



**CARNARVON**  
PETROLEUM LTD

ANNUAL GENERAL MEETING  
PRESENTATION BY THE MANAGING DIRECTOR  
11 NOVEMBER 2020

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# PRESENTATION CONTENT

**OVERVIEW  
OF 2020  
ACTIVITIES**

**DORADO  
& BEDOUT  
UPDATE**

**EXPLORATION  
PORTFOLIO  
UPDATE**

**FINANCIAL  
OVERVIEW  
& UPDATE**

Welcome everyone to Carnarvon's Annual General Meeting.

Our work this year, which I will go through today, has us in a very strong position to deliver an exciting 2021 with drilling being planned in the Bedout and Buffalo and negotiations advancing with a partner for Buffalo.

Today I will present an overview of the business and an update on our key projects, before opening to the floor for questions at the end of the presentation.

# OVERVIEW OF 2020 ACTIVITIES

## DELIVERING ON STRATEGY



|                       |  |
|-----------------------|--|
| <b>Clear strategy</b> | <b>Focused on NWS oil and gas exploration and production</b><br>Pursuit of high value potential opportunities<br>Balanced risk approach – Australia attractive in 2020!  |
| <b>Clear progress</b> | <b>CVN one of the most active and successful explorers on the ASX</b><br>Nine high impact wells drilled since Apache farmed-in to Bedout in 2012<br>Secured an extensive low holding cost, large potential asset portfolio |
| <b>Clear success</b>  | <b>Dorado is one of the largest NWS oil fields in the last 30 years</b><br>With Dorado and Roc gas having potential for future development<br>Prospect pipeline building for next drilling campaigns in Bedout             |

We have consistently articulated a clear strategy for the business that is focused on oil and gas opportunities on the North West Shelf.

We have executed to plan and have been one of the most active and successful mid-cap explorers on the ASX, with nine high impact wells drilled in the Bedout Sub-basin.

There is no doubt as to our success with the discovery of one of the largest oil fields on the North West Shelf in the last 30 years in Dorado.

But we should not forget that we hold a commanding position in the Bedout sub-basin that has enormous upside potential both near Dorado and in the broader basin setting.

# OVERVIEW OF 2020 ACTIVITIES

## POSITIONED FOR AN ACTIVE 2021



|                           |   |
|---------------------------|---|
| <b>Dorado Development</b> | <b>Working towards Final Investment Decision in 2021<sup>1</sup></b><br>Development concept selected and pre-FEED phase advanced<br>FEED phase expected to commence shortly                                   |
| <b>Bedout Exploration</b> | <b>Working towards drilling one of the key prospects in 2021<sup>1</sup></b><br>New Keraudren seismic data processed and interpreted<br>Key Pavo, Apus and Petrus prospects matured                           |
| <b>Buffalo Project</b>    | <b>Working towards drilling the Buffalo-10 well in 2021<sup>1</sup></b><br>Environmental Plan to drill provisionally approved by authorities<br>Basis of well design and drilling management systems advanced |

1. Subject to business conditions including further COVID-19 impacts, regulatory and joint venture approvals and for drilling, rig and other equipment availability.

The work we undertook this year was important in positioning us for an active 2021 in three areas.

The first is to advance the Dorado oil field development to a Final Investment Decision. This will entail completion of the engineering and design phase in 2021 which is an important stage for the Joint Venture.

The second is to test a number of exciting exploration prospects near Dorado, with Pavo and Apus remaining the key targets. I fully expect to be in a position to clarify our drilling plans by the end of this calendar year.

The third is to drill a Buffalo well to confirm the resource size and development plan. While COVID-19 impacted our farm-out efforts this year, we are currently in discussions with a number of parties who have re-engaged on this project in a serious way.

