

Chair's address – Annual General Meeting

18 November 2022



In accordance with Listing Rule 3.13.3, Carnarvon Energy Limited (ASX:CVN) is pleased to provide the **attached** address to be given by the Chair, Mr William Foster, at the Annual General Meeting today.

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Before I talk to the activities and achievements of the Company in the past year, I would like to acknowledge that the Company's share price is not where the Board considers it should be. This is undoubtedly a function of the delay to FID of the Company's transformative Dorado development, as well as broader market conditions.

I want to assure shareholders that the Board and Management are doing everything that they can to address this. This includes:

1. Clarifying FID timing for Dorado with Santos;
2. Progressing funding for the Company's share of the Dorado development costs, which could include a potential sell-down of equity;
3. Adding to the value of the Dorado development by completing studies for integration of the Pavo discovery;
4. Pursuing the next drilling opportunities in the Bedout Sub-basin; and
5. Working on new avenues for value and accelerated earnings, with a particular focus on opportunities with near-dated production and cashflow.

These activities may take time to crystallise, and market updates provided by the Company will naturally elicit differing levels of interest and share price response. What is important to emphasise is the Board and Management are continuing to work hard on enhancing the Company's value proposition, and we expect over time that the share price will reflect this.

I would now like to take a moment to highlight the Company's key activities and achievements in the past year. When I stood here this time last year, we had a three well drilling campaign ahead of us in the form of Buffalo-10 offshore Timor-Leste and the Pavo and Apus wells in the Bedout Sub-basin. The Company was also anticipating it would sanction Dorado with its joint venture partner Santos in 2022, with the necessary development funding in place.

All three wells have now been drilled. While the result of the first of these wells, Buffalo-10, was disappointing, I and the Board are immensely proud of the efforts of the Carnarvon team in completing its first offshore operated well in a safe and technically proficient manner and without any environmental issues.

The Pavo-1 well was an outstanding success for the Company, adding significantly to the resource base available for the Dorado development, and materially increasing Carnarvon's share of the discovered resource in the Bedout Sub-basin. The Company is now working with the operator Santos to develop Pavo on an optimised basis in conjunction with Dorado.

Despite encountering excellent quality reservoirs, the final well, Apus-1, did not discover a commercial quantity of hydrocarbons. Nevertheless, the joint venture gained valuable technical knowledge from Apus and, while exploration was unsuccessful in this case, the overall success rate in the Bedout Sub-basin remains close to 70%.

FEED on the Dorado project was substantially complete by the end of Q3 this year. We are naturally disappointed that we won't be making a final investment decision on Dorado this year. We are still awaiting final regulatory approval, and in light of the current inflationary cost environment and supply chain uncertainties, deferment was a prudent decision. The great news for shareholders is that the Pavo discovery has significantly increased the resource base and value proposition for the Dorado development.

Finally, our renewable fuels joint venture, FutureEnergy Australia, also made significant progress in the past year. The development of renewable diesel projects in regional Western Australia is a market leading position that has been well received by potential customers, as well as the State Government and other relevant stakeholders.

All of these activities have been undertaken by Carnarvon's small team of staff, which has reduced nearly 25% in size due to the Company exiting Timor-Leste and re-positioning the business to focus on future production and other new business opportunities.

I would like to commend Management and staff for their efforts. I believe that the Company is well placed to deliver on the strategy previously set down by the Board over the next year, and beyond. Carnarvon has a strong future, and one that is targeted to deliver considerable value to its shareholders in the longer-term.