



INTERIM FINANCIAL REPORT

For the period ending
31 December 2024

ASX: **CVN**
carnarvon.com.au



CORPORATE DIRECTORY

Directors

R Black (Chairman)
S Jones (Non-Executive Director)
R Delroy (Non-Executive Director)
W Barker (Non-Executive Director)

Company Secretary

A Doering

Auditors

Ernst & Young

Bankers

Australia and New Zealand Banking Group Limited
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Registered Office

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Stock Exchange Listing

Securities of Carnarvon Energy 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 2024, 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.

Robert (Rob) Black
Russell Delroy
William (Will) Barker
Susan Jones – Appointed on 20 September 2024
William (Bill) Foster – Retired on 30 September 2024

Review of Operations

The Group's operations comprise of oil and gas exploration and development projects in Western Australia, with the Group's main interests located in the Bedout Sub-basin of the North-West Shelf, Western Australia.

Dorado field – Development Asset

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 is centered around a single well-head platform (WHP), supporting up to 12 wells being tied back to a Floating Production Storage and Offloading (FPSO) vessel.

During the period, the Joint Venture finalised the optimised development concept for Dorado. This included the 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 completed an assessment of FPSO options for the development. These optimisation opportunities are expected to improve project economics and significantly lower upfront capital expenditure.

Subsequent to period end, the Joint Venture Operator (Santos) 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 2025.

Notwithstanding the recent 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.

Bedout Exploration (WA435,6,7 & 8-P)

The Bedout Sub-basin, offshore Western Australia, is one of the most exciting exploration plays in the country, which has already delivered the world class Dorado, Pavo and Roc discoveries.

The Joint Venture's exploration strategy for the basin 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).

The next phase of exploration in the Bedout Sub-basin is intended to concentrate on unlocking additional gas resources, to underpin a future gas export development. The standout prospect to date is the dual target Ara prospect.

Preparatory work for the next exploration drilling campaign is well advanced, with all well sub-surface studies completed. The Company expects to return to drilling in 2026, subject to regulatory approvals and rig availability.

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Post-period 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 permits, excluding the WA-64-L Production License (Dorado) and defined Location Declarations (Roc and Pavo). The Joint Venture 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.

Other Exploration Permits

During the period, the Company received approval from the regulator to surrender the EP509 and TP29 exploration permits.

This finalised 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.

Financial Review

The Group's total comprehensive profit after tax from continuing operations for the half year ended 31 December 2024 was \$7,050,000 (2023: loss of \$4,015,000).

Carnarvon's balance sheet remains strong with cash and cash equivalents of \$187,276,000 (30 June 2024: \$179,551,000), with no debt.

The Company received \$4,448,000 in interest from bank deposits during the period (2023: \$4,168,000).

The Company also capitalised \$1,509,000 (30 June 2024: \$2,392,000) in exploration and appraisal expenditure during the period. These costs were primarily related to Dorado development optimisation works, Pre-FEED activities, and preparatory work for exploration environmental plans.

The Company's administrative and head office costs during the period were \$727,000 (2023: \$1,126,000). Employee benefits expenditure was \$578,000 (2023: \$1,752,000), and new venture and advisory costs for the period were \$275,000 (2023: \$1,029,000). The reduction in expenditure for the half-year is a result of the Company's strategic efforts to materially reduce administrative and corporate cash costs.

During the Period, the Company recognised a deferred tax liability of \$2,216,000 (2023: \$0) (refer to note 10).

An unrealised gain on foreign exchange movements of \$6,421,000 (2023: loss of \$2,860,000) was recognised due to the depreciation of the AUD against the Company's USD cash and financial assets. The Company continued to prudently manage its cash balance through term deposits and by holding a balance of funds between AUD and USD to ensure the Company maintains a natural hedge for future expected expenditures in each currency. Subsequent to period end and following the Dorado project deferral, the Company reviewed its cash management strategy and has determined that there is less requirement to hold its funds in USD and has commenced a process to convert these funds to AUD to realise these foreign exchange gains.

