



# Annual General Meeting

18 November 2011

**THAILAND**

**INDONESIA**

**AUSTRALIA**



L20/50 ● L33/43 & L44/43

L52 & L53 ●

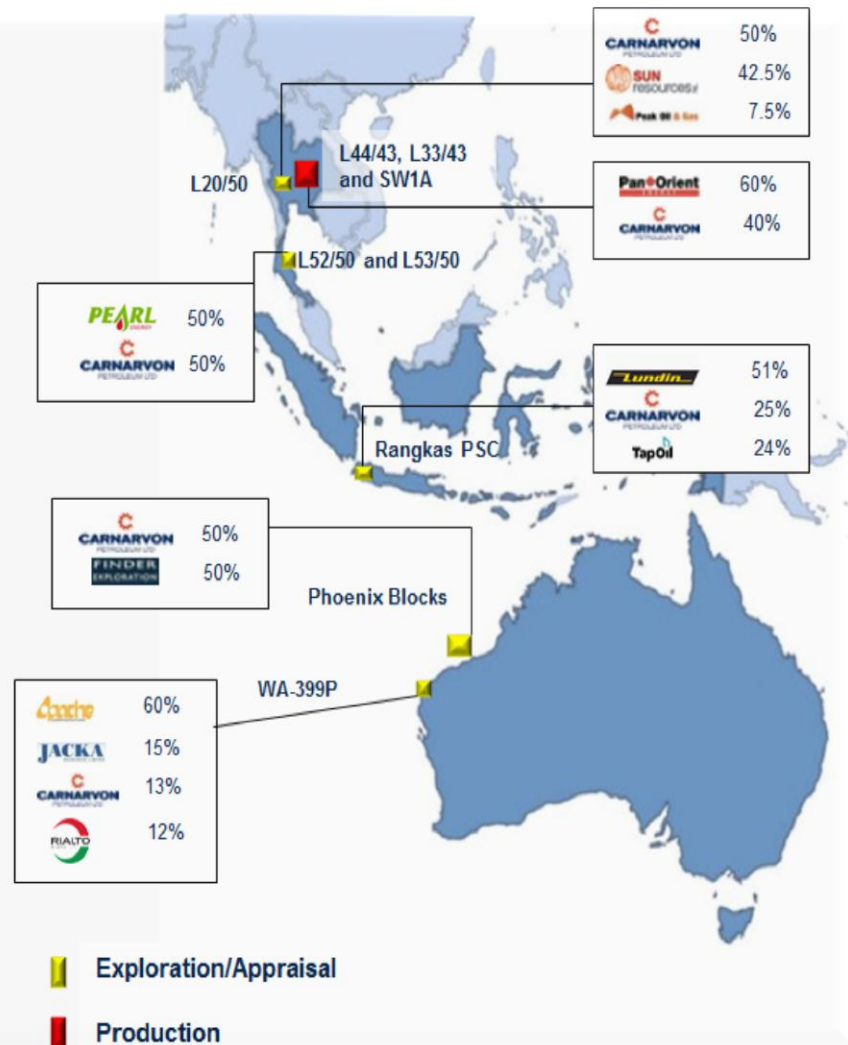
Rangkas PSC ●

WA-435-P, WA-436-P, WA-437-P,  
WA-438-P & WA-443-P ●

WA-399-P ●

Corporate Office ●

- 
- 1) Introduction**
  - 2) Overview of 2011 financial year (“FY”)**
  - 3) Production activities and plans**
  - 4) Other value drivers**
  - 5) Key priorities in 2012**
  - 6) Conclusion and questions**



## Asset portfolio

- ✓ High equity interests
- ✓ 10 million acres
- ✓ In three countries

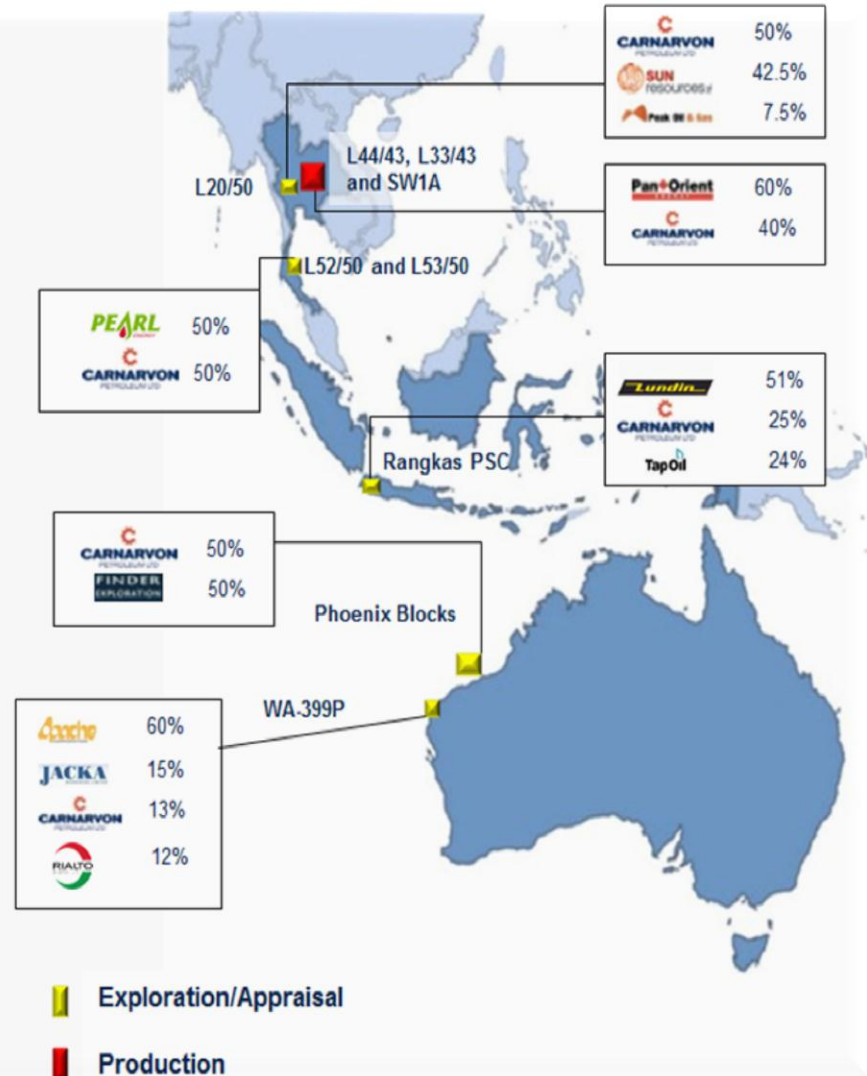
## Company ownership

- ✓ 19% held by institutional shareholders
- ✓ 11% held by directors and management
- ✓ No significant holdings (namely over 5%)

# Introduction

## 2011 FY activities

- ✓ Produced 731,544 bbls
- ✓ Drilled 2 wells in L20/50
- ✓ Drilled the Tuatara well, New Zealand
- ✓ Drilled 22 wells in L44/43 & L33/43
- ✓ Acquired seismic in Thailand, Indonesia & Australia
  - 1,290 km of 2D seismic
  - 1,160 km<sup>2</sup> of 3D seismic



# 2011 FY overview

	2011 FY (\$'m)	2010 FY (\$'m)
Oil sales	\$55m	\$64m
Cost of sales ("CoS")	(\$19m)	(\$21m)
Administrative costs	(\$5m)	(\$5m)
Unrealised foreign exchange losses	(\$4.5m)	(\$0.5m)
Taxes	(\$13m)	(\$23m)
<b>Earnings before exploration costs</b>	<b>\$13m</b>	<b>\$14m</b>
Exploration costs written off	(\$11m)	-
<b>Net profit after tax</b>	<b>\$2m</b>	<b>\$14m</b>

