

Buffalo project update

31 July 2017



Highlights

- Carnarvon's technical work provides strong evidence of additional economically recoverable oil
- New technology has been instrumental in unlocking the opportunity to redevelop the oil field
- An independently assessed volumetric estimate will be reported in August 2017

Carnarvon Petroleum Limited ("Carnarvon") (ASX:CVN) is pleased to provide the following update (also refer to earlier updates on 15 May 2017 and 23 June 2017) on its 100% held Buffalo project in WA-523-P.

Carnarvon has now completed an extensive body of technical work around the Buffalo oil field. There is strong evidence the original field development did not produce all of the economically recoverable oil. This was due to imperfect seismic imaging and mapping, which led to suboptimal well placement and significant areas of unswept oil. Of note, in 2004 those wells were still producing approximately 4,000 barrels of oil per day when production ceased.

The application of Full Waveform Inversion technology ("FWI") has produced greater clarity around the Buffalo oil field reservoir. Carnarvon contracted DownUnder GeoSolutions to utilize their 5.5 petaflop "Bruce" computer (currently the most powerful computer in the Southern Hemisphere, equivalent in raw computer power to approximately 55,000 Intel i7 PCs) to perform this work. This technology and computing power was not available at the time the field was last in production.

Carnarvon's work will now be reviewed by an independent expert with resource estimates expected to be reported in the second half of August 2017.

Carnarvon's Managing Director and Chief Executive Officer, Mr Adrian Cook said *"the Carnarvon team have worked tirelessly to create an important new opportunity for shareholders in a reasonably short period of time since its acquisition in May last year. The project appealed to us for its low risk oil field potential provided the application of new technology was able to solve historic seismic issues. We believe we have achieved this objective and have now engaged an independent expert familiar with FWI to validate our work. Once their review is complete we will be in a position to outline details of new recoverable volumes and our plans to redevelop and produce the oil from this field."*

Yours faithfully

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

Adrian Cook

Managing Director

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