



INTERIM FINANCIAL REPORT

For the period ending
31 December 2025

ASX: **CVN**
carnarvon.com.au

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CORPORATE DIRECTORY

Directors

R Black (Chairman)
S Jones (Non-Executive Director)
R Delroy (Non-Executive Director)
W Barker (Non-Executive Director)

Company Secretary

A Doering

Auditors

Ernst & Young

Bankers

Australia and New Zealand Banking Group Limited
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Perth WA 6000 Australia

Registered Office

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Share Registry

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Perth, WA 6000 Australia

Investor Enquiries: 1300 554 474 (within Australia)
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Stock Exchange Listing

Securities of Carnarvon Energy Limited are listed on the Australian Securities Exchange.
ASX Code: CVN - Ordinary shares

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DIRECTORS' REPORT

The directors present their report together with the consolidated interim financial report for the half-year ended 31 December 2025, and the independent review report thereon.

Directors

The directors of the Company in office at any time during or since the end of the half-year are as follows. Directors were in office for this entire period unless otherwise stated.

Robert (Rob) Black
Russell Delroy
William (Will) Barker
Susan Jones

Review of Operations

Carnarvon Energy Limited's (**Carnarvon**) operations comprise of oil and gas exploration and development projects located in the offshore Bedout Sub-basin on the North-West Shelf of Western Australia.

Bedout Exploration (WA435,6,7 & 8-P)

The Bedout Sub-basin, offshore Western Australia, remains one of the most prospective and technically advanced exploration regions in the country, which has already delivered the world class Dorado, Pavo and Roc discoveries.

During the half-year, the Bedout Joint Venture continued to progress regulatory and operational readiness activities, including advancement of the required multi well Environmental Plan and procurement of key long lead items. Tender processes for securing an offshore drilling rig were also well progressed.

The Joint Venture is working towards completing these activities during the year to commence drilling in the first half of 2027. The exploration campaign is preparing to target additional significant gas resources in the northern play fairway which would be capable of underpinning a future gas export development, complementing the liquids resources already discovered at Dorado and Pavo.

Exploration within the basin has been greatly enhanced by the recently completed Bedout Mega Merge seismic reprocessing project which has improved subsurface resolution across more than 15,000 square kilometres within the basin. Interpretation work undertaken during the quarter on this improved imaging has identified the potential for previously undetected structural and stratigraphic features. Ongoing work will concentrate on refining the definition of the basin's prospective resource base and associated risk profile.

The exploration potential within the Bedout area is substantial and Carnarvon looks forward to returning to exploration drilling in this highly prospective acreage. The Company will provide updates on the campaign as key activities are completed.

Dorado field – Development Asset (WA-64-L)

The Dorado oil and gas field, located approximately 150 kilometres offshore Western Australia in around 90 metres of water, is one of the largest undeveloped oil discoveries in Australia. A preliminary development plan has been completed for the field, which considers a staged approach, beginning with liquids production and gas re-injection (Phase 1) followed by a potential gas export phase (Phase 2).

The Phase 1 liquids development concept, refined in 2024, is based on a single wellhead platform supporting up to twelve wells tied back to a Floating Production Storage and Offloading (FPSO) facility. This configuration has been designed to deliver efficient liquids production while allowing for potential future tiebacks from nearby fields in the Bedout Sub-basin, such as Pavo.

In early 2025, the Operator advised that progress on the Dorado project would be deferred to allow further appraisal of the broader Bedout exploration potential prior to a Final Investment Decision (**FID**). While the joint

venture continues to recognise the quality and scale of the discovered resources within the Dorado and surrounding fields, which Carnarvon estimates contain a total of 249 million barrels of light oil and condensate (gross, 2C) and 1.1 trillion standard cubic feet of gas (gross, 2C), the area also offers significant upside potential as outlined below.

Drilling activities in the region are expected to resume in the first half of 2027, and the Operator has indicated that project development work will re-commence in line with the evaluation of further Bedout basin resources.

The Company continues to work with the Operator to progress the Dorado and Pavo projects. Efforts are centered on innovative solutions to accelerate the development timeline and move toward FID in a capital-efficient manner.

Corporate

In July 2025, Carnarvon entered into a subscription agreement with ASX-listed Strike Energy Limited (**Strike**), whereby Carnarvon was issued A\$86 million of fully paid ordinary shares in Strike at an issue price of \$0.12 per Strike Share, for a shareholding in Strike of 19.9%. This investment followed a comprehensive company strategic review which was completed in mid-2025, where the Carnarvon Board assessed numerous value accretive opportunities for shareholders.