## Earnings summary

- Oil price steady
- Production down 16%
- CoS carried capacity for higher production
- A\$ strengthened 24%

## Comparable earnings before exploration costs

- Wrote off Tuatara well and L20/50 drilling and seismic costs

# 2011 FY overview

## Cash flow summary

- Oil receipts impacted by production
- Field costs steady on retained capacity for higher production
- Tax payments include current year instalment and previous year final payment

**Strong operating cash flows**

	2011 FY (\$'m)	2010 FY (\$'m)
Oil receipts	\$62m	\$71m
Payments to suppliers & employees	(\$24m)	(\$24m)
Taxes	(\$15m)	(\$15m)
<b>Operating cash flows ("OCF")</b>	<b>\$23m</b>	<b>\$32m</b>



# 2011 FY overview

## Cash flow summary (cont.)

### L44 Exploration

- 22 wells, inventory and development costs

### Other Exploration

- Two L20/50 wells (Thailand)
- Tuatara well (NZ)
- L52/50 Seismic (Thailand)
- Rangkas PSC Seismic (Indonesia)
- Phoenix seismic (Australia)

	2011 FY (\$'m)	2010 FY (\$'m)
<b>OCF</b> (from previous page)	<b>\$23m</b>	<b>\$32m</b>
L44 exploration and development	(\$20m)	(\$29m)
Other exploration costs	(\$14m)	(\$5m)
<b>Net cash flow</b>	<b>(\$11m)</b>	<b>(\$0.5m)</b>
Effect of exchange rate	(\$4m)	(\$0.5m)
<b>Cash reserves</b>	<b>\$15m</b>	<b>\$30m</b>

## Positives of onshore Thailand

- Hydrocarbons present
- Low operating costs
- Low cost drilling
- Easily scalable operations
- World class operating environment
- Stable fiscal terms
- High margin operations

*(500 bopd well pays back in ~ one month)*

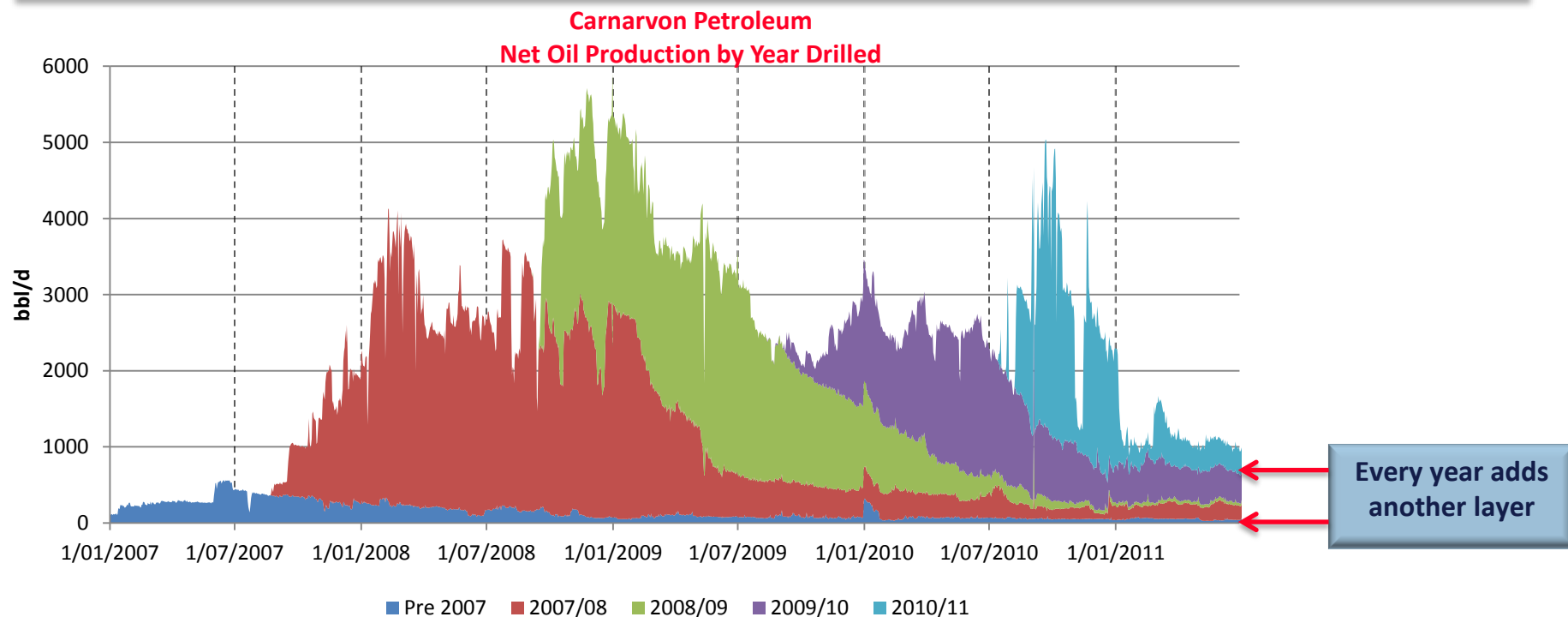




# Production activities and plans

## Natural field decline (“NFD”)

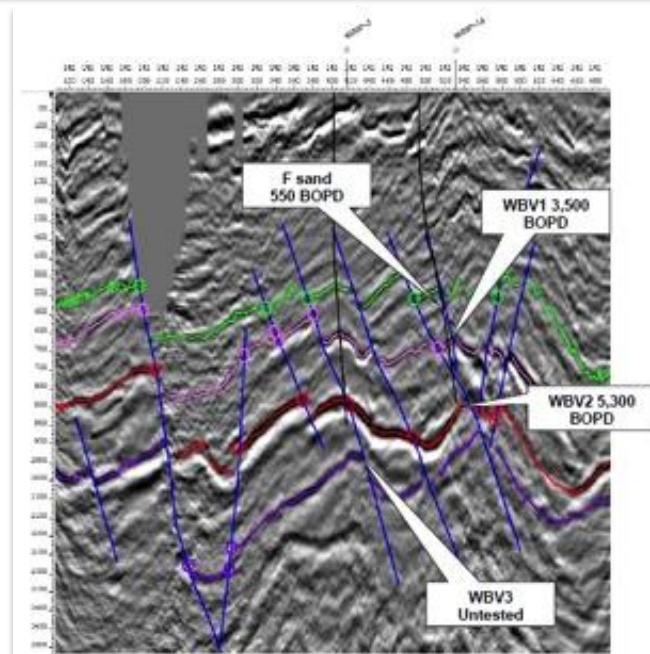
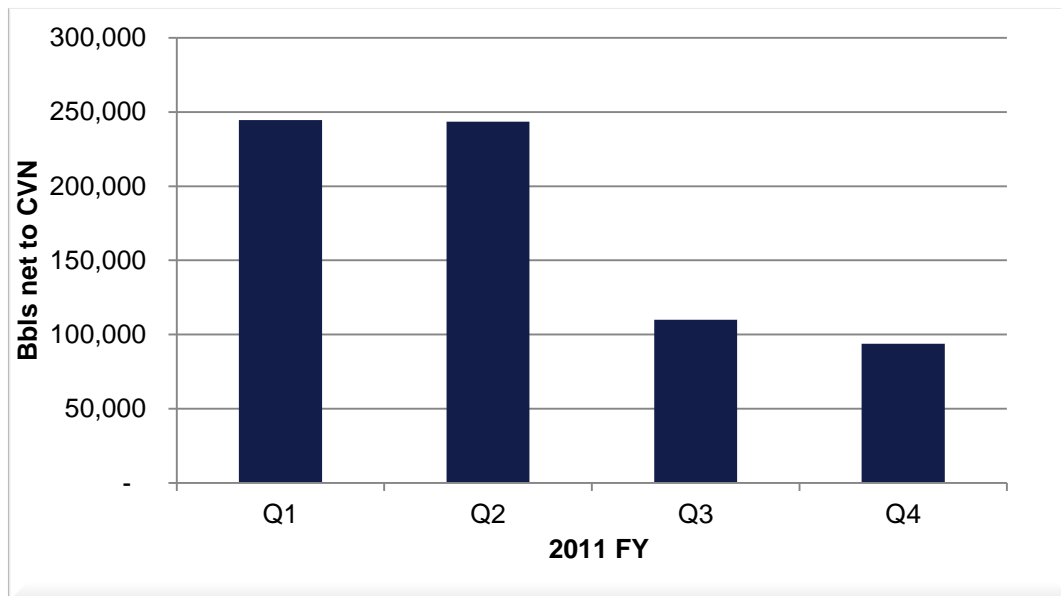
- Wells are impacted by NFD & subsequent water incursion
- Water flows preferentially to oil thereby accelerating NFD
- JV has a history of successfully replacing NFD
- 2011 drilling in the WBEXT area didn't replicate this history



