

Phoenix South-3 – drilling update

13 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") well.

Progress

The well has completed the wireline evaluation program through the Caley Member.

Hydrocarbons were observed from around 5,173 metres Measured Depth ("MD") down to the lowest closing contour at around 5,304 metres MD within the Caley interval. This range indicates a significant gross column of hydrocarbons of 131 metres were encountered in the well. Since the well was targeting the Caley Member some 80 metres below the crest of the structure there is potential for a larger overall hydrocarbon column.

The net reservoir from wireline logging was interpreted by Carnarvon to be around 16 metres with an average porosity of 8%. The sampling program was unable to extract hydrocarbons and hence determine the exact nature of the fluids encountered. The results from wireline logging, including the sampling program, indicate the permeabilities are in the lower end of the range of expectations and evaluation of the reservoir core samples extracted are required to determine if the reservoir is capable of flowing at commercial rates. Analysis of these cores are expected to take a number of months as will the assessment of any contingent resources.

Current Operations

The rig is in the process of finalising well operations and following which the drilling rig will be released.

Project equity Owners (WA-435-P):

Carnarvon Petroleum	20%
Quadrant Energy (<i>Operator</i>)	80%

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Figure 1 – Location of the Phoenix Project

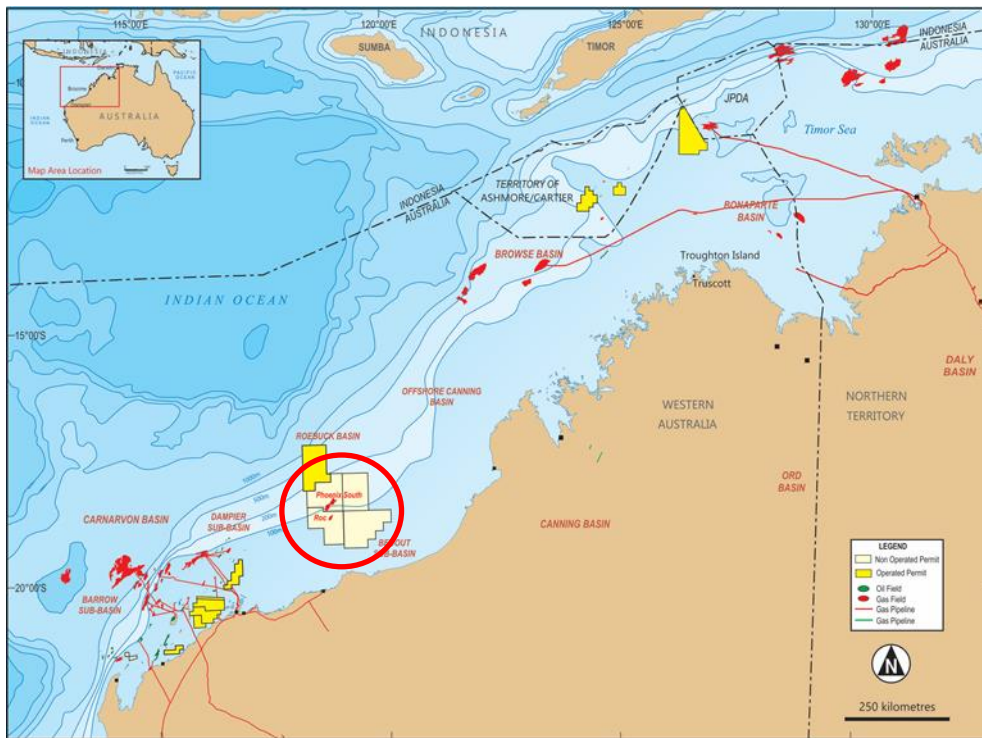
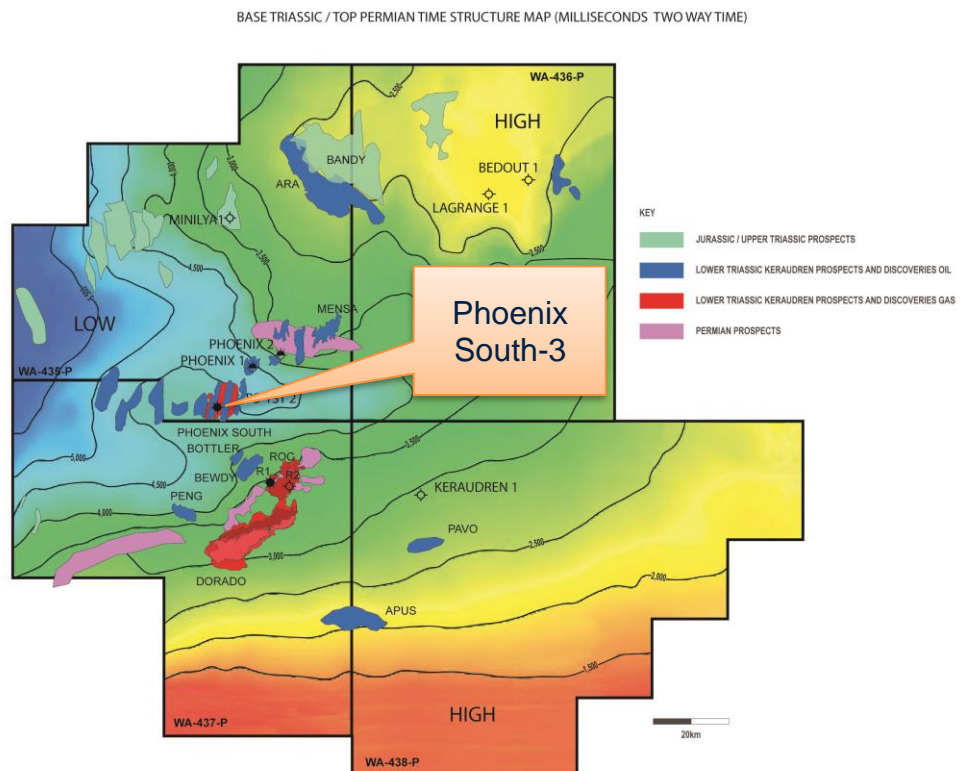


Figure 2 - Location of the Phoenix South-3 well within the project



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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.

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