Strike Energy is a compelling investment opportunity given its strategic acreage in the Perth Basin, proximity to existing infrastructure, and portfolio of quality discovered and prospective gas resources. The investment provides Carnarvon with exposure to the Western Australian domestic gas and electricity markets and complements the Company's oil weighted portfolio. It also provides financial exposure to near-term production and market upside while preserving the Company's capacity to progress its own projects within the Bedout Sub-basin. This represents a prudent and strategically balanced deployment of capital consistent with Carnarvon's disciplined approach to financial management and long-term value creation.

Carnarvon has appointed its non-executive director, Mr William Barker, to the Strike Board ensuring Carnarvon's active involvement in overseeing the delivery of key Perth Basin gas and power projects, including the South Erregulla 85MW peaking plant, which is targeted for commissioning in 2026.

Financial Review

The Group's total comprehensive loss after tax from continuing operations for the half year ended 31 December 2025 was \$1,808,000 (2024: profit of \$7,050,000).

The Group's balance sheet remains strong with cash and cash equivalents of \$98,296,000 (30 June 2025: \$186,144,000), no debt, and a 19.9% interest in Strike Energy.

The Group recognised an Investment in Associate of \$84,772,000 during the period, following the completion of a strategic investment in Strike Energy Limited on 25 September 2025. The Group also recognised its share of loss in associate for the period of \$2,110,000 (refer to note 11).

The Group received \$2,338,000 in interest from bank deposits during the period (2024: \$4,448,000).

The Group's administrative and head office costs during the period were \$696,000 (2024: \$727,000). Employee benefits expenditure was \$416,000 (2024: \$578,000), and new venture and advisory costs for the period were \$569,000 (2024: \$275,000). The administrative, employee benefits, and new ventures and advisory costs of the Group continue to be primarily funded by the interest earned on the Group's cash holdings.

The Group also capitalised \$1,130,000 (30 June 2025: \$2,853,000) in exploration and appraisal expenditure during the period. These costs were primarily related to preparing environmental plans and securing long lead items for the upcoming Bedout exploration drilling campaign.

As on 31 December 2025, the Group recognised a deferred tax liability of \$3,842,000 (30 June 2025: \$3,701,000) (refer to note 10).

A loss on foreign exchange movements of \$64,000 (2024: gain of \$6,421,000) was recognised due to the appreciation of the AUD against the Group's USD cash and financial assets. Following the Dorado project

deferral in early 2025 (ASX announcement on 21 January 2025), the Group reviewed its cash management strategy and determined that there was less requirement to hold its funds in USD. As a result, majority of the Group's USD funds were converted to AUD during the year ending 30 June 2025, therefore reducing its exposure to fluctuations in AUD to USD during the current period.

Subsequent events

On 6 February 2026, the Company announced that it intends to re-commence its ability to conduct an on-market buy back of its ordinary shares for up to 10% of the Company's issued capital, with a proposed start date of 20 February 2026, and for a period of up to 12 months.

No other matter or circumstance has arisen since 31 December 2025 that in the opinion of the directors has significantly affected, or may significantly affect in future financial years:

- (i) the Group's operations, or
- (ii) the results of those operations, or
- (iii) the Group's state of affairs

Rounding of amounts

The Company is an entity of the kind referred to in the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016. As a result, amounts in these interim financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Auditors' Independence Declaration

The lead auditors' Independence Declaration, as required under section 307C of the Corporations Act 2001, is set out on page 7 and forms part of this directors' report for the half-year ended 31 December 2025.

Signed in accordance with a resolution of the directors.



Rob Black
Chair
Perth
13 March 2026

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Shape the future
with confidence

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Auditor's independence declaration to the directors of Carnarvon Energy Limited

As lead auditor for the review of the half-year financial report of Carnarvon Energy Limited for the half-year ended 31 December 2025, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Carnarvon Energy Limited and the entities it controlled during the financial period.

