

DIRECTOR'S REPORT

Statutory Information

The directors present their report together with the financial report of the Group, being the Company, its controlled entities, and the Group's interest in jointly controlled assets, for the financial year ended 30 June 2024, and the auditor's report thereon.

Carnarvon Energy Limited is a listed public company incorporated and domiciled in Australia.

Directors

The names and details of the Company's directors in office at any time during or since the end of the financial year are as follows. Directors were in office for this entire period unless otherwise stated.



William (Bill) A Foster

Chair

BE (Chemical), MAICD

Appointed as a Non-Executive Director on 17 August 2010, appointed as Chair on 11 November 2020, stepped down from Chair role on 1 July 2024.

Mr Foster is an internationally experienced energy executive who has worked with Chevron, a Middle Eastern National Oil Corporation as well as US and ASX listed independents. He spent 30 years with Marubeni Corporation as Energy Advisor until his retirement, assisting in the development of their Oil, Gas and LNG business. During this time, a global business was established with Tokyo, London, Houston, Singapore and Perth offices. Mr Foster was a director of Marubeni's various exploration and production subsidiaries and a former director of Tap Oil Ltd.

Mr Foster's activities have covered a broad range of areas relevant to the oil and gas industry and he has extensive, commercial, financial and mergers and acquisitions experience, as well as that from his engineering background.

During the past three years Mr Foster has not served as a director of any other listed company.

Mr Foster was appointed as a member of the Audit Committee, Remuneration & Nominations Committee and the Risk, Governance & Sustainability Committee on 17 November 2023.



Robert (Rob) Black

Non-Executive Director

BBus GAICD

Appointed as a Non-Executive Director on 2 April 2024, appointed as Chair on 1 July 2024.

Mr Black has three decades experience in stockbroking and ECM, primarily with Euroz Hartleys (Euroz), which he joined in 2002.

In 2014 Mr Black was appointed Managing Director of Euroz, having previously run the Institutional Sales Desk where he was responsible for servicing domestic and international institutions. In 2017 Mr Black was appointed to the Board of the listed parent company, Euroz Limited. In 2022, Mr Black relinquished his role as Managing Director of Euroz following his appointment as Head of ECM syndication. He subsequently retired from Euroz in May 2023 after 21 years.

During Mr Black's tenure as Managing Director of Euroz, he oversaw significant growth of the business, with the acquisition of Blackswan Equities in 2014, Entrust Private Wealth Management in 2015, and the merger with Hartleys Limited in 2020. Mr Black was instrumental in supporting and driving the growth strategy of Euroz and advised on, and led, numerous transactions raising significant capital for Euroz's clients.

Mr Black was appointed Chair of the Remuneration & Nominations Committee and a member of the Audit Committee and the Risk, Governance & Sustainability Committee on 2 April 2024. Mr Black stood down as Chair of the Remuneration and Nomination Committee on 1 July 2024, when he assumed the Chair role of the Company, however he remains a member of the committee.

DIRECTOR'S REPORT



Russell Delroy

Non-Executive Director

Bcom

Appointed as director on 15 December 2023

Mr Delroy is Founder and Portfolio Manager of Nero Resource Fund (**Nero**). He has over 20 years' experience in funds management, corporate finance and executive management.

Mr Delroy has a proven track record in unlocking shareholder value through active company engagement. He held previous roles with Morgan Stanley UK, Patersons Securities and Marford Group.

Mr Delroy is a nominee director of Nero, a substantial holder of Carnarvon. Due to his association with Nero, he is not considered independent.

During the past three years Mr Delroy has not served as a director of any other listed company.

Mr Delroy was appointed Chair of the Audit Committee on 23 January 2024.



William (Will) Barker

Non-Executive Director

BSc (Geology)

Appointed as director on 15 December 2023

Mr Barker is a geologist with more than 20 years' experience in exploration and development of large-scale resource projects in Australia and internationally. He is founder and Executive Director of Western Gas, the developer of the proposed Equis Gas Project in Western Australia.

Mr Barker was previously General Manager LNG at Arrow Energy before Shell and PetroChina completed a takeover of Arrow for A\$3.5 billion.

During the past three years Mr Barker has not served as a director of any other listed company.

Mr Barker was appointed Chair of the Risk, Governance & Sustainability Committee and a member of the Remuneration & Nomination Committee on 23 January 2024. Mr Barker assumed the role of Chair of the Remuneration and Nomination Committee on 1 July 2024.

DIRECTOR'S REPORT



Adrian Cook

Chief Executive Officer and Managing Director

B Bus, CA, MAppFin, FAICD

Appointed as a director on 1 July 2011

Retired: 15 December 2023

Mr Cook has over 30 years' experience in commercial and financial management, primarily in the energy industry. Immediately prior to joining Carnarvon, he was the Managing Director of Buru Energy Limited, an ASX listed oil and gas exploration and production company with interests in the Canning Basin in Western Australia. Mr Cook has also held senior executive positions within Clough Limited's oil and gas construction business and was on the executive committee at ARC Energy Limited, an ASX listed mid cap oil and gas exploration and production company. Mr. Cook is a fellow of the Australian Institute of Company Directors.

Mr Cook has not served as a director of any other listed company for the three years prior to him ceasing employment at the Company.



Peter Moore

Non-Executive Director

B.Sc (Hons Geology), MBA, PhD, GAICD

Appointed as a director on 18 June 2015

Retired: 17 November 2023

Dr Moore has extensive experience in exploration and production in Australia and internationally gained through senior roles with a number of globally recognised companies. Dr Moore led Woodside's worldwide exploration efforts as the Executive Vice President Exploration reporting to the CEO and was the Head of the Geoscience function (Exploration, Development, Production, M&A).

Dr Moore has served as a non-executive Director of Beach Energy Limited since 2017.

Dr Moore was Chair of the Risk, Governance and Sustainability Committee and a member of the Audit Committee and the Remuneration and Nomination Committee up to the date that he retired from board.

DIRECTOR'S REPORT



Gavin Ryan

Non-Executive Director

LLB (Hons)

Appointed as a director on 30 July 2018

Retired: 2 April 2024

Mr Ryan is a lawyer with over thirty years' experience, gained mostly in the oil & gas sector. He has also held commercial, external affairs and government relations roles in his extensive industry career.

He has worked on projects in some thirty countries, primarily as in-house counsel for companies including BP, BHP Petroleum and Shell. His time at Shell included being head of Shell Australia's upstream legal team, and five years as Associate General Counsel, Global Businesses in The Hague where he led the legal team advising Shell's global LNG trading business. His most recent in-house role was as General Counsel for PTTEP Australasia, a subsidiary of the Thai national energy company with substantial operated interests in Australia.

Mr Ryan has previously managed his own legal and consultancy practice advising clients in the petroleum, resources, power, engineering and logistics sectors, and is currently Senior Commercial Counsel at Hancock Prospecting Group.

He holds a number of directorships of unlisted and not-for-profit corporations.

