended 31 December 2019, 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

R J Curtin  
Partner  
28 February 2020

**CARNARVON PETROLEUM LIMITED**  
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**CONSOLIDATED INCOME STATEMENT**  
**FOR THE HALF YEAR ENDED 31 December 2019**

	Note	Half-year 31 December 2019 \$000	Half-year 31 December 2018 \$000
Other income	5	742	483
Movement in fair value of financial assets	6	776	(956)
Unrealised foreign exchange gain		373	2,026
Administrative expenses		(1,498)	(1,218)
Employee benefits expense		(757)	(956)
Directors' fees		(186)	(171)
New venture and advisory expenditure		(851)	(1,135)
Exploration expenditure written off	7	(1,174)	-
<b>Loss before tax from continuing operations</b>		(2,575)	(1,927)
Income tax expense		-	-
<b>Net loss after tax from continuing operations</b>		(2,575)	(1,927)
<b>Net loss for the period attributable to members of the entity</b>		(2,575)	(1,927)
<b>Loss per share:</b>			
Basic, loss per share for the period attributable to members of the entity (cents per share)		(0.18)	(0.17)
Diluted, loss profit per share for the period attributable to members of the entity (cents per share)		(0.18)	(0.17)

*The consolidated income statement should be read in conjunction with the notes to the consolidated interim financial report.*

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 December 2019**

	<b>Half-year 31 December 2019 \$000</b>	<b>Half-year 31 December 2018 \$000</b>
<b>Net loss for the period</b>	<u>(2,575)</u>	<u>(1,927)</u>
<b>Other comprehensive income</b> <i>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):</i>		
Exchange differences arising in translation of foreign operations	13	-
<b>Total other comprehensive loss net of tax</b>	<u>(2,562)</u>	<u>(1,927)</u>
<b>Total comprehensive loss for the period attributable to members of the entity</b>	<u>(2,562)</u>	<u>(1,927)</u>

*The consolidated statement of comprehensive income should be read in conjunction with the notes to the consolidated interim financial report.*



**CARNARVON PETROLEUM LIMITED**  
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 December 2019**

	Notes	31 December 2019 \$000	30 June 2019 \$000
<b>Current assets</b>			
Cash and cash equivalents		119,119	73,900
Trade and other receivables		705	308
Other assets		338	459
<b>Total current assets</b>		<u>120,162</u>	<u>74,667</u>
<b>Non-current assets</b>			
Property, plant and equipment		68	44
Other financial assets	6	1,405	629
Exploration and evaluation expenditure	7	117,717	88,869
Right-of-use assets		897	-
<b>Total non-current assets</b>		<u>120,087</u>	<u>89,542</u>
<b>Total assets</b>		<u>240,249</u>	<u>164,209</u>
<b>Current liabilities</b>			
Trade and other payables		390	1,776
Employee benefits		550	378
<b>Total current liabilities</b>		<u>940</u>	<u>2,154</u>
<b>Non-current liabilities</b>			
Employee benefits		176	283
Lease liabilities		915	-
<b>Total non-current liabilities</b>		<u>1,091</u>	<u>283</u>
<b>Total liabilities</b>		<u>2,031</u>	<u>2,437</u>
<b>Net assets</b>		<u>238,218</u>	<u>161,772</u>
<b>Equity</b>			
Issued capital		245,846	166,081
Reserves		(678)	66
Retained earnings		(6,950)	(4,375)
<b>Total equity</b>		<u>238,218</u>	<u>161,772</u>

*The consolidated statement of financial position should be read in conjunction with the notes to the consolidated interim financial report.*

**CARNARVON PETROLEUM LIMITED**  
**31 DECEMBER 2019 INTERIM FINANCIAL REPORT**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 December 2019**