Ernst & Young

L L Chirathamjaree
Partner
13 March 2026

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CARNARVON ENERGY LIMITED
31 DECEMBER 2025 INTERIM FINANCIAL REPORT

CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

	Note	Half-year 31 December 2025 \$000	Half-year 31 December 2024 \$000
Other income	5	2,338	4,448
Unrealised foreign exchange (loss) / gain		(64)	6,421
Administrative expenses		(696)	(727)
Employee benefits expense		(416)	(578)
Directors' fees		(150)	(176)
New venture and advisory expenditure		(569)	(275)
Share of loss of associate	11	(2,110)	-
(Loss) / Profit before tax from continuing operations		(1,667)	9,113
Income tax expense	10	(141)	(2,216)
Net (loss) / profit after tax from continuing operations		(1,808)	6,897
Net (loss) / profit for the period attributable to members of the entity		(1,808)	6,897
(Loss) / Profit per share:			
Basic, (loss) / profit per share for the period attributable to members of the entity (cents per share)		(0.10)	0.39
Diluted, (loss) / profit per share for the period attributable to members of the entity (cents per share)		(0.10)	0.39

The consolidated income statement should be read in conjunction with the notes to the consolidated interim financial report.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

	Half-year 31 December 2025 \$000	Half-year 31 December 2024 \$000
Net (loss) / profit for the period	(1,808)	6,897
Other comprehensive income <i>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):</i>		
Exchange differences arising on translation of foreign operations	-	153
Total other comprehensive (loss) / income net of tax	(1,808)	7,050
Total comprehensive (loss) / income for the period attributable to members of the entity	(1,808)	7,050

The consolidated statement of comprehensive income should be read in conjunction with the notes to the consolidated interim financial report.

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CARNARVON ENERGY LIMITED
31 DECEMBER 2025 INTERIM FINANCIAL REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

		31 December	30 June
		2025	2025
	Notes	\$000	\$000
Current assets			
Cash and cash equivalents		98,296	186,144
Trade and other receivables	6	689	657
Other assets		319	113
Total current assets		99,304	186,914
Non-current assets			
Property, plant and equipment		11	12
Exploration and evaluation expenditure	7	89,535	88,405
Investment in Associate	11	84,772	-
Right-of-use assets		277	375
Intangible Assets	9	616	616
Total non-current assets		175,211	89,408
Total assets		274,515	276,322
Current liabilities			
Trade and other payables		160	262
Employee benefits		363	373
Lease liabilities		203	195
Total current liabilities		726	830
Non-current liabilities			
Employee benefits		67	68
Lease liabilities		89	193
Deferred tax liability	10	3,842	3,701
Total non-current liabilities		3,998	3,962
Total liabilities		4,724	4,792
Net assets		269,791	271,530
Equity			
Issued capital		311,135	311,135
Reserves		6,696	6,627
Accumulated losses		(48,040)	(46,232)
Total equity		269,791	271,530

The consolidated statement of financial position should be read in conjunction with the notes to the consolidated interim financial report.

CARNARVON ENERGY LIMITED
31 DECEMBER 2025 INTERIM FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

	Issued capital \$000	Reserve shares \$000	Accumulated losses \$000	Translation reserve \$000	Share based payments reserve \$000	Total \$000
Balance at 1 July 2024	311,135	(3,029)	(49,881)	130	7,979	266,334
Comprehensive loss for the period	-	-	7,050	-	-	7,050
Total comprehensive loss for the half year	-	-	7,050	-	-	7,050
Transactions with owners and other transfers						
Share based payments	-	-	-	-	262	262
Deconsolidation of subsidiary	-	-	-	(153)	-	(153)
Total transactions with owners and other transfers	-	-	-	(153)	262	109
Balance at 31 December 2024	311,135	(3,029)	(42,831)	(23)	8,241	273,493
Balance at 1 July 2025	311,135	(3,029)	(46,232)	-	9,656	271,530
Comprehensive income for the period	-	-	(1,808)	-	-	(1,808)
Total comprehensive income for the half year	-	-	(1,808)	-	-	(1,808)
Transactions with owners and other transfers						
Share based payments	-	-	-	-	69	69
Total transactions with owners and other transfers	-	-	-	-	69	69
Balance at 31 December 2025	311,135	(3,029)	(48,040)	-	9,725	269,791

The consolidated statement of changes in equity should be read in conjunction with the notes to the consolidated interim financial report.

