

BUILDING ON DORADO SUCCESS



Managing Director's comments.

The Company remains very focused on delivering key Dorado workstreams to generate value for its shareholders. Two key milestones were achieved during the quarter, being the acceptance of the Offshore Project Proposal (**OPP**) by the National Offshore Petroleum Safety and Environmental Management Authority (**NOPSEMA**) and the divestment of a 10% interest in the Company's Bedout Sub-basin assets to CPC Corporation, Taiwan (**CPC**).

The Company's key strategic priority is to reach a Final Investment Decision (**FID**) for the Dorado development. This was the primary focus of the Company's resources during the quarter.

The Dorado development continues to make good progress with Front-End

Quarter Highlights

- **Offshore Project Proposal accepted by NOPSEMA.**
- **Binding agreement executed to divest a 10% interest in Carnarvon's Bedout Sub-basin assets for US\$146m.**
- **Pavo integration studies demonstrate low-cost compatibility with Dorado facilities.**
- **Strong balance sheet with A\$97m cash and no debt.**

Engineering and Design (FEED) substantially complete. Procurement activities remain the major workflow required to complete debt financing and progress to FID.

During the quarter, the OPP was accepted by NOPSEMA. Acceptance of the OPP means the Joint Venture now has the primary regulatory approvals necessary to support sanctioning of the Dorado phase 1 liquids development. Importantly, the scope of the OPP allows for the tie-back of recent discoveries within the 'project area', including Pavo.

Funding the Dorado development was materially progressed during the quarter with the Company executing a binding agreement with CPC to divest 10% of its project equity in the Bedout Sub-basin assets for a total consideration of US\$146m (refer to ASX announcement on 22 February 2023). The Company expects to complete the transaction with CPC around the end of June 2023.

Following completion of the CPC transaction, the Company will be in the enviable position of holding substantial cash of approximately A\$178m, plus a cost funding carry of US\$90m (net to Carnarvon). The carry is intended to be an important source of funding for the Company's share of the Dorado development cost.

Work continued on integration of the Pavo North oil discovery which successfully added an additional 43 million barrels resource (gross, 2C) (refer to ASX announcement on 2 May 2022) to the Company's resource base. The studies have indicated Pavo North is expected to be tied-back to the proposed Dorado facilities with minimal increase to the already expected low operating costs, underscoring the significant value of this additional resource.

Concurrently, the Company continues to assess the huge exploration upside potential in the Bedout Sub-basin. This work had previously identified combined prospective resources of over 1.5 billion barrels of oil equivalent (Pmean, Gross) within the top 20 prospects alone (refer to ASX Announcement on 4 October 2022). Of particular note during the quarter is the work being undertaken in assessing the newly acquired and processed Keraudren 3D seismic data that covers a substantial portion of the WA-436-P Exploration Permit in which the Joint Venture has yet to drill a well.

I look forward to providing more details on the proposed targets and the timing for the next exploration drilling campaign in due course.

The Company continues to progress its biofuels project with submissions for key

regulatory approvals being made during the previous quarter. The biofuels business presents a real revenue generating opportunity, which will provide important balance to our portfolio as the world undertakes a progressive energy transition.

To support these value adding workflows, the Company ended the quarter with a strong cash balance of A\$97m. The Company continues to prudently manage its balance sheet as it moves towards the sanction of the Dorado development, and its other projects.

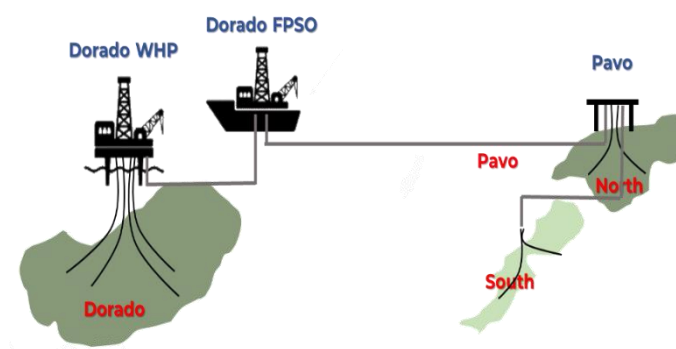


Figure 1: Illustration of potential Dorado FPSO tie-backs of Pavo North and Pavo South

Dorado Development WA-64-L

(Carnarvon 20%; Santos is the Operator)

During the quarter, the OPP was accepted by the regulator, NOPSEMA. Following grant of the Dorado Production Licence in April 2022, the Joint Venture now has the primary regulatory approvals necessary to support sanctioning of the Dorado phase 1 liquids development. Importantly, the scope of the OPP allows for the tie-back of recent discoveries within the 'project area', including Pavo.