	Issued capital \$000	Reserve shares \$000	Retained earnings \$000	Translation reserve \$000	Fair value reserve \$000	Share based payments reserve \$000	Total \$000
<b>Balance at 1 July 2018</b>	115,508	(4,276)	4,863	26	(1,217)	3,872	118,776
AASB 9 adjustment to opening balances	-	-	(1,217)	-	1,217	-	-
<b>Restated balance 1 July 2018</b>	115,508	(4,276)	3,646	26	-	3,872	118,776
Comprehensive loss for the period	-	-	(1,927)	-	-	-	(1,927)
<b>Total comprehensive loss for the half year</b>	-	-	(1,927)	-	-	-	(1,927)
<b>Transactions with owners and other transfers</b>							
Share based payments	-	-	-	-	-	346	346
Issue of ESP shares	347	(347)	-	-	-	-	-
Exercise of ESP shares	448	104	-	-	-	-	552
<b>Total transactions with owners and other transfers</b>	795	(243)	-	-	-	346	898
<b>Balance at 31 December 2018</b>	<b>116,303</b>	<b>(4,519)</b>	<b>1,719</b>	<b>26</b>	<b>-</b>	<b>4,218</b>	<b>117,747</b>
<b>Balance at 1 July 2019</b>	166,081	(6,780)	(4,375)	26	-	6,820	161,772
Comprehensive loss for the period	-	-	(2,575)	13	-	-	(2,562)
<b>Total comprehensive loss for the half year</b>	-	-	(2,575)	13	-	-	(2,562)
<b>Transactions with owners and other transfers</b>							
Share based payments	-	-	-	-	-	288	288
Proceeds from capital raise	78,670	-	-	-	-	-	78,670
Issue of ESP shares	1,074	(1,074)	-	-	-	-	-
Exercise of ESP shares	21	29	-	-	-	-	50
<b>Total transactions with owners and other transfers</b>	79,765	(1,045)	-	-	-	288	79,008
<b>Balance at 31 December 2019</b>	<b>245,846</b>	<b>(7,825)</b>	<b>(6,950)</b>	<b>39</b>	<b>-</b>	<b>7,108</b>	<b>238,218</b>

*The consolidated statement of changes in equity should be read in conjunction with the notes to the consolidated interim financial report.*

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 December 2019**

	<b>Half-year 31 December 2019 \$000</b>	<b>Half-year 31 December 2018 \$000</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(4,466)	(2,052)
Interest received	742	542
<b>Net cash flows used in by operating activities</b>	<u>(3,724)</u>	<u>(1,510)</u>
<b>Cash flows from investing activities</b>		
Exploration and evaluation expenditure	(31,202)	(16,498)
Insurance refund received	1,180	-
Acquisition of property, plant and equipment	(38)	(12)
<b>Net cash flows used in investing activities</b>	<u>(30,060)</u>	<u>(16,510)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	78,671	552
Proceeds from exercise of ESP shares	50	-
Lease payments	(91)	-
<b>Net cash provided by financing activities</b>	<u>78,630</u>	<u>552</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	44,846	(17,468)
Cash and cash equivalents at beginning of the half-year	73,900	63,606
Effects of exchange rate fluctuations on cash and cash equivalents	373	2,152
<b>Cash and cash equivalents at end of the half-year</b>	<u>119,119</u>	<u>48,290</u>

*The consolidated statement of cash flows should be read in conjunction with the notes to the consolidated interim financial report.*

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **1. Reporting entity**

Carnarvon Petroleum Limited ("Carnarvon") is a company domiciled in Australia.

The consolidated interim financial report as at and for the six months ended 31 December 2019 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in jointly controlled assets.

The 31 December 2019 interim financial statements were authorised for issue by the board of directors on 28 February 2020.

### **2. Basis of preparation**

#### **Statement of compliance**

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and any public announcements made during the half year.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

#### **Basis of preparation**

The consolidated financial statements have been prepared on the basis of historical cost, except for financial assets which are measured at fair value. All amounts are presented in Australian dollars, unless otherwise noted.

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 these interim financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

### **3. New and amended accounting standards and interpretations adopted**

The Group has adopted AASB 16 Leases as of 1 January 2019.

The leases recognised by the Group under AASB 16 predominantly relate to office premise and office car bays.

AASB 16 provides a new lessee accounting model which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. The depreciation of the lease assets and interest on the lease liabilities are recognised in the consolidated income statement.

Before the adoption of AASB 16, the Group classified each of its leases (as lessee) at inception as either a finance lease or operating lease. For operating leases, the leased item was not capitalised and the lease payments were recognised in the consolidated income statement on a straight-line basis.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**3. New and amended accounting standards and interpretations adopted (continued)**

**Transition to AASB 16**

The Group adopted the new standard using the modified retrospective approach and applied the practical expedient per AASB 16.C10(a) and (c). Lease liabilities are measured at the present value of future payments on the initial date of application, being 1 January 2019 and right-of-use assets are equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised on the consolidated statement of financial position immediately before the date of initial application.