CARNARVON ENERGY LIMITED
31 DECEMBER 2025 INTERIM FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025

	Half-year 31 December 2025 \$000	Half-year 31 December 2024 \$000
Cash flows from operating activities		
Payments to suppliers and employees	(1,962)	(1,560)
Interest received	2,265	4,446
Refundable tax offsets – R&D	38	39
Net cash flows generated from operating activities	<u>341</u>	<u>2,925</u>
Cash flows from investing activities		
Exploration and evaluation expenditure	(1,105)	(1,517)
Acquisition of property, plant and equipment	(3)	(1)
Investment in Associate	(86,882)	-
Net cash flows used in investing activities	<u>(87,990)</u>	<u>(1,518)</u>
Cash flows from financing activities		
Payment of principal portion of lease	(103)	(103)
Net cash flows used in financing activities	<u>(103)</u>	<u>(103)</u>
Net increase / (decrease) in cash and cash equivalents	(87,752)	1,304
Cash and cash equivalents at beginning of the half-year	186,144	179,551
Effects of exchange rate fluctuations on cash and cash equivalents	(96)	6,421
Cash and cash equivalents at end of the half-year	<u>98,296</u>	<u>187,276</u>

The consolidated statement of cash flows should be read in conjunction with the notes to the consolidated interim financial report.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting entity

Carnarvon Energy Limited (“Carnarvon”) is a company domiciled in Australia.

The consolidated interim financial report as at and for the six months ended 31 December 2025 comprises the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in jointly controlled assets.

The 31 December 2025 interim financial statements were authorised for issue by the board of directors on 13 March 2026.

2. Basis of preparation

Statement of compliance

The half-year financial report is a condensed general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and any public announcements made during the half year.

The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for financial assets which are measured at fair value. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is an entity of the kind referred to in the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191, dated 24 March 2016. As a result, amounts in this interim financial report and directors’ report have been rounded off to the nearest thousand dollars, unless otherwise stated.

3. New and amended accounting standards and interpretations

No new or amended standards became applicable for the current reporting period that had an impact on the Group.

4. Contingent assets and liabilities

There were no contingent assets or liabilities as at 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other income

	31 December 2025 \$000	31 December 2024 \$000
Finance income on bank deposits	2,300	4,409
Refundable tax offsets – R&D	38	39
	<u>2,338</u>	<u>4,448</u>

6. Trade and other receivables

	31 December 2025 \$000	30 June 2025 \$000
Other receivables	23	-
Accrued interest	474	465
Cash held as security	192	192
Balance at end of financial period	<u>689</u>	<u>657</u>

7. Exploration and evaluation expenditure

	31 December 2025 \$000	30 June 2025 \$000
Carrying value at the beginning of period	88,405	85,552
Additions	1,130	2,853
Carrying value at the end of period	<u>89,535</u>	<u>88,405</u>

Recoverability

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

The Company performed an assessment on the carrying value of the exploration and evaluation expenditure at 31 December 2025 and did not identify any impairment indicators.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Equity securities on issue

a) 2024 Performance Rights

The following table illustrates the balance of performance rights as at 31 December 2025:

Instrument	Held at 1 July 2025	Share price at grant date	Date granted	Vesting period (years)	Exercise price	Share price volatility	Risk free rate	Dividend yield	Fair value at grant date	Held at 31 December 2025 (unvested)
Employees and KMP										
2024 PR's - KMP	7,500,000	0.19	26/04/2024	5	-	54%	4.35%	-	0.12	7,500,000
2024 PR's - Employees	1,000,000	0.19	01/07/2024	5	-	51%	4.35%	-	0.12	1,000,000
Non-Executive Directors										
2024 PR's - Russell Delroy	1,000,000	0.18	15/12/2023	5	-	58%	4.35%	-	0.12	1,000,000
2024 PR's - William Barker	1,000,000	0.18	15/12/2023	5	-	58%	4.35%	-	0.12	1,000,000
2024 PR's - Robert Black	1,500,000	0.19	02/04/2024	5	-	55%	4.35%	-	0.12	1,500,000
2024 PR's - Susan Jones	1,000,000	0.16	20/09/2024	5	-	48%	4.35%	-	0.08	1,000,000
	13,000,000									13,000,000

The 2024 Performance Rights were granted for a 5-year period and will vest and become exercisable on the earlier to occur of:

- the 20-day volume weighted average price (VWAP) of Carnarvon shares exceeding \$0.30 per share; or
- a 'Change in Control' event, such as where:
 - Carnarvon announces that its shareholders at a Court convened meeting of shareholders voted in favour of a scheme of arrangement and the Court, by order, approves the scheme of arrangement;
 - a takeover bid is announced, has become unconditional and the person making the takeover bid holds more than 50% of Carnarvon shares;
 - any person acquires a relevant interest in 50.1% or more Carnarvon shares by any other means; or
 - Carnarvon announces that a sale or transfer of the whole or substantially the whole of the undertaking and business of Carnarvon has been completed.

