

Dorado-1 – drilling update

9 July 2018



Carnarvon Petroleum Limited (“Carnarvon”) (ASX:CVN) is pleased to provide the following update on the drilling of the Dorado-1 well.

Progress

The 9 5/8” liner has been set and cemented in place down to around 3,637 metres Measured Depth (“MD”). Some additional time was required to set the 9 5/8” liner, however this has been completed in line with the well design.

Current Operations

The rig is currently drilling ahead in 8-1/2” hole at around 3640 m MD.

Forward Plan

Drill the 8-1/2” hole from 3,640 metres MD to approximately 4,050 metres MD and then, in the event of encountering a significant hydrocarbon column, wireline log the expected reservoir section including formation and pressure testing. The Caley Member is anticipated to be encountered in this section of the well. The well will further be deepened to evaluate the targets of the Milne and Crespin Members below the Caley Member.

Well Objective

The primary objective for the Dorado-1 well is to assess the gas and liquids potential in the Caley Member with the well being less than 20km from and updip of the successful Roc-1 and Roc-2 wells.

The Dorado structure at the Caley interval is estimated to contain a gross mean recoverable prospective resource of 545 Bscf of gas and 30 million barrels of associated condensate (being 125 million barrels of oil equivalent (“boe”), gross, Pmean). Multiple secondary targets have been identified by Carnarvon in the Crespin and Milne Members (see Figure 4) and these will also be assessed by the Dorado-1 exploration well. See the recently released volumetric strategy update (ASX 23 April 2018) for details on these targets.

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.

Carnarvon Petroleum
Quadrant Energy (*Operator*)

20%
80%

Yours faithfully



Adrian Cook
Managing Director
Carnarvon Petroleum

Investor inquiries:

Thomson Naude

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

Media inquiries:

Luke Derbyshire

Managing Director, Spoke Corporate
Phone: 0488 664 246
Email: luke@spokecorporate.com

Figure 1 – Location of the Phoenix Project

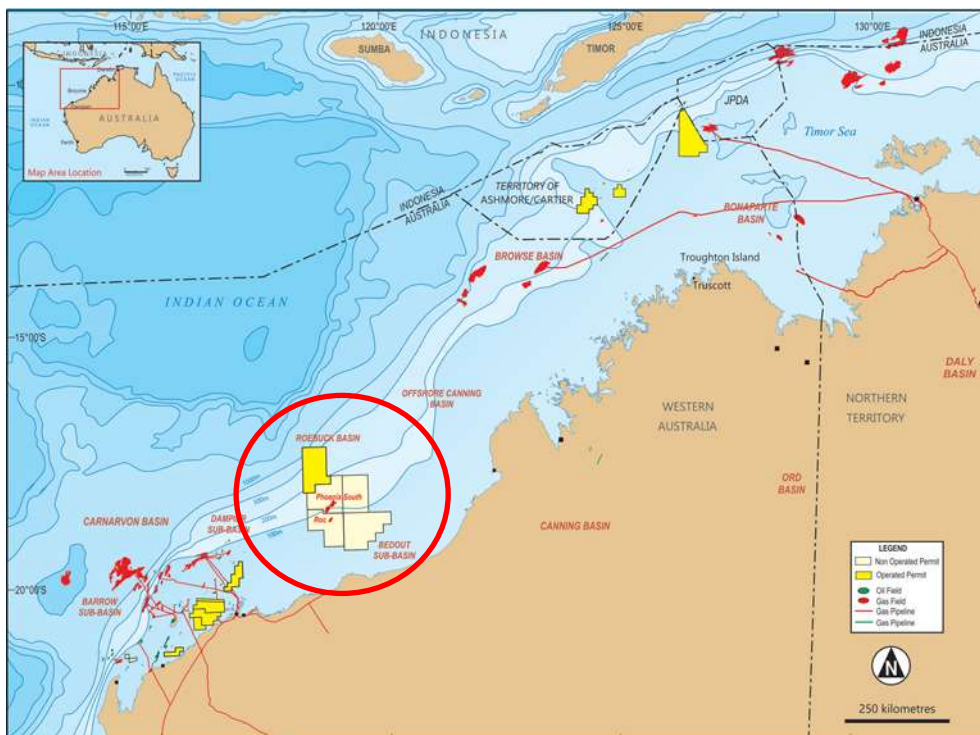


Figure 2: Seismic line, roughly N-S through Phoenix South, Roc and Dorado showing the incised Dorado Canyon (on the RHS) which defines the Dorado trap. The red line shows the top Caley Member.

