

ASX ANNOUNCEMENT

Bedout divestment completes

16 August 2023

Highlights

- ▶ Carnarvon completes transformational divestment of a portion of its Bedout assets
- ▶ Carnarvon now holding ~A\$319 million in financial liquidity, comprising:
 - ~A\$181 million in cash; and
 - ~A\$138 million future contribution to Carnarvon's Dorado development costs
- ▶ Completion of the transaction positions Carnarvon to realise the value of its high-quality portfolio, including development of the world class Dorado and Pavo fields, and unlocking the substantial exploration potential across its Bedout assets
- ▶ Carnarvon is unique among mid-cap energy stocks in terms of its financial strength, quality resource base and significant long-term growth prospects

Carnarvon Managing Director and CEO, Adrian Cook, commented:

"Completion of the CPC transaction is a crucial funding milestone for Carnarvon and a key piece in the company's transformational journey to delivering high-quality, low-cost production for shareholders."

Following receipt of an adjusted payment of US\$58 million (equivalent to ~A\$89 million¹) from CPC at completion, Carnarvon's cash reserves now stand at ~A\$181 million, with total financial liquidity of ~A\$319 million.

Critically, the deal with CPC provides Carnarvon with substantive funding for development of the world class Dorado and Pavo fields, the largest undeveloped oil field offshore Australia.

With CPC formally joining the Joint Venture, Carnarvon's immediate focus is on working with it, and Santos, to achieve a Final Investment Decision on the Dorado development as soon as possible.

I welcome CPC to the Joint Venture, and thank it for the constructive way it has worked with Carnarvon to finalise the transaction.

Carnarvon's position is unique among mid-cap energy stocks in terms of its resource base, sizeable financial liquidity and the unrivalled exploration potential across its Bedout assets. I look forward to providing shareholders with further positive news about the progress of the Dorado development, and wider Bedout exploration, in the coming months."

Transaction details

As announced on 22 February 2023, Carnarvon Energy Limited (**Carnarvon**) entered into a binding agreement to divest a 10% interest in its Bedout assets to OPIC Australia Pty Limited, a wholly owned subsidiary of CPC Corporation, Taiwan (**CPC**), Taiwan's national oil and gas company (**Sale Agreement**).

Under the Sale Agreement, Carnarvon will receive total cash consideration of US\$146 million. This comprises of an upfront payment of US\$56 million on completion of the transaction, and a further carry of US\$90 million towards Carnarvon's share of the future Dorado development costs once a Final Investment Decision is taken (**CPC Carry**).

Completion

Completion of the transaction has occurred, with Carnarvon having received a payment of US\$58 million (equivalent to ~A\$89 million) from CPC. The increased amount of the upfront payment is due to the adjustment process under the Sale Agreement, with the effective date of the sale being 31 August 2022.

Carnarvon's overall financial liquidity following completion now stands at ~A\$319 million, consisting of ~A\$181 million in cash and ~A\$138 million for the CPC Carry.

A schematic indicating Carnarvon's equity in its Bedout assets following completion is contained in **Annexure A** to this announcement.

Dorado development

The significant volume of high value hydrocarbons in the Dorado and Pavo fields are planned to be produced over several stages, with the Phase 1 Dorado development involving the extraction of the liquids (oil and condensate) resource.

Plans for the Phase 1 development consist of a single Wellhead Platform (WHP) in 90-metre water depth, connected to a nearby Floating Production Storage and Offloading (FPSO) vessel via sub-sea flowlines and control lines. Gas and LPG from the Dorado field will be re-injected before being assessed for subsequent production in a second stage Phase 2 development. The reinjection of gas during Phase 1 is expected to considerably enhance the recovery of liquids from the field(s). The Phase 1 development will be designed for liquids handling of up to 100,000 barrels per day, with the Pavo field to be tied back to the Dorado facilities once production from the Dorado field begins to naturally decline to ensure production rates are maintained.

The future Phase 2 gas export project to either domestic and /or LNG facilities will be subject to the volume of discovered gas resources in the Bedout Sub-basin at that time.

A diagram of the proposed Phase 1 Dorado development is contained in **Annexure B** to this announcement.

Debt process

Carnarvon is continuing the formal process to part fund its remaining share of the Dorado development using a broad range of potential capital sources, including:

- traditional reserve-based, non-recourse senior debt facilities; and

- alternative funding options (including junior or subordinated debt, offtake prepayment and royalties).

Carnarvon has received a strong level of market interest across all these sources of capital and will continue to progress these to deliver the optimal balance of capital management while maximising risk-weighted value for shareholders.