2024 Performance Rights granted to executive Key Management Personnel are subject to progressive cancellation of all, or some, of any unvested portion of the performance rights where they resign from their respective role in the first year following grant of the performance rights, as follows:

- resignation within first three months of the date of grant of the performance rights (Grant Date) – all unvested performance rights forfeited and cancelled;
- resignation in period three – six months after Grant Date – 75% of unvested performance rights forfeited and cancelled;
- resignation in period six – nine months after Grant Date – 50% of unvested performance rights forfeited and cancelled;
- resignation in period nine months – twelve months after Grant Date – 25% of unvested performance rights forfeited and cancelled; and
- resignation in period following one year anniversary of Grant Date – nil unvested performance rights forfeited and cancelled.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Equity securities on issue (continued)

None of the performance rights held by executive Key Management Personnel:

- which have vested prior to resigning from their respective role will be forfeited and cancelled; and
- will be forfeited and cancelled (whether vested or unvested) if they are made redundant from their respective role at any time prior to the one-year anniversary of the Grant Date.

All vested and unvested performance rights will be forfeited and cancelled where Key Management Personnel employment is terminated for cause in accordance with the relevant provision of their respective employment contract.

The performance rights held by non-executive directors will not be forfeited and cancelled if they resign from their position with the Company.

b) Employee Share Incentive Plan

The following table illustrates the balance of performance rights as at 31 December 2025:

Instrument	Held at 1 July 2025	Share price at grant date	Date granted	Vesting period (years)	Exercise price	Share price volatility	Risk free rate	Dividend yield	Rights Lapsed	Weighted Fair value at grant date	Held at 31 December 2025 (unvested)
PR - LTIP ¹	2,086,252	0.19	01/07/2022	3	-	64%	0.85%	-	(2,086,252)	0.12	-
PR - LTIP ¹	53,106	0.16	05/10/2022	3	-	64%	2.6%	-	(53,106)	0.10	-
PR - LTIP	4,396,930	0.13	01/07/2023	3	-	63%	4.1%	-	-	0.10	4,396,930
Total	6,536,288								(2,139,358)		4,396,930

¹ On 1 July 2025, 2,139,358 LTI performance rights from 2022 lapsed and became un-exercisable due to the required conditions not being met (1,575,648 related to key management personnel). The lapsed rights were also cancelled on 1 July 2025.

Under the terms of the Employee Share Incentive Plan (Plan) which was last approved by shareholders of the Company on 17 November 2023, performance rights can be granted to eligible employees for no consideration. Entitlements under these awards vest as soon as the associated vesting conditions have been met. Awards can be settled in cash at the absolute discretion of the Company. Awards under the Plan carry dividends and voting rights.

Performance rights awarded under the LTIP are granted for a 3-year period. The vesting conditions Carnarvon are based on Total Shareholder Return (TSR) (1) in absolute terms and (2) relative to the returns of a group of companies considered alternative investments to Carnarvon.

The participants must also be employed by the company over the vesting period and as at the vesting date.

The vesting schedule of 50% of the LTIP performance rights will be subject to relative TSR testing is as follows:

Relative TSR Performance	Level of vesting
Less than 50th percentile	Zero
Between 50th and 75th percentile	Pro rata between 50% and 100%
75th percentile or better	100%

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Equity securities on issue (continued)

Peer Group: 88 Energy, Buru Energy, Central Petroleum, Amplitude Energy, Elixir Energy, Empire Energy, Galilee Energy, Helios Energy, Horizon Oil, Karoon Energy, Strike Energy, Tamboran Resources.

