

COO Newsletter

25 September 2017



Dear Shareholders,

No that is not a typo in the title!

Adrian is busy over east and overseas presenting to investors and asked me to provide you with this business update.

By now you're likely to have seen the result of our work on the Buffalo project, culminating in me signing off on the independently audited Contingent Resources last month.

But to reach this point took quite some effort, including building geological and engineering models using the data collected from the reprocessed 3D seismic and correlating these to the five years of production history from the eight previous wells drilled in the field.

We also engaged third party experts to check our work and give us a greater level of confidence in the 31 million barrels of recoverable oil at the 2C confidence level. I appreciate shareholders sometimes struggle with the terminology in our industry. So, to help you we added some detail in our last Corporate Presentation (September 2017, pages 20 & 21) that shows how the Buffalo contingent resources are at the highest possible level before they would be reclassified as reserves once they are "justified for development".

For the Company to be able to announce audited recoverable resources of that amount and confidence level, without having to first drill an exploration well, is testament to the knowledge, focus and experience of our technical team.

Work is currently underway on plans to create value from redeveloping the Buffalo oil field, and we anticipate being able update you on these development plans in the near future.

Our business involves the ongoing participation in government awards of new acreage where they stack up on our regional work.

It's important we maintain an appropriate number of projects (our pipeline) and the technical team is hard at work in the background trying to secure and mature the next potential "Phoenix" and "Buffalo" projects.

Meanwhile Adrian and the team continue to promote the business and outline the significant number of catalysts coming up in the Company to the wider investment community.

You may have seen the Corporate Presentation released on Carnarvon's website around the middle of September. This forms the basis for us briefing investors in Sydney and Melbourne, as well as overseas in Europe.

Closer to home, Carnarvon's technical team had the opportunity to talk to the same material and host a booth at the RIU Good Oil Conference in Perth recently. I gave a talk focused on the opportunities in the Company to a wide audience at the conference immediately before Quadrant Energy who outlined their business that obviously included our mutual Phoenix project.

This is certainly an exciting time at Carnarvon, with Phoenix South-3 and Dorado-1 drilling on the horizon, the Swell-1 (an analogue for Carnarvon's Belgravia prospect) currently being drilled, Buffalo field redevelopment work ongoing and lots of background work progressing to uncover the next "Phoenix" and "Buffalo" quality projects.

Yours faithfully

Philip Huizenga
Chief Operating Officer