Subsequent events

No matter or circumstance has arisen since 31 December 2024 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 7 and forms part of this directors' report for the half-year ended 31 December 2024

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'R Black', is positioned above the printed name and title.

R Black
Director
Perth
27 February 2025



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with confidence**

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Auditor's independence declaration to the directors of Carnarvon Energy Limited

As lead auditor for the review of the half-year financial report of Carnarvon Energy Limited for the half-year ended 31 December 2024, 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;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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

A stylized, handwritten signature in black ink that reads 'Ernst + Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'T S Hammond'.

T S Hammond
Partner
27 February 2025

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CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2024

	Note	Half-year 31 December 2024 \$000	Half-year 31 December 2023 \$000
Other income	5	4,448	4,168
Unrealised foreign exchange gain/(loss)		6,421	(2,860)
Administrative expenses		(727)	(1,126)
Employee benefits expense		(578)	(1,752)
Directors' fees		(176)	(253)
New venture and advisory expenditure		(275)	(1,029)
Share of profit/(loss) on Joint venture		-	133
Impairment of investment in joint venture		-	(1,296)
Profit / (Loss) before tax from continuing operations		9,113	(4,015)
Income tax expense	10	(2,216)	-
Net profit / (loss) after tax from continuing operations		6,897	(4,015)
Net profit / (loss) for the period attributable to members of the entity		6,897	(4,015)
Profit / (Loss) per share:			
Basic, profit / (loss) per share for the period attributable to members of the entity (cents per share)		0.39	(0.22)
Diluted, profit / (loss) per share for the period attributable to members of the entity (cents per share)		0.39	(0.22)

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

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2024

	Half-year 31 December 2024 \$000	Half-year 31 December 2023 \$000
Net profit / (loss) for the period	<u>6,897</u>	<u>(4,015)</u>
Other comprehensive income <i>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):</i>		
Exchange differences arising on translation of foreign operations	153	-
Total other comprehensive income / (loss) net of tax	<u>7,050</u>	<u>(4,015)</u>
Total comprehensive income / (loss) for the period attributable to members of the entity	<u>7,050</u>	<u>(4,015)</u>

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

CARNARVON ENERGY LIMITED
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

		31 December	30 June
		2024	2024
	Notes	\$000	\$000
Current assets			
Cash and cash equivalents		187,276	179,551
Trade and other receivables	6	952	974
Other assets		351	290
Total current assets		188,579	180,815
Non-current assets			
Property, plant and equipment		5	9
Exploration and evaluation expenditure	7	87,061	85,552
Right-of-use assets		472	599
Intangible Assets	9	616	616
Total non-current assets		88,154	86,776
Total assets		276,733	267,591
Current liabilities			
Trade and other payables		159	287
Employee benefits		312	305
Lease liabilities		187	190
Total current liabilities		658	782
Non-current liabilities			
Employee benefits		75	64
Lease liabilities		291	411
Deferred tax liability	10	2,216	-
Total non-current liabilities		2,582	475
Total liabilities		3,240	1,257
Net assets		273,493	266,334
Equity			
Issued capital		311,135	311,135
Reserves		5,189	5,080
Accumulated losses		(42,831)	(49,881)
Total equity		273,493	266,334