# Production activities and plans

## WBEXT focus in FY 2011

- In 2011 nearly 2/3 thirds of rig time was in the WBEXT region
- Why - 3 wells flowed between 3,500 & 5,300 bopd
- Two more wells in the north flowed at 1,100 & 2,300 bopd
- Discovered and appraised new sandstone oil field
- New technologies have the potential to stabilize production



## Forward Plans

### Sandstone – greater stability and longevity

- Drill 10-15 WBEXT dedicated sandstone wells
- Wells expected to produce ~100 to 300 bopd gross
- Preparing to commence development in Q1 of 2012

### Volcanic – high flow, fast payback, high variability

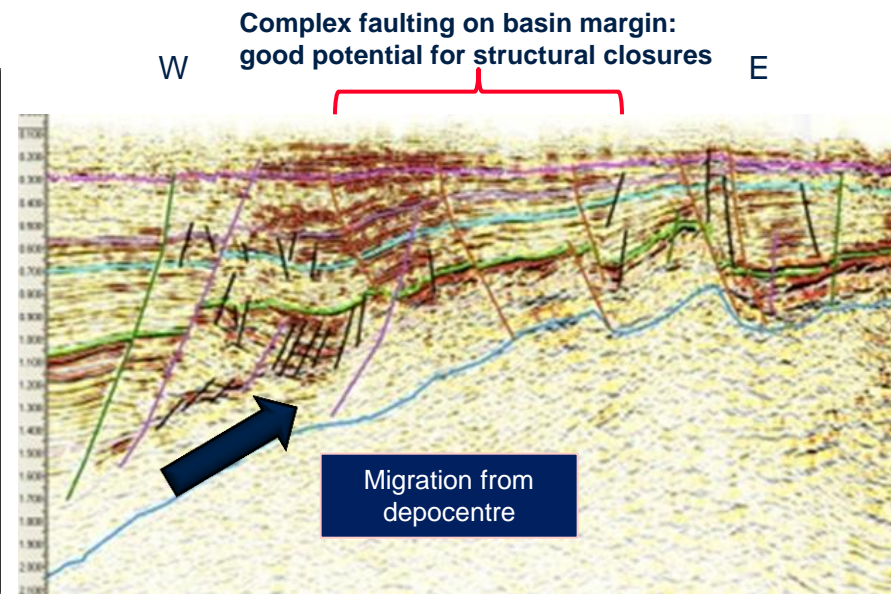
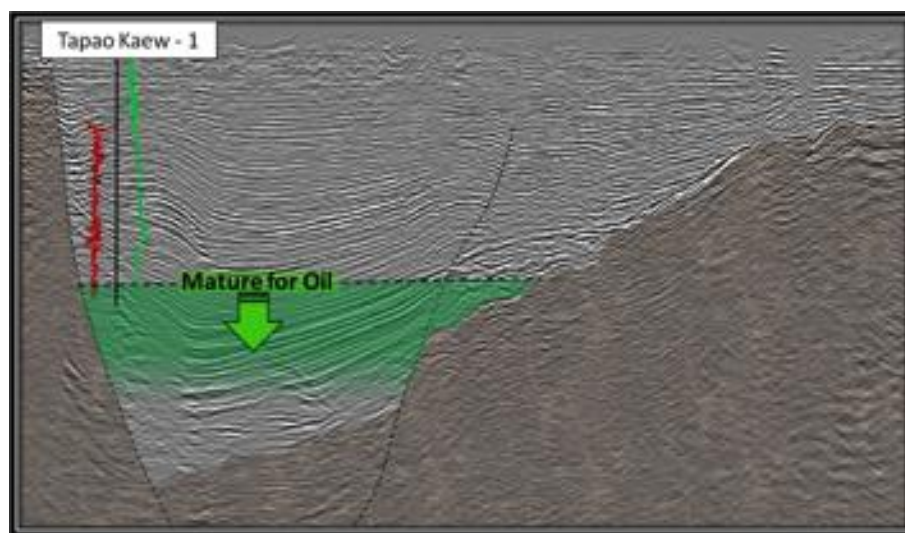
- Systematic development of 2P reserve
- Understanding fractured reservoirs remains a focus

### Other - Technology and reserves

- Trial new technologies to improve production and reduce volatility
- Delineate further 3P reserves

