

# Investor Presentation

10 March 2020



Carnarvon Petroleum Limited (“Carnarvon” or “Company”) (ASX:CVN) advises that its Chief Executive Officer and Managing Director, Adrian Cook and Head of Exploration, Stephen Molyneux will present the attached at the Euroz Securities’ Institutional Investor Conference.

The following overview of the presentation is provided for the benefit of all Carnarvon shareholders and other interested parties.

## **BUSINESS SNAPSHOT**

The Carnarvon Board and its management team have built a valuable business based on a strategy focused on exploration in the North West Shelf of Western Australia.

Over the last five years the Business has grown to around \$530 million in value (as at 31 December 2019) which has delivered a compound annual growth rate of around 18% per annum (based on the share price increase from 31 December 2014 to 31 December 2019). Throughout this period the Board has ensured its operations were conducted in a financially prudent manner whilst presenting shareholders with material value generating opportunities.

The current cash balance of \$119 million, as at 31 December 2019, is forecast to comfortably cover the Company’s 2020 operations and ensure a strong financial position exists at the end of the 2020 calendar year.

The importance of a prudent financial strategy is particularly appropriate today as we witness the world and global equity markets dealing with the Covid-19 virus issue and spot oil price uncertainty. Carnarvon’s strong financial position and medium term focus on production and exploration mitigate the impact of these global issues on the Company in the short term.

Whilst a great deal of activity currently centres around Dorado, it is worth remembering that it was the focus and foresight Carnarvon and its first partner that originally secured the opportunity. While the partners have come and gone, Carnarvon has remained steadfast in its vision of the potential for this region.

Consequently, the Company now owns a very valuable asset in the Dorado development and owns some very exciting opportunities that reside very close by.

## **DORADO HIGHLIGHTS**

It is the combination of a range of factors that makes the Dorado field so attractive. The large resource of liquids, gas and LPG’s have attracted headlines throughout 2018 and 2019, as have the significant flow rates achieved from the Baxter and Caley intervals.

But as we consider developing the resource and entering the production phase, it is the low risk and strong economic profile of the asset that is particularly attractive from an investment perspective. There are very few conventional OECD resources of this scale, residing in less than 100 metre water depths and less than 150 kilometres from major port, infrastructure and industry services.

We have also been fortunate in discovering resources that have very little impurities and a very low CO<sub>2</sub> content. We currently envisage these types of fuel properties becoming particularly important in the future.

## **DORADO DEVELOPMENT**

The preferred development concept for this field is an initial phase of oil and condensate production followed by a future phase of gas export. The re-injection of the gas initially is expected to result in high flow rates and recovery factors for the liquids with the Dorado-3 flow test results confirming this high flow deliverability.

The characteristics of this asset outlined earlier allow for a relatively simple staged development with only 8 to 10 wells necessary to produce the high flow rates into a Floating Production Storage and Offtake (“FPSO”) vessel.

The Joint Venture is currently working towards the commencement of Front End Engineering Design (“FEED”) work in the second quarter of calendar 2020. Whilst a first production date has not been announced, the operator has indicated a goal for this field to be in production by calendar 2025.

## **THE PATH TO DORADO**

Over the years the joint venture partners have changed but Carnarvon has remained as the one core constant since the beginning of the modern journey of unlocking this frontier region, namely the Bedout sub-basin.

During this period nine wells have been drilled with eight successes, a success strike rate of almost 90%. This is quite an incredible result for a frontier basin.

And while the results from the Dorado discovery and appraisal have been remarkable, we believe there to be further potential to be unlocked in the coming years.

## **THE PATH TO MORE DORADO’S**

Ongoing exploration initiatives are seeking to identify and test additional opportunities within the permits that Carnarvon holds in the Bedout sub-basin.

In 2019 the Keraduren 3D seismic survey was acquired over an area attracting particular near term interest by the Joint Venture. The objective is to advance a number of the best targets within the area for drilling in the 2021 calendar year. At the current time, the Pavo and Apus prospects are the lead contenders for these drilling slots.

We have also seen significant industry interest in the Dorado acreage and the surrounding area within the industry. A number of parties have begun to secure their positions. This is likely to produce additional activity, information and news that we hope generates additional success and further interest in time.

## **REGIONAL VISION AROUND DORADO**

One of those organisations, who happens to be our partner, is Santos who has taken a strong initiative in securing a controlling position around the “world class” Dorado discovery. Their views echo our own in that, in the Bedout sub-basin that is covered by our four shared permits, it is a rare world class opportunity of significant importance and value.