Mr Ryan was also Chair of the Remuneration & Nominations Committee and a member of the Audit Committee and Risk, Governance and Sustainability Committee up to the date that he retired from the board.



Debra Bakker

Non-Executive Director

MAppFin, BBus (FinAcc), Grad Dip FINSIA, GAICD

Appointed as director on 5 October 2020

Retired: 15 December 2023

Ms Bakker is an experienced financier and deal maker with more than 27 years' experience in the resources industry with significant international experience.

Ms Bakker has previously held senior positions with Commonwealth Bank of Australia, Standard Bank London Group and Barclays Capital. Ms Bakker is also an experienced non-executive director having held a number of positions with ASX resource companies.

During the past three years, Ms Bakker has served as a non-executive director for IGO Limited (since 2016) and non-executive chair of Ten Sixty Four Limited (since 2023).

Ms Bakker was Chair of the Audit Committee and a member of the Remuneration and Nomination Committee and the Risk, Governance and Sustainability Committee up to the date she retired from the board.



Mr Alex Doering



Mr Gavan Sproule

Company Secretary

Mr Alex Doering was appointed as company secretary in August 2019. Mr Doering is a qualified Chartered Accountant, an Associate of the Governance Institute of Australia and the Chief Financial Officer (appointed June 2023) at Carnarvon Energy.

Mr Gavan Sproule was appointed as joint company secretary in March 2022, and resigned from his position as joint company secretary on 26 April 2024. Mr Sproule is a Fellow of the Governance Institute of Australia and General Counsel at Carnarvon Energy.

DIRECTOR'S REPORT

Directors' meetings

The number of directors' meetings held and attended by each of the directors during the reporting period was as follows:

	(a)	(b)
W Foster	9	9
R Black	3	3
W Barker	5	5
R Delroy	5	5
A Cook	4	4
P Moore	2	2
S Ryan	6	6
D Bakker	4	4

(a) Number of meetings held and eligible to attend during period of office

(b) Number of meetings attended

Audit Committee

Names and qualifications of Audit and Risk Committee members

The Committee is to include at least 3 members. Current members of the committee are Mr Delroy (Chair), Mr Black and Mr Foster. Ms Bakker, Dr Moore and Mr Ryan were also members of the committee during the year and up to the date that they ceased their position on the Board. Ms Bakker was Chair of the committee until 15 December 2023. Qualifications of Audit and Risk Committee members are provided in the Directors section of this directors' report.

Audit Committee meetings

The number of Audit and Risk Committee meetings held and attended by the members during the reporting period was as follows:

	(a)	(b)
R Delroy	1	1
R Black	0	0
W Foster	1	1
D Bakker	1	1
P Moore	1	1
S Ryan	2	2

(a) Number of meetings held during period of office

(b) Number of meetings attended

Risk, Governance and Sustainability Committee

Names and qualifications of Risk, Governance and Sustainability ("RGS") Committee members

The RGS Committee is to include at least 3 members. Current members of the committee are Mr Barker (Chair of the Committee), Mr Foster and Mr Black. Dr Moore, Ms Bakker and Mr Ryan were also members of the committee during the year and up to the date that they ceased their position on the Board. Dr Moore was Chair of the committee until 17 November 2023. Qualifications of RGS Committee members are provided in the Directors section of this directors' report.

DIRECTOR'S REPORT

RGS Committee meetings

The number of RGS Committee meetings held and attended by the members during the reporting period was as follows:

	(a)	(b)
W Barker	1	1
R Black	1	1
W Foster	1	1
P Moore	1	1
D Bakker	1	1
S Ryan	1	1

(a) Number of meetings held during period of office

(b) Number of meetings attended

2024 REMUNERATION IN BRIEF FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024 ("FY24")

FY24 remuneration outcomes at a glance

KMP Fixed Remuneration	Reduction during the year	Total fixed remuneration (TFR) was reduced from the previous period with more remuneration at risk to better align executive remuneration with shareholder interests and incentivise KMP to drive higher returns.
Non-executive directors	Fees reduced during the year.	<p>Base fees payable to non-executive directors were reduced from \$100,000 to \$60,000 for directors appointed after 15 December 2023 and remained the same for directors appointed prior to 15 December 2023.</p> <p>Chair fees remained unchanged from FY23 levels. Committee Chair fees were reduced to Nil for directors appointed after 15 December 2023 and remained at \$10,000 per annum for directors appointed prior to 15 December 2023.</p> <p>From 1 July 2024, Chair fees were reduced to \$120,000 per annum.</p>
Short Term Incentive (STI)	STI awarded to KMP during the year.	KMP were awarded an STI during the year following the KPI achievement to complete the 10% divestment of its interests in Dorado and the Bedout exploration permits.
Long Term Incentive (LTI)	Performance rights granted during the year.	<p>KMP were granted 7,703,550 LTI performance rights on 1 July 2023, however 4,556,620 of these performance rights were lapsed following cessation of employment.</p> <p>There were 295,273 LTI performance rights that vested and were exercised subsequent to year-end, relating to the rights granted to KMP in 2022, that were issued as part of the 2021 LTI award.</p>
2024 Performance Rights	Performance rights granted during the year.	<p>An additional 11,000,000 Performance Rights were granted during the period.</p> <p>The award was related to the reduction in fixed remuneration and director fees to better align executive remuneration with shareholder interests and incentivise KMP to drive higher returns.</p>

DIRECTOR'S REPORT

REMUNERATION REPORT (AUDITED) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

This report has been prepared in accordance with section 300A of the Corporations Act 2001 (Cth) (Corporations Act) for the consolidated entity for the financial year ended 30 June 2024. It has been audited as required by section 308(3C) of the Corporations Act and forms part of the Directors' Report.

At the Company's 2023 Annual General Meeting at least 25% of the votes cast were against the adoption of the Remuneration Report. In response, the Board enacted the following actions:

- The Company announced its Board succession process in December 2023 and has refreshed the Board with new appointments in December 2023 and April 2024.
- Base fees payable to non-executive directors appointed from 15 December 2023 reduced from \$100,000 to \$60,000. Committee Chair fees were also reduced to nil for directors appointed from 15 December 2023.
- CEO fixed remuneration was reduced during the period.
- Additional long-term share-based incentives were granted to KMP following the reduction in fixed remuneration to better align KMP interests with that of shareholders, and to incentivise KMP to drive higher returns.

