Progress Report - WBEXT 1B fault block Sandstone Development

23 November 2012

CARNARVON PETROLEUM LTD

Highlights

- **Development programme for WBEXT 1B fault block is on schedule**
- **Target production rate is 800 BOPD (gross)**
- **Drilling of 2012 production wells now completed on time and budget**
- **Water injection program to commence in December 2012**
- **Well workover activities are continuing**

The drilling of the WBEXT-1H was completed on 22nd November 2012. This well was the 7th and final well in the 2012 phase of the WBEXT 1B fault block development program.

These seven new wells drilled since July 2012 will be combined with three previous wells for the first stage of development of the WBEXT 1B fault block sandstone development program. The results from the drilling program are tabulated below and depicted in the attached map.

Standard operations for wells in this development area involve the suspension of the well at the completion of drilling to enable the drilling rig to be mobilised to the next drilling location and the workover rig is then used to complete the operations.

At the conclusion of the WBEXT sandstone drilling activities, well logs are analysed and the results compared to other wells in the development area to determine perforation intervals and development details. The wells are then completed using a workover rig. The process for examination of logs and completion of perforation is around 7-10 days depending on the workover rig schedule.

Thereafter, individual well zones are tested to determine the optimum development scheme to take into account positioning of water injection and matching of injection and production wells. Further refinement of open intervals has been ongoing with continual workovers to test multiple zones in each well.

It is anticipated that well testing will be completed and water injection pumps installed in December 2012 and then the WBEXT 1B development will be placed online. It is expected that production from this fault block will be in the order of 800 bopd.

Depending on production results, a further 5 wells are contingent for this fault block for early 2013.