We also have a tremendous opportunity to develop the liquids project initially and time the development of the gas and LPG's, and any future discoveries, using the operating free cash flows from the liquids production. This is a typical industry path where a resource is fortunate enough to host both liquids and gas resources.

## **CATALYSTS**

The expected commencement of FEED for Dorado next quarter will represent a key catalyst in the journey to bringing the project into its production phase. As this journey progresses, we will update shareholders and mid-way through FEED we expect to have more detailed information on the planned form and timelines for the development.

While this work is in train, we expect to announce the progress in maturing the key exploration prospects to drill near Dorado. We'll also be looking to secure a drilling rig this year before commencing the actual drilling in the new calendar year.

And we will continue to advance the Buffalo project which we believe contains important value for Carnarvon with drilling and development of the former BHP oil field a priority for the Business.

## **VALUE**

As we opened the presentation, your Board and management have delivered shareholders a CAGR of around 18% p.a. over the five years to 31 December 2019. Currently the business has a number of important and valuable assets to mature in the coming years. While market conditions change over time, as they did in the last five years, with a strong strategic plan we aim to replicate our past success by remaining very focused on delivering value from the assets that already exist within the business.

Approved by



Adrian Cook  
Managing Director

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# CARNARVON

Thinking & Acting Differently



EUROZ

*Institutional investor conference presentation  
10 March 2020*

# DISCLAIMER AND RESOURCE INFORMATION

The resource estimates outlined in this Presentation are based on and fairly represent information and supporting documentation prepared 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.

All contingent and prospective resources presented in this report are prepared as at 28 August 2017, 23 April 2018, 20 August 2018, 15 October 2018 and 15 July 2019 pursuant to the Company's ASX announcements released to ASX on 28 August 2017, 23 April 2018, 20 August 2018, 15 October 2018 and 15 July 2019. The estimates of contingent and prospective resources included in this Presentation have been prepared in accordance with the definitions and guidelines set forth in the SPE-PRMS. Carnarvon is not aware of any new information or data that materially affects the information included in this Presentation and that all material assumptions and technical parameters underpinning the estimates in this Presentation continue to apply and have not materially changed. Carnarvon used deterministic and probabilistic methods to prepare the estimates of these contingent resources. 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.

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 are subjective processes 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.

This Presentation contains certain "forward looking statements" which involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies including those risk factors associated with the oil and gas industry, many of which are outside the control of, change without notice, and may be unknown to Carnarvon, as are statements about market and industry trends, which are based on interpretation of market conditions. Forward looking statements can generally be identified by the use of forward looking words such as "anticipate", "expect", "likely", "propose", "will", "intend", "should", "could", "may", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, the future performance of the Company.

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Given these uncertainties, readers are cautioned not to place undue reliance on such forward looking statements, and should rely on their own independent enquiries, investigations and advice regarding information contained in this Presentation. Any reliance by a reader on the information contained in this Presentation is wholly at the reader's own risk.

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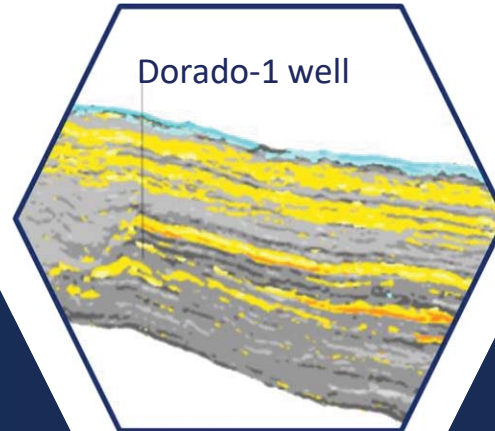
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# 1. BUSINESS SNAPSHOT

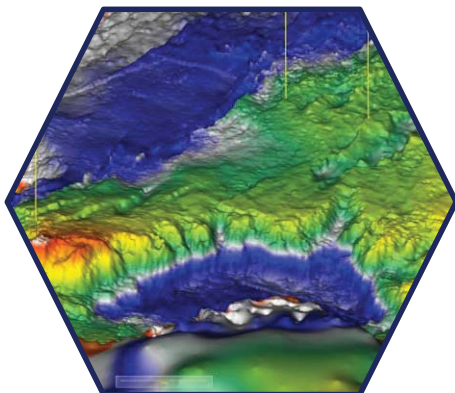


## Financial

Five year share price CAGR of 18% p.a. (to Dec 2019)  
Cash of \$119 million with no debt (at Dec 2019)  
Market value of \$530 million (at Dec 2019)

