

# Phoenix Update

31 August 2012



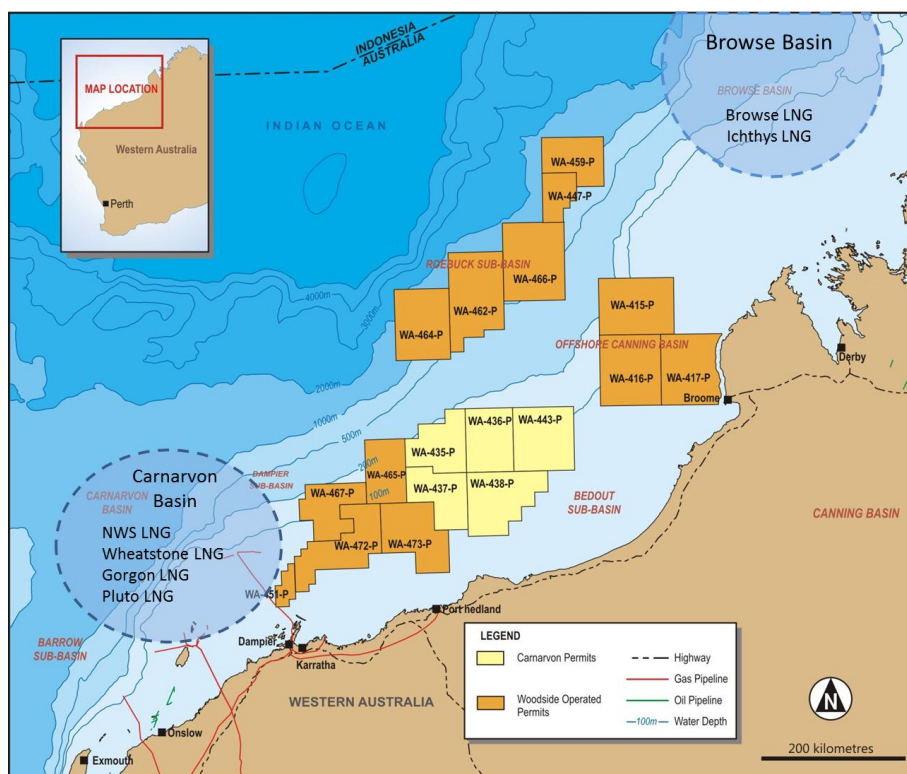
Carnarvon Petroleum Limited (“Carnarvon”) (ASX:CVN) provides shareholders and the market with an update on its 50% interest in the WA-435-P, WA-436-P, WA-437-P and WA-438-P exploration permits and its 100% interest in the WA-443-P permit.

## Summary

- Negotiations regarding the farm-out of the WA-435-P and WA-437-P permits are working toward finalising an agreement around the end of September 2012. As previously advised, Carnarvon is seeking to farm out a portion of its interest to fund the initial exploration drilling activities in these permits.
- Ongoing technical work by Carnarvon has identified several new prospects and leads that could potentially contain oil. One of these new prospects is situated updip of oil shows encountered in the Phoenix-1 well.
- The second 3D seismic program, referred to as “Zeester” and covering 3,854km<sup>2</sup> in the northern area of the WA-435-P, WA-436-P and WA-443-P permits, is currently being processed by Fugro with data expected to be available at the end of calendar 2012.

## Regional setting

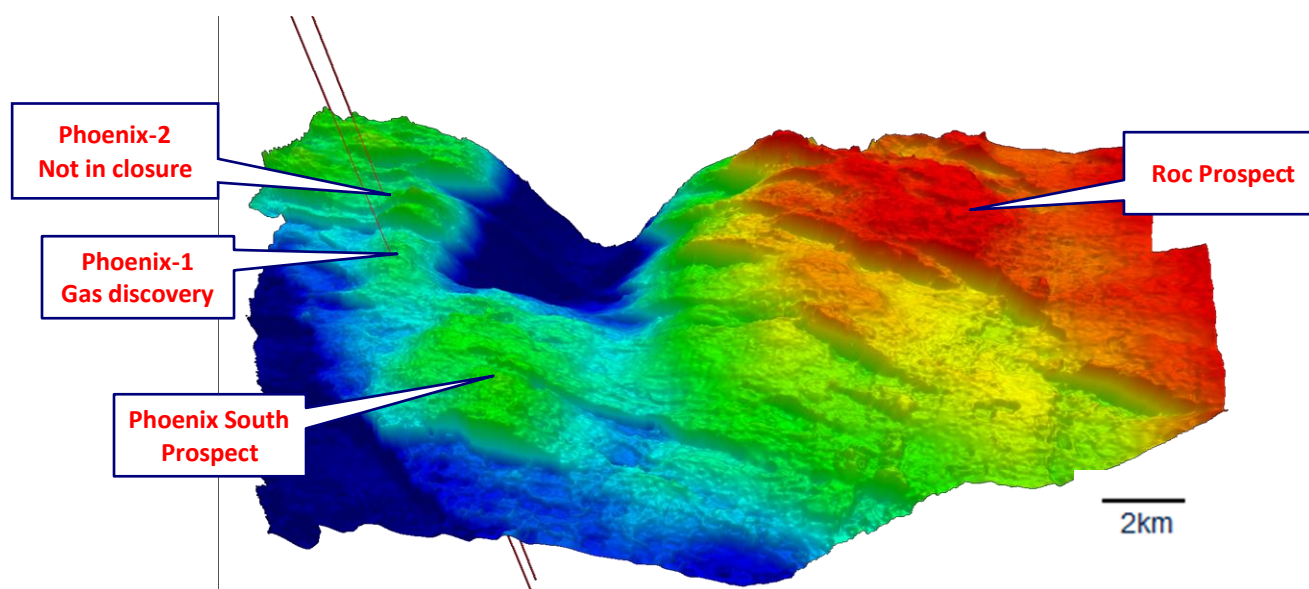
Carnarvon’s Phoenix interests are in the Roebuck Basin that is one of the least-explored offshore regions of the North West Shelf. It is situated between the prolific Carnarvon and Browse Basins and has recently attracted substantial attention from a number of major oil and gas companies.