***Impact on consolidated statement of financial position:***

<u>Impact on consolidated statement of financial position</u>	<b>\$000</b>
Right-of-use assets recognised	999
Lease liabilities recognised	(999)
<b>Retained earnings</b>	<b>-</b>
<u>Lease liabilities reconciliation</u>	<b>\$000</b>
Operating lease commitments disclosed at 30 June 2019	1,041
Less:	
Present value discounting of lease liabilities <sup>(1)</sup>	(42)
<b>Lease liabilities recognised on transition</b>	<b>999</b>

<sup>(1)</sup> Lease liabilities were discounted using an incremental borrowing rate of 4.35%

**Leases accounting policy (applied from 1 January 2019)**

Set out below are the new accounting policies of the Group upon adoption of AASB 16:

When a contract is entered into, the Group assesses whether the contract contains a lease. A lease arises when the Group has the right to direct the use of an identified asset which is not substitutable and to obtain substantially all economic benefits from the use of the asset throughout the period of use.

The Group separates the lease and non-lease components of the contract and accounts for these separately. The Group allocates the consideration in the contract to each component on the basis of their relative stand-alone prices.

***Leases as a lessee***

Right-of-use assets and lease liabilities are recognised at the date of initial application. The assets are initially measured at cost, which is the present value of future lease payments adjusted for any lease payments made at or before the application date, plus any make-good obligations and initial direct costs incurred.

Right-of-use assets are depreciated using the straight-line method over the shorter of their useful life and the lease term. Periodic adjustments are made for any re-measurements of the lease liabilities and for impairment losses, assessed in accordance with the Group's impairment policies.

Lease liabilities are initially measured at the present value of future minimum lease payments, discounted using the Group's incremental borrowing rate if the rate implicit in the lease cannot be readily determined, and are subsequently measured at amortised cost using the effective interest rate. Minimum lease payments are fixed payments or index-based variable payments incorporating Group's expectations of extension options and do not include non-lease components of a contract. A portfolio approach was taken when determining the implicit discount rate for the office premise and office car bay lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. New and amended accounting standards and interpretations adopted (continued)

The lease liability is remeasured when there are changes in future lease payments arising from a change in rates, index or lease terms from exercising an extension or termination option. A corresponding adjustment is made to the carrying amount of the right-of-use assets, with any excess recognised in the consolidated income statement.

**Short-term leases and lease of low value assets**

Short term leases (lease term of 12 month or less) and leases of low value assets are recognised as incurred as an expense in the consolidated income statement. Low value assets comprise plant and equipment.

4. Contingent assets and liabilities

The Company had a contingent asset as at 30 June 2019 which relates to the future receipt of the successful insurance claim pertaining to the completion of well control activities for the Phoenix South-2 well in January 2017 due to the well encountering higher than expected pressures. The Phoenix South-3 well was designed as a re-drill with a significant portion of the costs of the Phoenix South-3 well to be reimbursed by the insurance claim.

As at 30 June 2019, the Company had received \$2.7m of the refund. The final insurance refund of \$1.2m was received in September 2019.

There were no contingent assets and liabilities as at 31 December 2019.

5. Other income

	<b>31 December 2019 \$000</b>	<b>31 December 2018 \$000</b>
Gain on asset transactions	-	1
Finance income on bank deposits	620	541
Net gain/(loss) on foreign currency transactions	122	(59)
Balance at end of financial period	<u>742</u>	<u>483</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**6. Other financial assets**

	<b>31 December</b>	<b>30 June</b>
	<b>2019</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Financial assets	1,405	629

*Reconciliation*

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

Carrying value at the beginning of period	629	2,297
Fair value movements	776	(1,668)
Carrying value at the end of period	1,405	629

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. The value of the deferred consideration asset had been fully impaired by Carnarvon in a prior reporting period. As part of the settlement, Carnarvon is also entitled to 12% of any sale proceeds over US\$45m, should CWX sell the Concessions.

The shares in CWX held by Carnarvon at 31 December 2019 have been accounted for as a fair value through profit and loss financial asset under Australian Accounting Standards and classified as a “level 1” financial asset under the fair value hierarchy.

**7. Exploration and evaluation expenditure**

	<b>31 December</b>	<b>30 June</b>
	<b>2019</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Carrying value at the beginning of period	88,869	53,443
Additions	31,202	38,129
Well control insurance refund	(1,180)	(2,703)
Exploration expenditure written off	(1,174)	-
Carrying value at the end of period	117,717	88,869

Written off exploration expenditure relates to the relinquishment of the WA-524-P permit. Following the completion of the primary term commitments, the Company elected to return the permit back to the regulator. Whilst the Company’s technical work identified some prospectivity, these were not deemed to be material within the Company’s portfolio.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**8. Equity securities issued**

	<b>31 December 2019 Shares</b>	<b>30 June 2019 Shares</b>
<i>Issue of ordinary shares during the half-year</i>		
Shares issued under the Capital Raise	211,583,102	151,600,000
Shares issued under the Employee Share Plan	1,972,567	9,335,989
	<u>213,555,669</u>	<u>160,935,989</u>