KEY MANAGEMENT PERSONNEL ("KMP")

The Company's KMP are listed in Table 2. They are the Company's non-executive directors (NED) and executive KMP who have authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

Table 2: Key management personnel during FY24

Name	Position	Period as KMP during the year
Executive KMP		
AC Cook	Managing Director & Chief Executive Officer (CEO)	Ceased on 15 December 2023
P Huizenga	Chief Operating Officer & Chief Executive Officer	Appointed as CEO on 15 December 2023
A Doering	Chief Financial Officer	All of FY24
Non-executive Directors		
WA Foster	Independent Chair	All of FY24
R Black	Non-executive Director	Appointed on 2 April 2024
R Delroy	Non-executive Director	Appointed on 15 December 2023
W Barker	Non-executive Director	Appointed on 15 December 2023
P Moore	Non-executive Director	Ceased on 17 November 2023
SG Ryan	Non-executive Director	Ceased on 2 April 2024
D Bakker	Non-executive Director	Ceased on 15 December 2023

DIRECTOR'S REPORT

Summary of Carnarvon's remuneration policy framework

Carnarvon's vision is to become a major Australian energy provider with expertise and capability that enables the generation of material returns for shareholders over any given medium-term time horizon and outperformance against the Company's peers.

Carnarvon's remuneration framework seeks to focus executives on delivering that purpose:

- Fixed remuneration aligns to market practice and prevailing economic conditions. It seeks to attract, motivate and retain executives focused on delivering Carnarvon's purpose.
- 'At risk' performance-based incentives link to shorter-term and longer-term Company goals. The goals contribute to the achievement of Carnarvon's purpose.
- Longer term 'at risk' incentives are also designed to directly align with shareholder objectives and interests. Half of longer-term incentives are based on the Company's share price performance against peers considered to be alternative investments to Carnarvon. The other half is based on the Company's absolute share price appreciation. Both measures are assessed over a three-year period and are entirely share based rewards to executives.
- Additional long term 'at risk' 2024 Performance Rights incentives are also designed to further align executive remuneration with shareholder interests and incentivise management to drive higher returns. These incentives target the 20-day volume weighted average price (VWAP) of Carnarvon shares exceeding \$0.30 per share.

How Carnarvon makes decisions about remuneration

The Board determines Carnarvon's KMP remuneration based on recommendations made to the Board by its Remuneration and Nominations Committee. The Committee is to include at least 3 members who are all non-executive directors.

Members of the Committee during the 30 June 2024 financial year were Mr Black (Chair of Remuneration and Nomination Committee from 2 April 2024), Mr Barker (appointed 23 January 2024) and Mr Foster (appointed 17 November 2023). Mr Ryan (former Chair), Dr Moore and Mrs Bakker were also members of the committee during the year and up to the date that they ceased their position on the Board. Qualifications of Remuneration & Nomination Committee members are provided in the Directors section of this directors' report.

The Remuneration and Nomination Committee Charter is available at Carnarvon's website: www.carnarvon.com.au/corporate-governance/. Carnarvon's CEO and CFO may attend Committee meetings by invitation in an advisory capacity. The Committee excludes executives from any discussion about their own remuneration.

DIRECTOR'S REPORT

Remuneration & Nomination Committee meetings

The number of Remuneration & Nominations Committee meetings and the number attended by each of the members during the reporting period were as follows:

	(a)	(b)
R Black	1	1
W Foster	3	3
W Barker	2	2
D Bakker	1	1
S Ryan	2	2
P Moore	0	0

(a) Number of meetings held during period of office.

(b) Number of meetings attended.

External advisers and remuneration advice

Where an adviser is engaged by the company in relation to remuneration matters, the adviser is engaged by and reports to the Board or chair of the Remuneration and Nominations Committee. This protocol ensures any recommendations are free from undue influence by management. The Board or Committee Chair deals with the adviser on all material matters. Management involvement is only to the extent necessary to coordinate the work. No external advisers were engaged during FY24.

The Board and Committee seek recommendations from the CEO about executive remuneration. The CEO does not make any recommendation about their own remuneration.

The Board and Committee have regard to industry benchmarking information.

How Carnarvon links performance to incentives

Carnarvon's remuneration policy includes short term (STI) and long-term (LTI) incentive plans. The plans seek to align management performance with shareholder interests.

The STI is an operationally focused target incentive plan which is only considered if key KPIs are met during the period. STI can be awarded in cash and / or performance rights with a vesting period of 12 months, with the allocation based on the Board's discretion.

The LTI and 2024 Performance Rights link to an increase in total shareholder return over 3 and 5 year periods respectively and is a share-based incentive.

SENIOR EXECUTIVE REMUNERATION STRUCTURE

This section details the remuneration structure for senior executives (Key Management Personnel, or KMP).

Service contracts

The contract duration, period of notice and termination conditions for key management personnel are as follows:

- (i) Adrian Cook, Chief Executive Officer, is engaged as a full time employee (ceased employment on 15 December 2023). Termination by the Company is with 12 months notice or payment in lieu thereof. Termination by Mr Cook is with 6 months' notice.
- (ii) Philip Huizenga, Chief Executive Officer (appointed 15 December 2023, previously Chief Operating Officer), is engaged as a full time employee. Termination by the Company is with 9 months notice or payment in lieu thereof. Termination by Mr Huizenga is with 9 months' notice.
- (iii) Alex Doering, Chief Financial Officer, is engaged as a full time employee. Termination by the Company is with 3 months notice or payment in lieu thereof and an additional payment of 3 months' remuneration. Termination by Mr Doering is with 3 months' notice.

DIRECTOR'S REPORT

Remuneration mix

Remuneration for KMP is a mix of a fixed cash salary component and an 'at risk' component. The 'at risk' component means that specific targets or conditions must be met before there is any entitlement to receive that component.

What is the balance between fixed and 'at risk' remuneration?

The remuneration structure and packages offered to KMP for the period were:

- Fixed remuneration; and
- 'At risk' remuneration comprising:
 - Short term incentive (STI) – annual cash and / or performance rights with a 12-month vesting period, which were offered at the discretion of the Board, linked to Company and individual performance.
 - Long term incentive (LTI) – performance rights-based incentive, which were granted annually at the discretion of the Board, linked to the absolute and relative share price performance conditions measured over three years.
 - 2024 Performance Rights – performance rights-based incentive, which were granted in 2024 at the discretion of the Board, which vest if the 20-day volume weighted average price (VWAP) of Carnarvon shares exceeding \$0.30 per share.

The balance between fixed and 'at risk' remuneration depends on the senior executive's role. The CEO has the highest level of 'at risk' remuneration reflecting the greater level of responsibility of this role.

Table 3: Shareholder wealth indicators FY20 – FY24:

	FY20	FY21	FY22	FY23	FY24
Share price at year-end	\$0.195	\$0.25	\$0.195	\$0.13	\$0.195
Basic earnings/(loss) per share	\$(0.26)	\$1.09	\$(3.31)	\$(0.23)	\$(0.04)

Table 4 sets out the relative proportions of the three elements of the executives KMP's total remuneration packages from 1 July 2023.

Table 4: Remuneration mix¹

Position	Performance Based Remuneration			Total 'at risk'
	Fixed Remuneration	STI	LTI	
	%	%	%	%
CEO	34	33	33	66
Other KMP	50	25	25	50

¹ The remuneration mix assumes maximum 'at risk' awards. Percentages shown later in this report reflect the actual incentives paid as a percentage of total fixed remuneration, movements in leave balances and other benefits and share based payments calculated using the relevant accounting standards.