## L20/50 asset – Thailand

### 3D seismic required to better delineate fault terraces



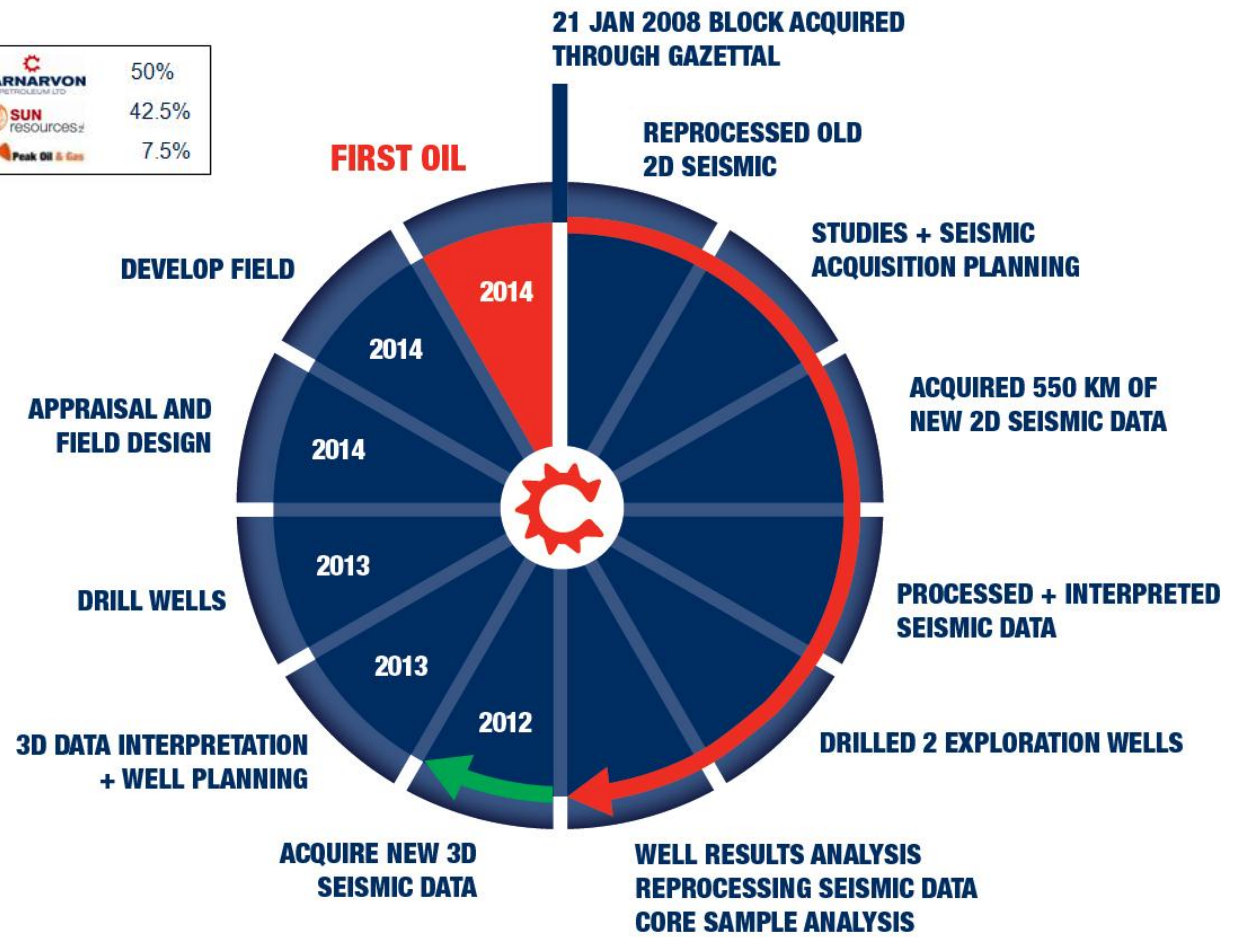
- 2 wells drilled in 2011 achieved their minimum objectives
  - Identifying reservoir and source
- Multiple fault terraces on eastern flank of basin
- Good potential for trapping along likely migration pathways

# Other value drivers

## L20/50 Concession - Thailand



 CARNARVON PETROLEUM LTD	50%
 SUN resources	42.5%
 Peak Oil & Gas	7.5%

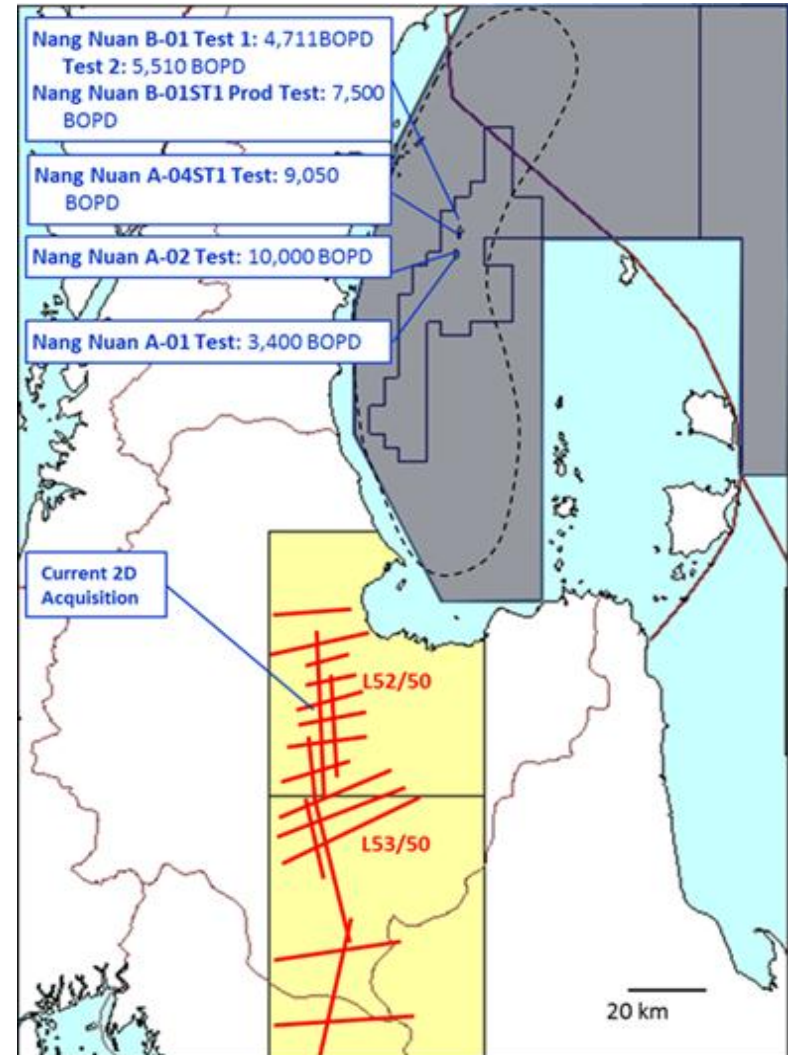


*The time line above is indicative only*

## L52/50 & L53/50 asset – Thailand

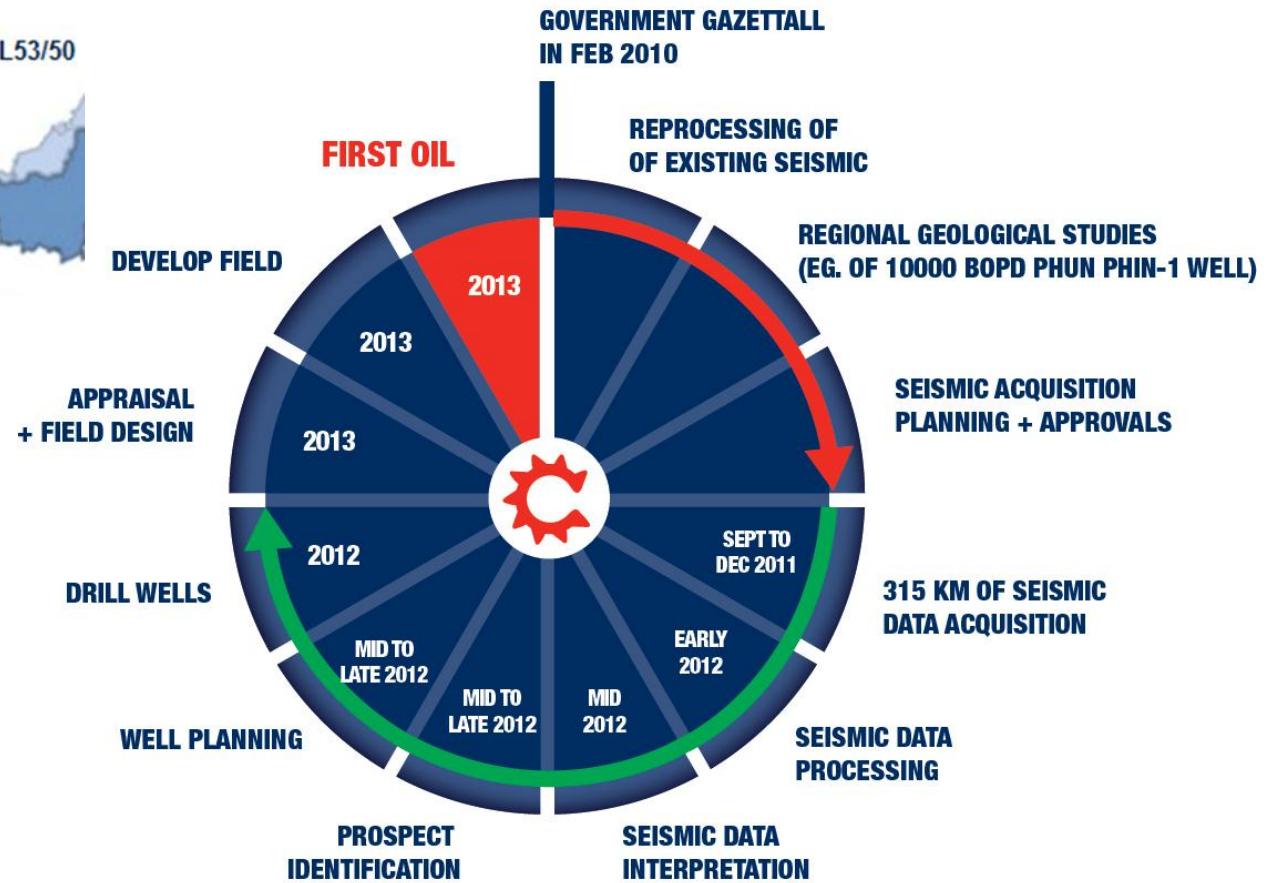
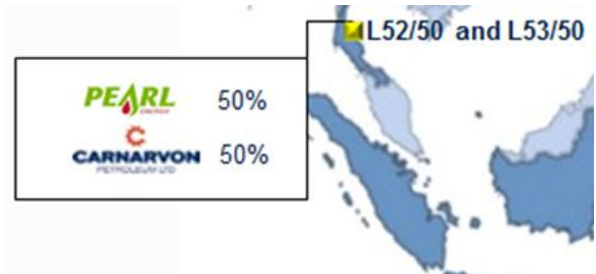
### Early stage exploration