# OVERVIEW OF 2020 ACTIVITIES

## CAREFULLY MANAGED THROUGH COVID-19



|                         |   |
|-------------------------|---|
| <b>Staff Safety</b>     | <b>Safety is our first priority</b><br>Staff were set up to work from home effectively<br>Ensured return to work conditions were safe and efficient                                       |
| <b>Project Progress</b> | <b>The objective was to maintain project progress in 2020</b><br>Projects warranted progressing despite market conditions<br>Both Dorado and Buffalo were in early low cost stages        |
| <b>Capital Focus</b>    | <b>Capital investment was concentrated on Dorado and Bedout</b><br>Discretionary non project expenditures reduced<br>Maintained discipline to pursue partners on projects such as Buffalo |

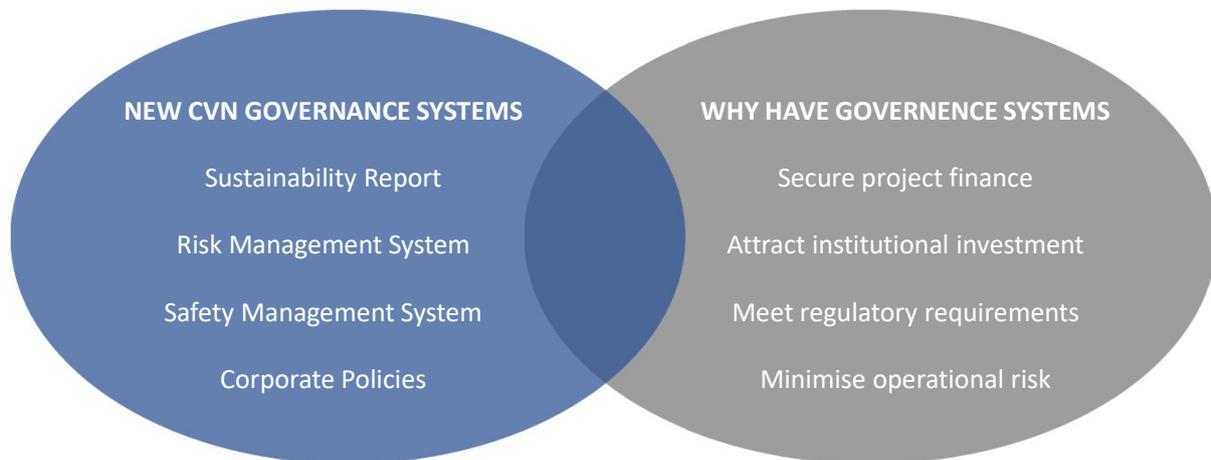
While 2020 has been one of the more testing years that I can remember, we successfully and seamlessly progressed our key projects in the Dorado development, Bedout exploration and Buffalo planning for drilling.

As you would have seen from our quarterly reports, we were also effective in managing our expenditures whilst ensuring we retained the important capabilities that exist within our small but specialist team.

All of this work has placed us in a strong position to engage in new project activity in 2021.

