

# Phoenix South-2 Well Update

## 16 January 2017



### Highlights

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- Phoenix South-2 well drilling rig has moved off location
  - The well discovered gas and condensate as predicted near the top of the primary Caley target
  - Elevated formation pressures and associated hydrocarbons prevented well evaluation to the extent planned
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Carnarvon Petroleum Limited ("Carnarvon") (ASX:CVN) is pleased to inform shareholders that operations at the Phoenix South-2 well have been safely completed and the rig has now left the drilling location.

The well drilled an estimated 39 metre hydrocarbon-bearing zone between approximately 5,176 and 5,215 metres with significant gas influx and elevated reservoir pore pressures. The well was unable to assess as much as 185 metres of additional potential hydrocarbon bearing Caley reservoir beneath 5,215 metres due to the higher than anticipated pressures being encountered.

The higher formation pressures encountered typically support both larger volumes and higher gas and condensate flows rates over a given reservoir. An update on volume estimates will be provided once Carnarvon has had an opportunity to assess all of the information obtained from the well. These results are expected to have a positive impact on volumes assessments in the Phoenix South Caley Sandstone.

The joint venture will also assess the results of this well for the purpose of considering the future operations in this area, including quantifying the resources identified in the Phoenix South Barret and Caley Sandstone formations. Unfortunately, the subsurface conditions in this well did not allow for the well to be suspended in a way that would allow for re-entry at a later date.

The Phoenix South-2 well is located within the WA-435-P exploration permit in the North-West Shelf of Australia. The equity interest holders are:

|                                     |            |
|-------------------------------------|------------|
| <b>Carnarvon Petroleum</b>          | <b>20%</b> |
| Quadrant Energy ( <i>Operator</i> ) | 80%        |

Yours faithfully

A handwritten signature in black ink, appearing to read "Adrian Cook".