Fixed remuneration

What is fixed remuneration?

Senior executives are entitled to a fixed cash remuneration amount inclusive of the guaranteed superannuation contribution. The amount is not based upon performance. Senior executives may decide to salary sacrifice part of their fixed remuneration for additional superannuation contributions and other benefits.

How is fixed remuneration reviewed?

Fixed remuneration is determined by the Board based on external review and advice that takes account of the role and responsibility of each senior executive. It is reviewed annually against industry benchmarking information.

DIRECTOR'S REPORT

Fixed remuneration for the year

Total fixed remuneration (TFR) of KMP is provided in the table on Pages 44 to 45 which reports on the remuneration for KMP as required under the Corporations Act.

Short Term Incentive (STI)

What is the STI?	The STI is part of 'at risk' remuneration offered to senior executives. It measures individual and Company performance over a 12-month period. The period coincides with Carnarvon's financial year. The STI is offered to senior executives at the discretion of the Board based on company performance and performance against objectives. It is paid in cash and / or performance rights, with the allocation percentage at the Board's discretion. If awarded and subsequently vested, the Board has the discretion to approve the settlement of the STI performance rights in cash or equity.
How does the STI link to Carnarvon's key purpose?	The STI is an at-risk opportunity for senior executives and is subject to the achievement of the performance threshold (see below), it rewards senior executives for meeting or exceeding key performance indicators. The key performance indicators link to Carnarvon's key purpose and goals set for KMP during the reporting period. The STI aims to motivate senior executives to meet Company expectations for success. Carnarvon can only achieve its purpose if it attracts and retains high performing senior executives.
What are the performance conditions or KPIs?	Carnarvon's key performance indicators (KPIs) are set by the Board for each 12-month period beginning at the start of a financial year. They reflect Carnarvon's financial and operational goals that are essential to it achieving its purpose. Senior executives may also have individual KPIs which are linked to the below Company KPIs to reflect their particular responsibilities to each KPI. The KPIs are chosen as they are value catalysts which are linked to the Company's strategic objectives. For the reporting period, the performance measures comprised:

STI Measures	Weighting 100%	
Company KPI's	Achieve ¹	Overperform ²
Bedout Divestment	20%	40%
New Ventures	30%	50%
Dorado FID	10%	30%
RFSU Acceleration	10%	20%
Drilling Progression	10%	20%
Other	10%	20%
Dorado Financing	5%	10%
Energy Transition	5%	10%
Maximum		100%

¹ The minimum percentage receivable if the hurdle is achieved.

² The maximum percentage receivable if achievement of the hurdle is overperformed.

Refer to Table 5 for more information.

DIRECTOR'S REPORT

The value of the STI awards to individual KMPs

Incentive payments are based on a percentage of a senior executive's fixed remuneration. The CEO can earn up to a maximum of 100% of his fixed remuneration. The value of the award that can be earned by other KMP is up to a maximum of 50% of their fixed remuneration.

Assessment of performance conditions

The Board assesses the extent to which KPIs were met for the period after the close of the relevant financial year. The Board assesses the achievement of the KPIs for the CEO. The Board assesses the performance of other KMPs on the CEO's recommendation.

What happens if an STI is awarded

On achievement of the relevant KPIs Carnarvon will pay STI awards in cash and / or performance rights with a vesting period of 12 months provided the participants are employed by the company over the vesting period and as at the vesting date. The allocation of the award between cash and performance rights is at the Board's discretion. Carnarvon includes the cash and nominal value of any performance rights STI awards in its financial statements for the relevant financial year.

STI PERFORMANCE FOR THE YEAR

The Board tested each senior executive's performance against the STI performance conditions set for the year.

On this basis, the percentage of the maximum STI that was awarded or forfeited for the period for each executive KMP, was as follows (awarded/ forfeited):

KMP	STI Awarded	STI Forfeited
Adrian Cook	16%	84%
Mr Huizenga	32%	68%
Mr Doering	32%	68%

DIRECTOR'S REPORT

The STI awards made reflect Carnarvon's performance for FY24, and the outcomes of the Company related performance conditions are outlined in Table 5.

Table 5: Outcome of FY24 STI Company KPIs:

STI Measure	Description	STIP weight (%):		STI Performance and score
		Achieve ¹	Overperform ²	
Bedout Divestment	Partial Divestment of Bedout interests.	20%	40%	Score: KPI achieved. 22% awarded.
New Ventures	Acquisition of a value accretive production asset.	30%	50%	Score: KPI not achieved.
Dorado FID	Final Investment Decision for Dorado Phase-1 liquids development.	10%	30%	Score: KPI not achieved.
RFSU Acceleration	Finalise reduction of development costs and acceleration of first oil.	10%	20%	Score: KPI partially achieved. No award.
Drilling Progression	Confirmation of exploration drilling.	10%	20%	Score: KPI not achieved.
Other	Other commercial activities.	10%	20%	Score: KPI not achieved.
Financing	Dorado development financing.	5%	10%	Score: KPI not achieved.
Energy Transition	Energy transition, ESG or carbon-based transaction.	5%	10%	Score: KPI partially achieved. No award.

¹ The minimum percentage receivable if the hurdle is achieved.

² The maximum percentage receivable if achievement of the hurdle is overperformed.

STI performance rights issued

There were no STI performance rights awarded during the year in relation to FY24 performance.

DIRECTOR'S REPORT

LONG TERM INCENTIVE (LTI)