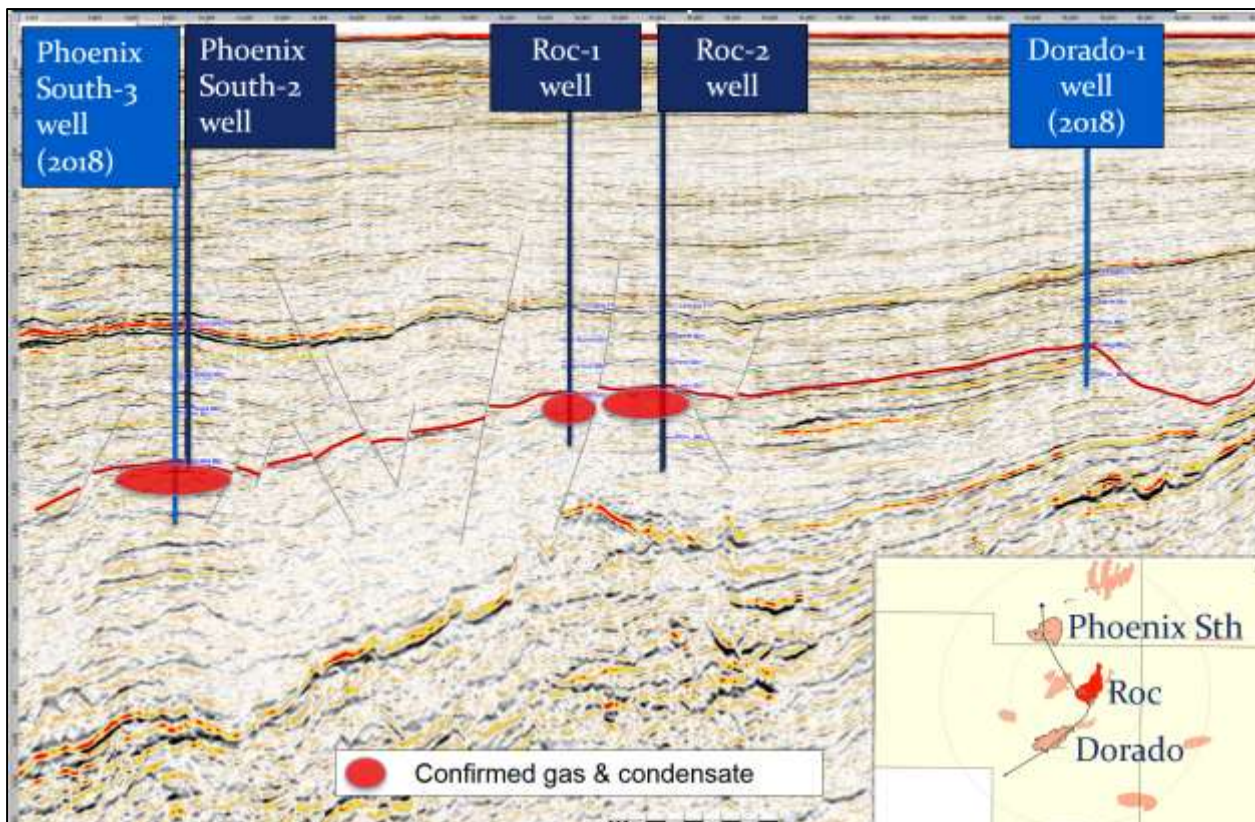


Figure 3 - Location of the Dorado-1 well within the project

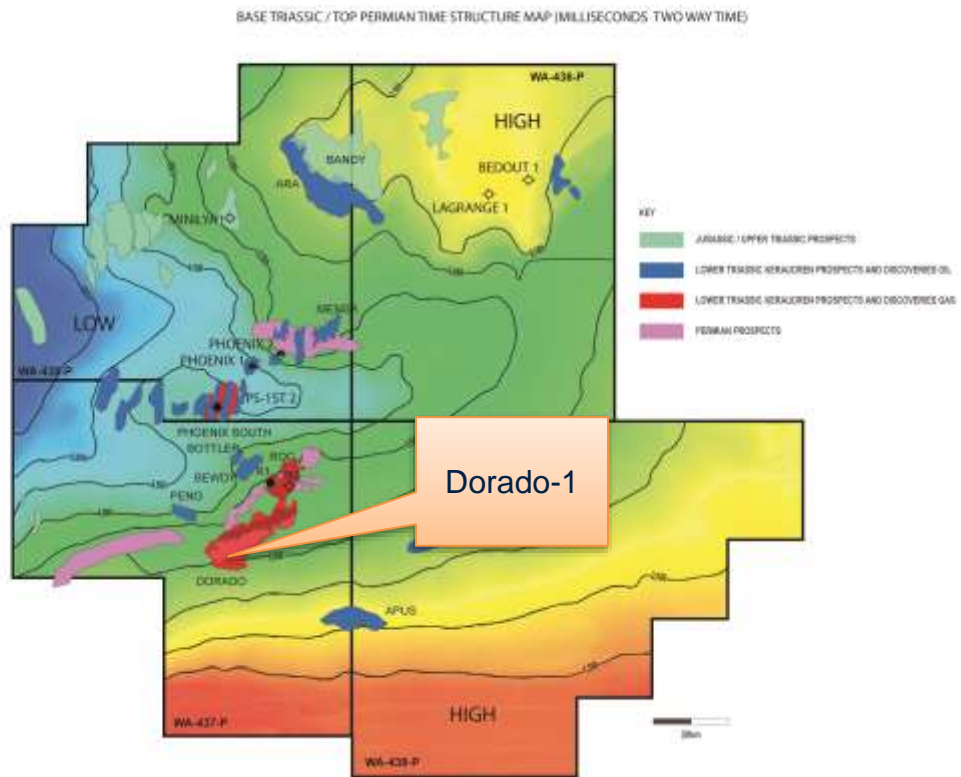


Figure 4: Predicted Lithology at Dorado from 2017 Seismic Inversion Project

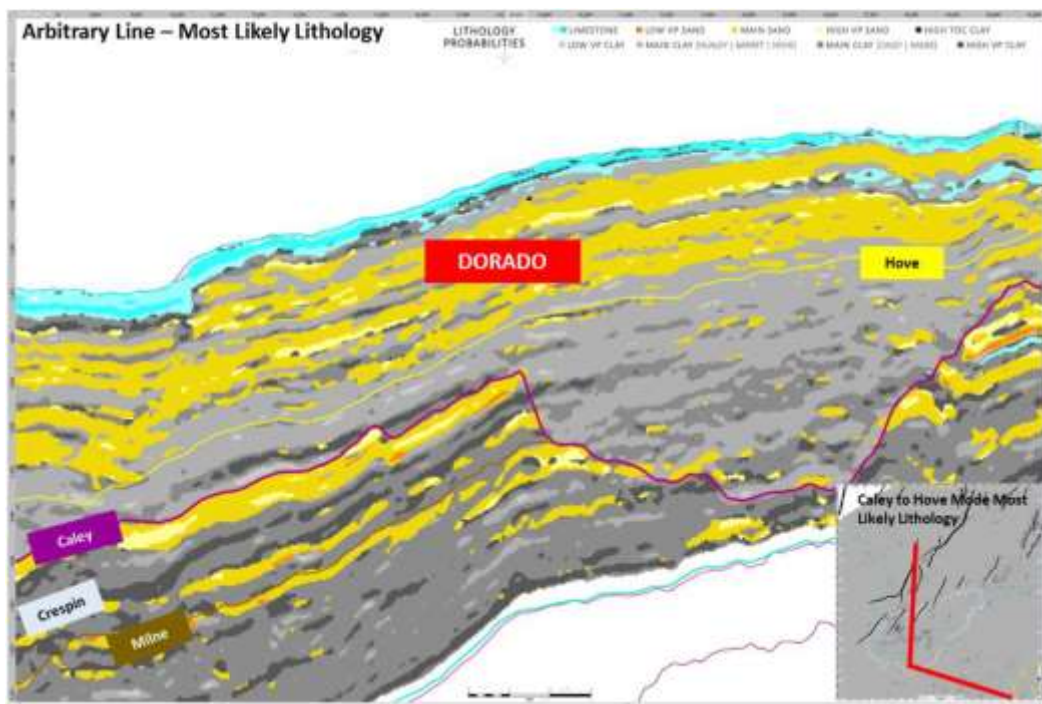
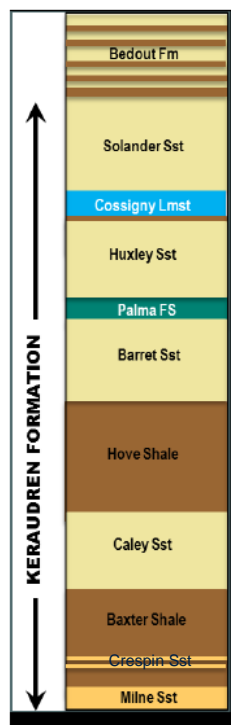


Figure 4: Geological formation diagram



Primary objective is to evaluate the hydrocarbon potential of the **Caley Sandstone** within the Keraudren Formation

Secondary objectives are to evaluate the hydrocarbon potential of the **Crespin and Milne Sandstones**

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.

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Resources

All contingent and prospective resources presented in this report are prepared as at 23 April 2018 (Reference: CVN ASX release 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.