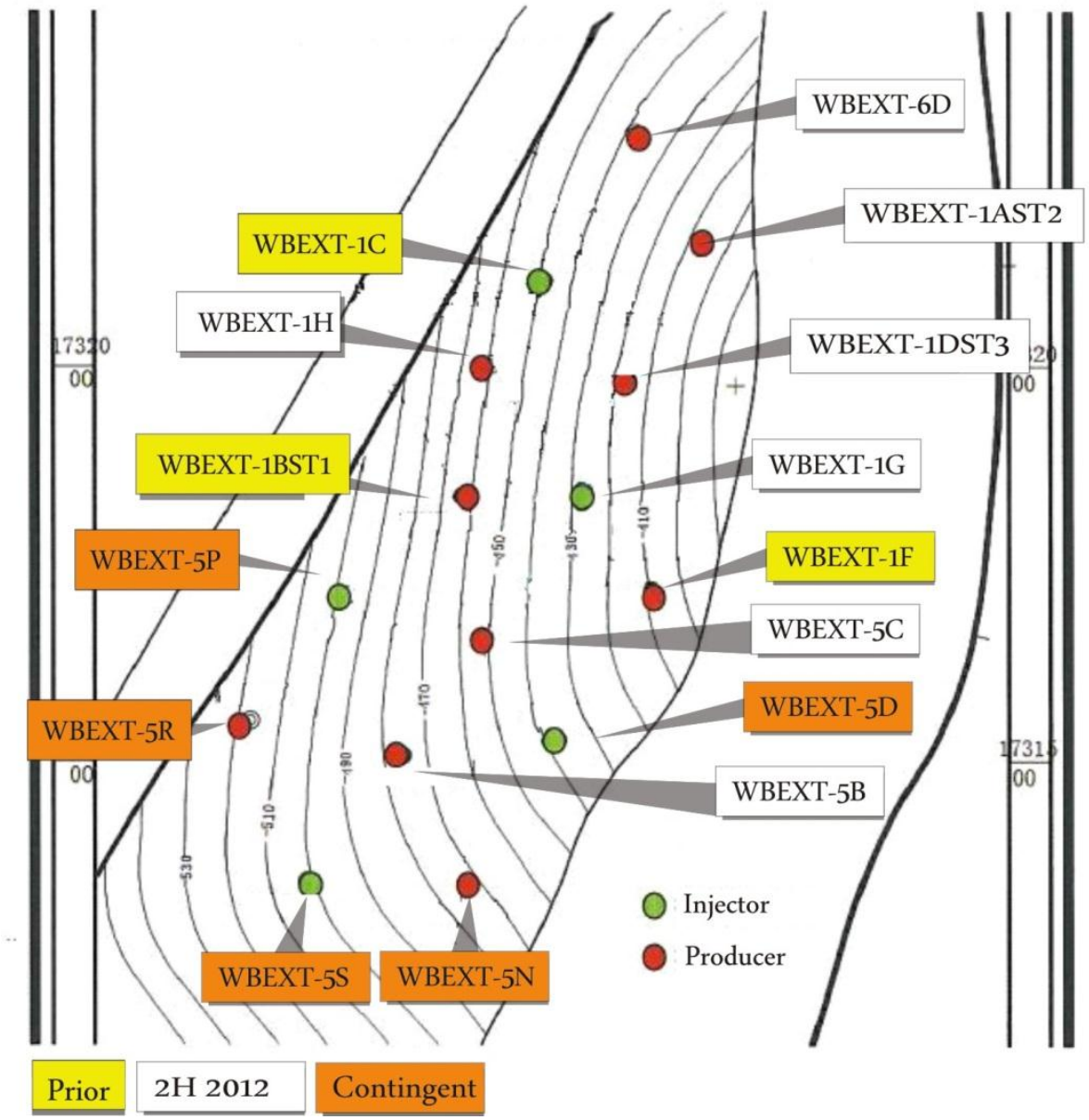

Figure 1: The WBEXT 1B fault block development area

WBEXT-5C

Permit	L44/43
Location	Easting: 730,519 m E Northing: 1,731,222 m N
CVN Interest	40%
Target Formation	WBEXT sandstone reservoirs
Spud Date	25th July 2012
Days on Location	12
Total Depth	1010 m
Approximate Cost	USD $ 1.35 million
Hydrocarbon Indications	Oil and gas shows, wireline logs indicate presence of hydrocarbons
Completed Intervals	815 - 817.6 & 823.3 – 826.3mMD
Forward Operations	Continue testing; production enhancement anticipated at commencement of WBEXT-1G water injection

WBEXT-5B

Permit	L44/43
Location	Easting: 730,495 m E Northing: 1,731,258 m N
CVN Interest	40%
Target Formation	WBEXT sandstone reservoirs
Spud Date	15th August 2012
Days on Location	8
Total Depth	872 m
Approximate Cost	USD $ 1.05 million
Hydrocarbon Indications	Oil and gas shows, wireline logs indicate presence of hydrocarbons
Completed Intervals	578 – 580 & 676 – 677mMD
Forward Operations	Continue testing, assess recompletion opportunities. Analyse test rates to determine necessity for additional water injection well at WBEXT-5D (contingent well).

WBEXT-1DST3

Permit	L44/43
Location	Easting: 730,349 m E Northing: 1,732,118 m N
CVN Interest	40%
Target Formation	WBEXT sandstone reservoirs
Spud Date	16th September 2012
Days on Location	10
Total Depth	1015 m
Approximate Cost	USD $850,000
Hydrocarbon Indications	Oil and gas shows, wireline logs indicate presence of hydrocarbons
Completed Intervals	Currently under recompletion
Forward Operations	Workover underway to isolate two gas producing intervals with a bridge plug (586 – 590 & 633.8 – 636.6mMD) and continue testing from sand at 576.4 – 582mMD.

WBEXT-1G

Permit	L44/43
Location	Easting: 730,311 m E Northing: 1,732,106 m N
CVN Interest	40%
Target Formation	WBEXT sandstone reservoirs
Spud Date	16th October 2012
Days on Location	10
Total Depth	959 m
Approximate Cost	USD $975,000
Hydrocarbon Indications	Oil and gas shows, wireline logs indicate presence of hydrocarbons
Completed Intervals	765 – 768mMD
Forward Operations	Additional intervals will be perforated and tested for productivity and injectivity before conversion into water injection well.

WBEXT-6D

Permit	L44/43
Location	Easting: 730,347 m E Northing: 1,732,493 m N
CVN Interest	40%
Target Formation	WBEXT sandstone reservoirs
Spud Date	25th October 2012
Days on Location	11
Total Depth	1165 m
Approximate Cost	USD $1.15 million
Hydrocarbon Indications	Oil and gas shows, wireline logs indicate presence of hydrocarbons
Completed Intervals	1064.5 – 1067mMD
Forward Operations	Continue testing and assess recompletion opportunities. Analyse test rates to determine timing to convert previously drilled WBEXT-1C into injection well.

WBEXT-1AST2

Permit	L44/43
Location	Easting: 730,421 m E Northing: 1,732,105 m N
CVN Interest	40%
Target Formation	WBEXT sandstone reservoirs
Spud Date	5th November 2012
Days on Location	8
Approximate Cost	USD $780,000
Total Depth	844 m
Hydrocarbon Indications	Oil and gas shows, wireline logs indicate presence of hydrocarbons
Completed Intervals	762 – 763, 771.4 – 773.4 & 781.6 – 784.2mMD
Forward Operations	Commissioning underway. Analyse test rates to determine timing to convert previously drilled WBEXT-1C into injection well.

WBEXT-1H

Permit	L44/43
Location	Easting: 730,282 m E Northing: 1,732,127 m N
CVN Interest	40%
Target Formation	WBEXT sandstone reservoirs
Spud Date	14th November 2012
Days on Location	6
Total Depth	842 m
Approximate Cost	USD $ 850,000
Hydrocarbon Indications	Oil and gas shows, wireline logs indicate presence of hydrocarbons
Completed Intervals	n/a
Forward Operations	Rig recently released, awaiting analysis of well logs before completing and testing well. Production anticipated commencing upon recompletion of WBEXT-1G into water injection well.