

# Cerberus project update

## 8 May 2017



### Highlights

- Approval received for extension of Year 3 work program for EP-490, EP-491 and TP/27
- New Triassic play potential has been identified
- Multiple petroleum plays now exist in the permits

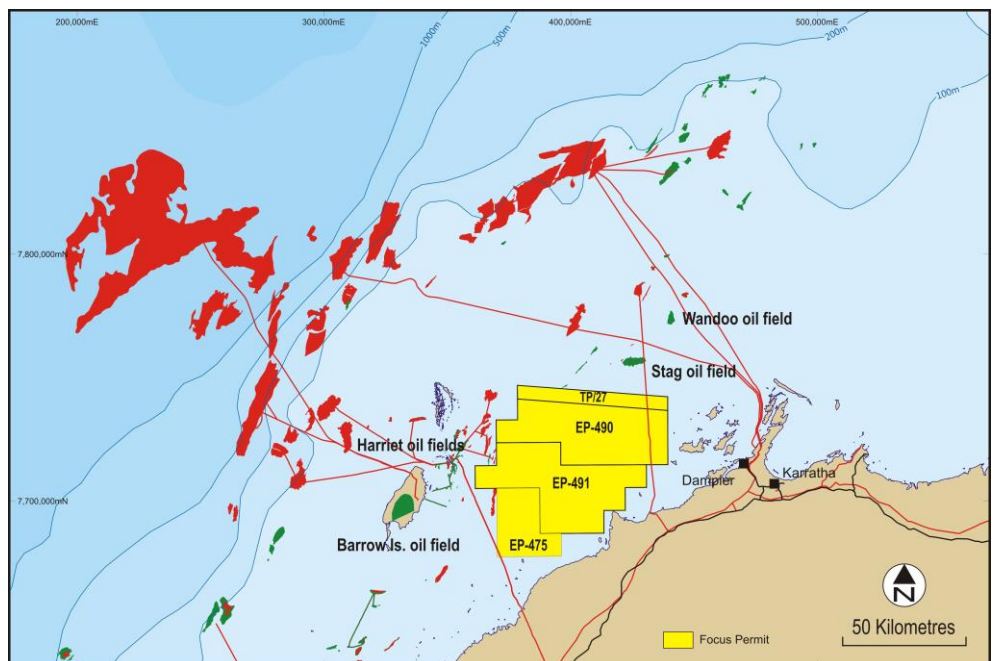
Carnarvon Petroleum Limited (“Carnarvon”) (ASX:CVN) is pleased to provide an update on the timing and extent of technical work that is being completed on the EP-490, EP-491, TP/27 and EP-475 exploration blocks in the North West Shelf offshore Western Australia, collectively termed the “Cerberus” project.

### Suspension and Extension Approval

The Company has been recently notified by the Department of Mines and Petroleum (“DMP”) of the Government of Western Australia that the application to suspend and extend the year 3 work commitments has been approved. This will allow Carnarvon sufficient time to prepare to drill a contingent well in 2018 and complete the necessary efforts to secure a partner to help fund the necessary exploration drilling. The 2018 drilling will be contingent upon Carnarvon agreeing to enter into the next commitment year in May 2018. This has also allowed the EP-490, EP-491 and TP/27 exploration permits to be aligned with the drilling commitments in the EP-475 exploration block.

### Large Acreage Position

The Cerberus blocks cover a large 3,700 km<sup>2</sup> area in the heartland of the prolific Northern Carnarvon Basin, relatively close to a number of producing oil and gas fields. Current prospects contain 624 million barrels of recoverable oil on a Pmean basis<sup>1</sup>.



<sup>1</sup> See page 3 for resource information

## New Triassic Play Potential

Carnarvon's recent success within the Roebuck basin has significantly de-risked the Lower Triassic play potential across the North West Shelf. Recent technical work has highlighted the existence of a lower Triassic play within the Cerberus blocks, and has resulted in the high grading of the Kes prospect. Kes is a stratigraphic trap which is interpreted to contain good quality turbidite reservoirs sealed by the Locker Shale.

