

ASX ANNOUNCEMENT

Quarterly Activities Report

For the period ended 31 March 2025

7 April 2025

Carnarvon Energy Limited (ASX:CVN)(Carnarvon or the Company) provides an update on the Company's activities and financial position as at 31 March 2025.

Quarter Highlights

- Robust Balance Sheet maintained with A\$186 million cash, no debt, and US\$90 million Dorado development free carry
- Capital management initiatives commenced, including an On-Market Buyback for up to 10% of the Company's issued capital,
- In addition, the Company has commenced a process to enable the potential return of up to \$0.07 per share (A\$125 million) to shareholders.

Carnarvon's CEO, Philip Huizenga, commented:

"It was disappointing to announce at the beginning of the quarter the decision not to acquire the identified FPSO and delay commencement of FEED on the Dorado project.

I am aware that we still need to provide our shareholders with a revised timeline for the Dorado development. We are working with the Joint Venture partners on this and investigating alternative options to accelerate the project. Dorado, which has been recognised as the third largest oilfield in the greater North-West Shelf, is just too big and valuable to remain undeveloped for an extended period of time.

We're also continuing to work on several options to realise value for shareholders, including our process on a potential corporate or asset transaction and a long-awaited return to drilling. The Company will consider all opportunities that provide value and certainty to Carnarvon shareholders.

With the delay to the Dorado development, the Carnarvon Board recognises that the current funds earmarked for the execution phase may be idle in the upcoming period, which leads to the potential for a capital return later this year. We have commenced the process of a class ruling from the Australian Taxation Office (ATO) to confirm that any capital returns are not treated as a dividend for taxation purposes.

A decision on the capital return, and the exact quantum, is expected once that ruling has been received, which is expected to take around six months. Unless a superior, value accretive alternative is presented by that time, the Board will seek shareholder approval for a capital return.

Even with a capital return to shareholders, Carnarvon will remain well-funded for our near-term plans of the exploration of up to three wells in the Bedout Sub-basin and to take the Dorado project into a final investment decision. Future Dorado development costs can be funded by a combination of the existing US\$90m capital cost carry and debt.

Although not recognised in our current share price, the Bedout Sub-basin, offshore Western Australia, has incredible latent value headlined by the approximately 200 million barrels (2C, gross)¹ of high-quality hydrocarbons in both Dorado and Pavo, and outstanding exploration upside.

We are also working hard on getting back to exploration drilling. At least one well is planned for next year in the Bedout Sub-basin and preparation work on this is well underway. With a significant number of prospects and leads mapped using modern 3D seismic data, and an incredible success rate of close to 70% for exploration wells, we look forward to outlining more detailed plans in the near-term."

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.

During the quarter, 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 year².

The Company is working with the Joint Venture partners to update the timeline for the Dorado development and is investigating alternative options to accelerate the project. Despite the delays to the Dorado development, the Joint Venture recognises immense value in the discovered resources at Dorado, Pavo and Roc, and the world class exploration prospectivity in the surrounding Bedout Sub-basin. Carnarvon looks forward to providing an update on the development timeline in due course.

¹ ASX announcement 30 August 2024 - Annual Report

² ASX Announcement 21 January 2025 - Dorado project update

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 unrisks prospective resource estimates of 9 Tcf of gas and 1.6 billion barrels of liquids (Pmean*, gross)³.

At the start of the quarter, 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 exploration, 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, with the proposed Environmental Plan covering several locations across all four Permits.

The prospectivity outlined has the potential to unlock sufficient gas resources to underpin a future gas export development project.

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 therefore FID, Carnarvon continues to explore alternative transactions to accelerate value realisation.

Capital Management

Considering the delays in the development of the Dorado project, the Company has reviewed its capital management. As a result, the Company announced two initiatives during the quarter.

Firstly, the Company has put in place an On-market Buyback for up to 10% of shares. The Company won't always be in the market buying shares, including occasions when it's not permitted to, however this option remains available to the Company to actively manage its capital when there is value for shareholders.

The Company has also commenced a process to enable a potential return of capital to shareholders of up to \$0.07 per share (A\$125 million), less funds utilised for the On-market Buyback.

³ ASX Announcement 1 September 2023 - Unlocking New Bedout Resources

The Company is seeking a Class Ruling from the ATO to confirm that the Capital Return will not be treated as a dividend for Australian taxation purposes. A Class Ruling is expected within six months.

Subject to any ASX waivers sought, a decision on the capital return, and the final quantum, is expected once the class ruling has been received, and unless a superior alternative is presented by that time, the Board will seek shareholder approval for a capital return.

Following the potential capital return, the Company expects to retain at least A\$62m and remain well-funded for its near-term plans of the exploration of up to three wells in the Bedout and to take the Dorado project into a final investment decision. Future Dorado development costs can be funded by a combination of the existing US\$90m capital cost carry and debt.

Cash and liquidity position

The Company ended the quarter with A\$186 million in cash, and no debt. Carnarvon also maintains US\$90 million in future Dorado development cost carry.