Preliminary studies continued during the quarter to assess whether any changes are necessary to the proposed Dorado Floating Production Storage and Offtake (**FPSO**) vessel to incorporate fluids from the Pavo discovery, and process and store these fluids for offtake along with the Dorado fluids.

The studies indicate that the Pavo fluids are compatible with the Dorado processing equipment and are similar to the Dorado fluids. A potential scenario is to introduce the Pavo fluids mid-process directly to the FPSO as opposed to commingling at the Dorado Wellhead Platform (**WHP**).

These results highlight the excellent opportunity that Pavo represents to realise additional value from the Dorado development. The expectation is for Pavo to come online post start-up of Dorado, pending available ullage and regulatory approvals, which will assist in maintaining maximum fluid throughput by sustaining the production plateau, and thus continuing to achieve lowest quartile operating costs per barrel.

Ongoing processing of the seismic over the Dorado field, enhanced by a recent multi-azimuth approach, underscored the high-quality nature of the reservoir and the extensive laterally continuous hydrocarbon pools.

The Company continued to progress the necessary work to ensure that it has the required funding for its share of the Dorado development. The debt financing process is well advanced and will be finalised once the procurement contracts for the FPSO and WHP are completed.

To support funding for Dorado, the Company also executed a binding

agreement with CPC to divest a 10% interest in the Bedout Sub-basin assets for a total consideration of US\$146m (refer to ASX announcement on 22 February 2023).

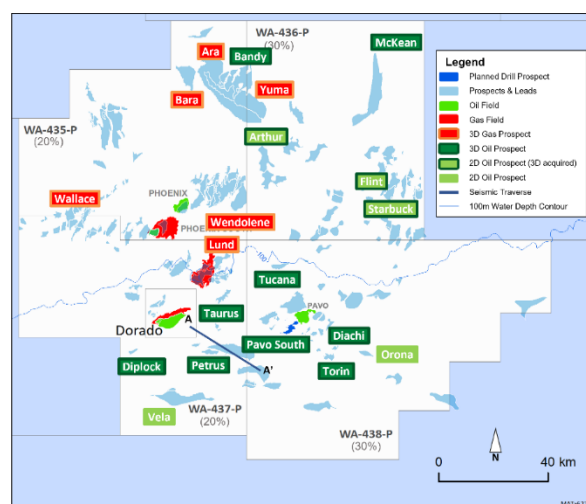
Bedout Exploration

WA-435,6,7&8-P

(Carnarvon 20%-30%; Santos is the Operator)

Over the past few years, a significant amount of seismic data and well information has been acquired across the prolific Bedout acreage. During the quarter, the Joint Venture continued its work to ensure suitable integration of the various data packages and interpretation of this data to high grade the best prospects across the permits for near-term drilling.

The Joint Venture has so far identified more than 100 prospects covering a broad range of play styles. The top 20 of these prospects alone are estimated to contain an aggregate of 1.5 billion barrels of oil equivalent on a Pmean basis (gross unrisked) (refer to ASX announcement on 4 October 2022). The Company's interest in these resources is close to 400 million



barrels of oil equivalent (unrisked, Pmean basis) based on the current equity holding. On top of these already identified prospects, new structures have emerged from the Archer 3D seismic data, in an area located around 20km from the proposed Dorado development.

The Company is also anticipating that the recently acquired and processed Keraudren Extension North 3D data, primarily contained within the WA-436-P Exploration Permit, will reinforce the current prospects in the area of the permit and potentially uncover significant additional prospectivity. Only two wells have been drilled within this permit area, and those were drilled using older 2D data in the 1970's and 1980's; hence, there is significant untapped potential in this area which contains similar play types to Dorado and Pavo.

The Joint Venture's focus is to high grade the preferred prospects to include in future exploration drilling campaigns. The planned production facilities at Dorado provide strategic infrastructure for tying in nearby oil and condensate discoveries, such as Pavo, which have the potential to deliver substantial returns given development of these resources will utilise existing infrastructure. Importantly, the scope of the recently approved OPP incorporates the development of significantly more resources than currently discovered, and the aggregation of further development facilities such as future well-head platforms tied back to Dorado.

In due course, the Joint Venture also expects to develop the low CO₂ gas resources discovered in Dorado and Roc. These, and other potential gas discoveries, are expected to form a second

development phase and will provide significant further value potential.

Opportunities to accelerate the production of these gas resources is also an important factor in the Joint Venture's development plans, as well as potentially targeting additional gas discoveries.

The assessment of future exploration opportunities is ongoing with work in the coming quarter centred around continued post-well analysis, the interpretation of the new Keraudren Extension Full Integrity 3D seismic volume and how these results impact assessment of the Bedout Sub-basin prospectivity. A detailed review of the top prospects will then be undertaken to high-grade and mature the best prospects into drillable status for drilling.