## Business

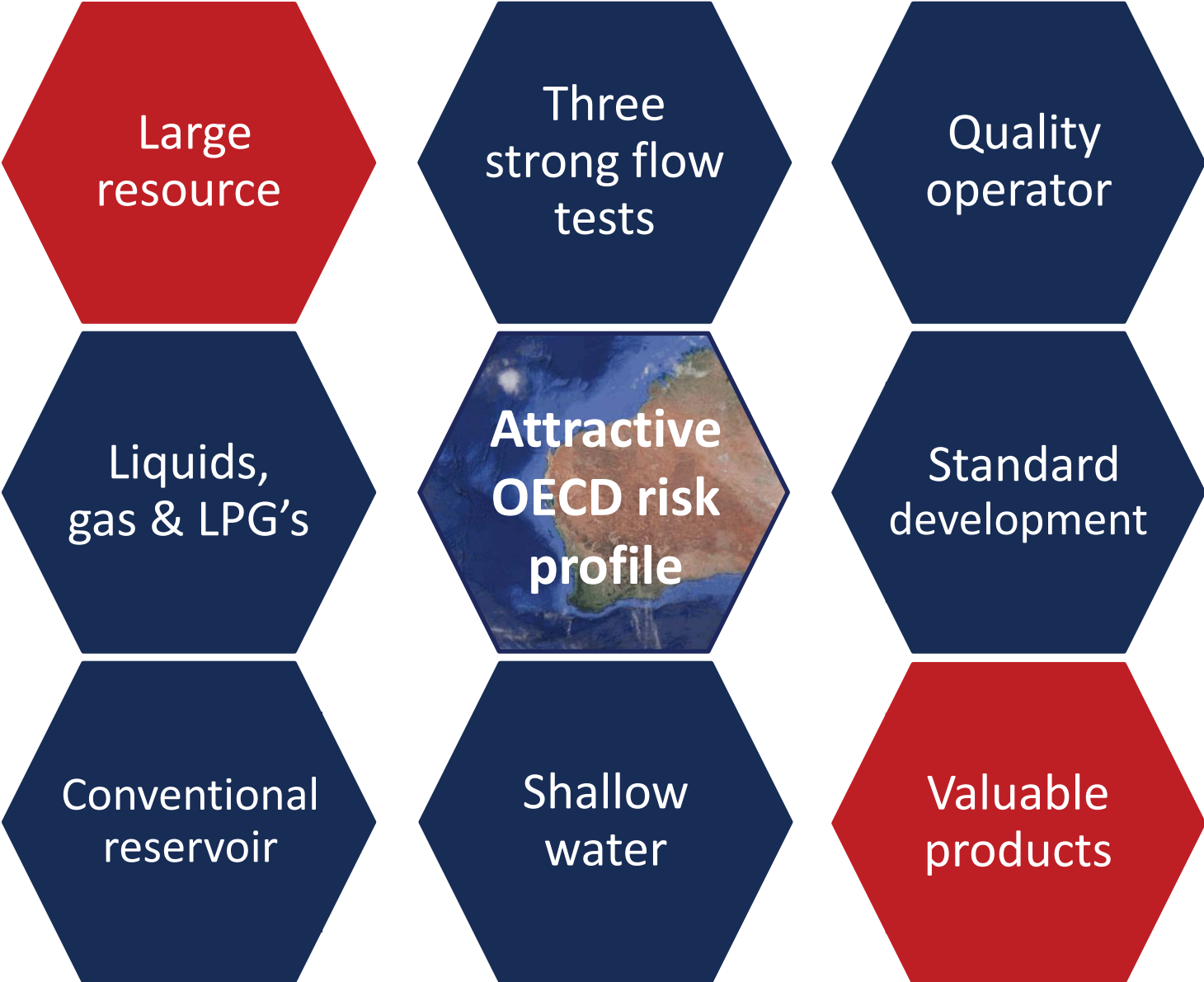
Oil and gas exploration and production (via Dorado)  
Our niche is offshore Western Australia (NWS)  
Strategy to get into new ideas and positions early



