

# Dorado-1 Well Update

## 23 February 2017



### Highlights

- The joint venture has commenced planning to drill the Dorado-1 exploration well
- The aim is to discover additional resources that can be combined with any Roc development
- Carnarvon estimates the primary Caley Sandstone target contains a mean prospective resource of 545bscf of gas and 31mmbls of condensate<sup>1</sup>
- Drilling is expected to commence in the second half of 2017

Carnarvon Petroleum Limited (“Carnarvon”) (ASX:CVN) is pleased to inform shareholders that the joint venture has committed to acquiring long lead items for the Dorado-1 exploration well and planning for the well is underway.

The Dorado-1 well is an exploration well which has a number of targets. The primary target is the proven Caley Sandstone which Carnarvon estimates to contain a prospective mean resource of 545bscf of gas and 31mmbls of condensate<sup>1</sup>. The Milne Sandstone is a secondary target which may contain equally attractive resources, albeit with a slightly higher risk. The prospective resource estimates for the Dorado-1 well are outlined on page 3 and 5 of this announcement.

The cost estimate for the well has not yet been finalised, however the expectation is that Dorado-1 will be drilled at a lower cost than the Roc and Phoenix South wells. This is due to reducing industry cost structures and less time drilling as a result of the shallower target depth in comparison to those in the Roc and Phoenix South wells.

Managing Director, Adrian Cook said *“This is a tremendous opportunity to test another quality prospect in the Bedout sub-basin. Confirming significant hydrocarbon volumes with this well would strongly underpin the economic proposition in this basin.*

*This well could also play an important part in determining the future development scenarios for the Roc and Phoenix South gas and condensate discoveries. A significant Dorado discovery could be developed as the tie-in point for the Roc and Phoenix South resources with options for the gas to be used purely for domestic use, and/or for LNG purposes.”*

The Dorado-1 well is located within the WA-437-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%

<sup>1</sup> Refer to page 3 and 5 for resource information

Yours faithfully



**Adrian Cook**  
Managing Director  
Carnarvon Petroleum

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**Figure 1: Dorado Prospective Resource Estimates**

Dorado Caley Prospective Resources (From table 2 on page 4 of ASX announcement on 14 November 2016)

	Natural Gas				Condensate				Barrels of Oil Equivalent				Probability Geological Success	Risked MMBOE Mean
	BSCF P90	BSCF P50	BSCF Pmean	BSCF P10	MMBBL P90	MMBBL P50	MMBBL Pmean	MMBBL P10	MMBOE P90	MMBOE P50	MMBOE Pmean	MMBOE P10		
Dorado Caley	58.7	338.0	545.0	1,260.0	2.5	16.6	31.6	74.9	12.8	75.9	127.2	296.0	36%	45.8

Dorado Milne Prospective Resources (From table 3 on page 5 of ASX announcement on 14 November 2016)

	Natural Gas				Condensate				Barrels of Oil Equivalent				Probability Geological Success	Risked MMBOE Mean
	BSCF P90	BSCF P50	BSCF Pmean	BSCF P10	MMBBL P90	MMBBL P50	MMBBL Pmean	MMBBL P10	MMBOE P90	MMBOE P50	MMBOE Pmean	MMBOE P10		
Dorado Milne A	45.7	266.0	429.0	1,016.0	2.0	13.1	24.9	59.7	10.0	59.8	100.2	237.9	23%	23.3
Dorado Milne B	36.5	295.0	438.0	1,025.0	1.6	14.3	25.4	60.8	8.0	66.1	102.2	240.6	23%	23.8
Dorado Milne C	82.3	416.0	565.0	1,248.0	3.5	20.1	32.8	75.4	18.0	93.1	131.9	294.3	23%	30.7
Dorado Milne D	51.5	409.0	555.0	1,251.0	2.3	19.4	32.2	75.5	11.3	91.2	129.6	295.0	23%	30.1

Carnarvon uses probabilistic methods for estimation of petroleum resources at the field and project levels.

