



CARNARVON
PETROLEUM LTD

Euroz Securities' Rottnest Island
Institutional Conference Presentation



14 March 2017



The Resource estimates outlined in this report have been prepared by the Company's Chief Operating Officer, Mr Philip Huizenga, who is a full-time employee of the Company. Mr Huizenga has over 25 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.

All contingent and prospective resources presented in this report are prepared as at 14 November 2016 per the Company's announcement released to the ASX on 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. Carnarvon is not aware of any new information or data that materially affects the information included in this presentation and that all material assumptions and technical parameters underpinning the estimates in this presentation continue to apply and have not materially changed.

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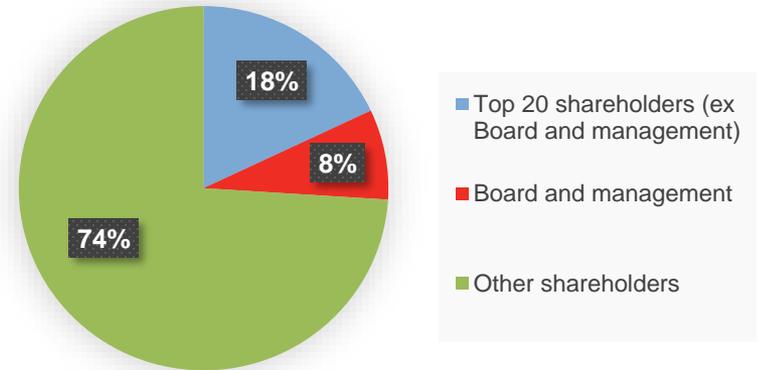
Market capitalisation ~\$100 million

