

Quick Comment

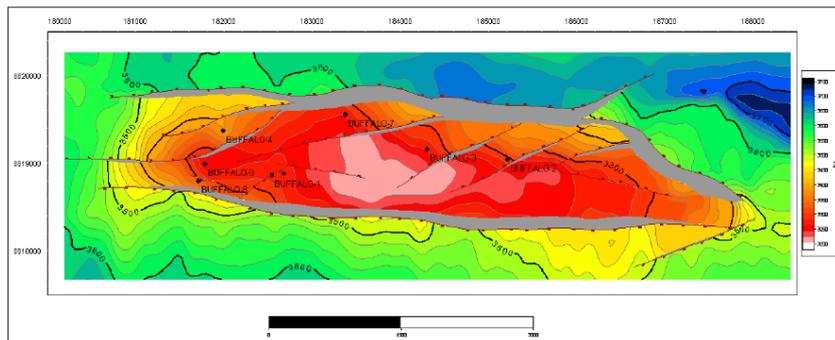
Carnarvon Petroleum Ltd (CVN \$0.08) Speculative Buy

Analyst	Date	Price Target
Jon Bishop	28 th August 2017	\$0.25/sh

31mmbbls at Buffalo

Key Points

- CVN has reviewed re-processed seismic over its 100% owned Buffalo Field, in WA-523-P, Bonaparte Basin, WA;
- The newly mapped Buffalo structure is independently (RISC) determined to hold 31mmbbls of oil (2C Resource), largely in the crest of the field, missed by the original development drilling:



Source: Carnarvon Petroleum Ltd

- Previous operations highlighted the technical qualities of the Field, with 50,000bopd initially produced from the first two wells;
- 20mmbbls of oil were produced during Buffalo's field life of ~5yrs, with operations abandoned when the field was still producing 4,000bopd;
- Historical well data indicates that the 4 production wells (Buffalo 3, 5, 7 & 9) were all in communication and showed little pressure depletion late in field life. This augurs wells for re-development;
- At current oil prices, potential revenue would exceed US\$1.5Bn on the 2C est.;
- On, that basis, low cost development pathways on a standalone or via tie-back to the near-by operating Laminaria FPSO, suggest that CVN's 100% interest could realise substantial value should the Company undertake a farm-down and/or unitisation process. This would be well ahead of the Company's current <\$30m EV.

Investment Thesis

Today's announcement serves to further endorse CVN's counter-cyclical, technical approach to building a material portfolio of high equity interest, high value and strategically valuable oil and gas appraisal-development opportunities. Buffalo alone could significantly overwhelm the Company's modest EV should a successful farm-down process be undertaken. Beyond which, the Phoenix hub - a key asset of the potential Quadrant IPO - will recapture market attention as drilling of Phoenix South-3 and Dorado approaches in the new CY. We retain our Speculative Buy recommendation.

Carnarvon Petroleum Ltd (CVN)

Share Price	0.08	A\$/sh	Enterprise Value	28	A\$/m
Price Target	0.25	A\$/sh	Debt	0	A\$/m
Valuation	0.27	A\$/sh	Cash	54	A\$/m
Shares on issue	1021	m(dil)	Largest Shareholder	Mgmt	-6%
Market Capitalisation	82	A\$m			

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