**Figure 2: Location of the Dorado Prospect**

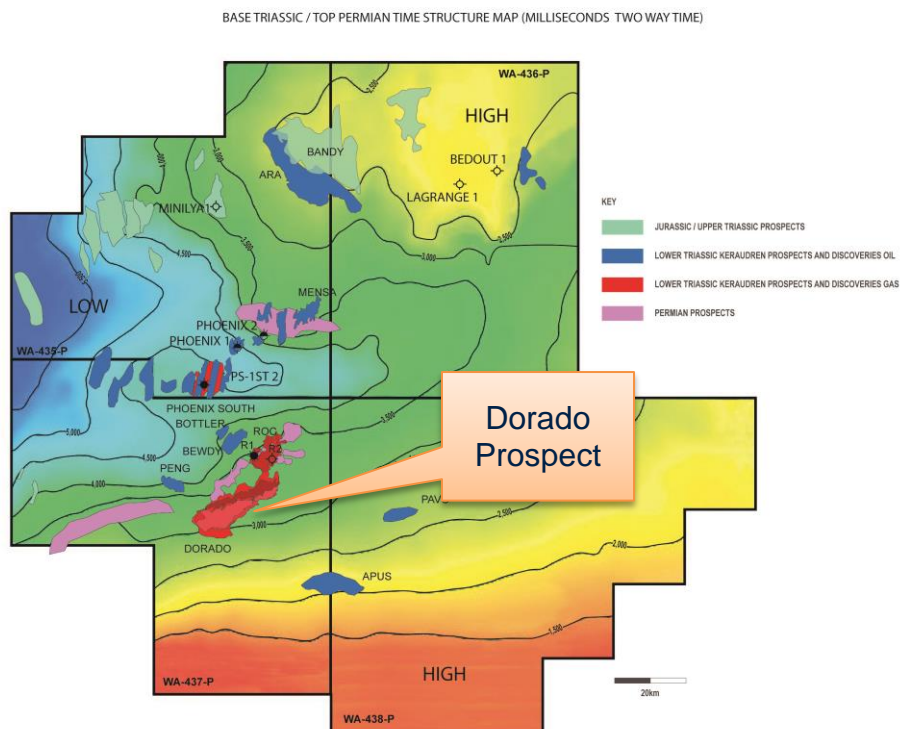
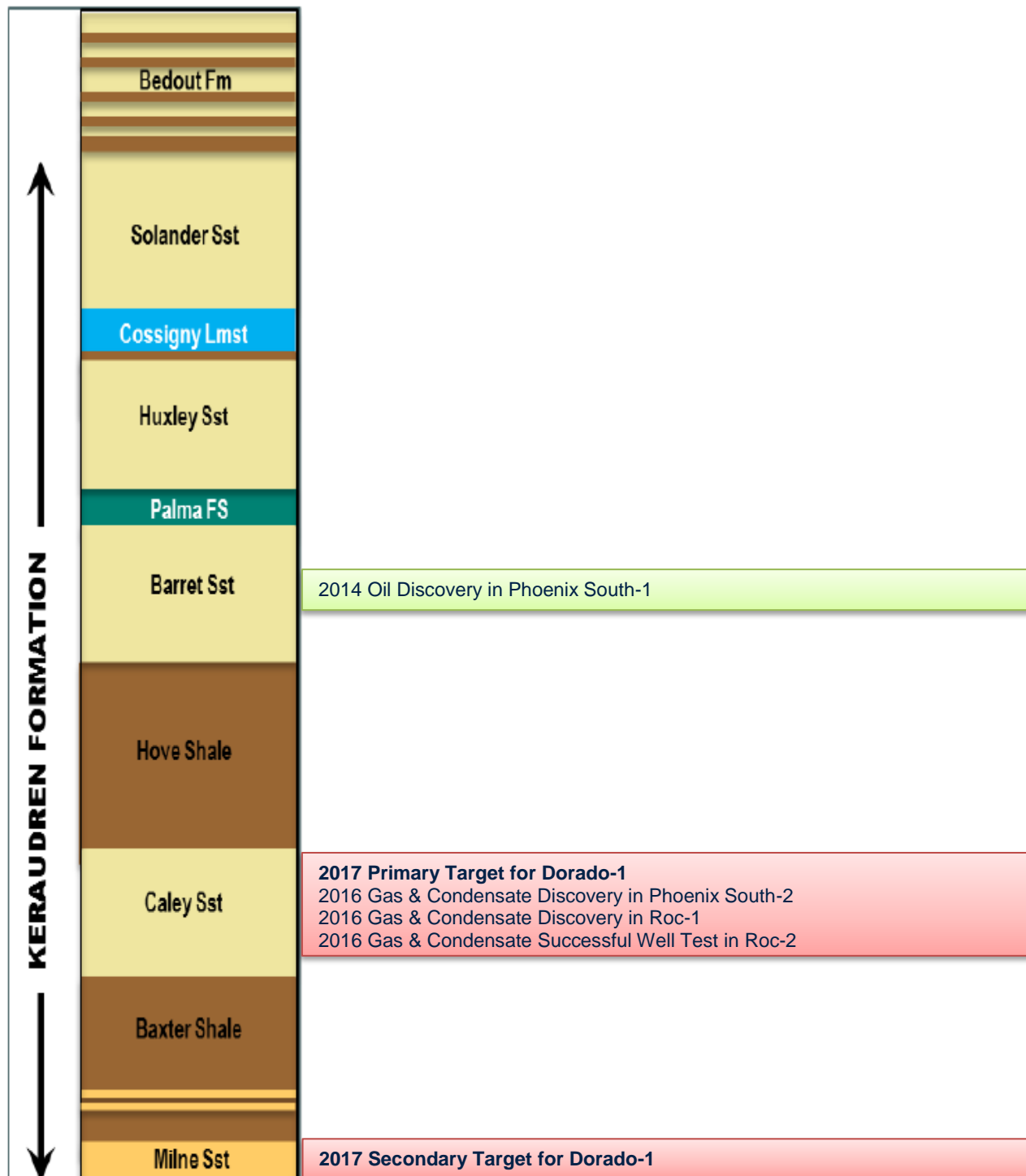


