

Outtrim project update: Belgravia prospect

21 July 2017



Highlights

- Outtrim project contains the significant Belgravia prospect in the Triassic interval (CVN interest 28.5%)
- The prospect contains an estimated recoverable 440 billion cubic feet of gas (Bcf) and 18 million barrels (Mmbbls) of condensate (gross Pmean)
- Belgravia is similar in size and geology to the nearby Woodside operated Swell Triassic prospect
- The Atwood Osprey drilling rig is reportedly now on tow to commence drilling the Swell-1 well

Carnarvon Petroleum Limited ("Carnarvon") (ASX:CVN) is pleased to provide an update on its Outtrim Project (WA-155-P(1)) and in particular the Belgravia prospect. This Triassic prospect lies within the north westerly graticular block of the WA-155-P(1) permit, adjacent to the proposed location of the Swell-1 exploration well (Figure 1). A discovery at Swell-1 would be particularly relevant to the Belgravia prospect, given its geological similarity, its immediate proximity, and the fact that the Belgravia structure lies directly updip of the Swell Triassic prospect.

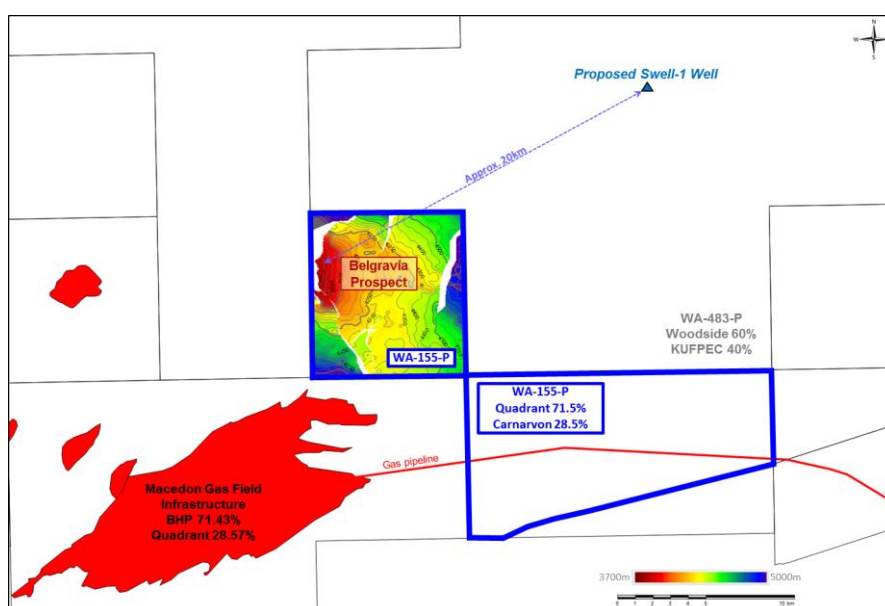


Figure 1 (replicated on a larger scale at the end of this report) shows:

- (1) The WA-155-P(1) permit boundary outline in blue;
- (2) Belgravia prospect : Top Triassic depth map (red depicting the structural high to the fault bound trap);
- (3) The approximate distance between the Belgravia prospect and Swell-1 well location; and
- (4) The distance between the Belgravia prospect and the Macedon Gas field and its associated infrastructure.

Carnarvon's Managing Director, Mr Adrian Cook said:

"Carnarvon's technical team have been comprehensively mapping opportunities at the Triassic interval across the North West Shelf following the successful exploration results in the Phoenix project at the same interval. The Belgravia prospect has been assessed as containing a large Triassic level trap similar to the Woodside operated Swell prospect. A positive Swell-1 well result would produce a relevant analogue for the Belgravia prospect and the expected timing of the result this year could contribute to the value of Carnarvon's broadening prospect portfolio."

Background

The Outtrim project is in the Barrow Sub-Basin, within the Northern Carnarvon Basin, one of the premier petroleum provinces of the North West Shelf. The project also contains Carnarvon's 2016 Outtrim East oil discovery.