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

CARNARVON ENERGY LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2024

	Issued capital \$000	Reserve shares \$000	Accumulated losses \$000	Translation reserve \$000	Share based payments reserve \$000	Total \$000
Balance at 1 July 2023	314,176	(6,778)	(49,225)	130	8,052	266,355
Comprehensive loss for the period	-	-	(4,015)	-	-	(4,015)
Total comprehensive loss for the half year	-	-	(4,015)	-	-	(4,015)
Transactions with owners and other transfers						
Share based payments	-	-	-	-	(322)	(322)
Exercise of ESP shares	342	345	-	-	-	687
Minimum holding buy-back	(384)	-	-	-	-	(384)
Total transactions with owners and other transfers	(42)	345	-	-	(322)	(19)
Balance at 31 December 2023	314,134	(6,433)	(53,240)	130	7,730	262,321
Balance at 1 July 2024	311,135	(3,029)	(49,881)	130	7,979	266,334
Comprehensive income for the period	-	-	7,050	-	-	7,050
Total comprehensive income for the half year	-	-	7,050	-	-	7,050
Transactions with owners and other transfers						
Share based payments	-	-	-	-	262	262
Deconsolidation of subsidiary	-	-	-	(153)	-	(153)
Total transactions with owners and other transfers	-	-	-	(153)	262	109
Balance at 31 December 2024	311,135	(3,029)	(42,831)	(23)	8,241	273,493

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

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2024

	Half-year 31 December 2024 \$000	Half-year 31 December 2023 \$000
Cash flows from operating activities		
Payments to suppliers and employees	(1,560)	(4,290)
Interest received	4,446	3,107
Refundable tax offsets – R&D	39	245
Net cash flows generated from / (used in) operating activities	<u>2,925</u>	<u>(938)</u>
Cash flows from investing activities		
Exploration and evaluation expenditure	(1,517)	(1,403)
Acquisition of property, plant and equipment	(1)	-
Intangible Assets	-	(646)
Proceeds from sale of exploration and evaluation assets	-	86,372
Net cash flows (used in) / generated from investing activities	<u>(1,518)</u>	<u>84,323</u>
Cash flows from financing activities		
Proceeds from repayment of ESP loans	-	687
Minimum holding share buy-back	-	(384)
Payment of principal portion of lease	(103)	(119)
Net cash (used in) / generated from financing activities	<u>(103)</u>	<u>184</u>
Net increase in cash and cash equivalents	1,304	83,569
Cash and cash equivalents at beginning of the half-year	179,551	95,301
Effects of exchange rate fluctuations on cash and cash equivalents	6,421	(2,860)
Cash and cash equivalents at end of the half-year	<u>187,276</u>	<u>176,010</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 Energy Limited (“Carnarvon”) is a company domiciled in Australia.

The consolidated interim financial report as at and for the six months ended 31 December 2024 comprises the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in jointly controlled assets.

The 31 December 2024 interim financial statements were authorised for issue by the board of directors on 27 February 2025.

2. Basis of preparation

Statement of compliance

The half-year financial report is a condensed 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 this 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

No new or amended standards became applicable for the current reporting period that had an impact on the Group.

4. Contingent assets and liabilities

There were no contingent assets or liabilities as at 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other income

	31 December	31 December
	2024	2023
	\$000	\$000
Finance income on bank deposits	4,409	3,923
Refundable tax offsets – R&D	39	245
	<u>4,448</u>	<u>4,168</u>

6. Trade and other receivables

	31 December	30 June
	2024	2024
	\$000	\$000
Other receivables	29	16
Accrued interest	705	740
Cash held as security	218	218
Balance at end of financial period	<u>952</u>	<u>974</u>

7. Exploration and evaluation expenditure

	31 December	30 June
	2024	2024
	\$000	\$000
Carrying value at the beginning of period	85,552	169,382
Additions	1,509	2,392
Exploration expenditure written off	-	(222)
Divestment	-	(86,000)
Carrying value at the end of period	<u>87,061</u>	<u>85,552</u>

Recoverability

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Equity securities issued

Employee share incentive plan

The following table illustrates the balance and valuation of performance rights using the Monte Carlo Simulation Model as at 31 December 2024:

