

Phoenix South-3 – drilling update

09 August 2018



Carnarvon Petroleum Limited (“Carnarvon”) (ASX:CVN) is pleased to provide the following update on the drilling of the Phoenix South-3 (“PS-3”).

Progress

The well has drilled from around 5,210 metres Measured Depth (“MD”) down to around 5,393 metres MD through the Caley Member.

While drilling through the Caley Member, a number of sandstone intervals were encountered in the section from approximately 5,200 metres MD to 5,300 metres MD that, from logging while drilling tools, were interpreted to be porous. Elevated gas readings and increased resistivity were observed across these sandstone intervals that indicate the presence of hydrocarbons.

The positive observations in this section of the well now warrant wireline logging which will be undertaken from approximately 5,200 metres MD to 5,393 metres MD in order to obtain more definitive results regarding the nature of the hydrocarbons (oil, gas and condensate) and the characteristics of the reservoir within the zone of focus from approximately 5,200 metres MD to 5,300 metres MD.

Current Operations

The rig is currently preparing to run a suite of wireline logging tools.

Forward Plan

The acquisition of the wireline data which will complete the drilling and evaluation of the Phoenix South-3 well.

Well Objective

The primary objective for the Phoenix South-3 well is to evaluate the gas and condensate potential of the Caley Member within a large, faulted anti-clinal closure that was partially penetrated with the Phoenix South-2 well.

Phoenix South-2 encountered gas and condensate in the Caley Member but was unable to drill through and evaluate the formation. The Phoenix South-3 well has been optimally designed to penetrate and evaluate the hydrocarbon bearing formations of the Caley Member.

Phoenix South-3 is located around 560 metres North-North East of the Phoenix South-2 well.

Project equity Owners:

Carnarvon Petroleum

20%

Quadrant Energy (*Operator*)

80%

Competent Person Information

The results 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, a Masters Degree in Petroleum Engineering and is a member of the Society of Petroleum Engineers. Mr Huizenga is qualified in accordance with ASX Listing Rules and has consented to the form and context in which this statement appears.

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Figure 1 – Location of the Phoenix Project

