

Carnarvon secures funding boost for North West Shelf exploration



HIGHLIGHTS

24 DECEMBER 2013

- Well cost cap increased from \$50m to \$70m (gross) to drill Phoenix South-1 well and the contingent Roc well
- Apache to assume operatorship upon exercising option to acquire 40% interest in WA-436-P and WA-438-P
- Carnarvon now fully funded for drilling Phoenix South-1 and Roc wells

Carnarvon Petroleum Limited (ASX:CVN) (Carnarvon) is pleased to inform shareholders that it has entered into new agreements with Apache Northwest Pty Ltd (Apache) which secure additional funding for drilling activities on its highly prospective North West Shelf permits.

Apache has agreed to fund Carnarvon's share of costs for the Phoenix South-1 well and the Roc well (contingent) up to an increased cap of US\$70m (gross cost per well).

Carnarvon retains its 20% interest in the wells, which are contained within WA-435-P and WA-437-P respectively.

Carnarvon and FINDER Exploration Pty Ltd (Finder) will grant Apache an option to acquire a 40% interest in WA-436-P and WA-438-P (20% from Carnarvon and 20% from Finder), for a nominal consideration to be exercised on or before 3 July 2014. Upon exercising the option, Apache will assume operatorship of these permits and Carnarvon will hold a 30% interest in each of WA-436-P and WA-438-P.

Managing Director and Chief Executive Officer, Mr Adrian Cook said, *"this transaction, in conjunction with the recently completed Entitlement Offer, enables Carnarvon to be fully funded through the Phoenix South-1 and Roc wells and if Apache exercises the option, will secure a world class operator across these four contiguous permits."*

In addition to drawing forward value to the more immediate Phoenix South-1 well and the contingent Roc well, the transaction creates the platform to commercialise the value of the Company's North West Shelf acreage and create increased value for shareholders. In the event of success at Phoenix South-1 well, we anticipate this increase will be significant."

For all enquiries please contact:

Shareholder Enquiries

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Yours faithfully

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

Adrian Cook
Managing Director
Carnarvon Petroleum

About Carnarvon Petroleum

Carnarvon Petroleum Limited (Carnarvon) is a Perth based company listed on the Australian Securities Exchange (ASX: CVN). The company's principal activity is oil and gas exploration and production.

Carnarvon's objective is to create material returns on its shareholder's investments, through delivering profitable and sustainable growth from the development, exploitation and commercialisation of oil and gas assets.

Carnarvon is focused on oil & gas exploration in the world-class province of the North West Shelf area off the coast of Western Australia, and is producing oil from onshore assets in Thailand.

Equity interests in WA-435-P and WA-437-P

	Before transaction	After transaction
Apache (operator)	40%	40%
Carnarvon	20%	20%
JX Nippon	20%	20%
Finder Exploration	20%	20%

Equity interests in WA-436-P and WA-438-P (based on exercise of option)

	Before transaction	After transaction
Apache (operator)	-	40%
Carnarvon	50%	30%
Finder Exploration	50%	30%

Location map