Instrument	Held at 1 July 2024	Share price at grant date	Date granted	Vesting period (years)	Exercise price	Share price volatility	Risk free rate	Dividend yield	Rights granted	Rights Vested	Weighted Fair value at grant date	Held at 31 December 2024 (unvested)
PR - LTIP	2,086,252	0.19	01/07/2022	3	-	64%	0.85%	-	-	-	0.12	2,086,252
PR - LTIP	53,106	0.16	05/10/2022	3	-	64%	2.6%	-	-	-	0.10	53,106
PR - LTIP	4,396,930	0.13	01/07/2023	3	-	63%	4.1%	-	-	-	0.10	4,396,930
2024 PR's	7,500,000	0.19	26/04/2024	5	-	54%	4.35%	-	-	-	0.12	7,500,000
2025 PR's	-	0.19	01/07/2024	5	-	51%	4.35%	-	1,000,000	-	0.12	1,000,000
Total	14,036,288								1,000,000	-		15,036,288

Under the terms of the Employee Share Incentive Plan (Plan) which was last approved by shareholders of the Company on 17 November 2023, performance rights can be granted to eligible employees for no consideration. Entitlements under these awards vest as soon as the associated vesting conditions have been met. Awards can be settled in cash at the absolute discretion of the Company. Awards under the Plan carry dividends and voting rights.

Performance rights awarded under the LTIP are granted for a 3-year period. The vesting conditions Carnarvon are based on Total Shareholder Return (TSR) (1) in absolute terms and (2) relative to the returns of a group of companies considered alternative investments to Carnarvon.

The participants must also be employed by the company over the vesting period and as at the vesting date.

The vesting schedule of 50% of the LTIP performance rights will be subject to relative TSR testing is as follows:

Relative TSR Performance	Level of vesting
Less than 50th percentile	Zero
Between 50th and 75th percentile	Pro rata between 50% and 100%
75th percentile or better	100%

Peer Group: 88 Energy, Buru Energy, Central Petroleum, Amplitude Energy Limited (previously Cooper Energy), Elixir Energy, Empire Energy, Galilee Energy, Helios Energy, Horizon Oil, Karoon Energy, Strike Energy, Tamboran Resources.

The vesting schedule of 50% of the LTIP performance rights will be subject to absolute TSR testing is as follows:

Absolute TSR Performance	% of performance rights that will vest
10% per annum return	33%
Between 10% and 20% per annum	Pro rata between 33% and 100%
Above 20% per annum	100%

There is an expiration date of 10 years and an exercise period of 90 days from the vesting dates for LTIP performance rights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Equity securities issued (continued)

The 2024/2025 Performance Rights have different conditions to the above. They were granted for a 5-year period and will vest and become exercisable on the earlier to occur of:

- the 20-day volume weighted average price (VWAP) of Carnarvon shares exceeding \$0.30 per share; or
- a 'Change in Control' event, such as where:
 - Carnarvon announces that its shareholders at a Court convened meeting of shareholders voted in favour of a scheme of arrangement and the Court, by order, approves the scheme of arrangement;
 - a takeover bid is announced, has become unconditional and the person making the takeover bid holds more than 50% of Carnarvon shares;
 - any person acquires a relevant interest in 50.1% or more Carnarvon shares by any other means; or
 - Carnarvon announces that a sale or transfer of the whole or substantially the whole of the undertaking and business of Carnarvon has been completed.

2024/2025 Performance Rights granted to executive Key Management Personnel are subject to progressive cancellation of all, or some, of any unvested portion of the performance rights where they resign from their respective role in the first year following grant of the performance rights, as follows:

- resignation within first three months of the date of grant of the performance rights (Grant Date) – all unvested performance rights forfeited and cancelled;
- resignation in period three – six months after Grant Date – 75% of unvested performance rights forfeited and cancelled;
- resignation in period six – nine months after Grant Date – 50% of unvested performance rights forfeited and cancelled;
- resignation in period nine months – twelve months after Grant Date – 25% of unvested performance rights forfeited and cancelled; and
- resignation in period following one year anniversary of Grant Date – nil unvested performance rights forfeited and cancelled.