## Farmin update covering WA-435-P and WA-437-P permits

Carnarvon and its Joint Venture partner, FINDER Exploration Pty Ltd, are advancing negotiations with a major oil and gas company for a farmin to the WA-435-P and WA-437-P permits. The parties are currently working on a Farmin Agreement with the objective of having this completed around the end of September 2012. The Farmin Agreement will be subject to the final board approval of all parties and Government regulatory approval.

The WA-435-P and WA-437-P permits contain the Phoenix South and Roc prospects situated near to the Phoenix-1 gas discovery. There is also the potential for liquids to be associated with the gas, based on the correlation of the Phoenix-1 well mud-log with the gas composition of producing fields such as North Rankin.



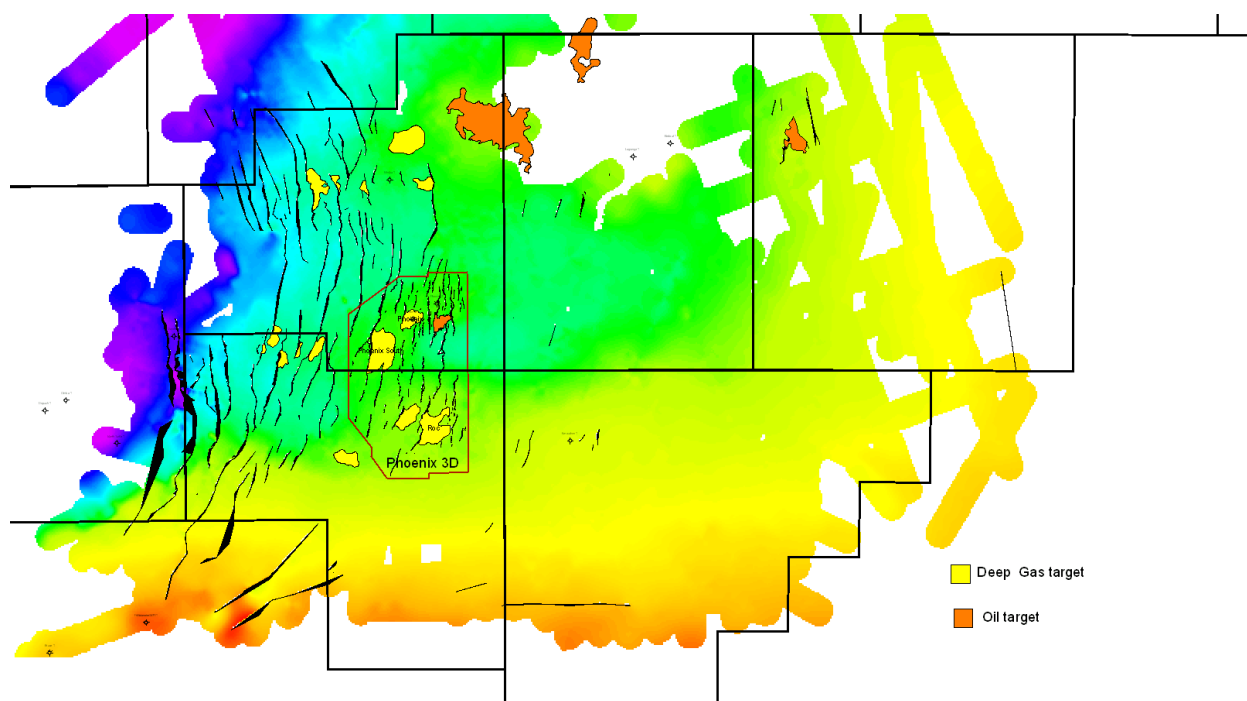
**Phoenix 3D seismic interpretation near top gas depth**

## Technical work

Carnarvon has continued to undertake technical work over its five permit holdings in the area, covering approximately 28,000km<sup>2</sup>, particularly with a focus on oil leads as well as the identified deep gas potential.