# OVERVIEW OF 2020 ACTIVITIES

## BUILDING GOVERNANCE SYSTEMS FOR FUTURE GROWTH

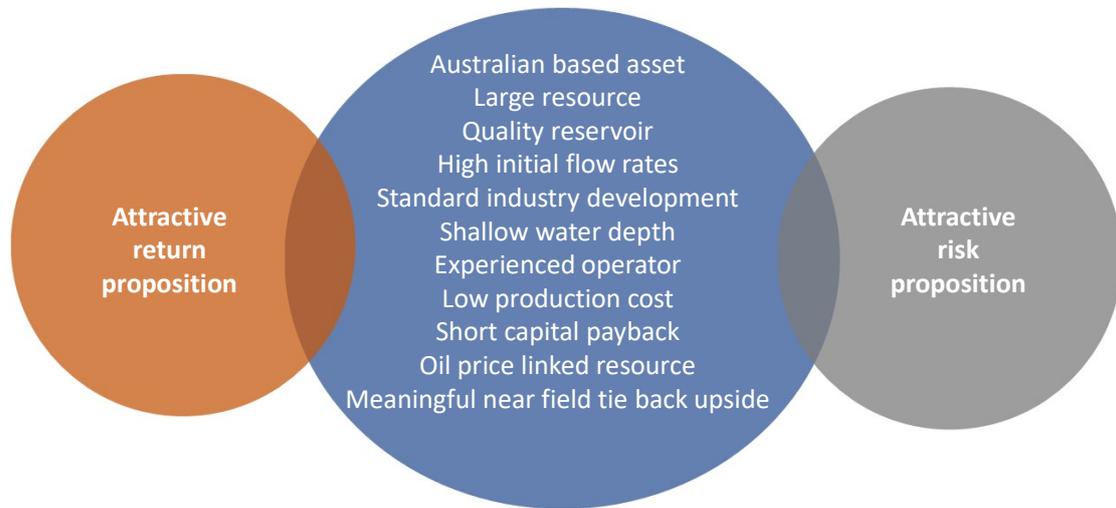


Governance is increasingly recognised as an important component of a business by the capital markets, regulators and other stakeholders. As Carnarvon grows, with for example the development of Dorado and making new discoveries, it becomes increasingly important that we foster and build our governance systems.

During this year we invested in enhancing the Company's governance systems, where our focus was in the areas required to secure finance for Dorado and obtain regulatory approvals to operate drilling the Buffalo well.

# DORADO DEVELOPMENT UPDATE

## STRONG PROJECT FUNDAMENTALS



The Dorado field is one of the standout oil projects on the world stage.

The standout nature of the project is actually due to a combination of factors, some of which I have listed on this slide, that make it a very attractive investment proposition in terms of its return and risk profile.

We also remain strongly of the view that oil prices are set for a recovery as the impacts of COVID-19 abate and supply pressures arise in the medium term due to the gross underinvestment that has occurred over the last five years.

To add to this strong position, we hold very meaningful near field tie back targets that I will cover later.

# DORADO DEVELOPMENT UPDATE

## SUBSURFACE WORK ADVANCED

### Four stacked reservoirs

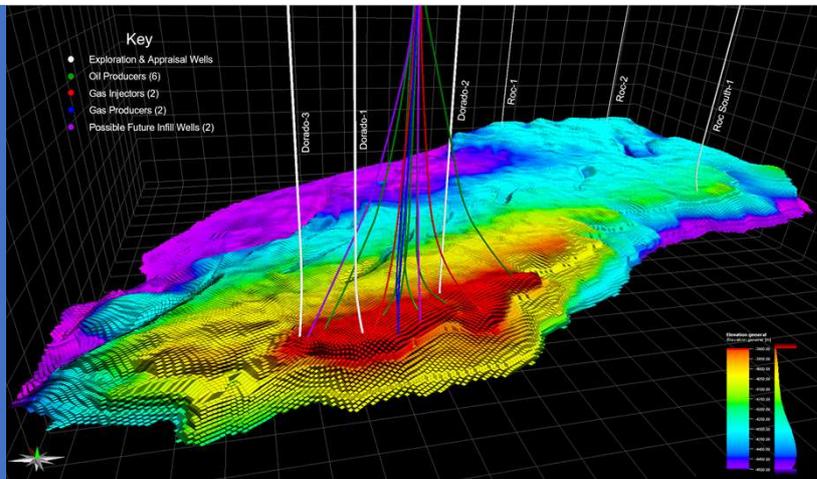
All good to high quality  
Greater recovery per well

### High deliverability

Caley test flowed 11,000 bopd  
(maximum with equipment)

### Gas reinjection benefits

Supports enhanced oil recovery  
Store for future production



Last year we proved that very high flow rates are possible from the Dorado field.

This year focused on determining how to manage the four reservoirs in the most effective manner over the field's life to enhance oil recovery.

To do this we will use a number of production and gas reinjection wells working across the four reservoirs. The reinjection of the gas will also mean that we store it in the reservoirs for future production.

