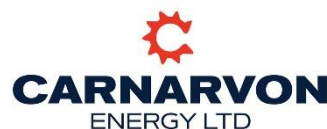


Buffalo-10 Drilling Commenced

31 December 2021



- Drilling of the Buffalo-10 well has now commenced
- The top hole section has been drilled down to around 120 metres
- Current operations involve running and cementing the conductor prior to drilling the 17 ½" hole
- Buffalo-10 well aiming to confirm sufficient hydrocarbons to support an economic development

Carnarvon Energy Limited ("Carnarvon") (ASX:CVN) is pleased to announce that the Valaris JU-107 jack-up drilling rig has commenced operations at the Buffalo-10 well location.

Progress

Since arriving at the Buffalo-10 well location, the rig has successfully concluded preparations for drilling and has drilled the top hole section following a slight delay caused by a tropical weather system. The current operation involves the installation and cementing of the Conductor which provides the structural foundation for the well.

Forward Plan

Once the surface casing has been cemented in place, the rig will drill 17 ½" hole to a planned section depth of approximately 800 metres Measured Depth ("MD"), followed by setting the 13 ¾" casing. Following this, the well is planned to drill the 12 ¼" hole section to approximately 2,800 metres MD before setting the 9 ¾" casing.

No hydrocarbons are anticipated to be intersected in these drilling sections.

Approved by:

A handwritten signature in black ink, appearing to read "Adrian Cook".

Adrian Cook
Managing Director
Carnarvon Energy

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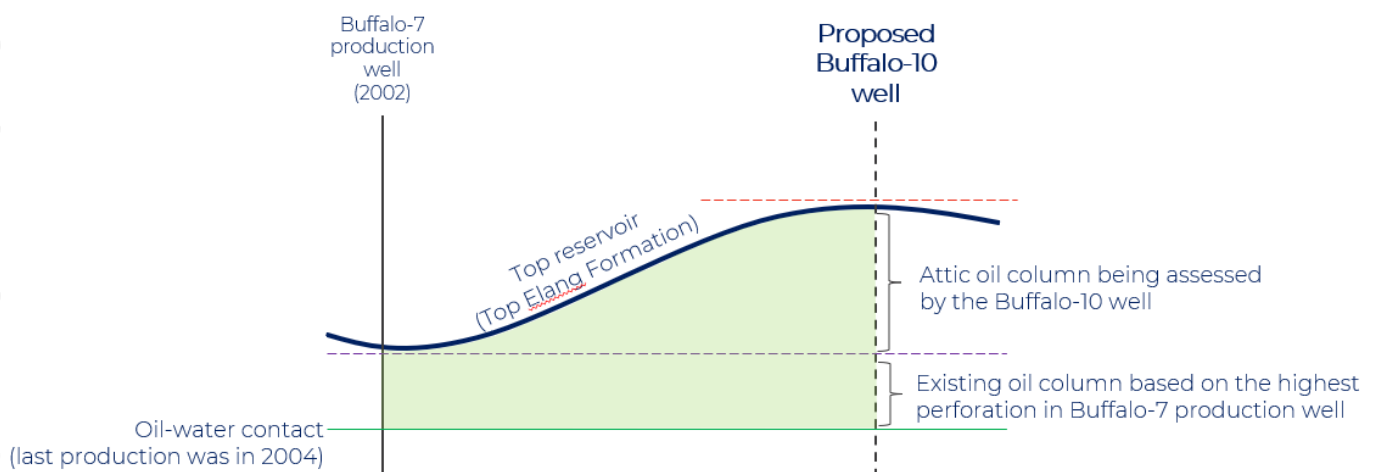
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About Buffalo

The Buffalo project objective involves redeveloping the Buffalo oil field in the Timor Sea. The field resides in only 30 metres of water with a reservoir depth between 3,200 and 3,300 meters below the seabed.

The previous field proved the existence of a very high deliverability reservoir containing high quality light oil that is expected to sell at a premium to Brent in today's market.

The Buffalo-10 well will penetrate the existing oil column (because the field was still producing when it was shut-in in 2004) to assess the extent of the revised mapped attic oil column as illustrated in the schematic diagram below:



Carnarvon's mid case recoverable volume estimate is 31 million barrels (gross, 2C contingent resource). With the minimum economic field size estimated to be significantly lower than the mid case estimate, there is a strong likelihood the Buffalo-10 well will confirm an economic project. Accordingly, Carnarvon's drilling plans provide for the Buffalo-10 well to be retained as the first production well in the redevelopment program.

For the above reasons, Carnarvon is working with its project partner, Advance Energy Plc, on plans to compress the timeline to first production once the Buffalo-10 well confirms a commercial oil resource. These plans include engaging with local industry for the supply and installation of suitable equipment to produce the oil.

Resource Information

The estimates of contingent resources included in this announcement have been prepared in accordance with the definitions and guidelines set forth in the SPE-PRMS. Please refer to Carnarvon's ASX announcement on 28 August 2017 for more information.

A combination of deterministic and probabilistic methods were used to prepare the estimates of these contingent resources.

The resource estimates outlined in this announcement 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 the ASX Listing Rules and has consented to the form and context of this announcement.

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

Cautionary Statement

This announcement 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 announcement 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-up. By their very nature, the forward-looking statements contained in this announcement 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 announcement 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.