Azure Capital acted as Carnarvon's adviser on the transaction, as well as advising on its ongoing debt financing process for the Dorado development.

¹ All USD translated to AUD at the current exchange rate of 0.65.

Approved for release by:



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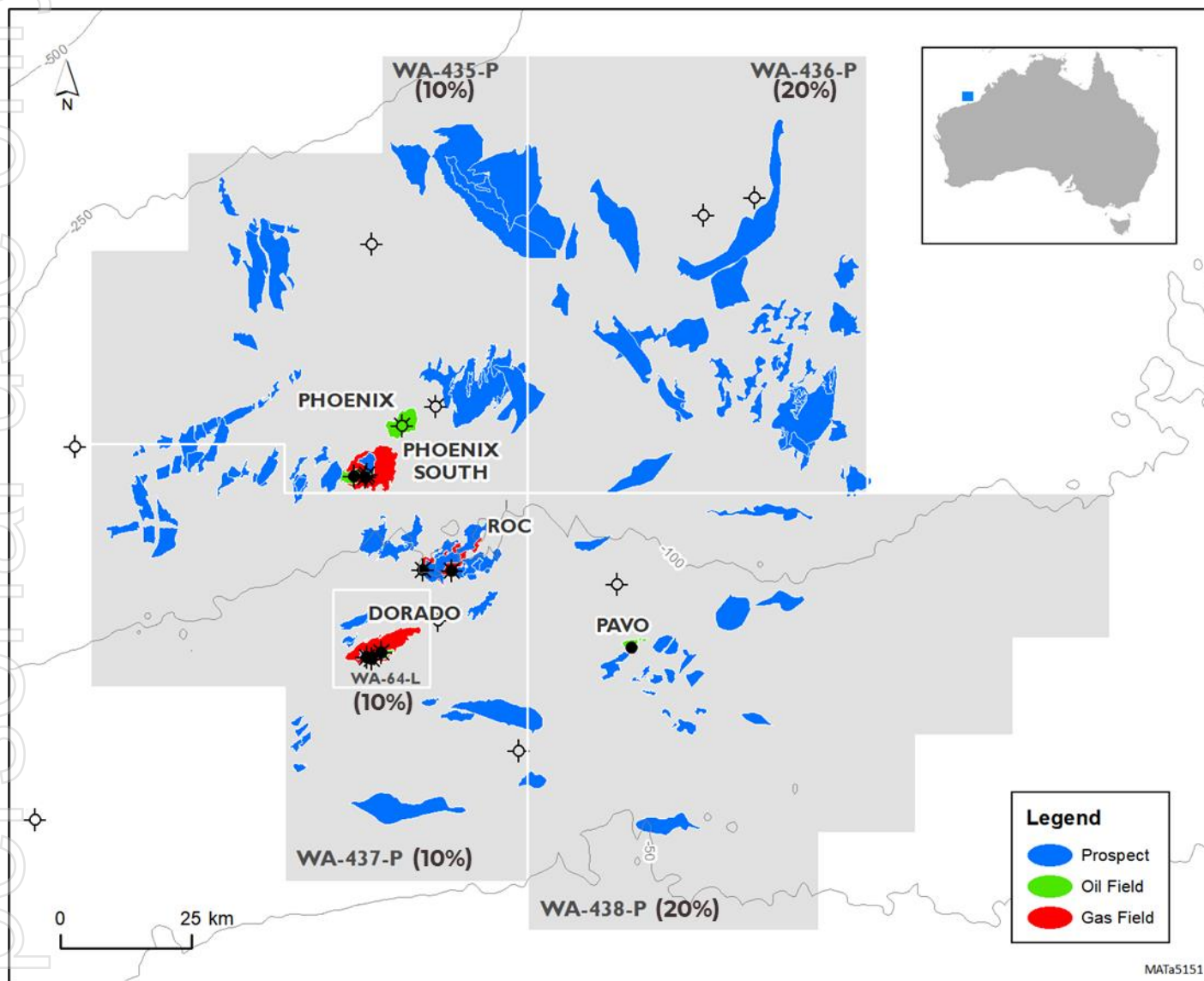
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This announcement contains certain "forward-looking statements", which can generally be identified by the use of words such as "will", "may", "could", "likely", "ongoing", "anticipate", "estimate", "expect", "project", "intend", "plan", "believe", "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.

ANNEXURE A: BEDOUT PERMITS – CARNARVON EQUITY FOLLOWING COMPLETION



ANNEXURE B: PHASE 1 DORADO DEVELOPMENT

