

CEO Newsletter

1 March 2018



Dear Shareholders,

I thought it might be useful to put some framework around our plans for this year, particularly as I expect it will be a very active one for our company.

On strategy, we've been diligent in executing our model of leveraging the expertise of our team, resourced with an extensive North West Shelf database, to secure exciting exploration projects that we hope contain large deposits of oil and gas. With the support of our partners (current and future) we want to test these exploration concepts over the coming years in a sequential manner. Right now, I think we have a good balance of projects covering near value events through to those very much in their infancy.

In the near term, the Phoenix project will have two exciting wells drilling this year and I'm looking for one or both of those to take this project forward in a way that materially rewards us as shareholders.

The Buffalo project is creating enormous interest and excitement internally and externally. We're nearly done technically on this project and I'm expecting we will be in a position to provide you with the next update soon. Industry interest is strong for the oil field redevelopment so I can see this project moving forward quickly after the Phoenix wells have been drilled.

This month we commenced the farm out process for the Labyrinth project. We recently provided a volume update via ASX and some technical material on the project that is available on our website. The sheer scale of the potential deposit is impossible to ignore. But the proof of our work will come once we have a partner and a plan to drill the first exploration well.

In our two new projects in the Vulcan sub-basin (Condor and Eagle projects) we are using brand new broadband 3-D seismic to identify oil

deposits that were not identifiable on previous 3-D seismic (the vintage data as we call it). Like Buffalo, these permits are located in a proven oil and gas producing region and I expect will be seen as quality projects in the industry.

The Maracas project is still undergoing FWI reprocessing of the 3-D that covers the permit. We don't yet know the outcome of the FWI work but our objective is to find new oil deposits beside existing oil fields in the adjoining permits (namely Stag and Wandoo).

The gas prospect in our Outtrim project received a boost last year when the Swell-1 well proved that gas exists in the target zone (being the Triassic interval). The geological problem to solve is where in this region could gas reside in better quality reservoir. Our Belgravia prospect could achieve this objective, being updip and shallower than Swell.

We've had some good media coverage lately in the online Energy News Bulletin service. This is a subscription service but they've kindly allowed us access to their last article for no cost. The article titled "Third time's a charm for Carnarvon", which refers to the third iteration of FWI run on our Buffalo project oil field, can be accessed [here](#). As we covered in our last Buffalo update, this third iteration is looking much better than the previous two iterations which of themselves were tremendous improvements on past "vintage" 3-D.

In circling back to our Phoenix project to wrap up this newsletter, I'm currently waiting on news regarding when our two drilling rigs are expected to arrive on site and commence drilling our Phoenix South-3 and Dorado-1 wells. I expect we'll have some news on this reasonably soon.

Yours faithfully

A handwritten signature in black ink, appearing to read "Adrian Cook".

Adrian Cook

Overview of Carnarvon's projects