# DORADO DEVELOPMENT UPDATE

## DEVELOPING FOR 75,000 TO 100,000 BOPD

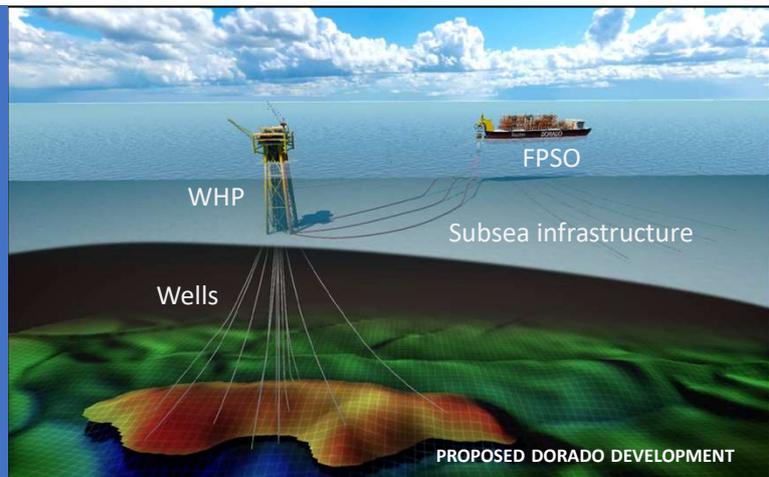


### Floating Production Storage & Offtake vessel ("FPSO")

- 900,000~ barrel storage
- Gas reinjection equipment

### Well Head Platform ("WHP")

- 16 well slot capacity
- Hosting 8-10 wells initially for production & gas reinjection
- Capacity for future tie backs



Our plans to deliver an initial flow rate of between 75,000 and 100,000 barrels of oil per day demonstrates the significance of this field. At these levels it will make Carnarvon one of the larger oil producers on the ASX with its 20% interest in the project.

Finding more barrels to produce nearby would also significantly enhance the value proposition of Dorado and I'll touch on that in a couple of slides time.

What is important to note is that we are actually building in additional infrastructure capacity to accommodate future discoveries that can be tied back to Dorado. As an example, you can see on the well head platform that it will have 16 well slots, with six to eight being spare for future use.

# DORADO DEVELOPMENT UPDATE

## ACHIEVEMENTS IN 2020

### Development Theme Selected

Oil produced via WHP and FPSO with gas injection

### Pre-FEED Engineering Studies Complete

WHP, FPSO and SURF

### Location Declaration Accepted by regulator

Precursor to Production License

### Preliminary Field Development Plan progressed

Positive feedback received from regulator

### Offshore Project Proposal initial submission

Currently with regulator for review



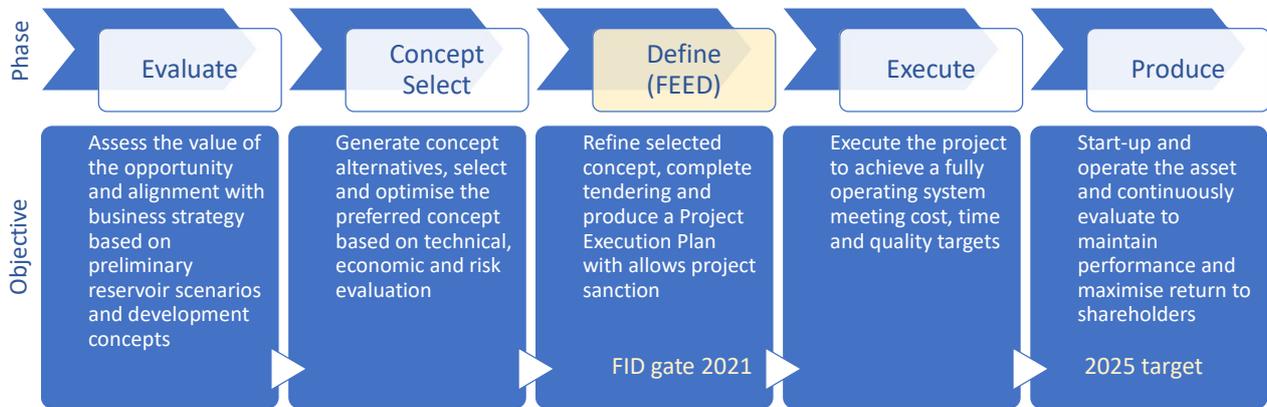
11

This year we have worked closely with the operator on evaluating the technical and economic possibilities for developing the field, selecting a preferred development case and commencing the early engineering and design work.

