

New North West Shelf project

28 January 2016



Highlights

- Carnarvon (35%) joins Quadrant Energy (65% and operator) in Barrow sub-basin oil project
- Project includes existing oil resources, a drill ready prospect (Outtrim East) and a suite of related and nearby prospects and leads
- Outtrim East-1 well is scheduled to be drilled in mid 2016 with the Noble Tom Prosser drilling rig and will test the extent of the Outtrim-1 oil discovery and new oil charged sands to the north and east of the Outtrim-1 well

Carnarvon Petroleum Limited ("Carnarvon") (ASX:CVN) is pleased to announce it has secured a 35% interest in retention licence TR/3, containing the previously discovered Blencathra oil resource, WA-155-P containing the Outtrim-1 oil discovery and WA-486-P.

The objective of this project is to discover and aggregate sufficient oil resources to underpin a field development. Central to this strategy will be the result of the Outtrim East-1 well which will in addition to testing the extent of oil discovered in the Outtrim-1 reservoir, investigate the potential for new oil charged sands to the north and east of the original 1984 well. Quadrant Energy (as operator) is currently planning to drill the Outtrim East-1 well around June 2016 using the contracted Noble Tom Prosser drilling rig.

Carnarvon Managing Director and CEO, Adrian Cook said, *"This project illustrates the mutual confidence and strong relationship between Carnarvon and Quadrant Energy, as well as underpinning our focus on North West Shelf oil and gas exploration. The opportunity provides us with tremendous upside potential for a relatively modest investment, and represents another step forward in our strategy to position Carnarvon for a recovery in oil prices."*

All shareholders are encouraged to read the latest CEO Newsletter for the Company's views on the oil price and its strategy on the North West Shelf. The newsletter can be found at <http://carnarvon.com.au/investor-centre/ceo-newsletters>.

Carnarvon will pay its 35% share of the cost to drill the Outtrim East-1 well which is estimated to be approximately A\$10 million (net). Carnarvon will also pay a modest consideration to the vendors to enter the project.

Yours faithfully

A handwritten signature in black ink, appearing to read "Adrian Cook", is positioned above the printed name.

Adrian Cook
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Carnarvon Petroleum

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Figure illustrating multiple discovered oil resources within and near the permits acquired by Carnarvon and the indicative location of the Outtrim East-1 well with the green shaded areas representing oil.