## Track record

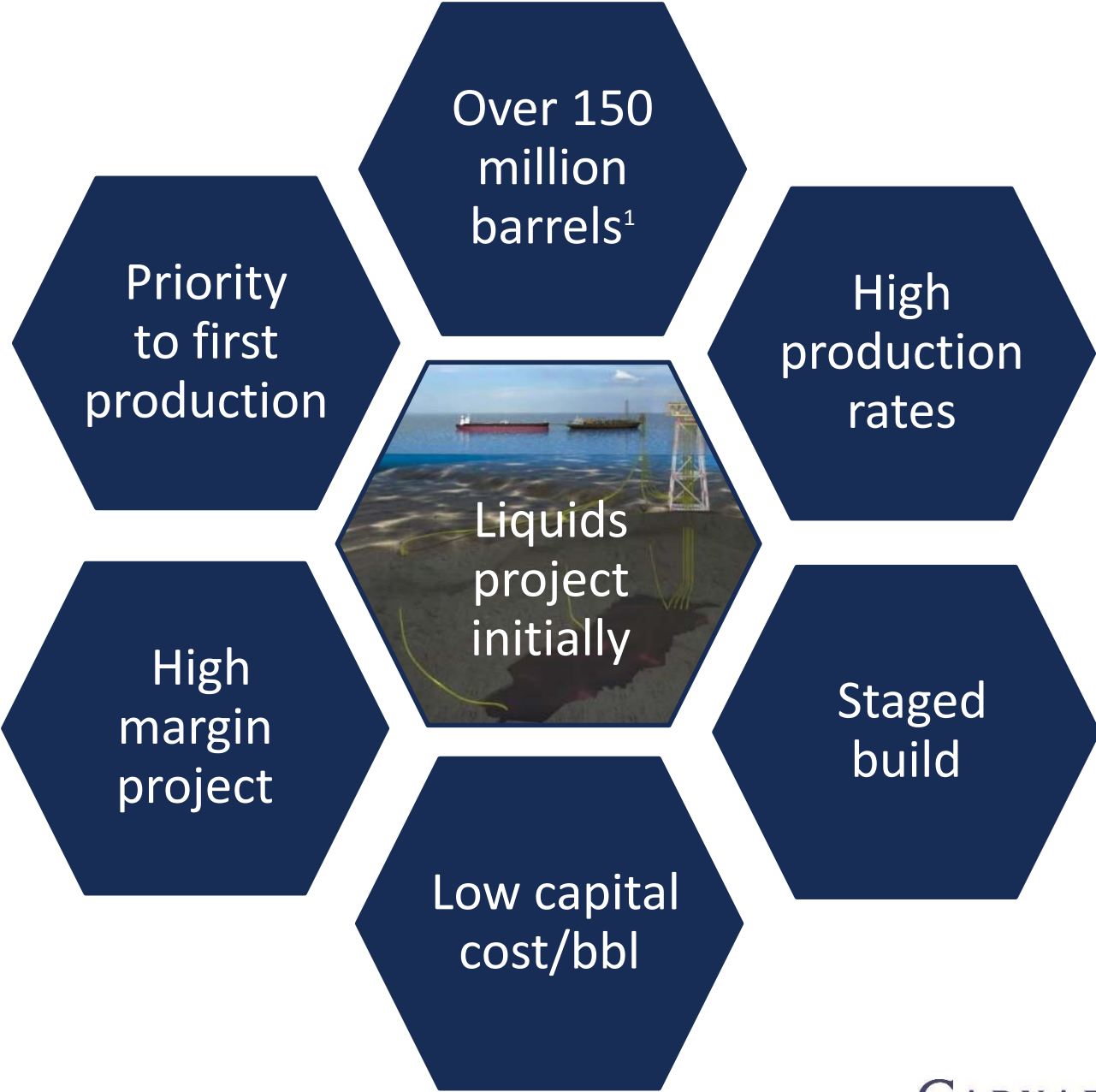
Co-originators in Dorado acreage (~90% drill success)  
Dorado commercial and early basin play opener  
Plus portfolio of new opportunities already secured