We also progressed a number of important documents that are required by the regulators for the development and production of the oil from the field.

# DORADO DEVELOPMENT UPDATE

## MOVING TO FEED PHASE SHORTLY



Dorado is without doubt a large development that is, according to a recent independent review of the project, progressing at a pace that is appropriate within the industry.

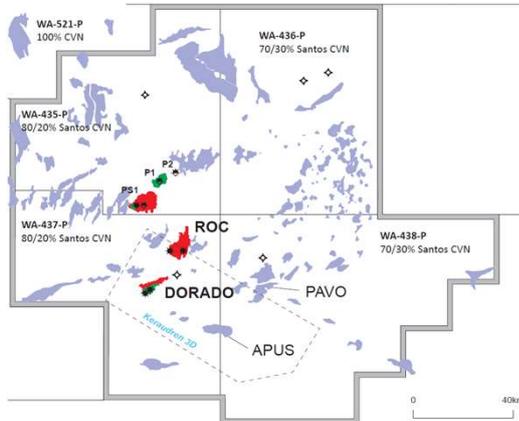
As we look to 2021, we aim to complete the formal engineering and design or FEED phase and be considering a Final Investment Decision late in the year.

I'm please to say that, while many projects in the industry were delayed this year, Dorado continued to progress throughout the entire year. This demonstrates the quality of the project, its phase and the motivation of the Joint Venture partners to pursue this quality asset. It has also meant that we have worked extensively with the operator throughout the year to protect and enhance value for Carnarvon shareholders.

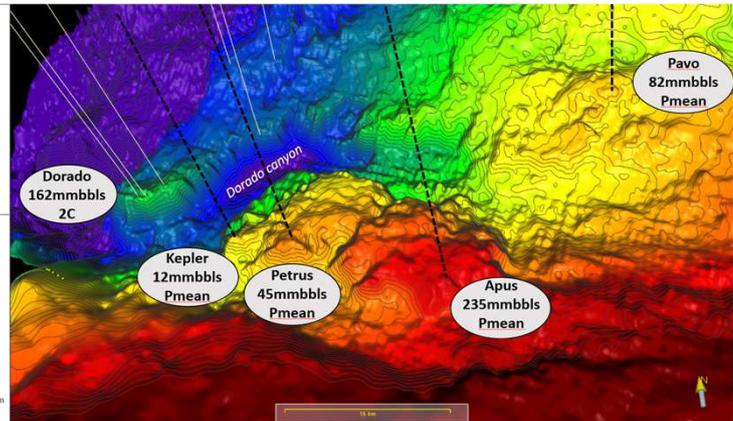
# BEDOUT SUB-BASIN UPDATE

## ADVANCING THE NEXT DRILLING TARGETS

### APUS, PAVO AND PETRUS LEAD CANDIDATES



Four permits (above) covering the Bedout sub-basin in which Carnarvon holds equity interests of 20% to 30%.



Keraudren 3D seismic image at top Caley reservoir (above) covering the Dorado field (discovered in 2018) and the Kepler, Petrus, Apus and Pavo prospects.

*The volumes in this presentation refer to prospective resources, which are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project and 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. Refer resource table at the end of this report for further details.*

One of the most exciting aspects of the Bedout sub-basin, besides the Dorado discovery, is its potential to host a multitude of liquids rich play types that remain lightly explored. Meaning the best prospects may still yet to be found.

The Joint Venture focused its attention this year on an area covered by the 2019 Keraudren 3D seismic that have the potential to add short term supply additions to Dorado production if successful. This area has several attractive prospects under consideration for future drilling with Pavo and Apus outstanding large candidates. We expect to see at least one of these targets in the 2021 drilling program with the other in early 2022, subject to rig availability and relevant approvals.

The work to date also gives us strong encouragement that the broader region under permit possesses a very large number of additional prospects and leads that the Joint Venture is focused on investigating further over time.