- Close proximity to prolific offshore basins in the Gulf of Thailand
- Under-explored basin
- With few valid well tests
- Surface geological and structural mapping completed in 2010
- Currently acquiring new 2D seismic to infill sparse 1988 vintage data



# Other value drivers

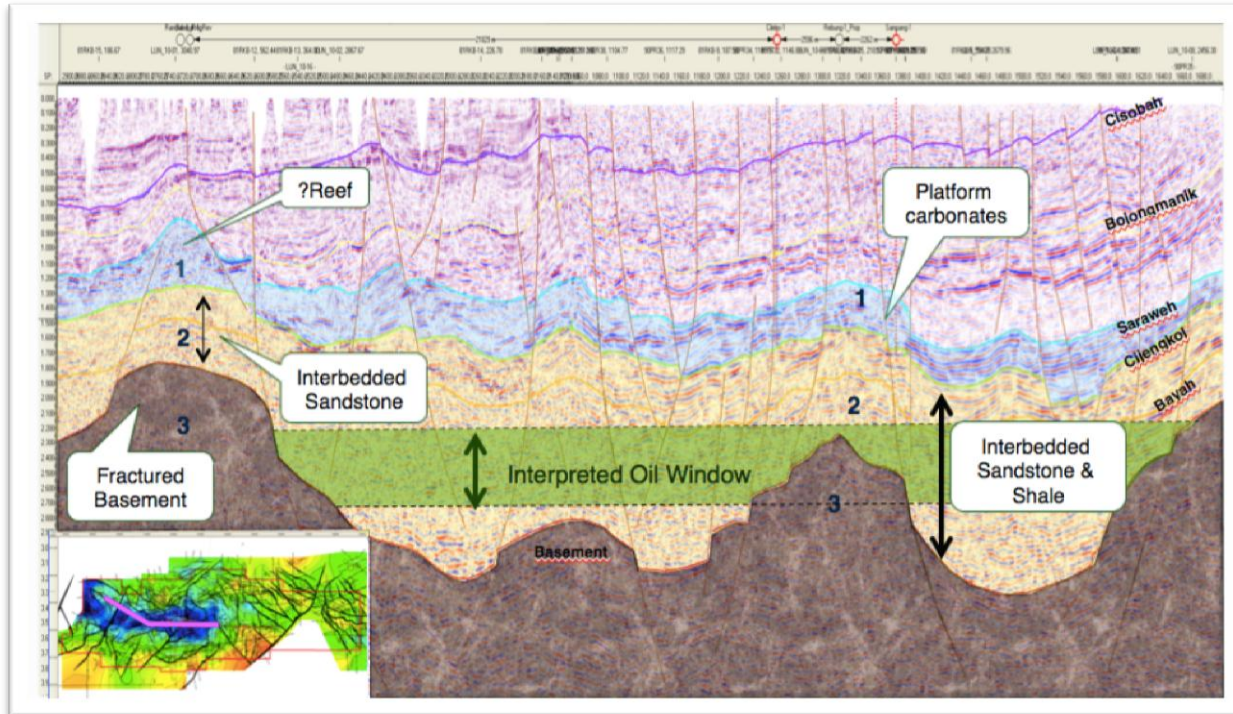
## L52/53 & L53/50 Concessions - Thailand