The Phoenix-1 well logs encountered good oil shows in the shallower sections of the well bore as well as the presence of gas over a substantial section in the deeper part of the well bore. These oil shows, together with the discovery of an oil column in the Nebo-1 well, in an adjacent permit some 45 kilometres to the west of WA-435-P, are very encouraging. The ongoing technical work by Carnarvon has outlined several leads and prospects in the northern part of the permits over which the Zeester 3D survey is currently being completed. The Company has also mapped a new large oil prospect updip of the oil shows in the Phoenix-1 well within the Phoenix 3D seismic, capable of containing significant quantities of oil within lower Cretaceous sandstone reservoirs.

This new prospect has resulted from detailed mapping of the faulting at the lower Cretaceous level. The technical work is ongoing and will focus on developing further oil-type leads and prospects in the permits.



## Increasing number of Cretaceous prospects and leads arising from ongoing technical work

### Zeester 3D seismic survey

The second 3D seismic acquisition program over Carnarvon's blocks (referred to as "Zeester") was completed in June 2012 with the acquisition of seismic data covering some 3,854km<sup>2</sup> in the northern region of the WA-435P, WA-436-P and WA-443-P permits. The first 3D seismic program was the Phoenix 3D covering 1,100km<sup>2</sup> over the Phoenix-1 and 2 wells.

The Zeester seismic data was acquired by Fugro on a multi-client basis, and while Carnarvon has not yet licensed the data, the Company believes that, when available, it will provide invaluable information for a number of substantial leads mapped on the historical 2D seismic data.

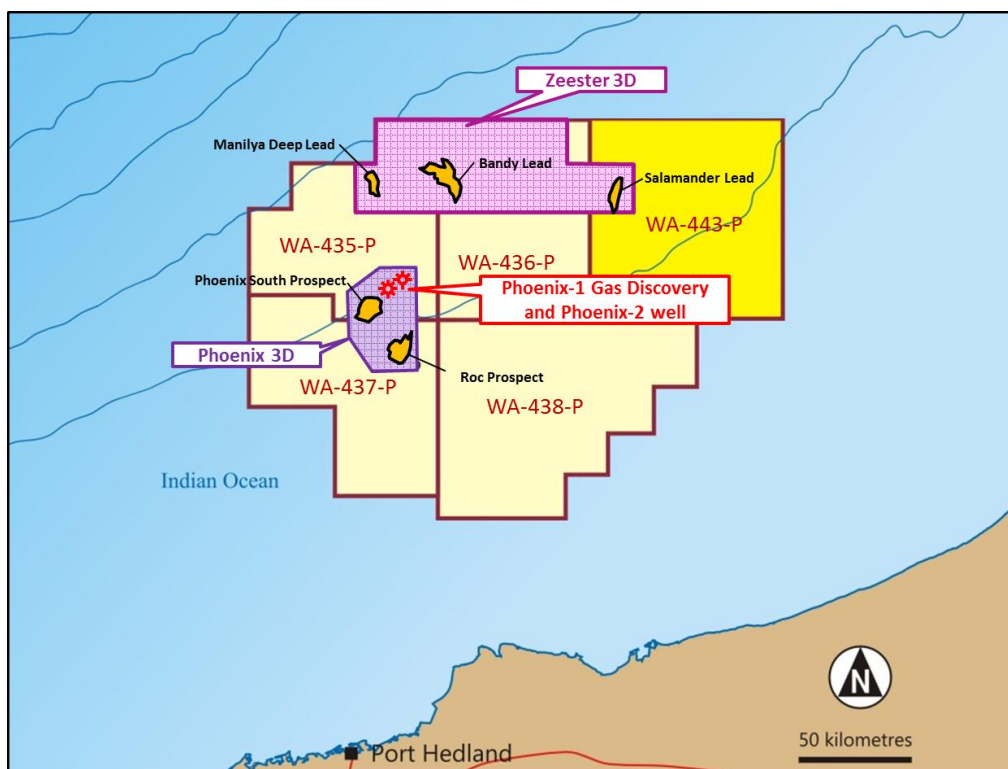
The Zeester 3D survey was designed to target numerous north-south oriented structures in the west and also to cover the Bedout High structure in the north. This survey will complement recently acquired 2D tie lines from the Phoenix 3D acquisition that highlighted a number of potential exploration targets.

### Regional activity

Since Carnarvon secured its interest in the Phoenix permits, several major oil and gas companies have secured exploration permits in the area. These companies have collectively committed to acquire around 20,000 km<sup>2</sup> of new 3D seismic data and to drill 12 wells in the next two and a half years. Within five years the region should see at least 23 exploration wells being drilled. Woodside Petroleum also secured a major position in the region and is expected to commence an eight-well drilling program in late 2013.

The consequence for Carnarvon will be a heightened level of exploration activity, with associated availability of relevant equipment and a renewed focus on the Company's exploration activities.

Carnarvon is ideally placed in what is becoming a new frontier province for exploration in the Greater North West Shelf. The Company is highly leveraged to exploration and development success in the area, with large equity interests across a substantial acreage holding.



For all enquiries please contact the Company on 08 9321 2665 or [admin@cvn.com.au](mailto:admin@cvn.com.au)

Yours faithfully



**Adrian Cook**  
Managing Director  
Carnarvon Petroleum Limited