Cash (31 Dec. 2016) ~\$60 million

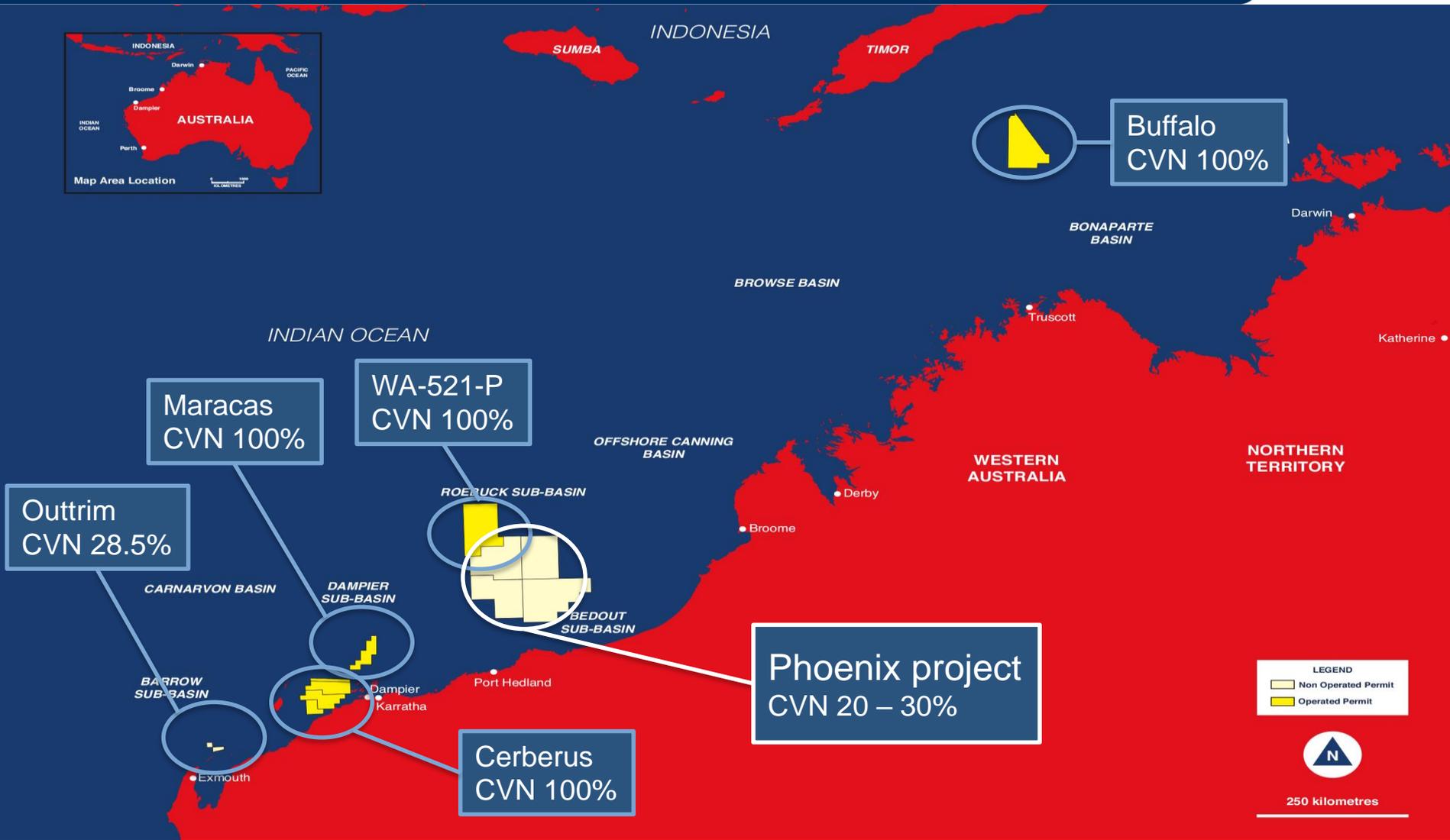
Enterprise value ~\$40 million

Share price ~10 cents

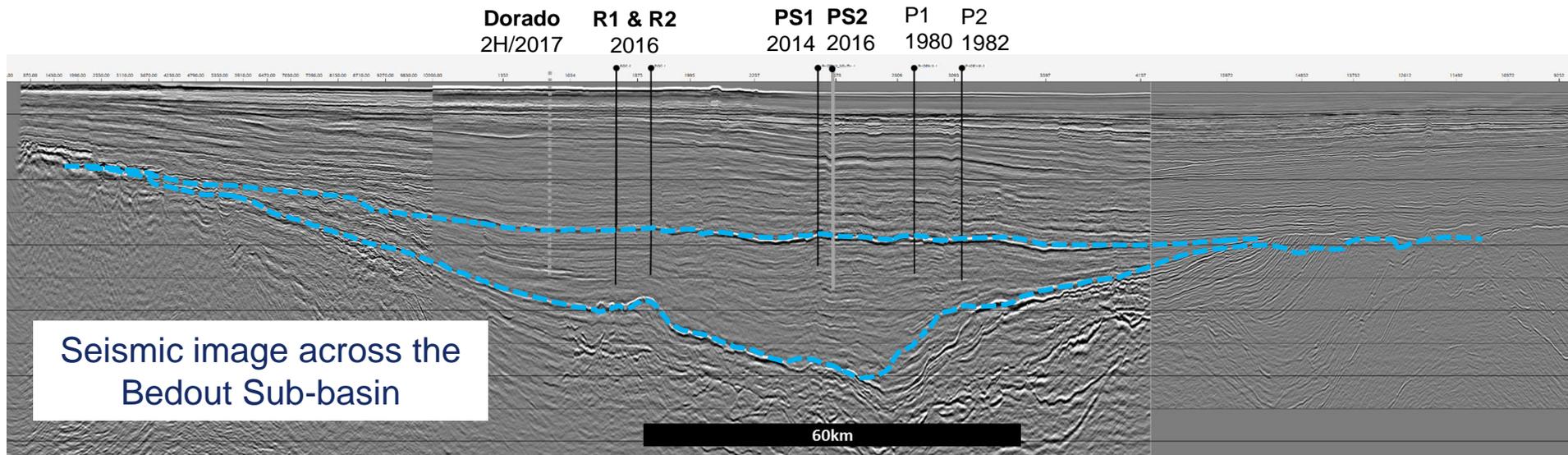
Carnarvon's shareholders



Portfolio snapshot



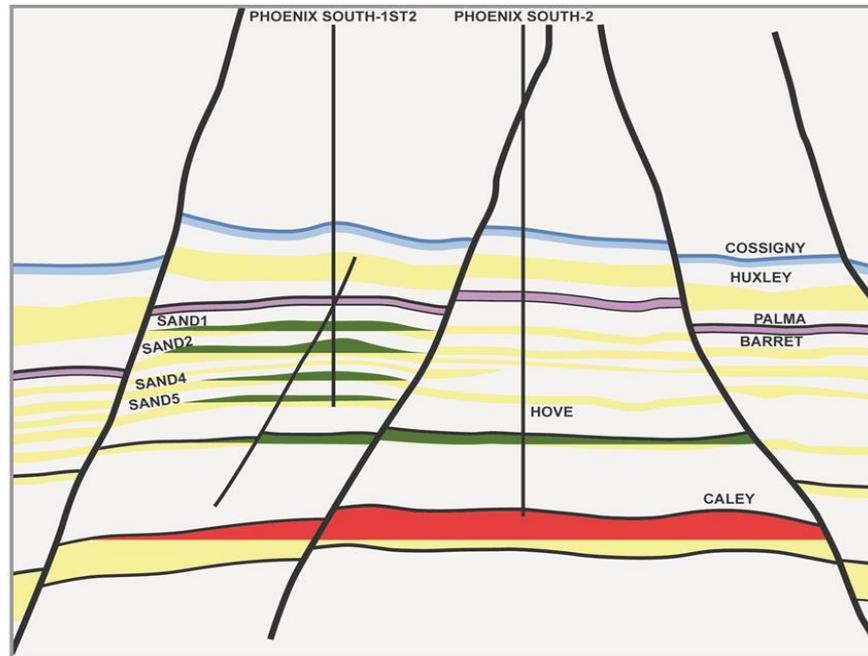
- **The most exciting exploration and appraisal acreage on the NWS**
- **FOUR** discoveries from four wells drilled by Carnarvon and partner
- Commercial flow rates achieved, comparable with major NWS fields
- New hydrocarbon basin uncovered & significantly de-risked
- Carnarvon and partner hold all the acreage covering this basin
- Carnarvon provides the only ASX listed exposure to this acreage



- **Roc-2 well delivered an historic flow at commercial rates**
- The well flowed strongly for 6 days under controlled test conditions
- At 51 million scf per day of gas and 2,943 barrels of condensate per day, being a high condensate to gas ratio of 58 bbls/mmscf.
- Potential production from these fields ~20% of the WA domestic gas usage



- **Phoenix South-2 intersected gas and condensate at the Caley Sst**
- High gas influx and pressures prohibited evaluation of the resource
- Pressure positive for porosity (higher volume) and permeability (higher flow rates)
- Upside potential in additional hydrocarbon sand packages

