

Phoenix Area Update

13 January 2015



Highlights

- **Carnarvon and partners are making a strategic investment to identify more oil and gas prospects in Australia's newest hydrocarbon province**
- **Significant 3D seismic acquisition program has now commenced with 2D seismic acquisition to commence soon**
- **Resultant seismic data set will cover the majority of the ~22,000 km² of permit holdings**
- **Carnarvon to invest approximately ~\$10 million that will be funded from existing cash**

Carnarvon Petroleum Limited ("Carnarvon") (ASX:CVN) is pleased to advise that modern seismic data to be acquired in 2015, together with previously acquired data, will cover the majority of the four exploration permits making up the Phoenix area, namely covering WA-435-P, WA-436-P, WA-437-P and WA-438-P (refer Table 1 for Carnarvon and partner interests in these permits).

On 12 January 2015 the Polarcus Asima seismic vessel (refer image 1) commenced acquisition of a large 3D multi-client three dimensional seismic program referred to as the Capreolus MC3D. The Joint Venture will license around 5,100 km² from the Capreolus 3D in the area shown in Figure 1.

Carnarvon and partner FINDER Exploration were the first to licence 3D seismic data in the Phoenix area that now contains the Phoenix South-1 oil discovery. The first 3D seismic acquisition in this area (the Phoenix MC3D) covered 1,100 km² and was acquired late in 2010 / early 2011.

In late 2011 / early 2012 a second 3D seismic acquisition program (the Zeester MC3D) acquired an additional 3,854 km². The current Joint Venture partners have recently agreed to licence this data following the success of the Phoenix South-1 well.

With the Capreolus MC3D the Joint Venture partners will have modern 3D seismic data covering some 10,000 km² of the approximate 22,000 km² covered by the four contiguous Phoenix area permits outlined in Table 1. This 3D seismic data is specifically intended to enable future exploration within the primary Triassic and Jurassic reservoirs within the Phoenix area.

Additionally, a new two dimensional seismic acquisition program (the Bilby MC2D) will acquire modern 2D seismic data over most of the remaining acreage holding.

Collectively the new data will provide important new insights regarding the regional geology and its prospectivity. The objective will be to use this data to identify new and refine currently identified prospects and leads for possible future drilling. Carnarvon will invest ~\$10 million licencing the Zeester and Capreolus 3D seismic data and the Bilby 2D data. Carnarvon has previously licenced and paid for the Phoenix 3D data.

Commenting on the initiative, Carnarvon Chief Executive Officer and Managing Director, Adrian Cook said "*The Phoenix South-1 oil discovery last year is important in terms of the potential for the Phoenix South structure but on a larger scale it provides significant encouragement regarding the hydrocarbon prospectivity within the Phoenix area.*"

To refine our understanding of this prospectivity we need to further build our regional understanding and these data sets will be integral to that. The decision by the Joint Venture partners to acquire such a large data set was driven by the current assessment of prospectivity and the current timing is based on significant cost efficiencies and consideration of the timeframes necessary to prepare future drill ready prospects. This initiative will become particularly important, and valuable, if the outcome of the Roc-1 well is as we hope later this year.”

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Yours faithfully



**Adrian Cook
Managing Director
Carnarvon Petroleum**

Table 1 – Partner equity interests in exploration permits

Exploration permit	Apache interest (operator)	Carnarvon interest	Finder Exploration interest	JX Nippon interest
WA-435-P	40%	20%	20%	20%
WA-436-P	40%	30%	30%	-%
WA-437-P	40%	20%	20%	20%
WA-438-P	40%	30%	30%	-%

Figure 1 – Outline of the 3D and 2D data sets

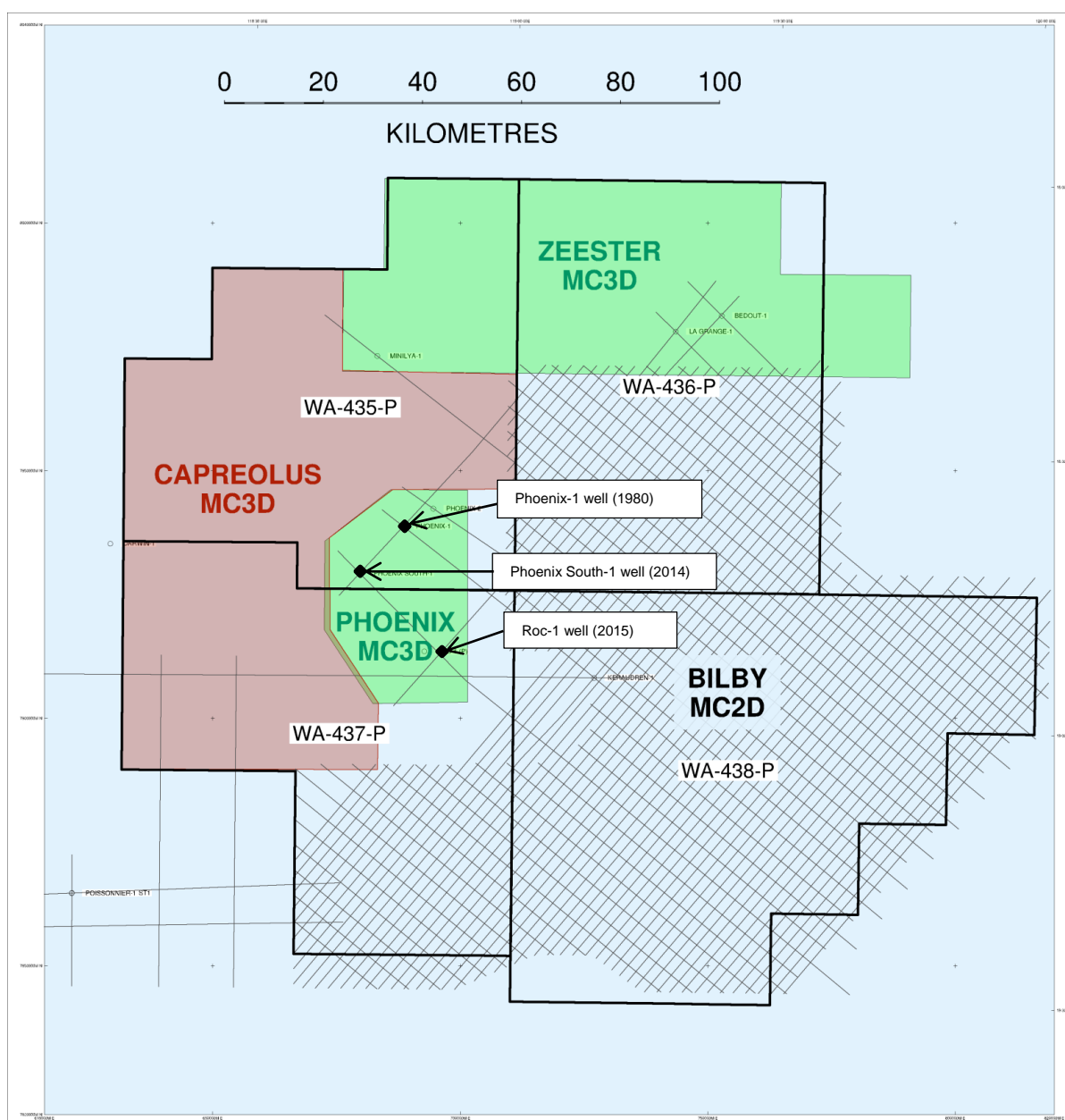


Image 1- Polarcus Asima operating on an earlier program