Following significant corporate cost reductions throughout 2024, the interest received during the current quarter continued to be materially higher than administrative, corporate and staff costs for the period.

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. Following the Dorado project deferral, the Company has substantially less requirement for USD and has converted a majority of its funds to AUD to realise the recent foreign exchange gains.

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.
2.1 (d)	Exploration and evaluation costs capitalised	During the quarter, Carnarvon incurred a net outflow of A\$948k in exploration and evaluation activities, primarily related to completion of Dorado pre-FEED work and exploration EP planning.
4.5	Effect of movement in exchange rates on cash held	This reflects the impact of an appreciation 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\$200k - \$400k expenditures in the Bedout Sub-basin and A\$900k - \$1.1 million in corporate and other costs. Corporate costs should be fully offset by interest received for the quarter.

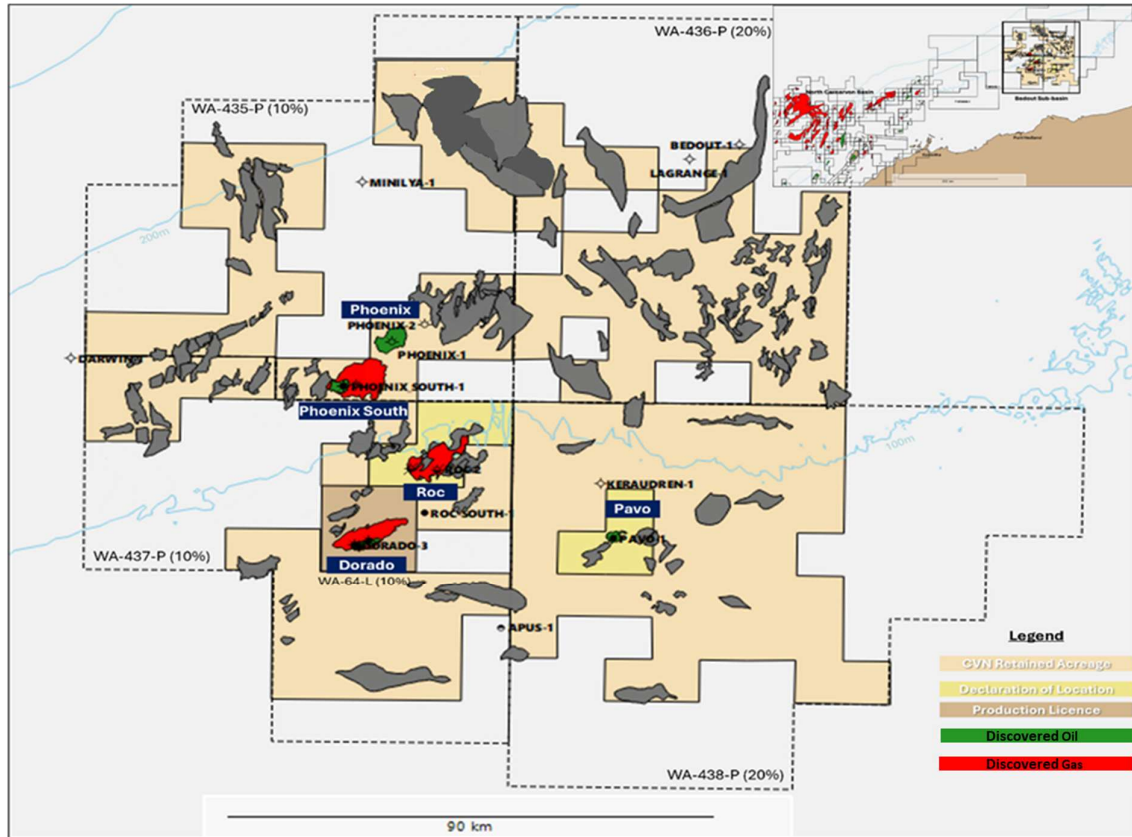


Figure 1: Project Map after Permit Renewal

Table 1: Carnarvon permits

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 2024 and 1 September 2023 pursuant to the announcements released to the ASX on 4 October 2022, 1 September 2023 and 30 August 2024. 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 March 2025

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	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(305)	(848)
	(e) administration and corporate costs	(332)	(1,316)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2,115	6,561
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	39
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	1,478	4,436

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	(948)	(2,427)
	(e) investments	-	-
	(f) other non-current assets	-	-

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)	-	-
2.6	Net cash from / (used in) investing activities	(948)	(2,427)

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)	(49)	(151)
3.10	Net cash from / (used in) financing activities	(49)	(151)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	187,276	179,551
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,478	4,436
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(948)	(2,427)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(49)	(151)

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	(2,031)	4,317
4.6	Cash and cash equivalents at end of period	185,726	185,726

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	3,283	14,471
5.2	Call deposits	182,443	172,805
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)	185,726	187,276

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	75
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	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
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)	1,478
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(948)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	530
8.4 Cash and cash equivalents at quarter end (item 4.6)	185,726
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	185,726
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: 7 April 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.