The vesting schedule of 50% of the LTIP performance rights will be subject to absolute TSR testing is as follows:

Absolute TSR Performance	% of performance rights that will vest
10% per annum return	33%
Between 10% and 20% per annum	Pro rata between 33% and 100%
Above 20% per annum	100%

There is an expiration date of 10 years and an exercise period of 90 days from the vesting dates for LTIP performance rights.

c) Employee share plan

The following table illustrates the number and weighted average exercise prices (WAEP) of the plan shares as at 31 December 2025 and 30 June 2025. There were no movements in plan shares for the six-month period to 31 December 2025:

	Number December 2025	WAEP December 2025	Number June 2025	WAEP June 2025
Outstanding and Exercisable at end of period	21,900,777	0.28	21,900,777	0.28

Shares granted under the previous Employee Share Plan (“ESP”) are accounted for as “in-substance” options due to the limited recourse nature of the loan between the employees and the Company to finance the purchase of ordinary shares.

9. Intangible assets

The Company previously acquired 20,240 Australian Carbon Credit Units (ACCUs) on market, which will be utilised to offset the company’s head office and future Dorado facilities emissions.

The ACCUs are accounted for as an intangible asset under AASB 138: *Intangible Assets*.

	31 December 2025 \$000	30 June 2025 \$000
Intangible Assets	616	616

Recoverability

The recoverability of the carrying amount of the intangible assets is based on the future economic benefits expected to flow to the entity through either successfully selling the ACCUs or utilising them to offset the company’s head office and future Dorado facilities emissions. As at 31 December 2025, the company holds 20,179 ACCU’s.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Taxes

	31 December 2025 \$000	31 December 2024 \$000
<i>(a) Income tax expense</i>		
Current Income tax expense		
Current Income tax (benefit) / expense	-	65
Adjustment for prior period	-	-
	<u>-</u>	<u>65</u>
<i>Deferred tax (income)</i>		
Origination and Reversal of temporary differences – current	141	2,151
Adjustment for prior period	-	-
	<u>141</u>	<u>2,151</u>
Total income tax (benefit) / expense	141	2,216
	31 December 2025 \$000	31 December 2024 \$000
<i>Numerical reconciliation between pre-tax profit and income tax expense:</i>		
Profit / (Loss) for the period	<u>(1,667)</u>	<u>9,113</u>
Income tax using the statutory rate of 30% (2024: 30%)	(500)	2,734
Share based payment expense	21	79
Share of loss of associate	633	-
Other permanent adjustment	(13)	2
Benefit of Tax losses (brought to account) / not brought to account	-	(599)
	<u>141</u>	<u>2,216</u>
Under(over) provision in prior years	<u>-</u>	<u>-</u>
Income tax (benefit) / expense	141	2,216

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Taxes (continued)

<i>(b) Current tax liability</i>	31 December 2025 \$000	31 December 2024 \$000
<i>Current tax liability</i>	-	-

The current tax liability of nil (30 June 2025: nil) represents the amount of income tax payable in respect of current and prior financial periods.

Tax Consolidation

Effective 1 July 2003, for the purposes of Australian income taxation, Carnarvon and its 100%-owned Australian controlled entities formed a tax consolidated group. The head entity of the tax consolidated group is Carnarvon.

The impact of consolidating for tax purposes is that Carnarvon's Australian controlled entities are treated as divisions of Carnarvon rather than as separate entities for tax purposes. At the date of this report, the members of the group have not entered into a tax sharing arrangement.

(c) Deferred tax assets and liabilities

	31 December 2025 \$000	30 June 2025 \$000
<i>Deferred tax liabilities</i>		
Capitalised exploration deducted immediately	25,878	25,496
Prepayments	-	-
Unrealised foreign exchange gains	-	1,585
Gross deferred tax liabilities	<u>25,878</u>	<u>27,081</u>

	31 December 2025	30 June 2025
<i>Deferred tax assets</i>		
Carry forward revenue tax losses	21,652	22,884
Unrealised foreign exchange loss	6	-
Property, plant and equipment	72	77
Business capital expenditure	156	266
Provisions	129	132
Accruals	17	17
Lease liability and right-of-use-assets	4	4
Gross deferred tax assets	<u>22,036</u>	<u>23,380</u>
Set-off of deferred tax liabilities pursuant to set-off provisions	(25,878)	(23,380)
Net deferred tax liabilities	<u>(3,842)</u>	<u>(3,701)</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Investment in Associate – Strike Energy Limited

On 22 July 2025, Carnarvon Energy Limited (**Carnarvon or the Group**) entered into a subscription agreement with Strike Energy Limited (**Strike**) whereby Carnarvon was issued A\$86 million of fully paid ordinary shares in Strike at an issue price of \$0.12 per Strike share, for a total shareholding in Strike of 19.9%. The transaction was completed in two tranches with the first tranche (13.04%) completed on 25 July 2025, and the second tranche (6.86%) completed on 25 September 2025. Following completion of the first tranche Carnarvon also had a right to appoint a Director on the Strike board, which was exercised during the period with Will Barker joining the Strike board on 4 August 2025.