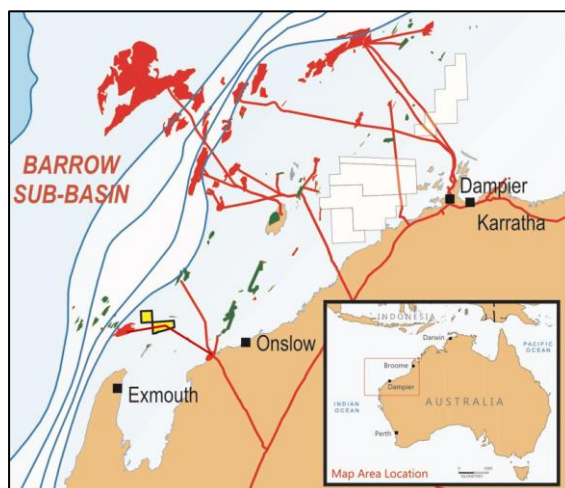


Figure 2: Location Map showing WA-155-P(1)

Belgravia Prospect

Belgravia is an upper Triassic tilted fault block that is covered by 3D seismic data. The Belgravia structure has a 45 square kilometre closure in water depths of less than 180 metres. Belgravia is approximately 20 kilometres south-west of and updip of the Swell Triassic prospect. The reservoir is expected to be Upper Triassic in age, as part of the greater Upper Triassic play system within the Northern Carnarvon Basin.

Success at Swell-1 would greatly de-risk the Belgravia prospect and attract interest in the Upper Triassic play system in this region of the Northern Carnarvon Basin.

Upper Triassic Play

The Upper Triassic play system is the most successful petroleum play within the North West Shelf creating a heartland of LNG and gas condensate discoveries. Upper Triassic reservoirs have underpinned fields such as Gorgon, Rankin and Wheatstone. The petroleum trapped within this play tends to be simple fault block structures. Reservoir quality is excellent and dependant on facies and depth of burial. Wells at the Zola gas discovery and Gorgon gas field (North East of the area of interest) have proven that Upper Triassic stratigraphy can preserve good reservoir quality and flow hydrocarbons from depths over 4,000 metres.

Swell-1

The Swell prospect is located within WA-483-P (Woodside-60% and operator, KUFPEC-40%), which neighbours WA-155-P(1). Swell-1 aims to target an undrilled Triassic fault block (*Woodside first quarter report 2017*), and is located approximately 20 kilometres west of the Nimrod Upper Triassic gas discovery. Woodside has estimated the gross Pmean volumes for the Swell prospect to be within 20-100 million barrels of oil equivalent (*Woodside Annual Report 2016*).

The Belgravia prospect is of a similar volume and is likely to contain gas and condensate (volume estimates outlined below). There is also a possibility that the structure could contain oil (as opposed to gas and condensate) as is demonstrated by the nearby Leatherback-1 well. Leatherback-1 discovered oil in 1992 at the Top Triassic level and flowed oil at 2,626 barrels of oil per day.

Belgravia volumes for the gas and condensate outcome

Belgravia (100%)	P90	P50	P10	Pmean	Pg
Recoverable gas (Bcf)	16	178	1,105	440	29%
Recoverable condensate (Mmbbls)	0.4	5	45	18	29%
Recoverable barrels of oil equivalent (Mmboe)	3	35	230	91	29%

The estimates of prospective resources included in this announcement have been prepared in accordance with the definitions and guidelines set forth in the SPE-PRMS.

The resource estimates outlined in this report were reviewed by the Company's Chief Operating Officer, Mr Philip Huizenga, who is a full-time employee of the Company. Mr Huizenga has over 20 years' experience in petroleum exploration and engineering. Mr Huizenga holds a Bachelor Degree in Engineering and a Masters Degree in Petroleum Engineering. Mr Huizenga is qualified in accordance with ASX Listing Rules and has consented to the form and context in which this statement appears.

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 must be recognised as a subjective process 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.

The prospective resources have been calculated using probabilistic methodology.

Mmboe means millions of barrels of oil equivalent. Dry gas volumes, defined as 'C4 minus' hydrocarbon components and non-hydrocarbon volumes that are present in sales product, are converted to oil equivalent volumes via a constant conversion factor, which for Carnarvon is 5.7 Bcf of dry gas per 1 MMboe. Volumes of oil and condensate, defined as 'C5 plus' petroleum components, are converted from MMBbls (million stock tank barrels) to MMboe on a 1:1 ratio.

Yours faithfully



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