<p>What is the LTI?</p>	<p>The LTI is an equity based 'at risk' incentive plan which operates through a performance rights scheme approved by Carnarvon shareholders. The LTI aims to reward results that promote long term growth in shareholder value or total shareholder return (TSR).</p> <p>Carnarvon offers LTIs to senior executives at the discretion of the Board and offers to KMP as outlined in table 4.</p>																
<p>How does the LTI link to Carnarvon's key purpose?</p>	<p>The LTI links to Carnarvon's key purpose by aligning the longer term 'at risk' incentive rewards with outcomes that match shareholder objectives and interests by:</p> <ul style="list-style-type: none"> • benchmarking shareholder returns against a group of companies considered alternative investments to Carnarvon and against absolute target returns • giving share based rather than cash-based rewards to executives. This links their own rewards to shareholder expectations of company performance, especially share price growth. 																
<p>How are the number of rights issued to senior executives calculated?</p>	<p>The award of performance rights is at the absolute discretion of the Board. The number of performance rights granted to the executives under the LTI is calculated as fixed remuneration at 30 June of the Financial Year multiplied by the relevant percentage divided by the market value. The Market Value is the market value of a fully paid ordinary share in the Company, calculated using the Company's closing share price on 30 June.</p>																
<p>What equity based grants are given and are there plan limits?</p>	<p>Carnarvon grants performance rights using the formula set out above. If the performance conditions are met, senior executives have the opportunity to acquire one Carnarvon share for every vested performance right. There are no plan limits as a whole for the LTI due to the style of the plan.</p>																
<p>What are the performance conditions?</p>	<p>The two performance conditions used by 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, calculated using the closing share prices at a testing date of 30 June.</p> <p>The participants must also be employed by the Company over the vesting period and as at the vesting date.</p> <p>The vesting schedule of 50% of the performance rights is subject to relative TSR testing is as follows:</p> <table border="1" data-bbox="446 1444 1388 1579"> <thead> <tr> <th>Relative TSR Performance</th> <th>Level of vesting</th> </tr> </thead> <tbody> <tr> <td>Less than 50th percentile</td> <td>Zero</td> </tr> <tr> <td>Between 50th and 75th percentile</td> <td>Pro rata between 50% and 100%</td> </tr> <tr> <td>75th percentile or better</td> <td>100%</td> </tr> </tbody> </table> <p>Peer Group: 88 Energy, Buru Energy, Central Petroleum, Cooper Energy, Elixir Energy, Empire Energy, Galilee Energy, Helios Energy, Horizon Oil, Karoon Energy, Strike Energy, Tamboran Resources.</p> <p>The vesting schedule of 50% of the performance rights is subject to absolute TSR testing is as follows:</p> <table border="1" data-bbox="446 1724 1388 1852"> <thead> <tr> <th>Absolute TSR Performance</th> <th>% of performance rights that will vest</th> </tr> </thead> <tbody> <tr> <td>10% per annum return</td> <td>33%</td> </tr> <tr> <td>Between 10% and 20% per annum</td> <td>Pro rata between 33% and 100%</td> </tr> <tr> <td>Above 20% per annum</td> <td>100%</td> </tr> </tbody> </table>	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%	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%
Relative TSR Performance	Level of vesting																
Less than 50th percentile	Zero																
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75th percentile or better	100%																
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%																

DIRECTOR'S REPORT

Why choose these Performance conditions?	<p>Relative TSR is an appropriate performance hurdle because it ensures a proportion of each participants remuneration is linked to the return received by shareholders from holding shares in a company in the peer group for the same period.</p> <p>Absolute TSR is an appropriate performance hurdle because it ensures KMP performance is rewarded when a year-on-year improvement in shareholder value is achieved.</p>
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What happens to LTI performance rights on a change of control?	The Board reserves the discretion for early vesting in the event of a change of control of the Company. Adjustments to a participant's entitlements may also occur in the event of a company reconstruction and certain share issues.
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LTI equity awards issued or in operation during the year.

KMP (excluding Managing Director) were granted 3,146,930 LTI performance rights on 1 July 2023, and the Managing Director was granted 4,556,620 LTI performance rights on 17 November 2023 following approval at the AGM. Subsequently, all of the Managing Director's performance rights lapsed and were forfeited upon ceasing employment on 15 December 2023 (total of 9,629,436 lapsed and cancelled).

There were 295,273 performance rights that vested on 30 June 2024 relating to the rights granted to KMP in FY2022. The vested rights were exercised subsequent to year-end.

2024 Performance Rights

What are the 2024 Performance Rights?	The 2024 Performance Rights are an additional equity based 'at risk' incentive that aims to align Key Management Personnel remuneration with shareholder interests and incentivise them to drive higher returns. These were awarded in relation to a reduction of KMP fixed remuneration.
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How do the 2024 Performance Rights link to Carnarvon's key purpose?	The 2024 Performance Rights links to Carnarvon's objective of aligning the longer term 'at risk' incentive rewards with outcomes that match shareholder objectives and interests by giving share based rather than cash-based rewards. This links their own rewards to shareholder expectations of company performance and share price growth.
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How are the number of rights issued calculated?	The award of performance rights is at the absolute discretion of the Board. The Market Value is the market value of a fully paid ordinary share in the Company, calculated using the Company's closing share price on 30 June.
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What equity based grants are given and are there plan limits?	Carnarvon granted the performance rights at the absolute discretion of the Board. If the performance conditions are met, Key Management Personnel have the opportunity to acquire one Carnarvon share for every vested performance right. There are no plan limits.
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DIRECTOR'S REPORT

What are the performance conditions?

The performance rights 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

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.

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.

Why choose these Performance conditions?

The performance conditions better align the interest of the Key Management Personnel with shareholder interests, and incentivise them to drive higher returns.

2024 Performance Right equity awards issued or in operation during the year.

Executive KMP were granted a total of 7,500,000 of 2024 performance rights on 26 April 2024.

Non-executive Directors appointed during the year were granted a total of 3,500,000 of 2024 Performance Rights on their appointment to the Board.

DIRECTOR'S REPORT

REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS:

The fees paid to non-executive directors are determined using the following principles. Fees are:

- determined by reference to the nature of the role, responsibility and time commitment required for the performance of the role including membership of Board Committees;
- are benchmarked against industry peers on an annual basis; and
- driven by a need to attract and retain a diverse and well-balanced group of individuals with relevant experience and knowledge
- 2024 Performance Rights were issued to align non-executive directors with shareholder interests

The Board made changes to its fee structure in the current year. Following the formal commencement of the Board succession process, the base fees payable to non-executive directors were reduced from \$100,000 to \$60,000 for directors appointed after 15 December 2023 and remained the same of directors appointed prior to 15 December 2023. Chair fees remained unchanged from FY23 levels.

Committee Chairs are paid an additional fee of \$10,000 for directors appointed prior to 15 December 2023, and Nil for directors appointed after 15 December 2023. No additional fees are payable to any director for membership of Board Committees.

The Director's fees are inclusive of superannuation contributions, which are paid by the Company.

Non-executive directors are entitled to be reimbursed at cost for their reasonable expenses incurred in the performance of their directors' duties.

The aggregate remuneration of Carnarvon non-executive directors remains below the annual limit of \$600,000 approved by shareholders at the 2018 Annual General Meeting.

Details of the fees payable to non-executive directors for Board and committee membership for FY24 are set out in Table 6.