Figure 3: Stratigraphic column showing major formations in the region.



### **Cautionary Statement**

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.

Prospective Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project and may relate to undiscovered accumulations. 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.

### **Resources**

All contingent and prospective resources presented in this report are prepared as at 14 November 2016 (Reference: CVN ASX releases of 14 November 2016). The estimates of contingent and prospective resources included in this announcement have been prepared in accordance with the definitions and guidelines set forth in the SPE-PRMS and have been prepared using probabilistic methods.

Carnarvon is not aware of any new information or data that materially affects the information included in this report and that all material assumptions and technical parameters underpinning the estimates in this presentation continue to apply and have not materially changed.

### **Competent Person Statement Information**

The Resource estimates outlined in this report were compiled 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.

### **Forward Looking Statements**

This document may contain forward-looking information. Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "anticipate" and "potential" or other similar wording. Forward-looking information in this document includes, but is not limited to, references to: well drilling programs and drilling plans, estimates of reserves and potentially recoverable resources, and information on future production and project start-ups. By their very nature, the forward-looking statements contained in this news release require Carnarvon and its management to make assumptions that may not materialize or that may not be accurate. The forward-looking information contained in this news release is subject to known and unknown risks and uncertainties and other factors, which could cause actual results, expectations, achievements or performance to differ materially, including without limitation: imprecision of reserve estimates and estimates of recoverable quantities of oil, changes in project schedules, operating and reservoir performance, the effects of weather and climate change, the results of exploration and development drilling and related activities, demand for oil and gas, commercial negotiations, other technical and economic factors or revisions and other factors, many of which are beyond the control of Carnarvon. Although Carnarvon believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurances that the expectations of any forward-looking statements will prove to be correct.