The time line is indicative only

## Rangkas PSC – Indonesia

Valid traps + good source + multiple staked play types

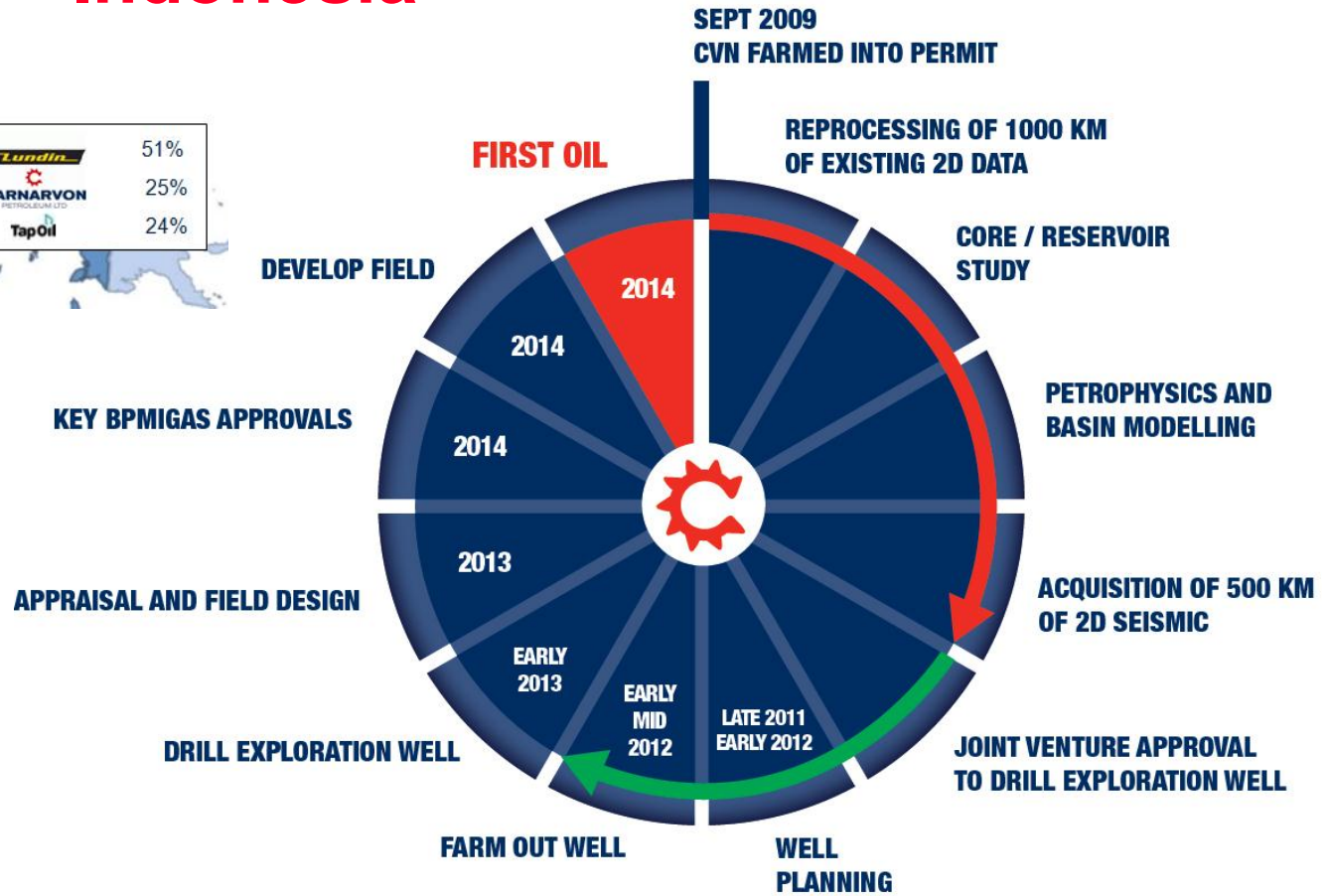


- Pertamina discovered oil nearby (2007-10), flowed up to 3,000bopd
- 500 km Rangkas 2D seismic acquisition completed on 1 April 2011
- Geophysical mapping has identified some 15 significant leads



# Other value drivers

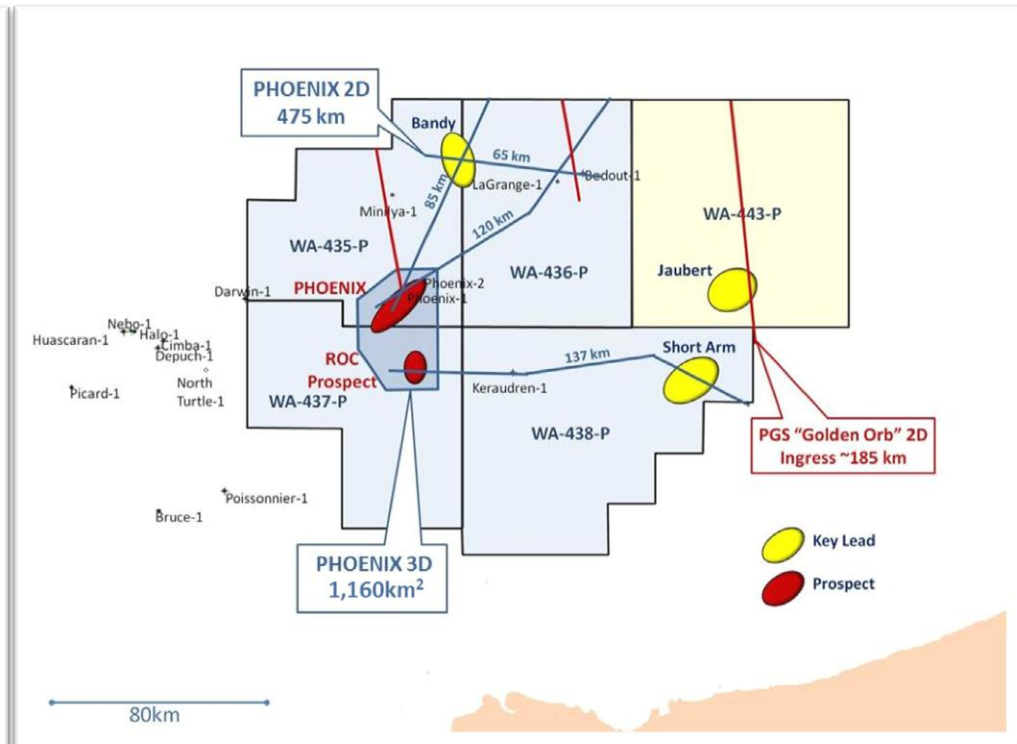
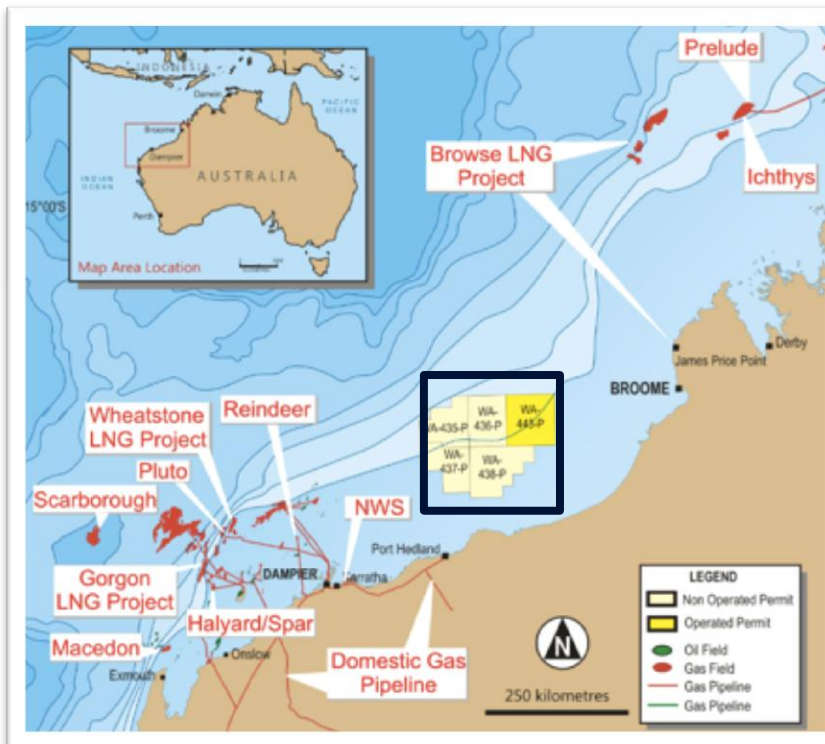
## Rangkas PSC - Indonesia