Table 6: FY24 non-executive directors' fees and Board Committee fees per annum:

Date Appointed	Board		Board Committees					
	Chair \$	Member \$	Chair	Member	Chair	Member	Chair	Member
			Audit \$	Audit \$	Remuneration and Nomination \$	Remuneration and Nomination \$	RGS \$	RGS \$
Before 15 December 2023	200,000	100,000	10,000	-	10,000	-	10,000	-
After 15 December 2023	200,000	60,000	-	-	-	-	-	-

DIRECTOR'S REPORT

Directors' and executive officers' remuneration, Company and consolidated (continued)

Name	Short term benefits			Post-employment	Share-based payments	Long term benefits	Other benefits	Total (\$)	Total at risk %	Total issued in equity %
	Salary and fees (\$)	Short term cash bonus (\$)	Annual Leave (\$) ¹¹	Superannuation contributions (\$)	Performance Rights (\$) ^{12,13}	Long service leave (\$) ¹¹	Termination payments (\$)			
Directors										
<i>Non-Executive</i>										
Mr WA Foster (Chairman)										
2024	180,180	-	-	19,820	-	-	-	200,000	-	-
2023	171,946	-	-	18,054	-	-	-	190,000	-	-
Mr R Black ¹										
2024	13,514	-	-	1,487	8,773	-	-	23,774	36.9%	-
2023	-	-	-	-	-	-	-	-	-	-
Mr R Delroy ²										
2024	29,497	-	-	3,245	13,005	-	-	45,747	28.4%	-
2023	-	-	-	-	-	-	-	-	-	-
Mr W Barker ³										
2024	29,497	-	-	3,245	13,005	-	-	45,747	28.4%	-
2023	-	-	-	-	-	-	-	-	-	-
Dr P Moore ⁴										
2024	37,713	-	-	4,148	-	-	-	41,861	-	-
2023	99,548	-	-	10,452	-	-	-	110,000	-	-
Mr SG Ryan ⁵										
2024	82,500	-	-	-	-	-	-	82,500	-	-
2023	110,000	-	-	-	-	-	-	110,000	-	-
Ms D Bakker ⁶										
2024	45,287	-	-	4,962	-	-	-	50,249	-	-
2023	99,548	-	-	10,452	-	-	-	110,000	-	-
<i>Executive</i>										
Mr AC Cook (Chief Executive Officer) ⁷										
2024	284,560	83,804	20,830	23,785	(440,370)	2,650	814,078	789,337	-55.8%	-
2023	610,028	-	45,654	28,946	265,992	40,921	-	991,541	26.8%	-

DIRECTOR'S REPORT

Name	Short term benefits			Post-employment	Share-based payments	Long term benefits	Other benefits	Total (\$)	Total at risk %	Total issued in equity %
	Salary and fees (\$)	Short term cash bonus (\$)	Annual Leave (\$) ¹¹	Superannuation contributions (\$)	Performance Rights (\$) ^{12,13}	Long service leave (\$) ¹¹	Termination payments (\$)			
Other Executives										
Mr PP Huizenga (Chief Executive Officer) ⁸										
2024	537,254	73,313	58,541	35,348	199,355	(3,628)	-	900,183	22.1%	-
2023	544,465	-	49,924	28,148	114,883	23,293	-	760,713	15.1%	-
Mr A Doering (Chief Financial Officer) ⁹										
2024	306,845	42,848	26,012	34,963	68,195	5,014	-	483,876	14.1%	-
2023	25,000	-	1,927	2,625	-	-	-	29,552	-	-
Mr TO Naude (Chief Financial Officer) ¹⁰										
2024	-	-	-	-	-	-	-	-	-	-
2023	352,420	-	27,020	25,087	(36,104)	25,181	-	393,604	-9.2%	-
Total compensation: key management personnel (Company and consolidated)										
2024	1,546,847	199,964	105,383	131,002	(138,037)	4,036	814,078	2,663,274	-5.2%	-
2023	2,012,955	-	124,525	123,764	344,771	89,395	-	2,695,409	12.8%	-

Directors' fees are paid or payable to the director or a director-related entity.

¹ Mr Black was appointed to the Board on 2 April 2024.

² Mr Delroy was appointed to the Board on 15 December 2023.

³ Mr Barker was appointed to the Board on 15 December 2023.

⁴ Dr Moore retired from the Board at the Company's Annual General Meeting held on 17 November 2023.

⁵ Mr Ryan retired from the Board on 2 April 2024.

⁶ Mrs Bakker retired from the Board on 15 December 2023.

⁷ Mr Cook ceased as Managing Director and Chief Executive Officer on 15 December 2023. His remuneration reflects the amounts paid up to this date.

⁸ Mr Huizenga was promoted to Chief Executive Officer on 15 December 2023. His remuneration was reduced to \$475,000 (before superannuation) per annum from 1 May 2024 (previously \$515,868). He was also granted 5,000,000 of 2024 Performance Rights.

⁹ Mr A Doering's 2023 remuneration reflects the remuneration received from the date of his appointment as Chief Financial Officer on 1 June 2023.

¹⁰ Mr TO Naude's 2023 remuneration reflects the remuneration received up to the date he ceased employment as Chief Financial Officer on 31 May 2023.

¹¹ These amounts represent the leave entitlement accrual for the year.

¹² KMP were granted 7,703,550 LTI performance rights in the for which a combined expense of \$235,513 was recognised at 30 June 2024. In addition, 9,629,436 LTI performance rights lapsed and were cancelled upon Mr Cook ceasing employment, which resulted in a reversal of expense valued at \$440,370 being recognised in the Consolidated Income Statement at 30 June 2024.

¹³ KMP were granted 11,000,000 of 2024 Performance Rights during the year for which a combined expense of \$66,820 was recognised at 30 June 2024.

¹³ Termination payments include payments under service contracts and accrued annual and long service leave payments.

DIRECTOR'S REPORT

Ordinary shares held by key management personnel

The movement during the reporting period in the number of ordinary shares in Carnarvon Energy Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

2024	Balance at 1 July 2023 / on appointment	Net acquired/ (sold) on market	Award under Employee Share Plan	Received on exercise of options	Held at date of cessation	Balance at 30 June 2024
Directors						
WA Foster	1,425,938	-	-	-	-	1,425,938
AC Cook ¹	15,938,797	-	-	-	(15,938,797)	-
P Moore ²	964,232	-	-	-	(964,232)	-
SG Ryan ³	305,221	-	-	-	(305,221)	-
D Bakker ⁴	574,774	-	-	-	(574,774)	-
W Barker ⁵	-	-	-	-	-	-
R Black ⁶	-	1,000,000	-	-	-	1,000,000
R Delroy ⁷	91,128,968	-	-	-	-	91,128,968

Other Executives

PP Huizenga	12,326,196	-	-	-	-	12,326,196
A Doering	1,237,001	200,000	-	-	-	1,437,001

¹ Mr Cook ceased as Managing Director and Chief Executive Officer on 15 December 2023.

² Dr Moore retired from the Board at the Company's Annual General Meeting held on 17 November 2023.

³ Mr Ryan retired from the Board on 2 April 2024.

⁴ Mrs Bakker retired from the Board on 15 December 2023.

⁵ Mr Barker was appointed to the Board on 15 December 2023.

⁶ Mr Black was appointed to the Board on 2 April 2024.

⁷ Mr Delroy was appointed to the Board on 15 December 2023. Mr Delroy is also the founder and investment manager of Nero Resource Fund which holds the 91,128,968 shares

2023	Balance at 1 July 2022 / on appointment	Net acquired/ (sold) on market	Award under Employee Share Plan	Received on exercise of options	Held at date of cessation	Balance at 30 June 2023
Directors						
WA Foster	1,425,938	-	-	-	-	1,425,938
AC Cook	15,938,797	-	-	-	-	15,938,797
P Moore	964,232	-	-	-	-	964,232
SG Ryan	305,221	-	-	-	-	305,221
D Bakker	574,774	-	-	-	-	574,774
Other Executives						
PP Huizenga	12,076,196	250,000	-	-	-	12,326,196
TO Naude	4,019,357	-	-	-	(4,019,357) ¹	-
A Doering ²	1,237,001	-	-	-	-	1,237,001

¹ Mr TO Naude ceased employment as Chief Financial Officer on 31 May 2023.

