

PASX ANNOUNCEMENT

Quarterly Activities Report

For the period ended 31 December 2024

28 January 2025

Carnarvon Energy Limited (ASX:CVN)(Carnarvon or the Company) provides an update on the Company's activities and financial position as at 31 December 2024.

Quarter Highlights

- Robust Balance Sheet maintained with A\$187 million cash, no debt, and US\$90 million Dorado development free carry

Post Quarter End

- In January, the Bedout Basin Joint Venture Operator, Santos Limited, advised that it was not proceeding with the FPSO acquisition or commencement of FEED activities at this time.
- Carnarvon expresses disappointment of not progressing with the Dorado Phase 1 liquids development, a world class resource of significant size located in shallow waters, offshore Western Australia
- The Joint Venture was offered a five-year renewal of the Bedout Exploration Permits WA-435-P, WA-436-P, WA-437-P and WA-438-P
- Renewal of the Exploration Permits allows confidence for the Joint Venture to prioritise drilling, targeted for 2026

Carnarvon's CEO, Philip Huizenga, commented:

"Carnarvon is disappointed that the Operator has decided not to acquire the identified FPSO and commence FEED on the Dorado project. We were confident that the proposed FPSO and development concept was value accretive and cost effective, and we were looking forward to bringing this project into production.

"We are pleased that the regulatory authority has renewed the Bedout Exploration Permits for another five years, allowing the Joint Venture to confidently plan for future drilling.

"Carnarvon continues our efforts on the strategic review to determine the best way forward to generate value for shareholders.

"Combined with our asset base in Dorado and the surrounding acreage, we have an extremely strong balance sheet that provides the stability and financial capability to make a considered decision on the path forward."

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 approximately 90 metres water depth. The largest undeveloped oil field in Australia, plans were advanced for Dorado to be developed via a staged development, with an initial liquids extraction (Phase 1) followed by gas export (Phase 2). The Phase 1 liquids development concept, which was optimised in 2024, was centred around a single well-head platform (WHP), supporting up to 12 wells being tied back to a Floating Production Storage and Offloading (FPSO) vessel.

Post-quarter end, the Operator decided not to proceed with the acquisition of an identified FPSO vessel and deferred the commencement of Front End Engineering and Design (FEED) studies that had been anticipated for this year.

Notwithstanding the delays to the project, Carnarvon and the Joint Venture recognise immense value in the discovered oil and gas resources and surrounding exploration potential in this world-class basin, and look forward to reviewing the timeline for the project and updating the market in due time.

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 regions. The Joint Venture's exploration strategy could potentially unlock substantial additional resources, with unrisksed prospective resource estimates of 9 Tcf of gas and 1.6 billion barrels of liquids (Pmean, gross*)¹.

Post-quarter end, the regulatory authority offered the Joint Venture a renewal of the four Exploration Permits, WA-435-P, WA-436-P, WA-437-P and WA-438-P. Per regulations, the renewal required the relinquishment of 50% of the Permit, excluding the WA-64-L Production License (Dorado) and defined Location Declarations (Roc and Pavo). The JV retains an area encompassing over 11,000 km² in which 95% of the identified prospectivity has been preserved, with 79% of the exploration permits now covered by modern, high-quality 3D seismic data.

Carnarvon is looking forward to working with the Joint Venture to return to drilling. The Operator has stated a desire to further evaluate the Bedout Sub-basin resources through drilling, and the JV is targeting drilling in 2026, subject to Environmental Plan approvals and rig availability.

The Joint Venture has yet to finalise where the drilling will occur, and Environment Planning covers several locations across all four Permits.

The prospectivity outlined has the potential to unlock sufficient gas resources to underpin a future gas export development that, alongside the liquid resources already discovered at Dorado and Pavo, would form the basis for a large-scale, integrated oil and gas development.

¹ ASX Announcement 1 September 2023 - Unlocking New Bedout Resources

Corporate

The Company recognises significant value in the Bedout Basin assets, including the Dorado and Pavo discovered oil fields. Despite the delays to FEED entry and hence FID, Carnarvon continues to explore alternative transactions to accelerate value realisation.

Cash and liquidity position

The Company ended the quarter with A\$187 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.

Carnarvon continues to prudently manage its cash balance through term deposits and are currently holding a balance of funds between AUD and USD. Given the current favourable exchange rates, the Company will be looking to realise some of the recent FX gains, as noted in the attached Appendix 5B.

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	This item includes costs for and associated with operating the Company's office, ASX listing fees, insurances, software licences, investor relations and travel.
1.4	Interest received	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. 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.
1.7	Government grants and tax incentives	This item includes a Research and Development Tax Incentive payment received during the quarter in relation to the Company's 2023 income tax return.
2.1 (d)	Exploration and evaluation costs capitalised	During the quarter, Carnarvon incurred a net outflow of A\$777k in exploration and evaluation activities, primarily related to Dorado pre-FEED work and exploration EP planning.
4.5	Effect of movement in exchange rates on cash held	This reflects the impact of a depreciation of AUD compared to USD on the portion of the Company's funds held in USD.
6.1	Payments to related parties and their associates	These costs pertain to remuneration paid to Non-Executive Directors.
8.0	Future operating activities	For the upcoming quarter, Carnarvon has forecast A\$300k - \$550k expenditures in the Bedout Sub-basin and A\$800k - \$1 million in corporate and other costs. Corporate costs should be fully offset by interest received for the quarter.

