

# Fully underwritten institutional placement to raise \$79 million – 24 July 2019



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## Summary

- Fully underwritten institutional placement to raise approximately \$79 million
- Non-underwritten share purchase plan to eligible investors in Australia and New Zealand which aims to raise up to approximately \$5 million<sup>1</sup>
- To fund ongoing appraisal activities and initial phases of the Dorado development including FEED

Carnarvon Petroleum Limited (“**Carnarvon**” or the “**Company**”) announces that it is conducting a fully underwritten institutional placement (“**Institutional Placement**”) to raise approximately \$79 million and a non-underwritten share purchase plan (“**SPP**”) to retail investors in Australia and New Zealand which aims to raise approximately \$5 million<sup>1</sup> (together the “**Offer**”).

Proceeds from the Offer, along with existing cash on balance sheet, will fund a number of important activities which include:

- Ongoing appraisal of the Dorado discovery, including 3D seismic and well costs;
- Front End Engineering Design (“**FEED**”) studies for the initial Dorado development;
- Contribution towards the equity component of the initial Dorado development; and
- General corporate purposes, working capital requirements and contingencies, including costs to progress the Company’s other projects

## Dorado project

Dorado is a major oil and gas field located on Australia’s prolific North West Shelf in water depths of 70 to 100 metres. The resource was discovered through the Dorado-1 exploration well (refer Carnarvon ASX announcement of 18 July 2018). The field was further evaluated through the Dorado-2 appraisal well which confirmed the presence of a major oil, gas and condensate resource (refer Carnarvon ASX announcement of 6 June 2019). Oil and condensate-rich gas was appraised across multiple reservoirs in the Dorado-2 well with high quality and productive reservoirs in each target. Oil samples from the Dorado field have been analysed at around 50° API with negligible impurities. The Dorado-2 well also confirmed that all reservoirs intersected are in pressure communication with equivalent reservoirs in the Dorado-1 well, approximately 2 kilometres away.

Following the success of the Dorado-2 well, the company engaged ERC Equipoise Pty Ltd (“**ERCE**”) to independently review the Dorado resource (refer Carnarvon ASX announcement of 15 July 2019). On a 2C or best estimate basis, ERCE’s work shows a 162 million barrel liquids resource, which is substantial in an Australian context and a valuable asset to Carnarvon and its shareholders. ERCE’s work builds confidence for a potential development. A second appraisal well (Dorado-3) is scheduled to spud late July 2019 to confirm sub-surface characteristics, reservoir connectivity and carry out flow testing ahead of

<sup>1</sup> Carnarvon reserves the right (in its absolute discretion) to scale-back applications if demand exceeds \$5 million or to raise a higher amount

FEED. Dorado's shallow water depth and quality reservoirs are expected to aid field design and development costs. FEED is expected to commence early 2020 and be completed by the end of calendar 2020. This equity raising will fund Carnarvon's share of upcoming Dorado project costs, enabling the Company to advance the project as it progresses to the development phase.

The Dorado gas volume of 748 billion cubic feet (reviewed by ERCE) is a substantial resource, particularly when combined with the nearby Roc resource of 332 billion cubic feet (Gross 2C Contingent Resources disclosed in Carnarvon's ASX announcement dated 23 April 2018, unaudited by ERCE). Carnarvon sees a broad range of options for the development of the gas given that over one trillion cubic feet has been confirmed on a gross 2C basis. The gas resource provides Carnarvon with a unique growth opportunity in terms of its ability to reinvest cash flows from the Dorado liquids project into an already discovered substantial gas field.

### **Underwritten Institutional Placement**

Carnarvon is today undertaking a fully underwritten Institutional Placement to raise approximately \$79 million which will be offered to professional and institutional investors<sup>2</sup>. The equity raising price is \$0.39 per share ("**Issue Price**") which represents a:

- 8.2% discount to the last closing price of \$0.4250 per share, as at Tuesday, 23<sup>rd</sup> July 2019; and
- 9.2% discount to the 5 day volume weighted average price ("**VWAP**") of \$0.4294 per share, up to and including Tuesday, 23<sup>rd</sup> July 2019

It is expected that Carnarvon shares will remain in trading halt until Thursday, 25<sup>th</sup> July 2019 while the Institutional Placement is conducted, or until such time that the Company announces the expiry of the trading halt to the ASX. Settlement of the new shares issued under the Institutional Placement is expected to occur on Monday, 29<sup>th</sup> July 2019, with allotment and normal trading of the new shares issued under the Institutional Placement expected to occur on Tuesday, 30<sup>th</sup> July 2019.

The Institutional Placement represents approximately 15% of the current number of ordinary shares on issue and is within Carnarvon's existing capacity under ASX Listing Rule 7.1. Accordingly, no shareholder approval is required in connection with the Institutional Placement. From the date of their issue, the new shares will rank equally with existing Carnarvon shares.

The Institutional Placement is fully underwritten by Euroz Securities Limited and J.P. Morgan Securities Australia Limited.

### **Non-underwritten SPP**

In addition to the Institutional Placement, Carnarvon will offer eligible existing shareholders on the Company's register as at 7:00pm on Tuesday, 23<sup>rd</sup> July 2019, with a registered address in Australia or New Zealand, the opportunity to apply for new Carnarvon shares via a non-underwritten SPP (without paying brokerage fees).

The SPP aims to raise approximately \$5 million. The issue price under the SPP will be equal to the Issue Price under the Institutional Placement.

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<sup>2</sup> Refer to the equity raising and underwriting risk detailed on page 33 of the Investor Presentation for further information on the risks associated with the Institutional Placement

Application for new shares under the SPP will be capped at a maximum of \$15,000 per eligible shareholder. The SPP offer period will be open from Thursday, 1<sup>st</sup> August 2019 to 5:00pm Friday, 16<sup>th</sup> August 2019. Carnarvon reserves the right (in its absolute discretion) to amend these dates. From the date of their issue, the shares issued under the SPP will rank equally with existing Carnarvon shares.

The terms and conditions of the SPP will be set out in the SPP Offer Booklet, which will be lodged with the ASX and sent to eligible shareholders in due course. Participation in the SPP is optional and Carnarvon reserves the right (in its absolute discretion) to scale back any applications under the SPP if demand exceeds \$5 million or to raise a higher amount.

### Indicative timetable

Event	Date (2019)
Record date for SPP	7:00pm AEST, Tuesday, 23 July
Trading halt and announcement of the Institutional Placement	Wednesday, 24 July
Institutional Placement executed	Wednesday, 24 July
Announcement of the outcome of the Institutional Placement	Thursday, 25 July
Trading halt lifted and trading of shares recommences on ASX	Thursday, 25 July
Settlement of new shares under the Institutional Placement	Monday, 29 July
Allotment and normal trading of new Institutional Placement shares	Tuesday, 30 July
SPP offer opens and SPP offer booklet is dispatched	Thursday, 1 August
SPP offer closes	5:00 pm AEST, Friday, 16 August
SPP allotment date and normal trading of new shares issued under the SPP	Friday, 23 August
Dispatch of holding statements in respect of new shares issued under the SPP	Monday, 26 August

This timetable is indicative only and may change subject to the requirements of the Corporations Act 2001 (Cth) and the ASX Listing Rules.

Further information in relation to the Offer and Carnarvon are set out in the Investor Presentation which has also been provided to the ASX today. The investor presentation contains important information including key risks and foreign selling restrictions with respect to the placement

Yours sincerely,

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

**Thomson Naude**  
Company Secretary  
Carnarvon Petroleum Limited

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