

Dorado Contingent Resources

20 August 2018



Carnarvon Petroleum Limited ("Carnarvon") (ASX:CVN) has completed its assessment of the hydrocarbon volumes within the Dorado structure in WA-437-P and is pleased to provide the following report as at 20 August 2018:

Gross Contingent Resource		1C	2C	3C
Oil	(million barrels)	82	171	320
Condensate	(million barrels)	6	16	36
Total liquids	(million barrels)	88	186	356
Gas	(billion cubic feet)	229	552	1,197
Barrels of oil equivalent	(million barrels)	128	283	566

Carnarvon's Managing Director and CEO, Adrian Cook said "the 171 million barrels of oil discovered in Dorado is one of the largest oil resources ever found on the North West Shelf.

Oil fields of this significant scale are not often found, with the last large field discovery on the North West Shelf being around 30 years ago.

It is common for additional resources to be discovered in the surrounding area after a large discovery. In this regard we expect to provide the market with further details on prospects identified by the play concept now proven at Dorado, that we believe have the potential to also contain oil resources."

"The gas and condensate discovered in the Phoenix Project is also a significant and valuable resource that is in addition to the discovered oil. Dorado discovered 552 billion cubic feet of gas and 16 million barrels of condensate on a 2C basis. When combined with the nearby Roc field, the aggregate resource is around 884 billion cubic feet of gas and 36 million barrels of associated condensate on a gross 2C basis." Mr Cook said.

These volumetric results reiterate the significance of the Dorado discovery and we look forward to maturing this resource and finding additional neighbouring resources in our future drilling programs."

Carnarvon's 20% share of the gross contingent resources within the Dorado structure are as outlined in the table below (note, these figures do not include the contingent resources discovered in the nearby Roc field):

Net Contingent Resource		1C	2C	3C
Oil	(million barrels)	17	34	64
Condensate	(million barrels)	1	3	7
Total liquids	(million barrels)	18	37	71
Gas	(billion cubic feet)	46	110	240
Barrels of oil equivalent	(million barrels)	26	57	113

The contingent resources in the Roc field referred to in this announcement are 332 bcf of gas and 20 million barrels of condensate (gross, 2C basis) – Refer to Carnarvon Petroleum’s ASX announcement on 23 April 2018 for detailed information on this resource. Carnarvon is not aware of any new information or data that materially affects the Roc resource information included in this report and that all material assumptions and technical parameters underpinning the estimates in this announcement continue to apply and have not materially changed.

The contingent resources have been calculated by Carnarvon Petroleum using deterministic and statistic volumetric methods based on the interpretation of porosity, hydrocarbon saturation and net reservoir thickness from the wireline logging program, the analysis of potential hydrocarbon columns from the pressure data and the fluid properties derived from the oil, gas and condensate samples and applied to the structure map with recovery factors calculated using analogues and industry standards.

These contingent resources have been aggregated by arithmetic summation and hence the aggregate 1C may be a very conservative estimate and the 3C may be a very optimistic estimate due to the portfolio effects of arithmetic summation.

These are classified as contingent resources according to SPE-PRMS guidelines as the potential development concept has not yet been finalized or sanctioned.

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Annexure 2

Contingent Resource Information

Carnarvon calculates reserves and resources according to the Society of Petroleum Engineers' Petroleum Resource Management System ("SPE-PRMS") definition of petroleum resources. Carnarvon reports reserves and resources in line with ASX Listing Rules.

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.

Unless otherwise stated, all petroleum resource estimates are quoted at standard oilfield conditions of 14.696 psi (101.325 kPa) and 60 degrees Fahrenheit (15.56 deg Celsius).

Carnarvon uses probabilistic methods for estimation of petroleum resources in this report. Unless otherwise stated, all petroleum estimates reported at the company level are aggregated by arithmetic summation by category.

MMBOE means millions of barrels of oil equivalent. Dry gas volumes, defined as 'C4 minus' hydrocarbon components and non-hydrocarbon volumes that are present in sales product, are converted to oil equivalent volumes via a constant conversion factor, which for Carnarvon is 5.7 Bcf of dry gas per 1 MMboe. Volumes of oil and condensate, defined as 'C5 plus' petroleum components, are converted from MMbbls (million stock tank barrels) to MMboe on a 1:1 ratio.

SPE definitions

Reserves represent that part of resources which are commercially recoverable and have been justified for development, while contingent and prospective resources are less certain because some significant commercial or technical hurdle must be overcome prior to there being confidence in the eventual production of the volumes. Carnarvon does not yet have reported reserves.

Contingent resources are less certain than reserves. These are resources that are potentially recoverable but not yet considered mature enough for commercial development due to technological or business hurdles. For contingent resources to move into the reserves category, the key conditions, or contingencies, that prevented commercial development must be clarified and removed. As an example, all required internal and external approvals should be in place or determined to be forthcoming, including environmental and governmental approvals. There also must be evidence of firm intention by a company's management to proceed with development within a reasonable time frame (typically 5 years, though it could be longer).

Prospective resources are estimated volumes associated with undiscovered accumulations. These represent quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from oil and gas deposits identified on the basis of indirect evidence but which have not yet been drilled. This class represents a higher risk than contingent resources since the risk of discovery is also added. For prospective resources to become classified as contingent resources, hydrocarbons must be discovered, the accumulations must be further evaluated and an estimate of quantities that would be recoverable under appropriate development projects prepared.

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, 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.

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.