Renewable Fuels

(Carnarvon 50%)

The Company continues to advance its renewable diesel project in the Shire of Narrogin as part of its biofuels joint venture, FutureEnergy Australia (**FEA**) (Carnarvon 50%).

FEA has submitted its Development Application to the Shire of Narrogin to commence its review, community consultation process and referral to the Joint Development Assessment Panel.

In addition, referral to the Environmental Protection Authority has been made for the construction and operation of the biorefinery.

The first stage engineering and design feasibility study for the project is nearing completion.

AC/P63

(Carnarvon 100%)

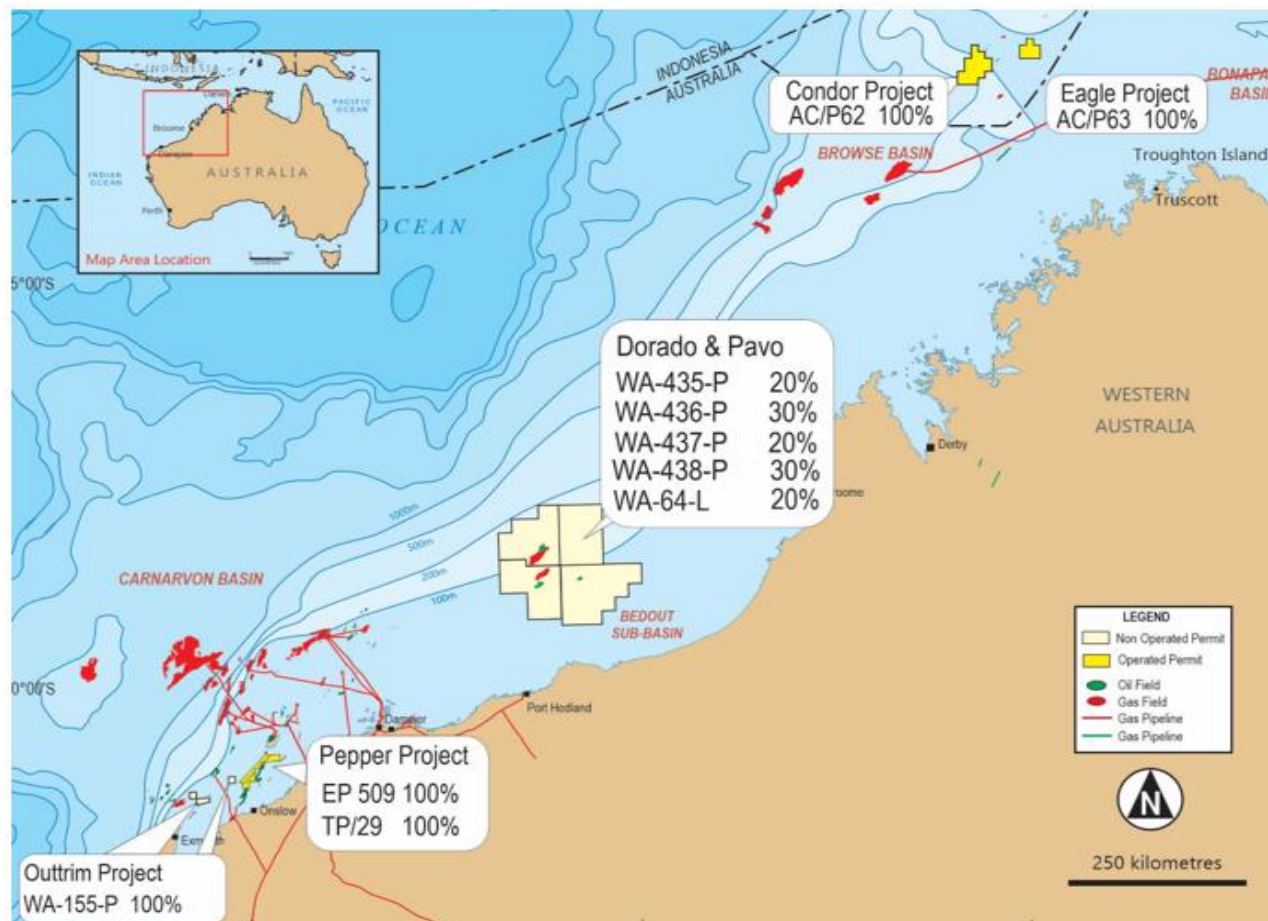
During the quarter, the Company applied to surrender the AC/P63 Exploration Permit.

The application is currently being considered by the regulator.