# 2. DORADO HIGHLIGHTS





# 3. DORADO DEVELOPMENT



1. Refer resource information contained in Annexure slides

# 4. THE PATH TO DORADO

Unequivocal success in unlocking a new basin on the North West Shelf

Dorado-1

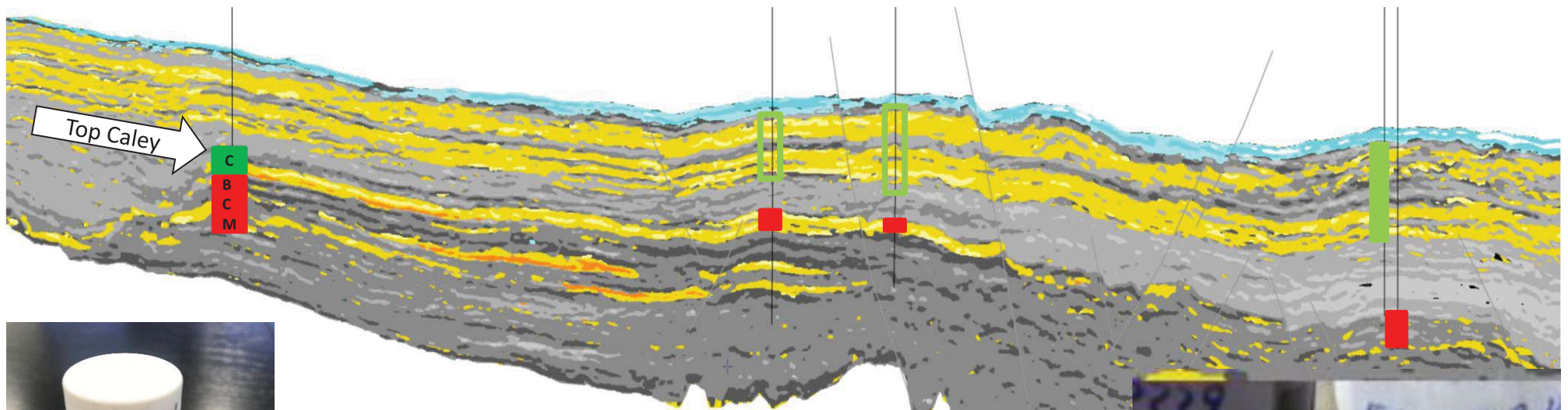
Dorado-2+3

Roc-2

Roc-1

Phoenix South-1

Phoenix South-2&3



Dorado-3 oil

### Dorado-3 flow test in Caley interval

11,100 bopd and 21 mmscf/d (ASX report on 8 Oct 2019)

### Dorado-3 flow test in Baxter interval

48 mmscf/d and 4,500 bopd (ASX report on 19 Sep 2019)