*The timeline above is indicative only*

# Other value drivers

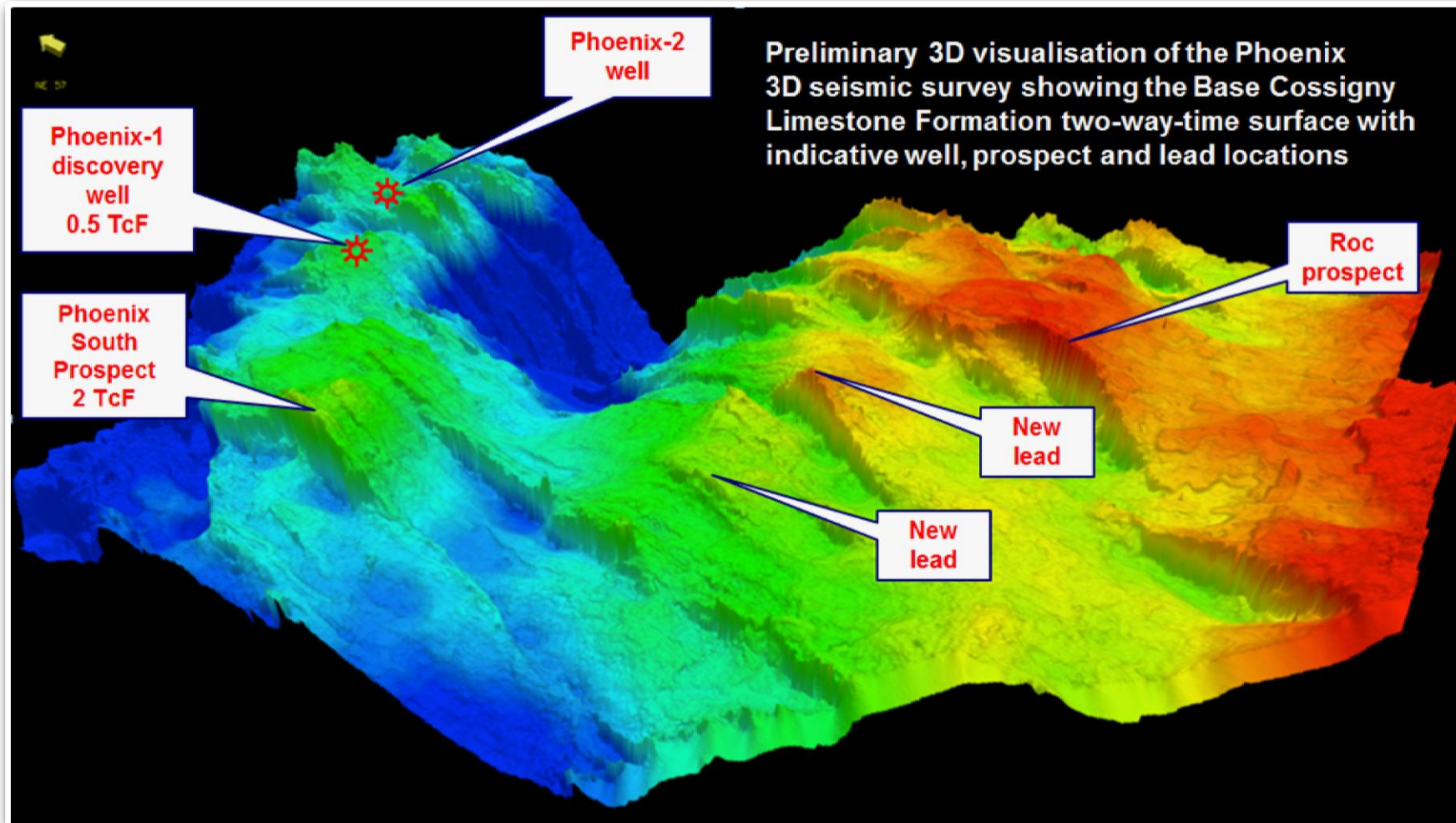
## Phoenix asset – Western Australia material interests + large acreage + discovered gas



- Prospects of ~2.5 Tcf (recoverable gas)
- Water depths of ~140m
- Well depths of ~5,000m

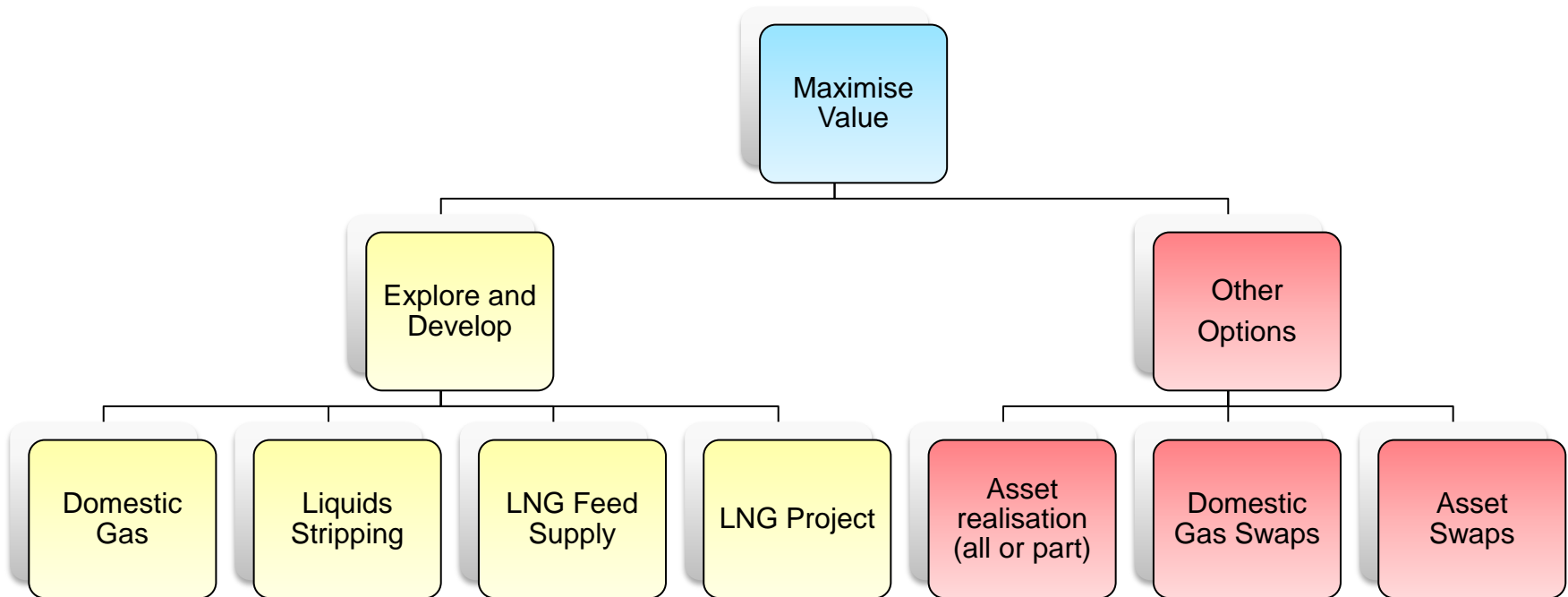
The "Phoenix" asset refers to Carnarvon's 50% interest in the WA-435-P, WA-436-P, WA-437-P and WA-438-P Permits and its 100% interest in the WA-443-P Permit