Strike Energy Limited is a publicly listed Australian energy company focused on exploring, developing and producing conventional gas resources in the Perth Basin, with substantial acreage and multiple gas projects including Walyering and the Greater Erregulla fields. Strike is advancing domestic gas supply, gas-to-power infrastructure and new energy opportunities to support Western Australia’s energy needs.

Accounting Policy

The Group’s interest in Strike is accounted for as an Investment in Associate under AASB 128: *Investments in Associates and Joint Ventures*. The Group uses the equity method to account for its investment in Associates, where it has significant influence but not control. The investment is initially recorded at cost and then adjusted to reflect the Group’s share of the Associate’s profit, loss, and other comprehensive income (OCI). Dividends received from the Associate reduce the investment’s carrying value. The Group’s share of the Associate’s results is reported separately in the consolidated profit or loss statement. The most recent available financial statements of the Associate are used, with adjustments made for significant events if necessary.

Significant Judgements and Estimates

Significant influence assessment of Strike

Following the Group’s investment in Strike during the period, the Directors have concluded that the Group has significant influence but not control over Strike as per the accounting standards. On 25 September 2025, the Group completed its investment of 19.9% in Strike. Notwithstanding it holds just under 20 per cent, the composition of Strike’s share register and the fact that Carnarvon has representation on the board of Strike has led the Company to conclude that it has significant influence and accordingly will apply equity accounting for its investment.

Carrying Amount of Investment in Associate

The table below shows the movement in the carrying amount of the Investment in the Associate for the period ending 31 December 2025:

	31 December 2025
Investment in Associate - at cost	86,882
Share of associate’s loss for the period	(2,110)
Carrying amount of Investment in Associate	<u>84,772</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Investment in Associate – Strike Energy Limited (continued)

Summarised Financial Information

The summarised statement of financial position of Strike Energy Limited as at 31 December 2025 is presented as follows:

	31 December 2025
	\$000
Current assets	127,977
Non-current assets	386,806
Total assets	<u>514,783</u>
Non-current liabilities	<u>(88,792)</u>
Total liabilities	<u>(88,792)</u>
Equity	<u>425,991</u>
Group's share in equity (19.9%)	84,772
Group's carrying amount of the investment	<u>84,772</u>

Summarised statement of profit or loss of Strike Energy Limited for the period to 31 December 2025:

	31 December 2025
	\$000
Income	37,562
Expenses	(49,832)
Loss for the period	(12,270)
Group's share of loss for the period (19.9%)	<u>(2,110)</u>

12. Subsequent events

On 6 February 2026, the Company announced that it intends to re-commence its ability to conduct an on-market buy back of its ordinary shares for up to 10% of the Company's issued capital, with a proposed start date of 20 February 2026, and for a period of up to 12 months.

No other matter or circumstance has arisen since 31 December 2025 that in the opinion of the directors has significantly affected, or may significantly affect in future financial years:

- (i) the Group's operations, or
- (ii) the results of those operations, or
- (iii) the Group's state of affairs

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DIRECTORS' DECLARATION

The directors of the Carnarvon Energy Limited (the "Company") declare that:

1. The financial statements and notes, as set out on pages 8 to 21 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2025 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Rob Black
Chair
Perth
13 March 2026

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Independent auditor's review report to the members of Carnarvon Energy Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Carnarvon Energy Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2025, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



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Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

L L Chirathamjaree
Partner
Perth
13 March 2026

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ADDITIONAL SHAREHOLDER INFORMATION

Details of associates and Joint Venture assets

<i>Permits & Licences</i>	<i>Principal activities</i>	<i>31 December 2025 Ownership interest %</i>	<i>30 June 2025 Ownership interest %</i>
<i>Western Australia</i>			
WA-435-P, WA-437-P, Roebuck Basin	Exploration for hydrocarbons	10%	10%
WA-436-P, WA 438-P, Roebuck Basin	Exploration for hydrocarbons	20%	20%
WA-64-L, Roebuck Basin	Exploration for hydrocarbons	10%	10%

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