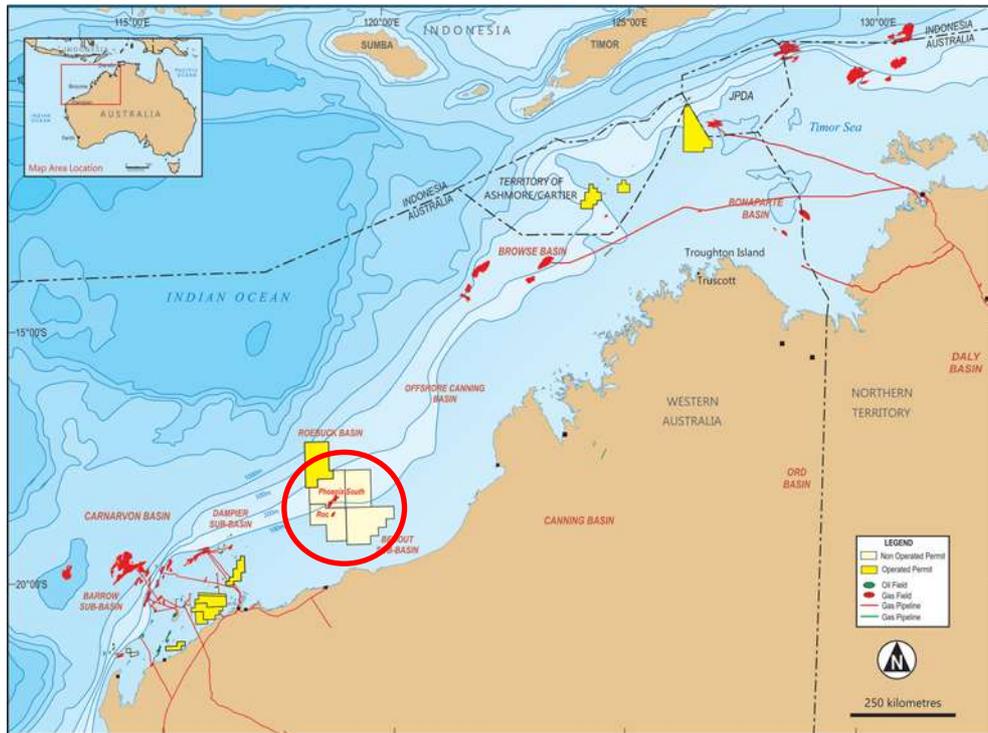


Figure 2 - Location of the Phoenix South-3 well within the project

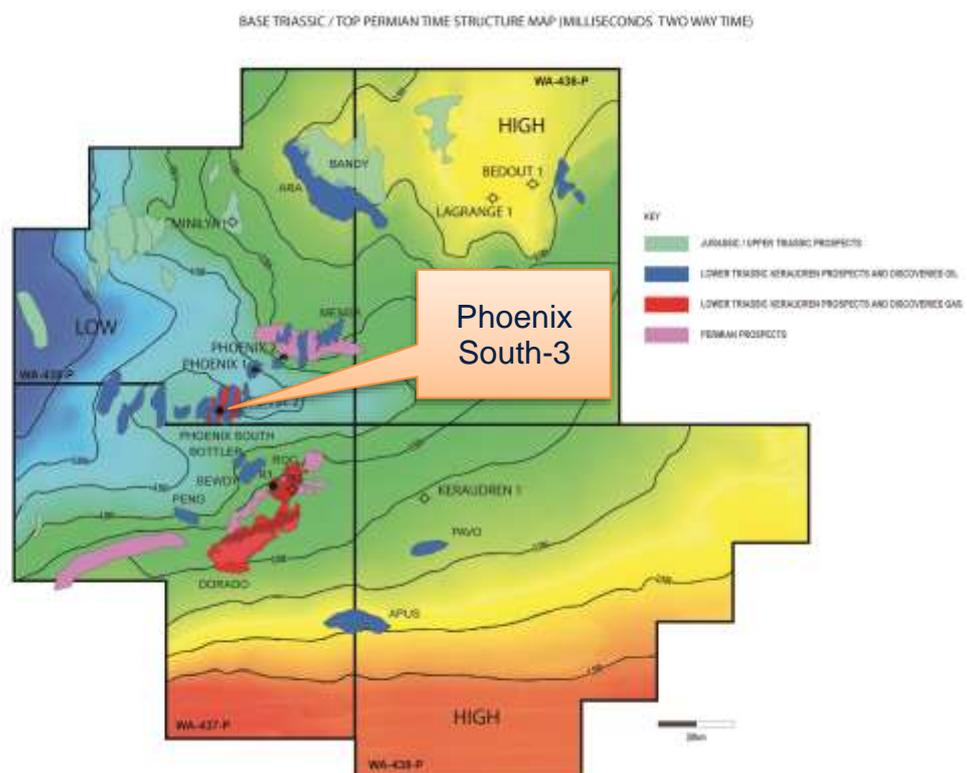


Figure 3: Caley depth map and positioning of the Phoenix South-3 well

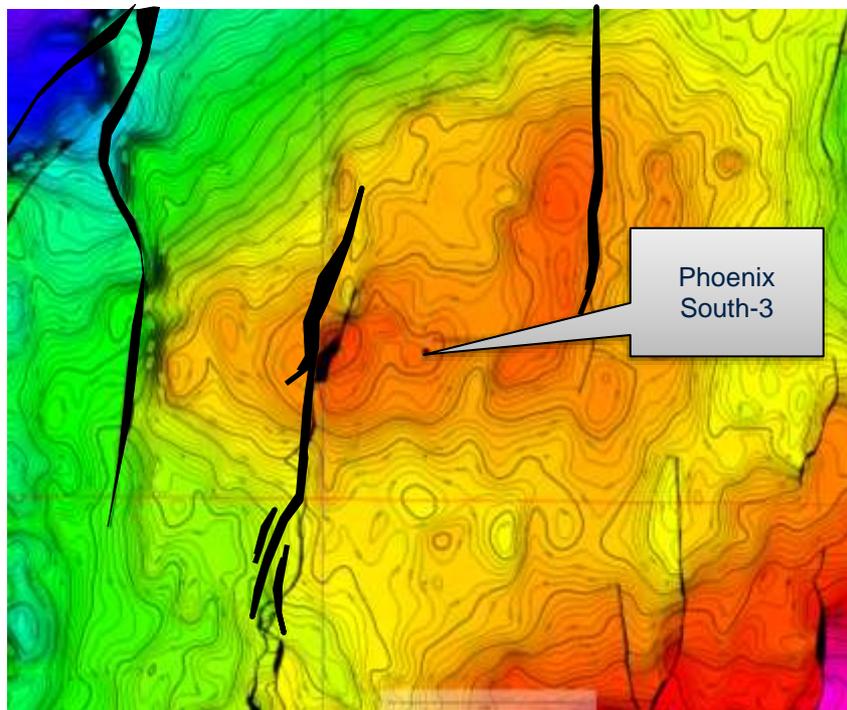
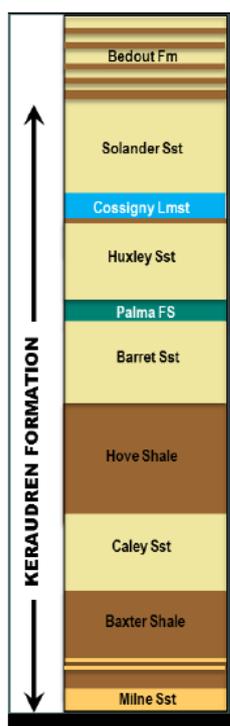


Figure 4: Geological formation diagram



Primary objective is to evaluate the gas and condensate discovered in Phoenix South-2 at the **Caley Sandstone** within the Keraudren Formation

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.