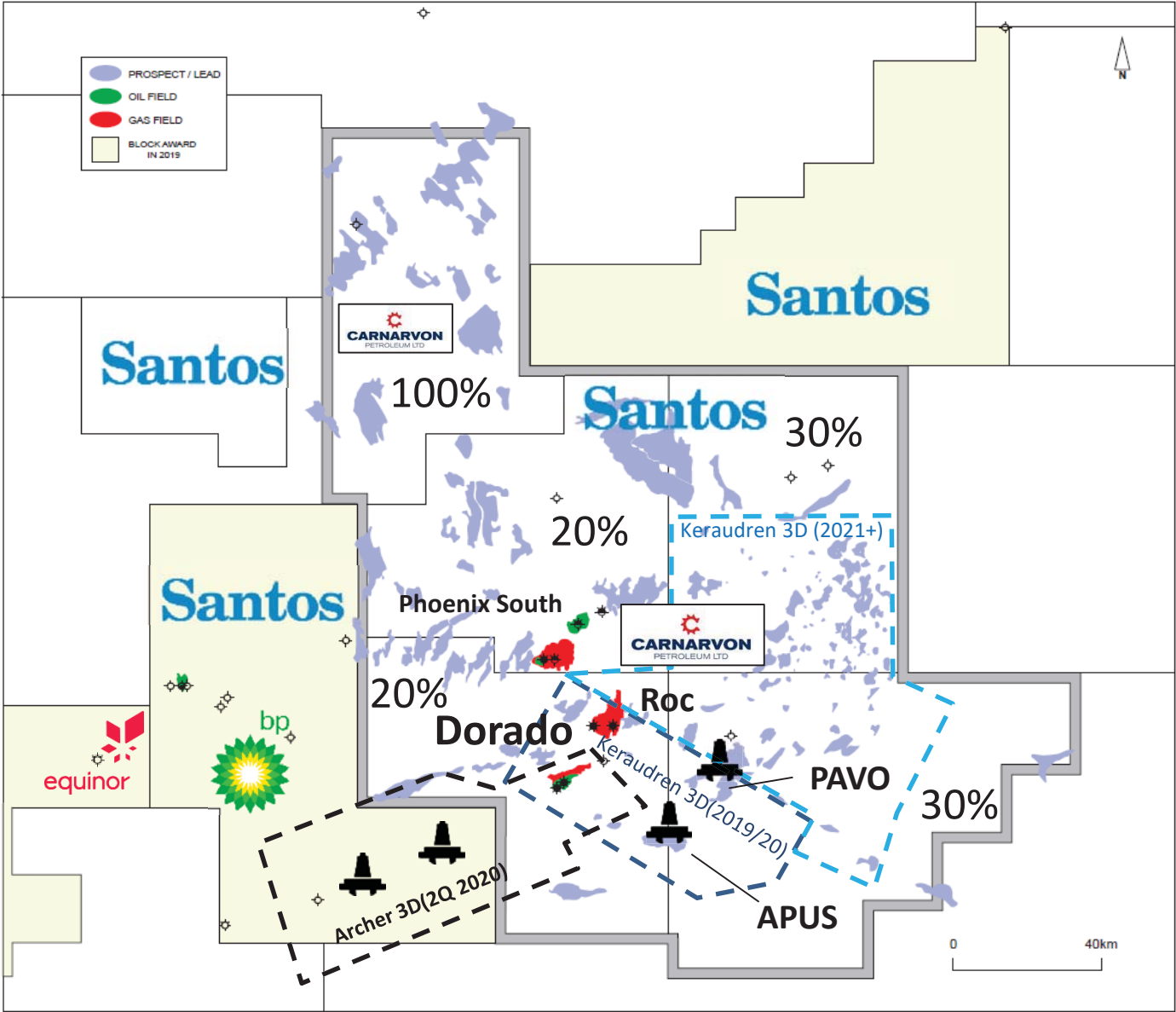
### Roc-2 flow test in Caley interval

51 mmscf/d and 2,943 bopd (ASX report on 19 Oct 2016)



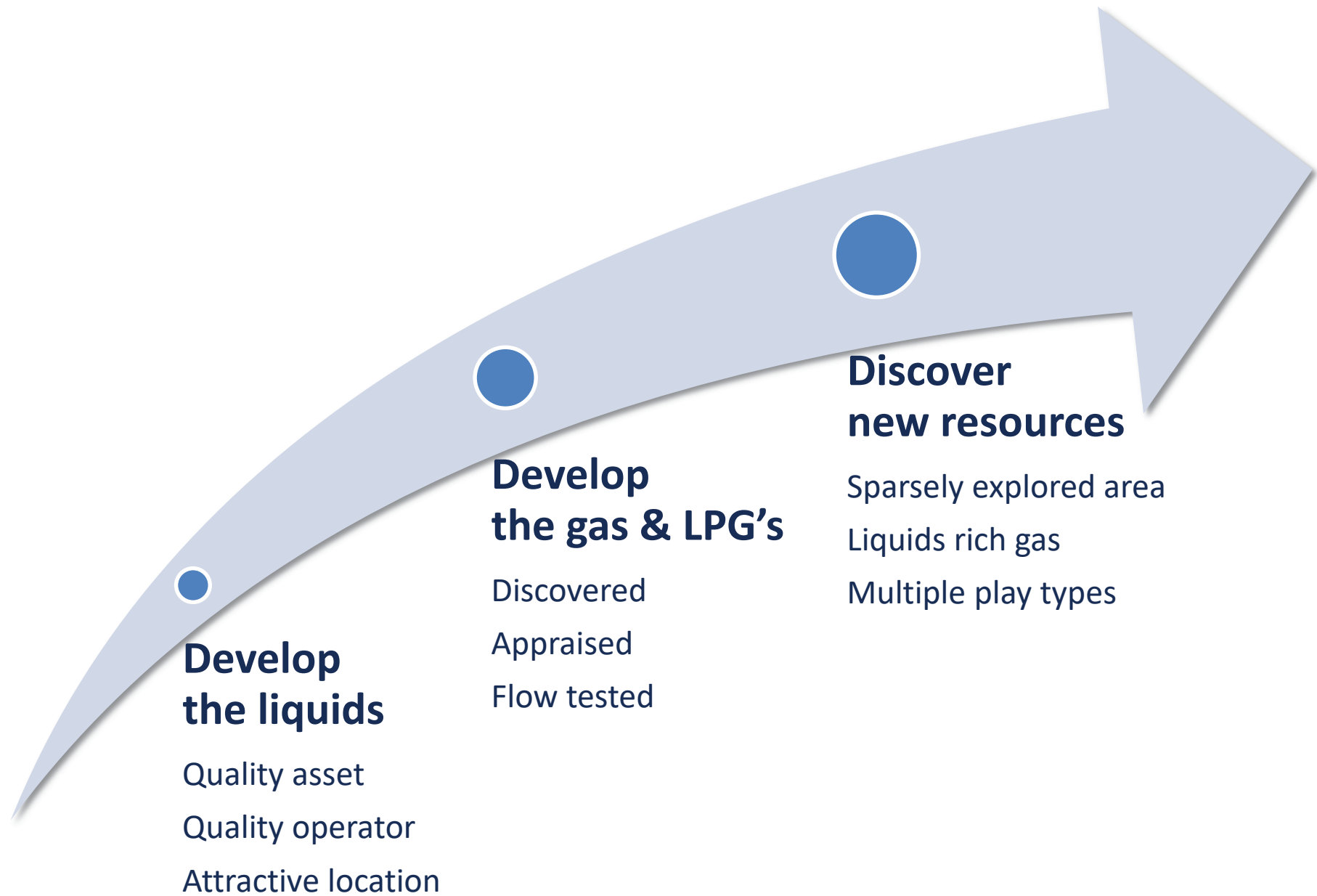
# 4. THE PATH TO MORE DORADO'S

Over 100 prospects and leads identified within the four permits shared with Santos