	<b>Number of Shares</b>	<b>Nominal Value \$000</b>
<i>Movements in employee share plan issued with limited recourse employee loans</i>		
Opening balance – 1 July 2019	56,145,486	13,299
Issued during period	1,972,567	1,361
Exercised during period	<u>(450,119)</u>	<u>(50)</u>
Closing balance – 31 December 2019	<u>57,667,934</u>	<u>14,610</u>

All of the 1,972,567 plan shares issued during the period were issued to Mr. Adrian Cook. Under the terms of the Carnarvon Employee Share Plan (“ESP”), as approved by shareholders, the Company may, in its absolute discretion, make an offer of ordinary fully paid shares in the Company to any Eligible Person, to be funded by a limited recourse interest free loan granted by the Company.

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

	<b>Number December 2019</b>	<b>WAEP December 2019</b>	<b>Number June 2019</b>	<b>WAEP June 2019</b>
Outstanding at beginning of period/year	56,145,486	0.24	53,602,608	0.15
Granted during the year	1,972,567	0.69	9,335,989	0.62
Forfeited during the year	-	-	-	-
Exercised during the year	(450,119)	0.11	6,793,111	0.09
Expired during the year	-	-	-	-
Outstanding at end of period/year	57,667,934	0.25	56,145,486	0.24
Exercisable at end of period/year	57,667,934	0.25	56,145,486	0.24



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**8. Equity securities issued (continued)**

Shares granted under the ESP are accounted for as “in-substance” options due to the limited recourse nature of the loan between the employees and the Company to finance the purchase of ordinary shares. The fair value at grant date for the various tranches of shares issued under the ESP is determined using a Black Scholes methodology using the following model inputs:

<b>Fair value of ESP shares and related assumptions</b>	<b>Key management personnel December 2019</b>	<b>Other employees December 2019</b>
Fair value at measurement date (cents)	14.6	-
Share price at date of issue (cents)	35.5	-
Exercise price (cents)	69.0	-
Expected volatility	68%	-
Expected life of ESP share	5 years	-
Expected dividends	Nil	-
Risk-free interest rate	0.8%	-
Share-based expense recognised	\$287,459	-

**9. Segment information**

The Group reports one segment, oil and gas exploration, development and production, to the chief operating decision maker, being the board of Carnarvon Petroleum Limited, in assessing performance and determining the allocation of resources. The financial information presented in the statement of cash flows is the same basis as that presented to the chief operating decision maker.

**10. Subsequent events**

No matter or circumstance has arisen since 31 December 2019 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

DIRECTORS' DECLARATION

The directors of the Carnarvon Petroleum Limited (the "Company") declare that:

1. The financial statements and notes, as set out on pages 6 to 14 are in accordance with the *Corporations Act 2001*, including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



**PJ Leonhardt**  
**Director**

Perth  
28 February 2020.



**Building a better  
working world**

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## **Independent Auditor's Review Report to the Members of Carnarvon Petroleum Limited**

### **Report on the Half-Year Financial Report**

#### **Conclusion**

We have reviewed the accompanying half-year financial report of Carnarvon Petroleum Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not 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 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### **Directors' Responsibility for the Half-Year Financial Report**

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

A handwritten signature in black ink that reads 'Ernst &amp; Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'R J Curtin' in a cursive style.

R J Curtin  
Partner  
Perth  
28 February 2020

## ADDITIONAL SHAREHOLDER INFORMATION

### Details of associates and joint venture assets

<i>Joint venture</i>	<i>Principal activities</i>	<i>31 December 2019 Ownership interest %</i>	<i>31 December 2018 Ownership interest %</i>
<i>Western Australia</i>			
WA-435-P, WA-437-P, Roebuck Basin	Exploration for hydrocarbons	20%	20%
WA-436-P, WA 438-P, Roebuck Basin	Exploration for hydrocarbons	30%	30%
WA-521-P, Roebuck Basin	Exploration for hydrocarbons	100%	100%
WA-155-P(1), Barrow Basin	Exploration for hydrocarbons	28.5%	28.5%
WA-523-P, Bonaparte Basin	Exploration for hydrocarbons	100%	100%
WA-524-P, Dampier Basin	Exploration for hydrocarbons	-	100%
AC/P62, Bonaparte Basin	Exploration for hydrocarbons	100%	100%
AC/P63, Bonaparte Basin	Exploration for hydrocarbons	100%	100%
<i>Timor-Leste</i>			
TL-SO-T 19-14 PSC, Timor Sea	Exploration for hydrocarbons	100%	-