## Phoenix asset – Western Australia 3D seismic clearly showing key structures



# Other value drivers in the business

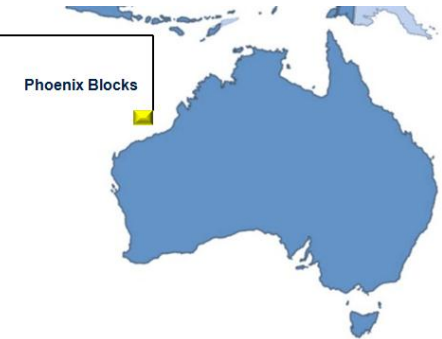
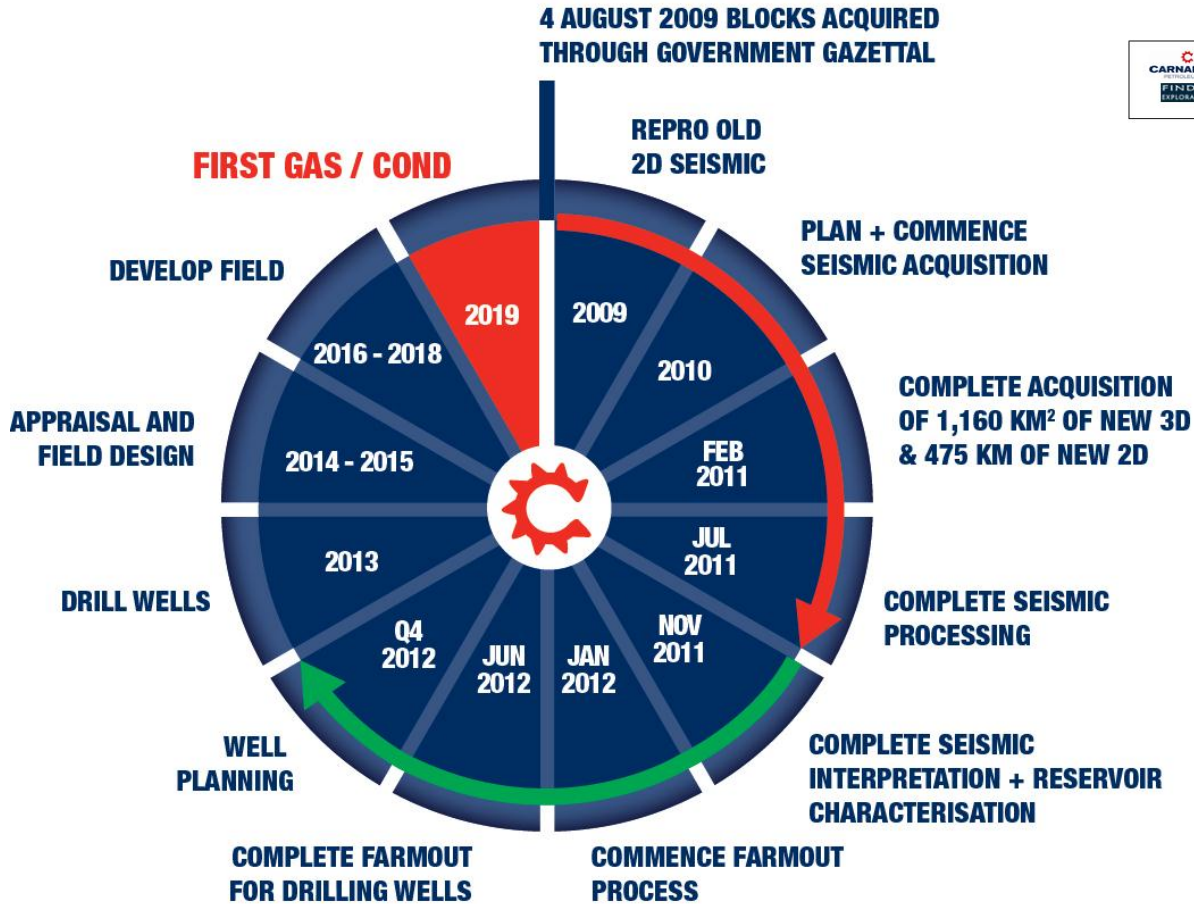
## Phoenix asset – Maximise shareholder value



- Huge potential
- Nearby infrastructure
- Shallow water depths
- Multiple development options

- Strong interest in farmout including internationals
- Recent NWS gas asset transaction history is significant
- Potential for early transaction

## Phoenix asset – Western Australia



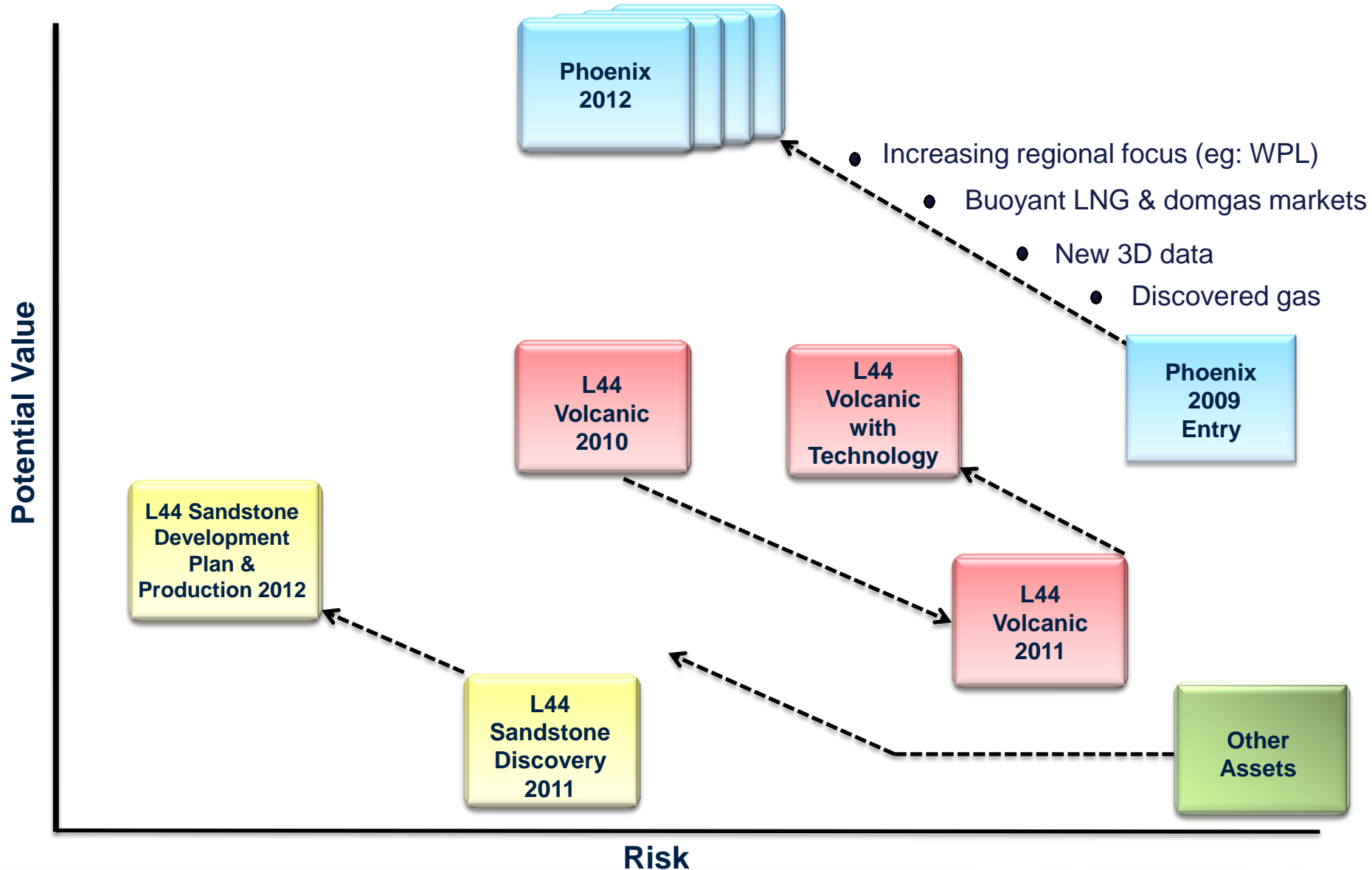
The "Phoenix" asset refers to Carnarvon's 50% interest in the WA-435-P, WA-436-P, WA-437-P and WA-438-P Permits and its 100% interest in the WA-443-P Permit

*The time line above is indicative only*

# Key priorities in 2012 CY

- 1. Drill 10-15 sandstone reservoir wells (Thailand)**
  - Objective – increase the level of stable production
- 2. Trial new production technologies (Thailand)**
  - Objective - improve production & reduce volatility
- 3. Drill high impact volcanic reservoir wells (Thailand)**
  - Objective – add strong cash flow generating production
- 4. Farm-out Phoenix asset (Australia)**
  - Objective – advance drilling of significant value prospects
- 5. Generate other growth opportunities**
  - Objective – mature exploration portfolio

# Conclusion and Questions





Ground Floor  
1322 Hay Street  
West Perth WA 6005  
Telephone: +61 (8) 9321 2665  
Fax: +61 (8) 9321 8867  
[www.carnarvon.com.au](http://www.carnarvon.com.au)