None of the performance rights held by executive Key Management Personnel:

- which have vested prior to resigning from their respective role will be forfeited and cancelled; and
- will be forfeited and cancelled (whether vested or unvested) if they are made redundant from their respective role at any time prior to the one-year anniversary of the Grant Date.

All vested and unvested performance rights will be forfeited and cancelled where Key Management Personnel employment is terminated for cause in accordance with the relevant provision of their respective employment contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Equity securities issued (continued)

Director share incentive plan

The following table illustrates the balance and valuation of performance rights using the Monte Carlo Simulation Model as at 31 December 2024:

Instrument	Held at 1 July 2024	Share price at grant date	Date granted	Vesting period (years)	Exercise price	Share price volatility	Risk free rate	Dividend yield	Rights granted	Rights Vested	Fair value at grant date	Held at 31 December 2024 (unvested)
PR - Russell Delroy	1,000,000	0.18	15/12/2023	5	-	58%	4.4%	-	-	-	0.12	1,000,000
PR - William Barker	1,000,000	0.18	15/12/2023	5	-	58%	4.4%	-	-	-	0.12	1,000,000
PR - Robert Black	1,500,000	0.19	02/04/2024	5	-	55%	4.4%	-	-	-	0.12	1,500,000
PR - Susan Jones	-	0.16	20/09/2024	5	-	48%	4.4%	-	1,000,000	-	0.08	1,000,000
	3,500,000								1,000,000	-		4,500,000

Directors are entitled to one Carnarvon share for every performance right and the rights do not lapse if the director were to resign or retire.

Vesting conditions include:

- the 20-day volume weighted average price (VWAP) of Carnarvon shares exceeding \$0.30 per share; or
- a 'Change in Control' event, such as where:
 - Carnarvon announces that its shareholders at a Court convened meeting of shareholders voted in favour of a scheme of arrangement and the Court, by order, approves the scheme of arrangement;
 - a takeover bid is announced, has become unconditional and the person making the takeover bid holds more than 50% of Carnarvon shares;
 - any person acquires a relevant interest in 50.1% or more Carnarvon shares by any other means; or
 - Carnarvon announces that a sale or transfer of the whole or substantially the whole of the undertaking and business of Carnarvon has been completed.

Employee share plan

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in plan shares for the six-month period to 31 December 2024 and for the year to 30 June 2024:

	Number December 2024	WAEP December 2024	Number June 2024	WAEP June 2024
Outstanding at beginning of period	21,900,777	0.28	40,790,892	0.31
Forfeited during the period	-	-	(10,185,079)	0.52
Exercised during the period	-	-	(8,705,036)	0.13
Outstanding at end of period	21,900,777	0.28	21,900,777	0.28
Exercisable at end of period	21,900,777	0.28	21,900,777	0.28

Shares granted under the previous Employee Share Plan ("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. There were no ESP shares issued during the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Intangible assets

The Company previously acquired 20,240 Australian Carbon Credit Units (ACCUs) on market, which will be utilised to offset the company's head office and future Dorado facilities emissions.

The ACCUs are accounted for as an intangible asset under AASB 138: *Intangible Assets*.

	31 December 2024 \$000	30 June 2024 \$000
Intangible Assets	616	616

Recoverability

The recoverability of the carrying amount of the intangible assets is based on the future economic benefits expected to flow to the entity through either successfully selling the ACCUs or utilising them to offset the company's head office and future Dorado facilities emissions. As at 31 December 2024, the company holds 20,192 ACCU's.