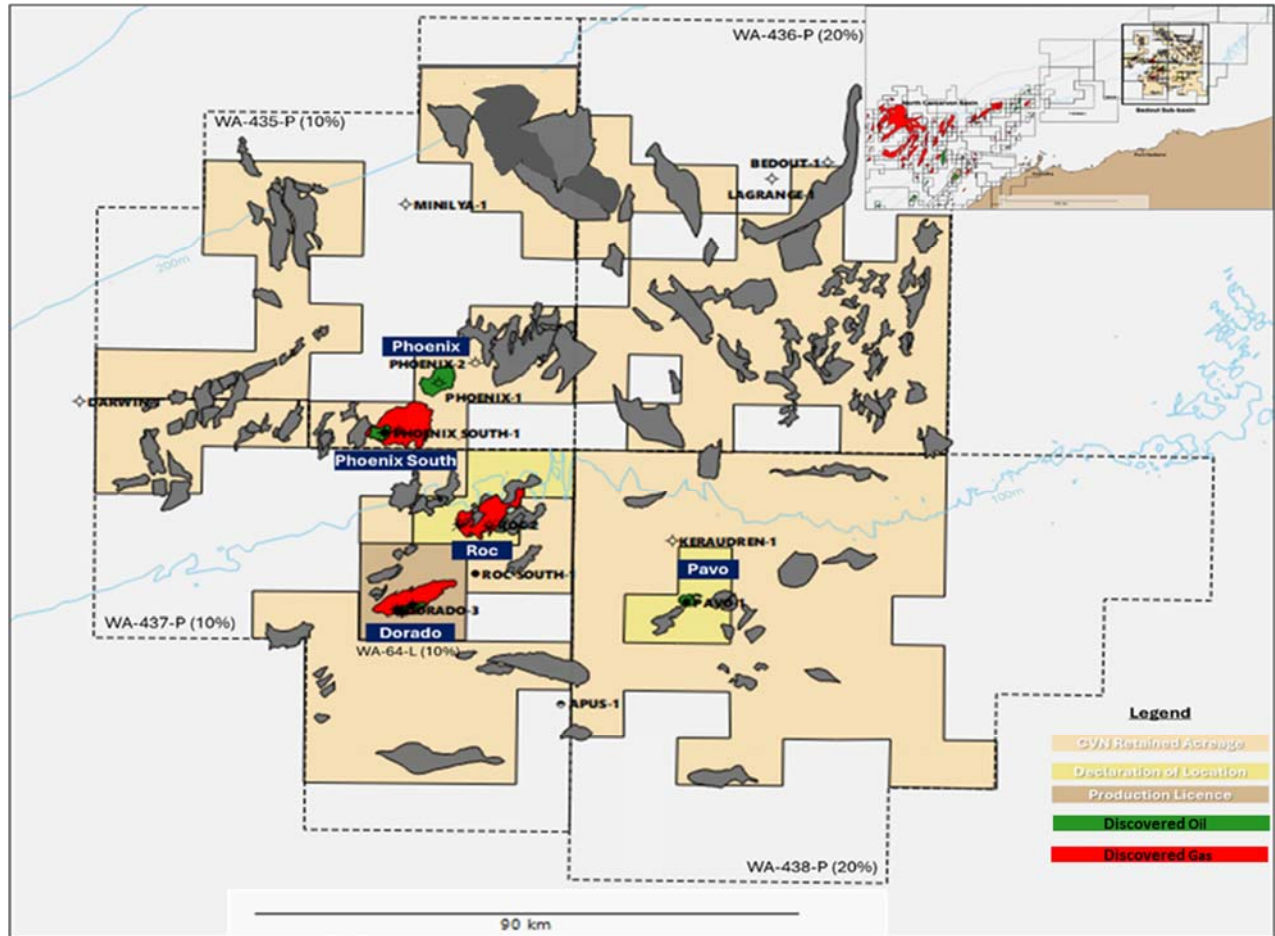


Figure 1: Project Map after Permit Renewal

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%	-

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
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.

Approved for release by:



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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")

31 December 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(196)	(543)
	(e) administration and corporate costs	(266)	(984)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2,199	4,446
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	39	39
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	1,776	2,958
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	(777)	(1,479)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(777)	(1,479)

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)	(50)	(102)
3.10	Net cash from / (used in) financing activities	(50)	(102)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	176,805	179,551
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,776	2,958
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(777)	(1,479)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(50)	(102)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	9,522	6,348
4.6	Cash and cash equivalents at end of period	187,276	187,276

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	14,471	13,835
5.2	Call deposits	172,805	162,970
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)	187,276	176,805

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	86
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.

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)	1,776
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(777)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	999
8.4	Cash and cash equivalents at quarter end (item 4.6)	187,276
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	187,276
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 January 2025

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.