

# CEO Newsletter

16 December 2019



Dear fellow shareholders,

The 2019 calendar year has been one of the most important in the history of this Company. The successful Dorado appraisal wells have confirmed a world class resource in a highly attractive setting; namely in an OECD jurisdiction, in shallow water, close to services and infrastructure and operated by a highly capable partner.

It gives me great pleasure to oversee such a material transformation of Carnarvon over the years and to have it in such strong position for growth across the development of Dorado and exploration of a high quality portfolio.

We recently spent two days with the Santos team covering our progress and future plans for the Dorado field. As has been said publicly by Santos and Carnarvon, the Dorado field is an important resource for both companies and is capable of creating material value through the production of the liquids (oil and condensate) initially, followed by the gas resource.

As the above work progresses in the 2020 calendar year, we expect to provide you with more detail on the Dorado liquids development and what looks to be shaping into a number of exciting and material exploration opportunities. These fantastic opportunities are both near Dorado and across the broader basin in which we and Santos hold equity positions. The exploration teams are eagerly awaiting the receipt of the Keraudren 3D seismic data to validate the work that they're currently advancing. The early test data from the new survey looks promising and is validating acquiring the data, which was to improve the ability to more clearly and accurately interpret the four primary reservoir sections (namely the Caley, Baxter, Crispin and Milne) in Dorado. This new data was also extended over a number of prospects that includes Pavo and Apus plus many more which we will cover in more detail in due course. Clearly, we would be ecstatic if we were able to find another Dorado nearby.

We are conscious of the importance of maintaining a strong balance sheet at this stage of the Company's transition to being a producer and we proactively addressed this in 2019. As a consequence, we last reported holding cash of \$133 million, with no debt, and we expect to hold around \$115 million in cash by the end of the calendar year. This financial prudence means we expect to very comfortably cover all of our 2020 expenditure and should have a very strong cash position this time next year.

This strong and prudent financial plan provides us with a lot of time to progress the Dorado development planning and secure appropriate sources of funding for our share of the development. I expect that throughout the course of the 2020 calendar year we will be able to provide you with greater clarity on our plans and actions that we have underway in this regard.

The Buffalo project, and our other farm out projects also continue to advance. These types of transactions are taking longer than in previous years. We have had positive feedback on these projects and we are confident that they will provide important future value potential and I'm hopeful that we'll have some exciting news on these projects in the new year.

As 2019 draws to a close, I want to wish you all a very Merry Christmas and a safe and enjoyable festive break, and I'm looking forward to sharing with you all news in 2020 as we make further progress in our business.

Regards  
Adrian