10. Taxes

	31 December 2024 \$000	31 December 2023 \$000
<i>(a) Income tax expense</i>		
Current Income tax expense		
Current Income tax (benefit) / expense	65	-
Adjustment for prior period	-	-
	<u>65</u>	<u>-</u>
<i>Deferred tax (income)</i>		
Origination and Reversal of temporary differences – current	2,151	-
Adjustment for prior period	-	-
	<u>2,151</u>	<u>-</u>
Total income tax (benefit) / expense	2,216	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Taxes (continued)

	31 December 2024 \$000	31 December 2023 \$000
<i>Numerical reconciliation between pre-tax profit and income tax expense:</i>		
Profit / (Loss) for the period	9,113	(4,015)
Income tax using the statutory rate of 30% (2023: 30%)	2,734	(1,205)
Share based payment expense	79	-
Other permanent adjustment	2	-
Benefit of Tax losses (brought to account) / not brought to account	(599)	(1,205)
	<u>2,216</u>	<u>-</u>
Under(over) provision in prior years	<u>-</u>	<u>-</u>
Income tax (benefit) / expense	2,216	-
<i>(b) Current tax liability</i>	<u>-</u>	<u>-</u>

The current tax liability of nil (30 June 2024: nil) represents the amount of income tax payable in respect of current and prior financial periods.

Tax Consolidation

Effective 1 July 2003, for the purposes of Australian income taxation, Carnarvon and its 100%-owned Australian controlled entities formed a tax consolidated group. The head entity of the tax consolidated group is Carnarvon.

The impact of consolidating for tax purposes is that Carnarvon's Australian controlled entities are treated as divisions of Carnarvon rather than as separate entities for tax purposes. At the date of this report, the members of the group have not entered into a tax sharing arrangement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Taxes (continued)

(c) Deferred tax assets and liabilities

	31 December 2024 \$000	30 June 2024 \$000
<i>Deferred tax liabilities</i>		
Capitalised exploration deducted immediately	25,106	24,738
Prepayments	2	77
Unrealised foreign exchange gains	1,772	-
Gross deferred tax liabilities	26,880	24,815
	31 December 2024	30 June 2024
<i>Deferred tax assets</i>		
Carry forward revenue tax losses	23,466	23,401
Unrealised foreign exchange loss	-	697
Property, plant and equipment	79	81
Business capital expenditure	375	485
Share issue costs	609	609
Provisions	118	111
Accruals	15	29
Lease liability and right-of-use-assets	2	1
Gross deferred tax assets	24,664	25,414
Set-off of deferred tax liabilities pursuant to set-off provisions	(24,664)	(24,815)
Unrecognised deferred tax asset	-	(599)
Net deferred tax assets / (deferred tax liabilities)	(2,216)	-

11. Subsequent events

No matter or circumstance has arisen since 31 December 2024 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 Energy Limited (the "Company") declare that:

1. The financial statements and notes, as set out on pages 8 to 20 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 2024 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.



R Black
Director

Perth
27 February 2025



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Independent auditor's review report to the members of Carnarvon Energy Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Carnarvon Energy Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2024, 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, explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply 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 2024 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*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us 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 financial position as at 31 December 2024 and its



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performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

The Ernst + Young logo is a stylized, handwritten-style script of the words 'Ernst + Young' in black ink.

Ernst & Young

A handwritten signature in black ink, appearing to read 'T S Hammond', written over a horizontal line.

T S Hammond
Partner
Perth
27 February 2025

ADDITIONAL SHAREHOLDER INFORMATION

Details of associates and Joint Venture assets

<i>Permits & Licences</i>	<i>Principal activities</i>	<i>31 December 2024 Ownership interest %</i>	<i>30 June 2024 Ownership interest %</i>
<i>Western Australia</i>			
WA-435-P, WA-437-P, Roebuck Basin	Exploration for hydrocarbons	10%	10%
WA-436-P, WA 438-P, Roebuck Basin	Exploration for hydrocarbons	20%	20%
WA-64-L, Roebuck Basin	Exploration for hydrocarbons	10%	10%
EP509, Carnarvon	Relinquished	-	100%
TP29, Carnarvon	Relinquished	-	100%



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