**Adrian Cook**  
Managing Director  
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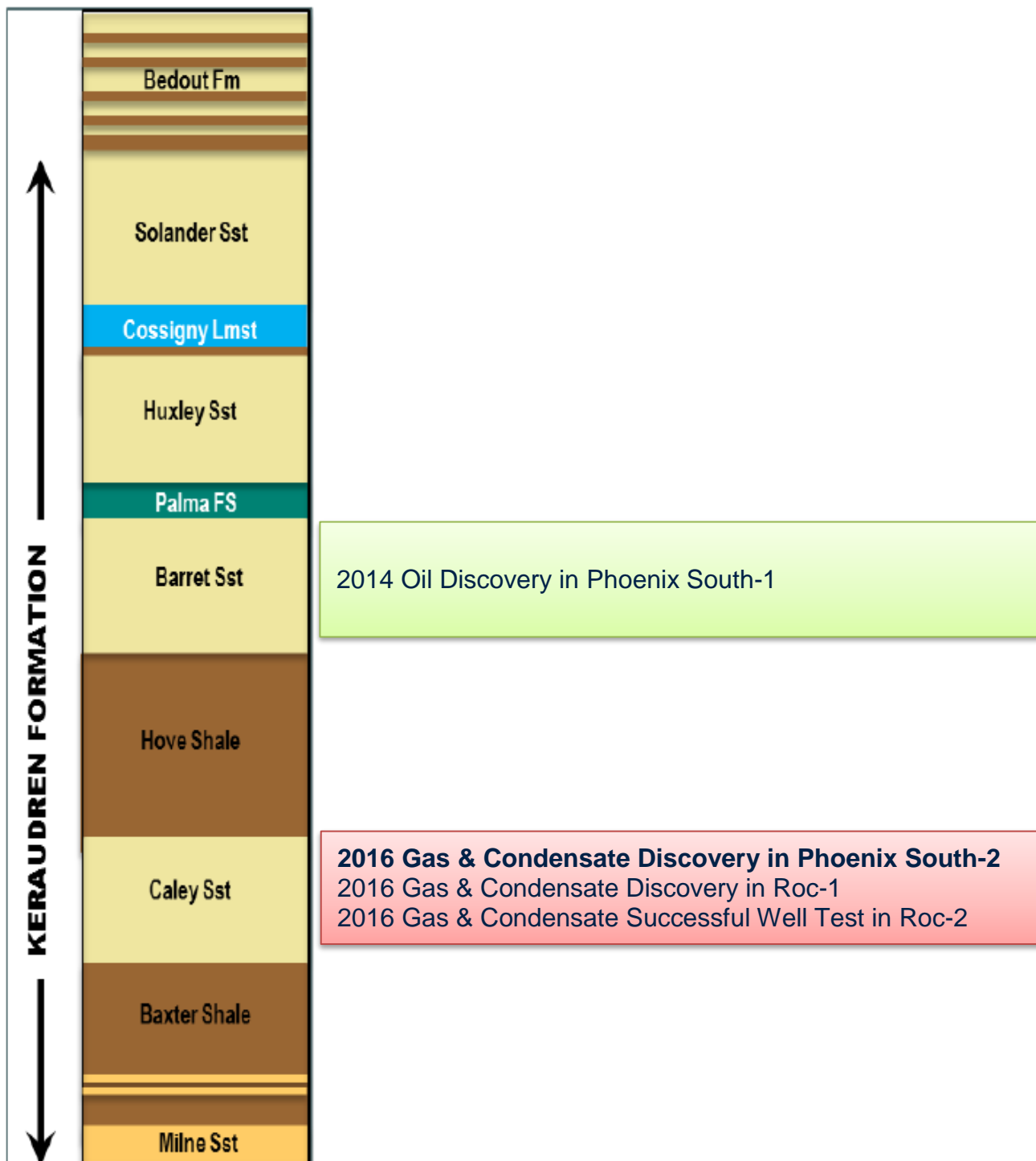
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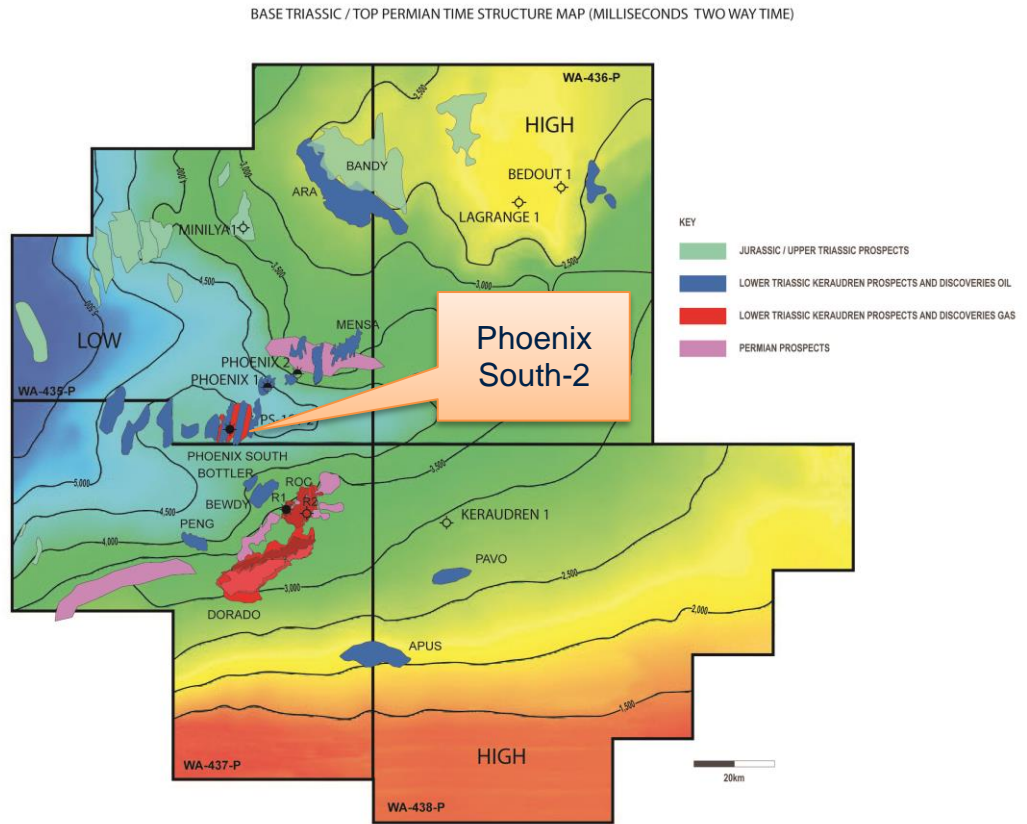
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Figure 1: Stratigraphic column encountered by the Phoenix South-2 well with major formations outlined.



**Figure 2 - Location of the Phoenix South-2 well**



**Figure 3: Caley depth map**