² Mr A Doering was appointed as Chief Financial Officer on 1 June 2023. His balance at 1 July 2022 is representative of the number shares he held as an employee (before becoming a KMP).

DIRECTOR'S REPORT

Performance rights - held by key management personnel

2024	Held at 1 July 2023	Granted	Exercised	Lapsed	Held at 30 June 2024	Vested and exercisable at 30 June 2024 ⁸	Vested and un-exercisable at 30 June 2024
Directors							
WA Foster	-	-	-	-	-	-	-
AC Cook ¹	5,072,816	4,556,620	-	(9,629,436)	-	-	-
P Moore ²	-	-	-	-	-	-	-
SG Ryan ³	-	-	-	-	-	-	-
D Bakker ⁴	-	-	-	-	-	-	-
W Barker ⁵	-	1,000,000	-	-	1,000,000	-	-
R Black ⁶	-	1,500,000	-	-	1,500,000	-	-
R Delroy ⁷	-	1,000,000	-	-	1,000,000	-	-
Other Executives							
PP Huizenga	2,329,816	6,993,084	-	-	9,322,900	250,273	750,819
A Doering	426,924	3,653,846	-	-	4,080,770	45,000	135,000
Total	7,829,556	18,703,550	-	(9,629,436)	16,903,670	295,273	885,819

¹ Mr Cook ceased employment as Managing Director and Chief Executive Officer on 15 December 2023. His performance rights lapsed on this date.

² Dr Moore retired from the Board at the Company's Annual General Meeting held on 17 November 2023.

³ Mr Ryan retired from the Board on 2 April 2024.

⁴ Mrs Bakker retired from the Board on 15 December 2023.

⁵ Mr Barker was appointed to the Board on 15 December 2023.

⁶ Mr Black was appointed to the Board on 2 April 2024.

⁷ Mr Delroy was appointed to the Board on 15 December 2023.

⁸ On 30 June 2024, 295,273 of the 1,181,092 performance rights issued to Mr Huizenga and Mr Doering on 1 July 2021 vested and became exercisable upon meeting the required vesting conditions. Both executives elected to exercise the vested performance rights subsequent to year end. The un-exercisable performance rights were cancelled subsequent to year end.

2023	Held at 1 July 2022	Granted	Exercised	Lapsed	Held at 30 June 2023	Vested and exercisable at 30 June 2023	Vested and un-exercisable at 30 June 2023
Directors							
WA Foster	-	-	-	-	-	-	-
AC Cook	2,179,724	2,893,092	-	-	5,072,816	-	-
P Moore	-	-	-	-	-	-	-
SG Ryan	-	-	-	-	-	-	-
D Bakker	-	-	-	-	-	-	-
Other Executives							
PP Huizenga	1,001,092	1,328,724	-	-	2,329,816	-	-
TO Naude ¹	585,468	933,986	-	(1,519,454)	-	-	-
A Doering ²	180,000	246,924	-	-	426,924	-	-
Total	3,946,284	5,402,726	-	(1,519,454)	7,829,556	-	-

¹ Mr TO Naude's performance rights lapsed in June 2023 after he ceased employment as Chief Financial Officer on 31 May 2023.

² Mr A Doering's performance rights held as at 30 June 2023 include rights issued to him as part of the company's Employee Share Incentive Plan prior to commenting as Chief Financial Officer on 1 June 2023.

DIRECTOR'S REPORT

Performance rights - STIP held by key management personnel

There were no performance rights granted under the short-term incentive plan during the year, nor were there any rights held by key management personnel under the plan as at 30 June 2023.

Details of performance rights granted to KMP during the year ended 30 June 2024 are:

KMP	Instrument	Grant date	Expiry date	Vesting date	Fair value per right \$	Exercise price	Number of performance rights granted	Number of performance rights lapsed ¹	Number of performance rights vested	Maximum value to be recognised in future periods \$
Executive KMP										
A Cook	PR's - LTIP	17-Nov-23	01-Jul-33	30-Jun-26	0.135	-	4,556,620	(4,556,620)	-	-
P Huizenga	PR's - LTIP	01-Jul-23	01-Jul-33	30-Jun-26	0.10	-	1,993,084	-	-	126,229
P Huizenga	2024 PR's	26-Apr-24	26-Apr-29	When conditions are met	0.12	-	5,000,000	-	-	535,268
A Doering	PR's - LTIP	01-Jul-23	01-Jul-33	30-Jun-26	0.10	-	1,153,846	-	-	73,077
A Doering	2024 PR's	26-Apr-24	26-Apr-29	When conditions are met	0.12	-	2,500,000	-	-	267,634
Non-Executive Directors										
R Black	2024 PR's	02-Apr-24	02-Apr-29	When conditions are met	0.12	-	1,500,000	-	-	160,581
W Barker	2024 PR's	15-Dec-23	15-Dec-28	When conditions are met	0.12	-	1,000,000	-	-	106,995
R Delroy	2024 PR's	15-Dec-23	15-Dec-28	When conditions are met	0.12	-	1,000,000	-	-	106,995
Total							18,703,550	(4,556,620)	-	1,376,779

¹ Mr Cook ceased employment as Managing Director and Chief Executive Officer on 15 December 2023. His performance rights lapsed on this date.

DIRECTOR'S REPORT

Details of performance rights granted to KMP in previous years that are still vesting are:

KMP	Instrument	Grant date	Expiry date	Vesting date	Fair value per right \$	Exercise price	Number of performance rights granted	Number of performance rights lapsed ¹	Number of performance rights vested ²	Maximum value to be recognised in future periods \$
Executive KMP										
A Cook	PR's - LTIP	12-Nov-21	01-Jul-31	30-Jun-24	0.24	-	2,179,724	(2,179,724)	-	-
A Cook	PR's - LTIP	18-Nov-22	01-Jul-32	30-Jun-25	0.10	-	2,893,092	(2,893,092)	-	-
P Huizenga	PR's - LTIP	01-Jul-21	01-Jul-31	30-Jun-24	0.19	-	1,001,092	-	250,273	-
P Huizenga	PR's - LTIP	01-Jul-22	01-Jul-32	30-Jun-25	0.12	-	1,328,724	-	-	53,149
A Doering	PR's - LTIP	01-Jul-21	01-Jul-31	30-Jun-24	0.19	-	180,000	-	45,000	-
A Doering	PR's - LTIP	01-Jul-22	01-Jul-32	30-Jun-25	0.12	-	246,924	-	-	9,877
Total							7,829,556	(5,072,816)	295,273	63,026

¹ Mr Cook ceased employment as Managing Director and Chief Executive Officer on 15 December 2023. His performance rights lapsed on this date.