# EXPLORATION PORTFOLIO UPDATE

## NORTH WEST SHELF FOCUS



### Broad exploration portfolio

With a suite of different play types

### Low commitment holdings

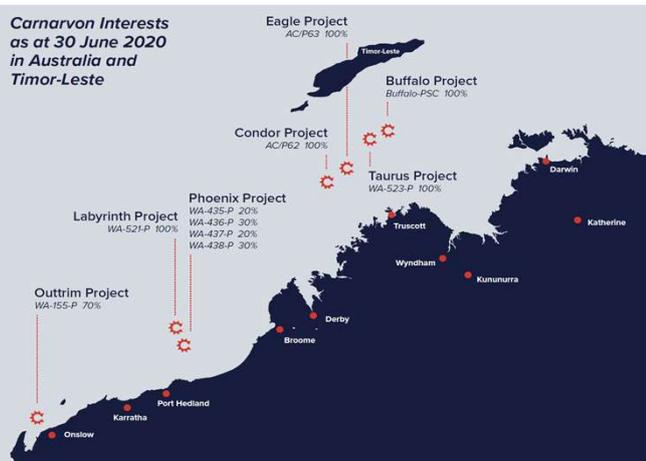
Acquired in low oil price cycles

### Valuable resource potential

In shallow water & liquids focused

### High equity levels to farm down

Enables appropriate risk sharing



Like the Phoenix Project which started with the farm-in by Apache, we aim to attract partners to our projects to share risk and drilling costs. This is a key component of our strategy and an important one ahead of the Company generating free cash flows from the Dorado and Buffalo fields.

This strategy also means that, once Carnarvon is generating cash flow, we will hold attractive prospects in which to invest into. This is important for long term growth because securing projects takes time. From opportunity identification, to securing the permit, to then being ready to acquire new seismic and drill a well is typically a five to six year period.

We therefore remain focused on generating value across multiple time horizons, with Dorado development progress and Bedout drilling in the nearer term and securing quality opportunities for the longer term.

# BUFFALO PROJECT UPDATE

## ATTRACTIVE OIL FIELD OPPORTUNITY



### Estimated remaining resource

31 mmbbls (2C basis)

### Former highly productive oil field

Drill attic to confirm resource size

Field flowing ~4,000 bopd in 2004  
when the FPSO was demobilized.

### Robust economics

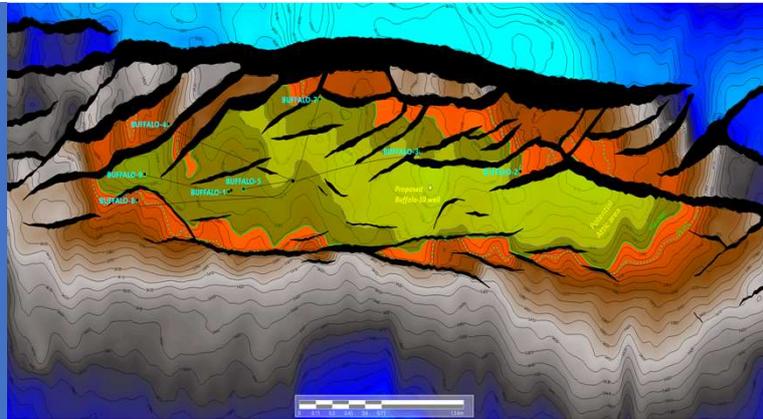
Low cost development

Attractive PSC secured with Timor Leste

### Potential partner

To share capital & reward

A number of parties recently re-engaged



The Buffalo project is an opportunity we believe has the potential to deliver value in the nearer term. It remains an attractive proposition within the portfolio and during the past year we have been working on being drill ready.

The geological proposition is that an area of the previous oil field, highlighted in light green on this map, resides in an attic structure that was not produced.

Given the field was flowing at around 4,000 barrels of oil per day when it ceased production, we are very confident that a well will intersect this oil column.

The objective is to position the first well to assess the remaining resource size and if economic proceed with an early development.

Given the shallow water depths involved and the high deliverability of the reservoirs, the economics of this project are very favourable.

