

ASX ANNOUNCEMENT

Strategic Investment in Strike Energy

22 July 2025

Carnarvon Energy Limited (ASX:CVN) (Carnarvon or the Company) is pleased to announce it has entered a subscription agreement with Strike Energy Limited (ASX:STX) (Strike), whereby Carnarvon will be issued up to \$89 million¹ of fully paid ordinary shares in Strike, at an issue price of \$0.12 per Strike share, for a shareholding in Strike of up to 19.9% (Strike Investment).

Strategic Rationale

The decision to undertake the Strike Investment comes after the Company considered other alternative opportunities as part of the Strategic Review. Following a period of extensive due diligence, the Board considers the Strike Investment a superior outcome due to the combination of:

- Strike's extensive and high-quality gas portfolio of production, development and exploration assets which requires access to capital to drive growth;
- The \$89 million of funds, coupled with Strike's other funding arrangements, will enable Strike to unlock significant value from its portfolio;
- The investment gives Carnarvon exposure to Western Australia's domestic gas and electricity markets at a time when gas and energy demand is increasing;
- \$0.12 represents an attractive entry price for Carnarvon, being a 19.7% discount to Strike's 10-day volume weighted average price up to close on 18 July of \$0.149; and
- Carnarvon will retain full exposure to its existing and complementary Bedout Sub-basin portfolio, along with sufficient funds to progress development and exploration.

Use of Funds by Strike

As a result of the funding provided by Carnarvon, coupled with other available funding sources, Strike will be fully-funded for:

- Delivery of the South Erregulla 85 MW gas-fired peaking power station by October 2026;
- The planned life extension of the Walyering domestic gas project;
- Progressing toward FID on the West Erregulla gas project; and
- Maturation of an attractive portfolio of Perth Basin development and exploration opportunities such as Ocean Hill.

¹ Assumes the Shareholder Purchase Plan contemporaneously announced by Strike is fully subscribed, with oversubscriptions accepted, for the full \$15 million and Carnarvon elects to subscribe for the number of shares required to not exceed a pro-forma 19.9% shareholding in Strike.

Financial Matters

Following the Strike investment, Carnarvon will retain its balance sheet strength, with at least \$96 million in cash² plus the US\$90 million CPC Dorado carry³.

Accordingly, the Board has determined that the Strike Investment is a superior use of capital and as a result, the Company will cease to progress the potential Capital Return previously announced on 17 March 2025.

Carnarvon's ability to fund the development of its own portfolio, including the Dorado liquids project and exploration drilling planned for the Bedout Sub-basin over the next four (4) years, remains intact with the combination of cash and expected debt funding.

Carnarvon Chair, Rob Black, commented:

"Carnarvon is excited to become the largest shareholder of Strike Energy."

"Following the Bedout JV Operator's recent decision to delay the Dorado Development, the Carnarvon Board has been assessing value accretive opportunities for shareholders."

"The Carnarvon Board believes the Strike Investment represents an attractive opportunity for the Company to help Strike unlock the value in its high-quality portfolio of Perth Basin assets on attractive terms, whilst retaining full exposure to its own assets in the Bedout Sub-basin."

"The Carnarvon team looks forward to working collaboratively with the Board and management team of Strike to deliver value for both sets of shareholders."

Strike Investment Details

The Strike Investment will occur in two tranches:

- **Tranche 1:** Comprising an investment of \$52 million for an initial 13% shareholding, completing within 5 business days of this announcement and is unconditional.
- **Tranche 2:** Comprising an investment of up to \$37 million⁴ for a final shareholding of up to 19.9%, is conditional upon Strike obtaining the approval of its shareholders at a general meeting to occur in September 2025 and will complete within 5 business days of receipt of this approval.

In recognition of the strategic nature of the investment, the Company will be granted certain rights and has agreed to certain obligations, including:

- **Board representation:** Upon completion of Tranche 1, Carnarvon shall have the right, but not the obligation, to nominate one representative to the Strike Board of Directors. This right ceases if Carnarvon's voting power in Strike falls below 10% for a continuous period of two months.

² Assumes maximum Strike Investment of \$89.2 million.

³ Refer to Partial Bedout Divestment ASX announcement on 22 February 2023.

⁴ Maximum Tranche 2 investment assumes the Shareholder Purchase Plan contemporaneously announced by Strike is fully subscribed, with oversubscriptions accepted, for the full \$15 million and Carnarvon elects to subscribe for the number of shares required to attain a pro-forma 19.9% shareholding in Strike.

- **Participation right:** Upon completion of Tranche 1, Carnarvon shall have a first right to participate in future equity offers on terms no less favourable than other investors. This right ceases if Carnarvon's voting power in Strike falls below 10% for a continuous period of two months or for other customary reasons.
- **Escrow and Restricted Conduct:** Upon completion of Tranche 1, Carnarvon has agreed to a voluntary escrow on its shares (Voluntary Escrow) and standstill, solicitation and voting restrictions (Restricted Conduct) for a period of 12 months. The Voluntary Escrow and Restricted Conduct restrictions are subject to customary exceptions including if any takeover bid or scheme is announced in relation to Strike or Strike breaches its obligations under the subscription agreement.
- **Agreed Conduct:** While the Company is subject to the Restricted Conduct, Strike and the Company have agreed to conduct obligations for Strike during this period. Other than for an agreed use of funds, the conduct obligations apply unless Strike releases the Company from the solicitation and voting restrictions.

Advisers

Carnarvon's financial adviser in relation to the Strike Investment is Azure Capital, and its legal adviser is Thomson Geer.

Approved for release by:



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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.