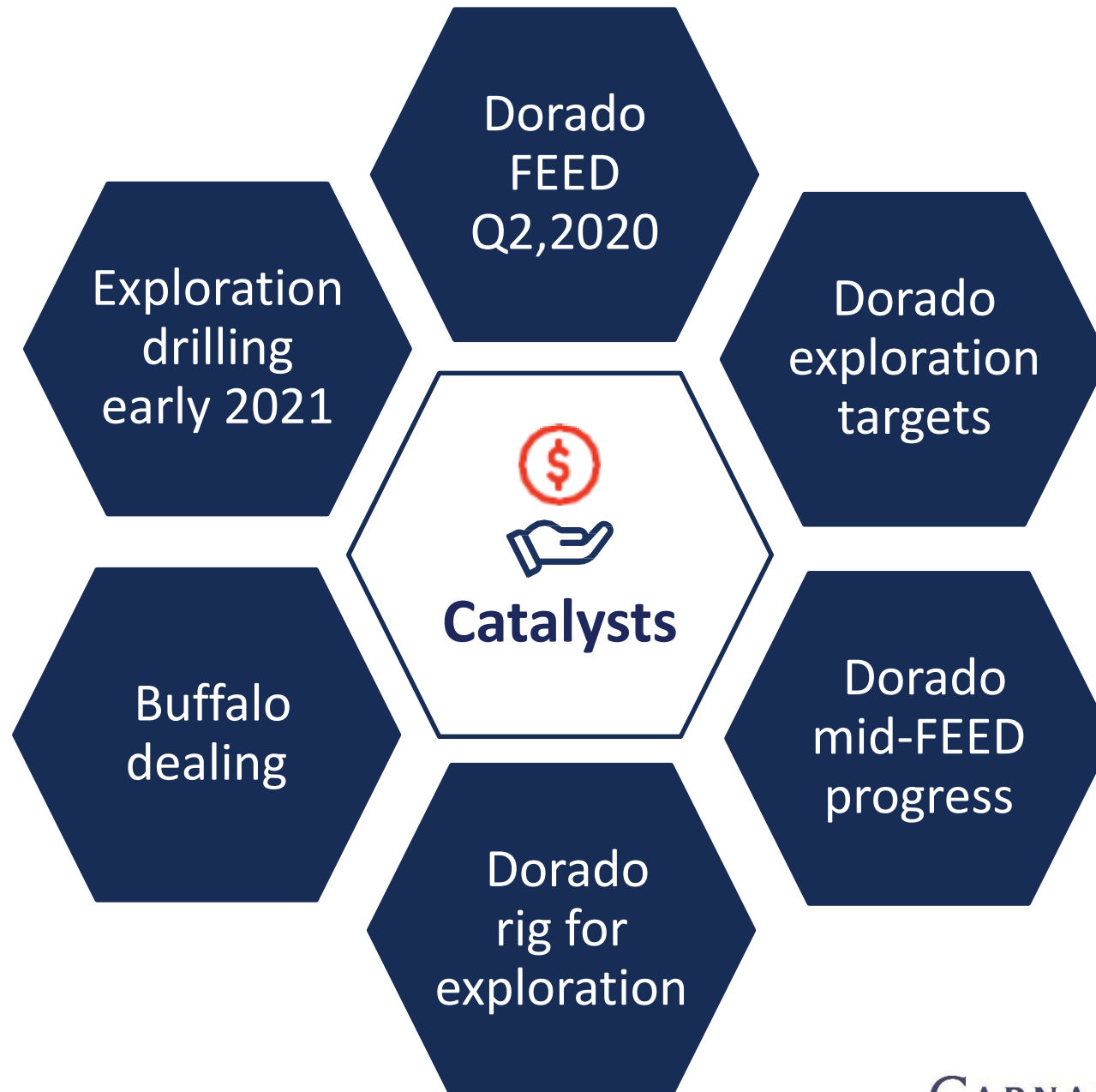


 Indicative future wells

# 4. REGIONAL VISION AROUND DORADO



# 5. CATALYSTS



# 5. VALUE



# ANNEXURE SLIDES



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# DEFINITIONS

<b>2C</b>	best estimate of a contingent resource
<b>bbl</b>	barrels
<b>bopd</b>	barrels of oil per day
<b>CAGR</b>	compound annual growth rate
<b>cps</b>	cents per share
<b>FEED</b>	front end engineering design
<b>Liquids</b>	liquid hydrocarbons, particularly condensate and oil
<b>LPG</b>	liquified petroleum gas
<b>mmbbls</b>	millions of barrels
<b>mmboe</b>	millions of barrels of oil equivalent
<b>mmscf/d</b>	million standard cubic feet per day of gas
<b>p.a</b>	per annum
<b>Q</b>	quarter within calendar year



