

Phoenix project – volumetric strategy

23 April 2018



Highlights

- Phoenix project drilling has delineated 332 Bcf of gas and 27 mmbbls to date (gross, 2C basis)
- Phoenix South-3 and Dorado-1 wells in 2018 seeking to add 1.0 Tcf of gas and 88 mmbbls (gross, mean)
- Dorado-1 well has additional upside in secondary targets
- Multiple follow-up opportunities also exist for consideration in potential future drilling programs

Carnarvon Petroleum Limited ("Carnarvon") (ASX:CVN) provides the following update on its volume estimates within the Phoenix project ahead of, and for context in regard to, the drilling of the Phoenix South-3 well that has already commenced and the Dorado-1 well that is expected to commence next month.

To date the Phoenix project has made four discoveries from the four wells that have been drilled (being Phoenix South-1, Roc-1, Roc-2 and Phoenix South-2) by the current Joint Venture partners. The 2018 drilling program is aiming to build on the already discovered oil and gas resources and to assist in future decisions around optimising a commercial development.

The table below covers the gas and condensate and oil volumes that are now able to be classified as contingent resources, namely from the discovery wells to date:

Contingent Within 25km	Gas Resource (Bscf)				Condensate / Oil Resource (mm bbls)			
	2C	1C	2C	3C	2C	1C	2C	3C
Roc-1 & 2 wells - Caley interval	332	204	332	580	20	12	20	35
Phoenix South-1 well - Barret interval	0	0	0	0	7	2	7	16
Total	332	204	332	580	27	14	27	51

The objective of the 2018 drilling program is to add to the above volumes and in doing so underpin progression to a commercial development.

The 2018 drilling program comprises the Phoenix South-3 well and Dorado-1 well. The volumes from either or both will materially improve the above volumes as presented in the following table:

Prospective Within 25km	Gas Resource (Bscf)				Condensate / Oil Resource (mm bbls)				Geological Success
	Mean	P90	P50	P10	Mean	P90	P50	P10	
Phoenix South-2 & 3 wells - Caley	489	128	401	963	57	11	39	122	71%
Dorado-1 well - Caley	545	59	338	1260	32	3	17	75	36%
Total	1034	187	739	2223	88	13	56	197	

The Dorado structure also has the potential to contain a number of additional targets beneath the Caley interval which could contain significant additional volumes of gas and condensate, albeit having a lower predicted chance of geological success. These volumes have been estimated by Carnarvon as per the table below:

Prospective Within 25km	Gas Resource (Bscf)				Condensate / Oil Resource (mm bbls)				Geological Success
	Mean	P90	P50	P10	Mean	P90	P50	P10	
Dorado-1 well - Milne A	429	46	266	1016	25	2	13	60	23%
Dorado-1 well - Milne B	438	37	295	1025	25	2	14	61	23%
Dorado-1 well - Milne C	565	82	416	1248	33	4	20	75	23%
Dorado-1 well - Milne D	555	52	409	1251	32	2	19	76	23%
Total	1987	216	1386	4540	115	9	67	271	

One aspect that is particularly exciting about the Phoenix project is the potential to unlock further gas and condensate and oil through additional drilling. Targets already identified within comfortable tie back distance to a development around the Roc area include the Apus and Mensa prospects which are outlined in the table below:

Prospective 25 - 50km	Gas Resource (Bscf)				Condensate / Oil Resource (mm bbls)				Geological Success
	Mean	P90	P50	P10	Mean	P90	P50	P10	
Apus - Caley	481	97	332	1087	24	4	14	51	12%
Mensa - Caley	446	75	305	1000	52	6	30	121	17%
Mensa - Barret (i)					163	6	68	418	54%
Total	927	172	637	2087	239	16	112	590	

(i) Previously captured as the Phoenix prospect

In addition to the above, a large number of prospects and leads are continually being matured through ongoing technical work.

The Phoenix project has a number of key attractions, including its dual income stream potential from oil and gas, its proximity to infrastructure and its positioning in shallow water of approximately 100 metres. The latter substantially reducing the cost and complexity of a development, allowing for the aggregation of discoveries in the near vicinity.

Carnarvon Petroleum
 Quadrant Energy (*Operator*)

20%
80%

Yours faithfully



Adrian Cook
 Managing Director

Shareholder enquiries:

Mr Thomson Naude
 Company Secretary
 Phone: (08) 9321 2665
 Email: investor.relations@cvn.com.au

Cautionary Statement

There are numerous uncertainties inherent in estimating reserves and resources, and in projecting future production, development expenditures, operating expenses and cash flows. Oil and gas reserve engineering and resource assessment must be recognised as a subjective process of estimating subsurface accumulations of oil and gas that cannot be measured in an exact way.

Prospective Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project and may relate to undiscovered accumulations. These prospective resource estimates have an associated risk of discovery and risk of development. Further exploration and appraisal is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Resources

All contingent and prospective resources presented in this report are prepared as at 23 April 2018. The estimates of contingent and prospective resources included in this announcement have been prepared in accordance with the definitions and guidelines set forth in the SPE-PRMS and have been prepared using probabilistic methods.

Carnarvon is not aware of any new information or data that materially affects the information included in this report and that all material assumptions and technical parameters underpinning the estimates in this presentation continue to apply and have not materially changed.

Competent Person Statement Information

The Resource estimates outlined in this report were compiled by the Company's Chief Operating Officer, Mr Philip Huizenga, who is a full-time employee of the Company. Mr Huizenga has over 25 years' experience in petroleum exploration and engineering. Mr Huizenga holds a Bachelor Degree in Engineering and a Masters Degree in Petroleum Engineering. Mr Huizenga is qualified in accordance with ASX Listing Rules and has consented to the form and context in which this statement appears.

Forward Looking Statements

This document may contain forward-looking information. Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "anticipate" and "potential" or other similar wording. Forward-looking information in this document includes, but is not limited to, references to: well drilling programs and drilling plans, estimates of reserves and potentially recoverable resources, and information on future production and project start-ups. By their very nature, the forward-looking statements contained in this news release require Carnarvon and its management to make assumptions that may not materialize or that may not be accurate. The forward-looking information contained in this news release is subject to known and unknown risks and uncertainties and other factors, which could cause actual results, expectations, achievements or performance to differ materially, including without limitation: imprecision of reserve estimates and estimates of recoverable quantities of oil, changes in project schedules, operating and reservoir performance, the effects of weather and climate change, the results of exploration and development drilling and related activities, demand for oil and gas, commercial negotiations, other technical and economic factors or revisions and other factors, many of which are beyond the control of Carnarvon. Although Carnarvon believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurances that the expectations of any forward-looking statements will prove to be correct.