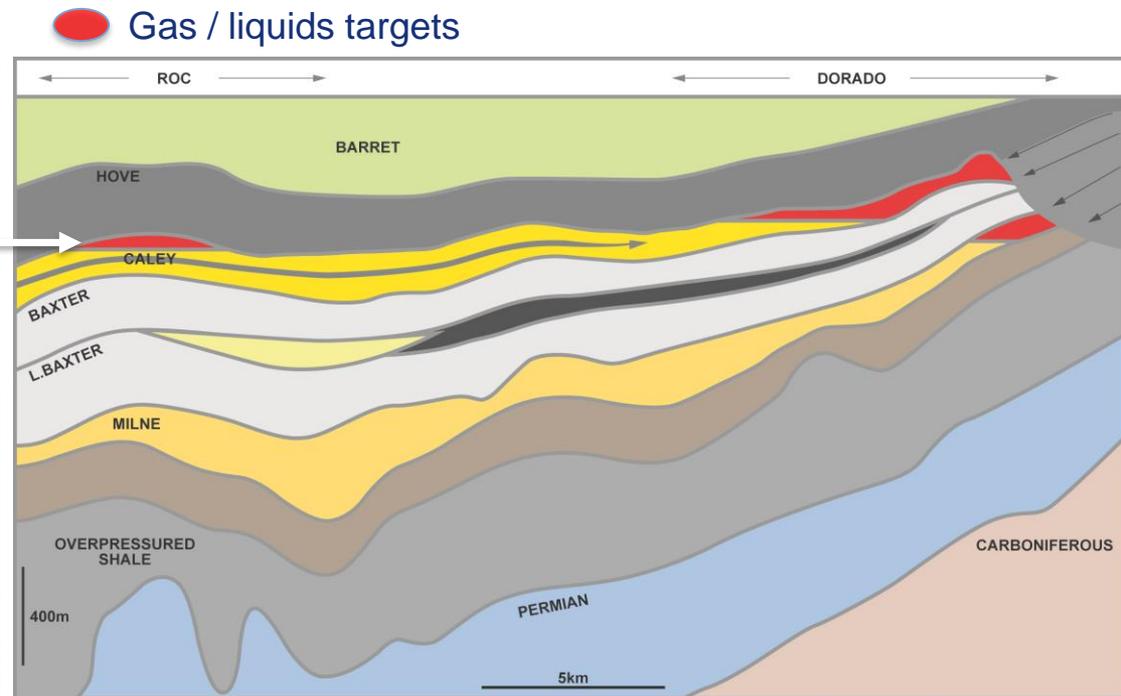


Phoenix: Dorado structure

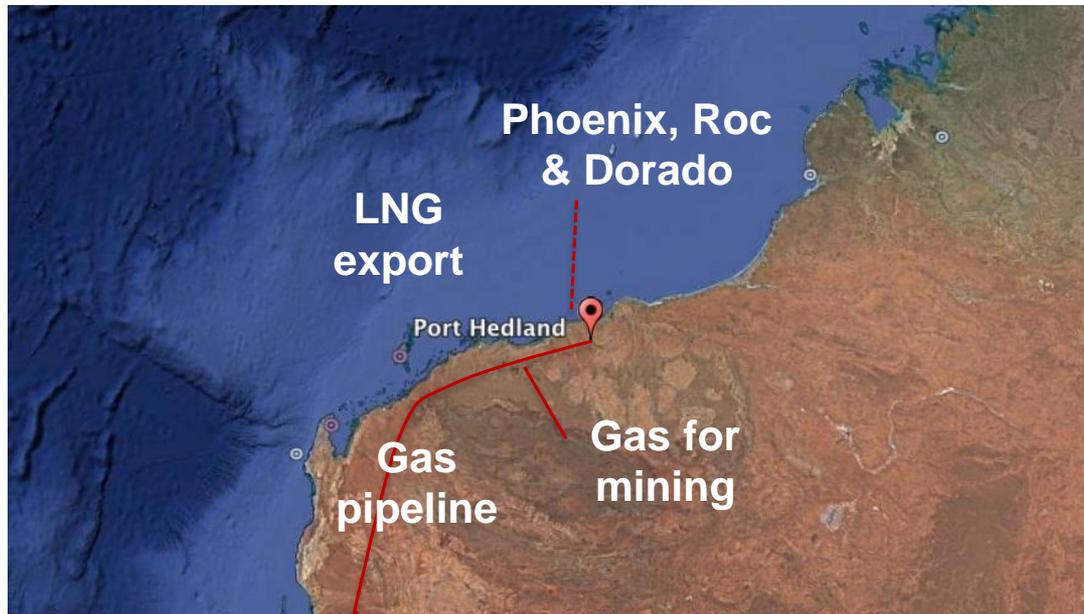


- **Dorado is a large target ~15 kilometres from the Roc discoveries**
- Dorado structure is clear on 3D seismic and many times larger than Roc
- Hydrocarbons expected from the same high generating rocks that charge Roc
- Dorado-1 well preparations in progress with late 2017 expected spud