# OIL & GAS VOLUME SUMMARY – CONTINGENT RESOURCES

## Gross Resources (100% basis)

	Oil & Condensate			Natural Gas			Barrels of Oil Equivalent <sup>1</sup>		
	MMbbl			BCF			MMboe		
	1C	2C	3C	1C	2C	3C	1C	2C	3C
Dorado	86	162	285	367	748	1,358	176	344	614
Roc	12	20	35	205	332	580	48	78	137
<b>Phoenix Project Sub-Total</b>	<b>98</b>	<b>182</b>	<b>320</b>	<b>572</b>	<b>1,080</b>	<b>1,938</b>	<b>224</b>	<b>422</b>	<b>751</b>
Buffalo	15	31	48	-	-	-	15	31	48

## Net Resources (CVN's share)

	Oil & Condensate			Natural Gas			Barrels of Oil Equivalent <sup>1</sup>		
	MMbbl			BCF			MMboe		
	1C	2C	3C	1C	2C	3C	1C	2C	3C
Dorado	17	32	57	73	150	272	35	69	123
Roc	2	4	7	41	66	116	10	16	27
<b>Phoenix Project Sub-Total</b>	<b>20</b>	<b>36</b>	<b>64</b>	<b>114</b>	<b>216</b>	<b>388</b>	<b>45</b>	<b>85</b>	<b>150</b>
Buffalo	15	31	48	-	-	-	15	31	48

# OIL & GAS VOLUME SUMMARY – SELECTED PROSPECTIVE RESOURCES

## Gross Resources (100% basis)

	Light Oil				Natural Gas				Barrels of Oil Equivalent				Pg
	MMbbl				BCF				MMboe				%
	P90	P50	Mean	P10	P90	P50	Mean	P10	P90	P50	Mean	P10	
Pavo	11	63	82	179	3	31	108	249	11	68	101	223	34%
Apus Caley <sup>i</sup>	12	91	125	279	3	44	163	373	12	98	154	344	21%
Apus Baxter <sup>i</sup>	6	52	105	278	2	27	139	302	6	57	129	331	21%
Apus Crespini <sup>i</sup>	7	103	161	391	2	48	212	474	7	111	198	474	21%
Apus Milne <sup>i</sup>	32	163	221	483	8	82	291	654	34	177	272	598	21%
<b>Phoenix Project Total</b>	<b>68</b>	<b>472</b>	<b>694</b>	<b>1610</b>	<b>18</b>	<b>232</b>	<b>913</b>	<b>2,052</b>	<b>70</b>	<b>511</b>	<b>854</b>	<b>1,970</b>	

## Net Resources (CVN's share)

	Light Oil				Natural Gas				Barrels of Oil Equivalent				Pg
	MMbbl				BCF				MMboe				%
	P90	P50	Mean	P10	P90	P50	Mean	P10	P90	P50	Mean	P10	
Pavo	3	19	25	54	1	9	32	75	3	20	30	67	34%
Apus Caley <sup>i</sup>	2	18	25	56	1	9	33	75	2	20	31	69	21%
Apus Baxter <sup>i</sup>	1	12	24	63	-	6	31	68	1	13	29	74	21%
Apus Crespini <sup>i</sup>	2	25	39	96	1	12	52	116	2	27	49	116	21%
Apus Milne <sup>i</sup>	8	41	55	121	2	21	73	164	8	44	68	149	21%
<b>Phoenix Project Total</b>	<b>16</b>	<b>115</b>	<b>168</b>	<b>390</b>	<b>5</b>	<b>57</b>	<b>221</b>	<b>498</b>	<b>16</b>	<b>124</b>	<b>207</b>	<b>475</b>	

(i) Note Apus prospect lies across WA-437-P and WA-438-P in which Carnarvon has 20% and 30% equity respectively

LARGE SCALE  
WORLD CLASS  
SHALLOW WATER  
DEVELOPMENT  
WITH REPUTABLE OPERATOR  
PLUS FOCUSED GROWTH



## HEAD OFFICE

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