² On 30 June 2024, 295,273 of the 1,181,092 performance rights issued to Mr Huizenga and Mr Doering on 1 July 2021 vested and became exercisable upon meeting the required vesting conditions. Both executives elected to exercise the un-exercisable performance rights subsequent to year end. The unvested performance rights were cancelled subsequent to year end.

DIRECTOR'S REPORT

Plan shares held by key management personnel

Included in the above table are plan shares held by key management personnel held under the previous ESP loan scheme which are accounted for as in substance options (refer to page 76 for further terms). The balance and movement during the reporting period in the number of plan shares directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

2024	Held at 1 July 2023	Granted as compensation	Employee Share Plan cancellations	Exercised	Held at date of cessation	Held at 30 June 2024
Directors						
WA Foster	-	-	-	-	-	-
AC Cook ¹	12,945,592	-	-	-	(12,945,592)	-
P Moore ²	-	-	-	-	-	-
SG Ryan ³	-	-	-	-	-	-
D Bakker ⁴	-	-	-	-	-	-
W Barker ⁵	-	-	-	-	-	-
R Black ⁶	-	-	-	-	-	-
R Delroy ⁷	-	-	-	-	-	-

Other Executives

PP Huizenga	11,976,196	-	-	-	-	11,976,196
A Doering	1,237,001	-	-	-	-	1,237,001

¹ Mr Cook ceased as Managing Director and Chief Executive Officer on 15 December 2023.

² Dr Moore retired from the Board at the Company's Annual General Meeting held on 17 November 2023.

³ Mr Ryan retired from the Board on 2 April 2024.

⁴ Mrs Bakker retired from the Board on 15 December 2023.

⁵ Mr Barker was appointed to the Board on 15 December 2023.

⁶ Mr Black was appointed to the Board on 2 April 2024.

⁷ Mr Delroy was appointed to the Board on 15 December 2023.

2023	Held at 1 July 2022	Granted as compensation	Employee Share Plan cancellations	Exercised	Held at date of cessation	Held at 30 June 2023
Directors						
WA Foster	-	-	-	-	-	-
AC Cook	12,945,592	-	-	-	-	12,945,592
P Moore	-	-	-	-	-	-
SG Ryan	-	-	-	-	-	-
D Bakker	-	-	-	-	-	-
Other Executives						
PP Huizenga	11,976,196	-	-	-	-	11,976,196
TO Naude	3,992,512	-	-	-	(3,992,512) ¹	-
A Doering ²	1,237,001	-	-	-	-	1,237,001

¹ Mr TO Naude ceased employment as Chief Financial Officer on 31 May 2023.

² Mr A Doering was appointed as Chief Financial Officer on 1 June 2023. His balance at 1 July 2022 is representative of the number shares he held as an employee (before becoming a KMP).

End of Remuneration Report

DIRECTOR'S REPORT

Non-audit services

The auditors have not performed any non-audit services over and above their statutory duties during the current reporting period.

Directors' interests

At the date of this report, the relevant interests of the directors in securities of the Company are as follows:

Name	Ordinary Shares	Performance Rights
WA Foster	1,425,938	-
W Barker	-	1,000,000
R Black	1,000,000	1,500,000
R Delroy	91,128,968	1,000,000

Diversity

The Board has set the following measurable diversity objectives for the 2024 financial year:

2024 Measurable objectives	Progress
Aim to have not less than 30% of the directors of each gender	There was no female Board representation at 30 June 2024. This is due to the ongoing Board succession plan.
Dedicated mentoring program for the female employees of the Company	The Company provided ongoing training, mentoring and professional support in the development of all employees' careers.
Maintain flexible work practices	The Company continued to maintain its flexible work practices which includes a parental leave policy and provides employees the ability to maintain flexible hours and to work from home where required.

Likely developments

The likely developments for the 2024 financial year are contained in the operating and financial review as set out on pages 6 to 26.

Environmental regulation and performance

The Group's oil and gas exploration and development activities are concentrated in offshore Western Australia. Environmental obligations are regulated under both State and Commonwealth law in Western Australia, depending on whether a permit sits in State or Commonwealth waters. The Group is not aware of any significant environmental breaches during the year ended 30 June 2024.

Dividends

No dividends were paid during the year and the directors do not recommend payment of a dividend in respect of the current financial year (2023: Nil).

Auditor's independence declaration

The auditor's Independence Declaration under Section 307C of the Corporations Act is set out on page 54 and forms part of the directors' report for the financial year ended 30 June 2024.

Principal activities

During the course of the 2024 financial year the Group's principal activities continued to be directed towards oil and gas exploration, development and production.

DIRECTOR'S REPORT

Identification of independent directors

The independent directors are identified in the Company's Corporate Governance Statement. The Corporate Governance Statement is available on Carnarvon Energy's website at: carnarvon.com.au/about-us/corporate-governance/.

Significant changes in state of affairs

In the opinion of the directors no significant changes in the state of affairs of the Group occurred during the current financial year other than as outlined in the operating and financial review as set out on pages 6 to 26.

Indemnification and insurance of directors and officers

During the period the Company paid a premium to insure the directors and officers of the Company and its controlled entities. The policy prohibits the disclosure of the nature of the liabilities covered and the amount of the premium paid. Deeds of Access and Indemnity have been executed by the Company with each of the directors and Company Secretary. The deeds require the Company to indemnify each director and Company Secretary against any legal proceedings, to the extent permitted by law, made against, suffered, paid or incurred by the directors or Company Secretary pursuant to, or arising from or in any way connected with the director or Company Secretary being an officer of the Company.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of the proceedings. The Company was not a party to any such proceedings during the year.

Operating and financial review

An operating and financial review of the Group for the financial year ended 30 June 2024 is set out on pages 6 to 26 and forms part of this report.

Indemnity of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Events subsequent to reporting date

On 5 July 2024, the Company issued 1,000,000 of the 2024 performance rights to non-KMP staff.

On 5 July 2024, 1,020,819 LTI performance rights from 2021 lapsed and were cancelled due to not achieving all of the relative TSR conditions and none of the absolute TSR conditions. 885,819 of the lapsed rights related to key management personnel.

On 5 July 2024, 340,273 of the 2021 LTI performance rights that vested at 30 June 2024 were exercised and converted into ordinary shares pursuant to and in accordance with the Company's Performance Rights Plan. 295,273 of the rights related to key management personnel.

On 5 July 2024, the wholly owned subsidiary Carnarvon Thailand Limited was de-registered.

Other than above, there is no other matters or circumstance has arisen since 30 June 2024 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

DIRECTOR'S REPORT

Rounding off

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 the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'R. Black', is positioned above the printed name and title.

Robert Black
Chair
Perth, 30 August 2024