

Renewable diesel business update

18 July 2022



Highlights

- **Material progress made on the first renewable diesel project in the Shire of Narrogin**
- **75% of feedstock volumes have now been secured under long term arrangements**
- **60% of plant engineering work has been completed by Technip Energies**
- **A Memorandum of Understanding has been executed with Horizon Power to collaborate on the development and production of renewable diesel in regional Western Australia**
- **Additional offtake discussions maturing with Australian and international organisations**
- **Carnarvon is committed to generating long-term value from liquid fuels through the energy transition**

Carnarvon Energy Limited ("**Carnarvon**") (ASX:CVN) is pleased to provide the following update on its renewable diesel business, FutureEnergy Australia ("**FEA**") (a joint venture with Frontier Impact Group), and the first biorefinery project outside Narrogin in the Western Australian wheatbelt ("**Narrogin Project**").

Approximately 75% of the base feedstock required for the Narrogin Project has now been secured for the targeted 10-year period. Negotiations in respect of the balance of the feedstock are also well advanced. The length and quantum of the contracts for the foundation feedstock enhances the bankability of the Narrogin Project with potential lenders and investors.

Substantial progress has been achieved on front-end engineering and design (FEED) by Technip Energies, with final documentation expected this quarter.

FEA continues to receive strong inbound interest for the planned products, namely renewable diesel, biochar and wood vinegar, from the mining, construction, agricultural and power generation sectors. Further interest has also been generated from a number of international trading houses, highlighting the growing global demand for renewable biofuels like renewable diesel and sustainable aviation fuel ("**SAF**").

The key role of renewable diesel in decarbonising industries with hard to abate emissions is further underscored by the recently announced Memorandum of Understanding between FEA and Horizon Power (refer: https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02540999-6A1099250?access_token=83ff96335c2d45a094df02a206a39ff4).

Carnarvon remains committed to building its renewable diesel business, starting with the Narrogin Project. The company aims to be involved in the development of production capacity of at least 500 million litres per year by 2030.

Carnarvon Managing Director and CEO Adrian Cook said:

"Carnarvon plans to deliver sustained long-term shareholder value through building its renewable diesel business. Our first project in Narrogin, with JV partner Frontier Impact Group, is making material progress

towards an important financial investment decision, wherein the construction period will follow.

The attraction of renewable diesel to Carnarvon is the opportunity to continue being a significant, long-term producer of liquid fuels, and in doing so generating value throughout the energy transition.

By mid-2030 a sizable portion of Carnarvon's liquids production could potentially be from renewable biofuels, including renewable diesel, SAF and sustainable marine fuel.

As we are currently finding, these renewable biofuels are highly sought after globally, with a significant carbon abatement and ESG premium built-in to the sales price.

Carnarvon sees an opportunity to build a sustainable business, which drives both long-term shareholder value and exceptional ESG outcomes."

Approved by:



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Forward looking information

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.