Roc-2 flow test 2016



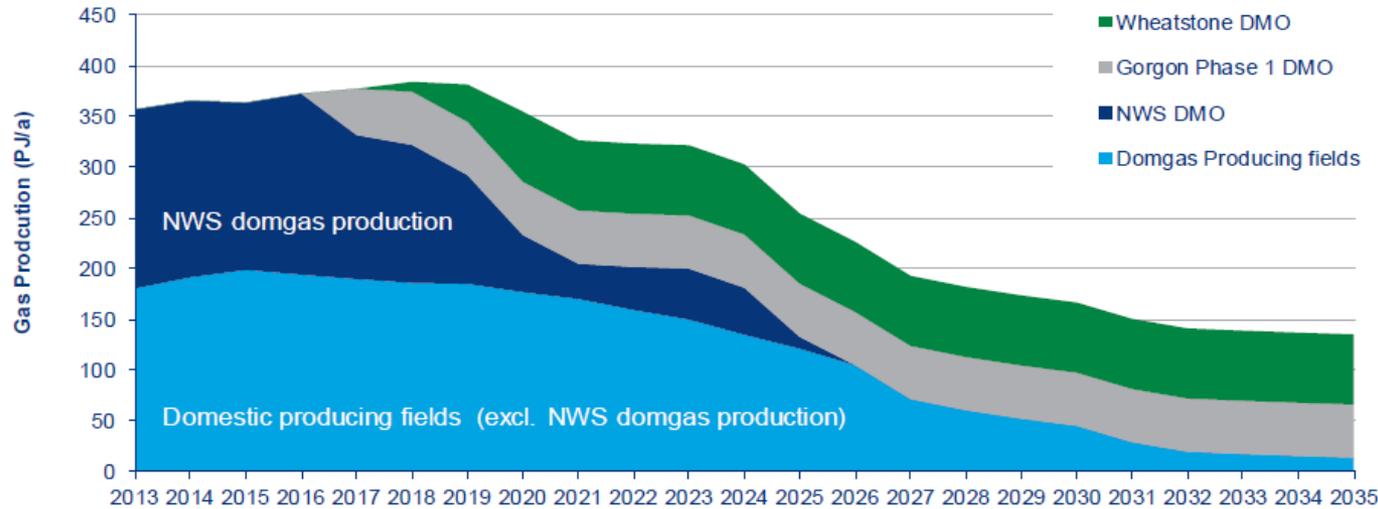
- **Location important relative to gas monetisation opportunities**
- Phoenix and Roc discoveries lie ~150 kilometres offshore of Port Hedland
- WA's main gas pipeline passes Port Hedland
- Fortescue River Gas Pipeline links main gas pipeline to Pilbara iron ore mines
- LNG export facilities expected to have spare capacity from 2020
- Traditional WA gas supply sources in natural decline



Phoenix: Historic WA gas supply in decline

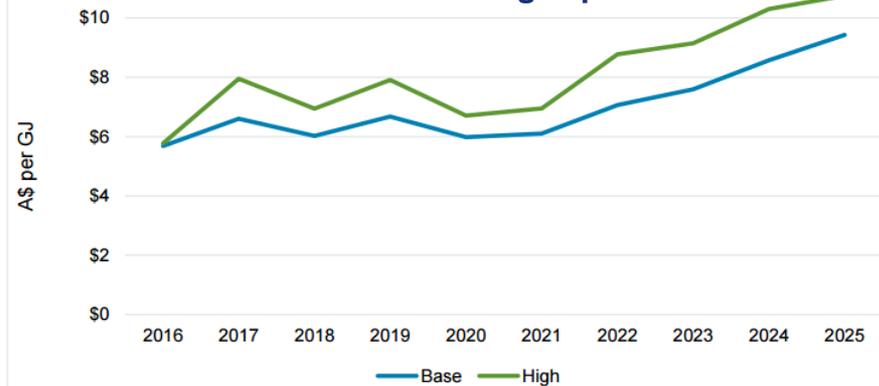


WA domestic gas – producing and committed developments



Source: Wood Mackenzie

Forecast WA gas prices



Source: IMO forecasts 2016 to 2025

Phoenix: Reindeer gas field an analogy for Roc



- **Reindeer gas field developed and operated by Quadrant Energy**
- Similar resource size of circa 80 million barrels of oil equivalent (“boe”)¹
- Similar water depths of circa 50-100 metres
- Similar distance of resource to gas plant of circa 100-150 kilometres
- Primary difference being Roc has greater liquids content but deeper reservoir

	Reindeer²	Roc¹
Resource (million boe)	84	78
Revenue	US\$3.4 bn	
Development and abandonment costs	(US\$1.4 bn)	
Operating costs	(US\$0.5 bn)	
Petroleum resource rent tax	(US\$0.2 bn)	
Cash flow before income tax	US\$1.3 bn	
	(US\$15/boe)	

Financial figures are gross, nominal amounts



- **Material cash generation potential as resources scale up**
- Tie-back developments can leverage off the first development hub
- Benefits arise as resources scale up, such as non replication of operating costs
- Net present valuations and risking are independent of the following figures

	Reindeer ²	Roc ³	Dorado ¹	Phoenix South ¹
Resource (million boe)	84	78	127	108
Revenue	US\$3.4 bn			
Development and abandonment	(US\$1.4 bn)			
Operating costs	(US\$0.5 bn)			
Petroleum resource rent tax	(US\$0.2 bn)			
Cash flow before income tax	US\$1.3 bn			
	(US\$15/boe)			

Financial figures are gross, nominal amounts





Think Different

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