Financial Analysis of selected items within Appendix 5B

Appendix 5B reference	ASX description reference	Carnarvon commentary
1.2 (a)	Exploration and evaluation costs expensed	These costs pertain to work undertaken on projects that are not applicable to an owned permit interest. Typically, these costs relate to regional geological assessments undertaken by Carnarvon's technical team which includes annual license 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, making corporate presentations 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.
2.1 (d)	Exploration and evaluation costs capitalised	During the quarter, Carnarvon incurred a net outflow of A\$694,000 on exploration and evaluation activities which primarily related to Pavo-1 and Apus-1 post well studies, Dorado FEED workflows and seismic processing over the Bedout permits.
2.5	Other	This item relates to Carnarvon's investment into the renewable diesel joint venture, FutureEnergy Australia.
3.1	Proceeds from exercise of options / ESP	Carnarvon has an Employee Share Plan (ESP) which was previously approved by shareholders. During the year, some employees paid the Company to retire some outstanding loans on their vested employee shares. The payments are reflected as cash received by the Company.
6.1	Payments to related parties and their associates	These costs pertain to remuneration for the Managing Director and Non-Executive Directors.
8.0	Future operating activities	For the upcoming quarter, Carnarvon has forecast A\$1.7-\$1.9 million in the Bedout Sub-basin expenditure and A\$1.6-\$1.8 million in corporate and other costs.

Project Map



Project Table

Project	Permit(s)	Operator	Interest held	Interest Change Q/Q
Bedout	WA-64-L	Santos	20%	-
Bedout	WA-435-P	Santos	20%	-
Bedout	WA-436-P	Santos	30%	-
Bedout	WA-437-P	Santos	20%	-
Bedout	WA-438-P	Santos	30%	-
Buffalo	TL-SO-T 19-14	Carnarvon Petroleum Timor	100%	-
Condor	AC/P62	Carnarvon Energy	100%	-
Eagle	AC/P63	Carnarvon Energy	100%	-
Outtrim	WA-155-P	Carnarvon Energy	100%	-
Pepper	EP 509 & TP/29	Carnarvon Energy	100%	-

Acronym	Definition
bopd	barrels of oil per day
bbls	barrels of oil
CVN	Carnarvon Energy Limited
JV	Joint Venture
km	Kilometres
km²	Square kilometres
m	Millions
Qtr	Quarter
Q/Q	Quarter on Quarter
Tcf	Trillion cubic feet (gas)
2D	Two-dimension seismic data
3D	Three-dimensional seismic data
MC3D	Multi-client 3D – seismic data acquired for multiple parties that require licensing
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 must be recognised as a subjective process 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 and may relate to undiscovered accumulations. These prospective resource estimates have an associated risk of discovery and risk of development. Further exploration and appraisal is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Resources

All contingent and prospective resources presented in this report are prepared as at 2 May 2022, 30 June 2022 and 4 October 2022 (refer ASX releases dated 2 May 2022, 17 August 2022, 31 August 2022, 4 October 2022 and 18 November 2022). The estimates of contingent and prospective resources included in this report have been prepared in accordance with the definitions and guidelines set forth in the SPE-PRMS and have been prepared using probabilistic methods.

Carnarvon is not aware of any new information or data that materially affects the information included in this report and that all material assumptions and technical parameters underpinning the estimates in this report continue to apply and have not materially changed.

Competent Person Statement Information

The resource estimates outlined in this report were compiled by Carnarvon's Chief Operating 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 forward-looking statement will be realised. Achievement of anticipated results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from past results and those anticipated, estimated or projected. You should bear this in mind as you consider forward-looking statements, and you are cautioned not to put undue reliance on any forward-looking statement.

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 March 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(135)	(627)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(888)	(2,843)
	(e) administration and corporate costs	(403)	(2,372)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	928	2,015
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(498)	(3,827)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(5)
	(d) exploration & evaluation	(694)	(12,180)
	(e) investments	-	-
	(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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)	(30)	(95)
2.6	Net cash from / (used in) investing activities	(724)	(12,280)

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	-	177
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)	(56)	(165)
3.10	Net cash from / (used in) financing activities	(56)	12

4.	Net increase / (decrease) in cash and cash equivalents for the period	Current quarter \$A'000	Year to date (9 months) \$A'000
4.1	Cash and cash equivalents at beginning of period	97,903	112,425
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(498)	(3,827)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(724)	(12,280)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(56)	12

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	612	907
4.6	Cash and cash equivalents at end of period	97,237	97,237

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	10,079	12,007
5.2	Call deposits	87,158	85,896
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)	97,237	97,903

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	296
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

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)	(498)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(694)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,192)
8.4 Cash and cash equivalents at quarter end (item 4.6)	97,237
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	97,237
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	81.6
<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	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

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: 19 April 2023

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.