While COVID-19 and lower oil prices made it challenging this year to attract a partner, a number of parties have re-engaged recently and we are actively working with them right now, and in an advanced stage, in both technical and commercial terms.

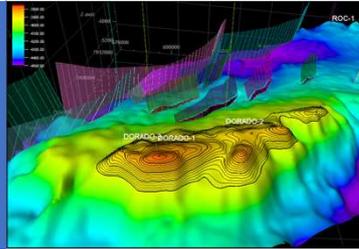
# FINANCIAL OVERVIEW

## STRONG BALANCE SHEET & FUNDING OPTIONS



### Maintain strong balance sheet

Cash in excess of \$110 million  
No debt  
Capacity to fund FEED, Pavo & Apus



### Advance Dorado

Very large resource  
In Australia  
Near field upside  
CVN holds 20%

### Mature multiple funding options in 2021

Significant in bound bank and capital provider interest in funding the Dorado development  
Dorado construction costs to firm as bids finalized with contractors in late 2020 / early 2021  
Dorado aiming to be investment ready in 2021 with FID timing subject to business conditions

2021 will be another important year for Carnarvon as we advance the Dorado development and prepare to drill the Pavo, Apus and Buffalo prospects.

Financially we're starting this task in great shape with over \$110 million in cash and no debt as at the end of September 2020.

We have already commenced preparations for securing Dorado debt finance and have received strong interest from Australian and International banks.

For the balance of the capital funding, we will be maturing a number options in 2021 to provide us with the greatest flexibility to finance the project. Examples of such options include offtake funding, innovative guarantee support structures and potential asset divestments.

Our work on funding Dorado will commence more fully once we have locked down the capital costs for the development, which is expected to occur early in the new year. We continue to work very closely and collaboratively with Santos on Dorado and I firmly believe this has been beneficial to Carnarvon to date and we expect this good relationship to continue in the future.



## QUESTIONS



**OVERVIEW  
OF 2020  
ACTIVITIES**



**DORADO  
& BEDOUT  
UPDATE**



**EXPLORATION  
PORTFOLIO  
UPDATE**



**FINANCIAL  
OVERVIEW  
& UPDATE**

As 2021 fast approaches, we're very confident in the Company's outlook of continuing to progress our portfolio, which as we've said many times, contains some of the most exciting assets in Australia.

The work that we undertook this year, which continued despite the many unprecedented challenges that we faced, have us well placed to present a number of value opportunities in 2021 around Dorado, drilling Pavo and Apus near Dorado and Buffalo.

I will now open the floor to questions.

## Oil & gas volume summary (contingent resources)



### Gross Resources (100% basis)

|                                 | Oil & Condensate |            |            | Natural Gas |              |              | Barrels of Oil Equivalent <sup>1</sup> |            |            |
|---------------------------------|------------------|------------|------------|-------------|--------------|--------------|--|------------|------------|
|                                 | MMbbl            |            |            | BCF         |              |              | MMboe                                  |            |            |
|                                 | 1C               | 2C         | 3C         | 1C          | 2C           | 3C           | 1C                                     | 2C         | 3C         |
| Dorado                          | 86               | 162        | 285        | 367         | 748          | 1,358        | 176                                    | 344        | 614        |
| Roc                             | 12               | 20         | 35         | 205         | 332          | 580          | 48                                     | 78         | 137        |
| <b>Bedout Project Sub-Total</b> | <b>98</b>        | <b>182</b> | <b>320</b> | <b>572</b>  | <b>1,080</b> | <b>1,938</b> | <b>224</b>                             | <b>422</b> | <b>751</b> |
| Buffalo                         | 15               | 31         | 48         | -           | -            | -            | 15                                     | 31         | 48         |