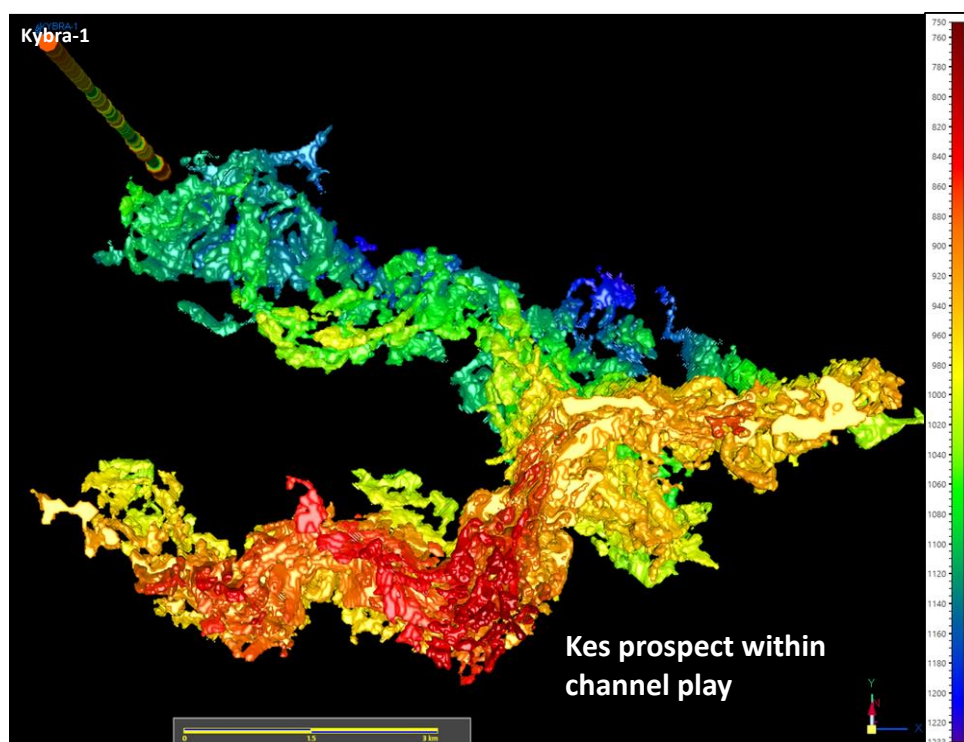


Figure 1: 3D representation of the Kes prospect

Carnarvon Petroleum was invited to speak on this technical work at the recent SEAPEX conference in Singapore and the resultant presentation outlining this potential new play type was well received.

## Prospects - Multiple Plays

Resource analysis of the leads and prospects has resulted in meaningful estimates for a number of well-defined prospects and leads, as listed in the summary at the end of this report.

In particular the Honeybadger, Kes and Belfon prospects are estimated to contain a total of 132 million barrels of oil at the Pmean confidence level. The Belfon prospect is defined as a horst block structure, with Permian Kennedy Formation reservoir sealed by the regional Locker Shale. The Honeybadger prospect is similar in nature to the Kes prospect outlined above

Further prospective resources have been outlined in a number of other leads within the exploration blocks, consisting of a number of different petroleum plays.

## Summary of Cerberus Prospect Inventory

Prospective Recoverable Resources										
Prospect	Block	Target Reservoir	Pmean (mm bbls)	P90 (mm bbls)	P50 (mm bbls)	P10 (mm bbls)	Carnarvon Equity	Unrisked Pmean (mm bbls)	Chance of Discovery	Risked Pmean (mm bbls)
Honeybadger	EP-491	Triassic	144	12	86	340	100%	144	15%	22
Kes	EP-475	Triassic	50	3	21	126	100%	50	18%	9
Belfon	EP-491	Permian	40	4	25	92	100%	40	17%	7
Rudder	EP-491	Jurassic	36	4	26	80	100%	36	25%	9
Bunji	EP-491	Jurassic	18	3	10	39	100%	18	25%	5
Sparrow	EP-491	Jurassic	20	4	15	46	100%	20	25%	5
Westy	EP-491	Permian	22	7	52	281	100%	22	17%	4
Mighty	EP-492	Cretaceous	94	10	50	226	100%	94	11%	10
Gallant	EP-490	Cretaceous	200	3	79	544	100%	200	12%	24
			624					624		94

The estimates of prospective resources included in this announcement have been prepared in accordance with the definitions and guidelines set forth in the SPE-PRMS.

The Resource estimates outlined in this report were reviewed by the Company's Chief Operating Officer, Mr Philip Huizenga, who is a full-time employee of the Company. Mr Huizenga has over 20 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.

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. 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.

The prospective resources have been calculated using probabilistic methodology.

The equity interest holders are:

**EP-490, EP-491, TP/27 and EP-475**

**Carnarvon Petroleum (Operator) 100%**

**For all enquiries please contact:**

**Shareholder Enquiries**

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**Yours faithfully**

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

**Adrian Cook  
Managing Director  
Carnarvon Petroleum**

*This news release contains 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 news release 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.*