### Net Resources (CVN's share)

|                                 | Oil & Condensate |           |           | Natural Gas |            |            | Barrels of Oil Equivalent <sup>1</sup> |           |            |
|---------------------------------|------------------|-----------|-----------|-------------|------------|------------|--|-----------|------------|
|                                 | MMbbl            |           |           | BCF         |            |            | MMboe                                  |           |            |
|                                 | 1C               | 2C        | 3C        | 1C          | 2C         | 3C         | 1C                                     | 2C        | 3C         |
| Dorado                          | 17               | 32        | 57        | 73          | 150        | 272        | 35                                     | 69        | 123        |
| Roc                             | 2                | 4         | 7         | 41          | 66         | 116        | 10                                     | 16        | 27         |
| <b>Bedout Project Sub-Total</b> | <b>20</b>        | <b>36</b> | <b>64</b> | <b>114</b>  | <b>216</b> | <b>388</b> | <b>45</b>                              | <b>85</b> | <b>150</b> |
| Buffalo                         | 15               | 31        | 48        | -           | -          | -          | 15                                     | 31        | 48         |

18

## Oil & gas volume summary (selected prospective resources)



### Gross Resources (100% basis)

|                             | Light Oil |            |            |            | Natural Gas |            |            |              | Barrels of Oil Equivalent |            |            |              | Pg  |
|-----------------------------|-----------|------------|------------|------------|-------------|------------|------------|--------------|---------------------------|------------|------------|--------------|-----|
|                             | MMbbl     |            |            |            | BCF         |            |            |              | MMboe                     |            |            |              | %   |
|                             | P90       | P50        | Mean       | P10        | P90         | P50        | Mean       | P10          | P90                       | P50        | Mean       | P10          |     |
| <b>Pavo</b>                 | 11        | 63         | 82         | 179        | 3           | 31         | 108        | 249          | 11                        | 68         | 101        | 223          | 34% |
| <b>Apus</b>                 | 26        | 160        | 235        | 537        | 30          | 211        | 408        | 963          | 31                        | 197        | 307        | 706          | 23% |
| <b>Petrus</b>               | 12        | 36         | 46         | 90         | 15          | 53         | 79         | 170          | 15                        | 46         | 59         | 120          | 29% |
| <b>Kepler</b>               | 3         | 8          | 12         | 26         | 3           | 12         | 21         | 47           | 3                         | 10         | 16         | 34           | 30% |
| <b>Bedout Project Total</b> | <b>52</b> | <b>267</b> | <b>375</b> | <b>832</b> | <b>51</b>   | <b>307</b> | <b>616</b> | <b>1,429</b> | <b>60</b>                 | <b>321</b> | <b>483</b> | <b>1,083</b> |     |

### Net Resources (CVN's share)

|                             | Light Oil |           |           |            | Natural Gas |           |            |            | Barrels of Oil Equivalent |           |            |            | Pg  |
|-----------------------------|-----------|-----------|-----------|------------|-------------|-----------|------------|------------|---------------------------|-----------|------------|------------|-----|
|                             | MMbbl     |           |           |            | BCF         |           |            |            | MMboe                     |           |            |            | %   |
|                             | P90       | P50       | Mean      | P10        | P90         | P50       | Mean       | P10        | P90                       | P50       | Mean       | P10        |     |
| <b>Pavo</b>                 | 3         | 19        | 25        | 54         | 1           | 9         | 32         | 75         | 3                         | 20        | 30         | 67         | 34% |
| <b>Apus</b>                 | 7         | 40        | 59        | 134        | 7           | 53        | 102        | 241        | 8                         | 49        | 77         | 177        | 23% |
| <b>Petrus</b>               | 2         | 7         | 9         | 18         | 3           | 11        | 16         | 34         | 3                         | 9         | 12         | 24         | 29% |
| <b>Kepler</b>               | 1         | 2         | 2         | 5          | 1           | 2         | 4          | 9          | 1                         | 2         | 3          | 6          | 30% |
| <b>Bedout Project Total</b> | <b>13</b> | <b>68</b> | <b>95</b> | <b>211</b> | <b>12</b>   | <b>75</b> | <b>154</b> | <b>359</b> | <b>15</b>                 | <b>80</b> | <b>122</b> | <b>274</b> |     |

(i) Note Apus prospect lies across WA-437-P and WA-438-P in which Carnarvon has 20% and 30% equity respectively

19