

Roc-2 well drilling update

16 August 2016



Carnarvon Petroleum Limited ("Carnarvon") (ASX:CVN) provides the following update on drilling operations as advised by the operator of the Roc-2 well, Quadrant Energy.

Progress

Since the last report the 17 ½" (445 mm) hole has been drilled to 3,433 metres measured depth, just below the Cossigny marker (refer Figure 1).

Current Operations

The well is in the process of setting the 13 ⅝" (346 mm) intermediate casing.

Forward Plan

Following the cementing of the 13 ⅝" casing, a further 850 metres of intermediate 12 ¼" (311 mm) hole will be drilled down to just above the **primary Caley target** (refer Figure 1), and a 9 ⅝" (245 mm) drilling liner will be placed across this open hole to enable the well to drill to its deeper targets.

Other information

At around 3,250 metres measured depth, a 10m section of elevated gas readings and moderate fluorescence was observed across a sandstone interbed within the Upper Keraudren, consistent with residual hydrocarbons. Slightly deeper in the well, from around 3,360 metres measured depth, elevated gas readings and minor fluorescence were observed in the Cossigny limestone. This hydrocarbon fluorescence has regional interest because it is the first case of hydrocarbons migrating above and within the Cossigny, and increases the exploration potential of the area.

The Huxley and Barret formations (refer Figure 1) are expected to be encountered in the 12 ¼" hole section. The Barret sands were oil charged at Phoenix South-1 well and water wet at Roc-1 well. In the Roc-1 well, hydrocarbon shows were observed in the Huxley sands and further data on this potential reservoir section will expand the exploration portfolio outside this well, particularly for prospects outside this area such as Bandy.

The primary target for the Roc-2 well is the Caley sands which were gas and condensate charged in Roc-1. This zone is expected to be cored late August or early September 2016. Due to the nature of these operations, no information will be available to the joint venture during the coring process, which is anticipated to take 5-10 days. The Company expects to be in a position to report on whether the target formations are hydrocarbon-bearing, and the extent of any reservoir sands intersected, after completion of a drilling wiper trip with Logging While Drilling ("LWD") tools at the completion of the coring process.

A stratigraphic image of the formations and casing plan is presented in Figure 1 below.

Following coring, further drilling, logging and testing operations are planned.

The Roc-2 well is located within the WA-437-P exploration permit in the North West Shelf of Australia. The equity interest holders are:

| | |
|-------------------------------------|------------|
| Carnarvon Petroleum | 20% |
| Quadrant Energy (<i>Operator</i>) | 80% |

Yours faithfully



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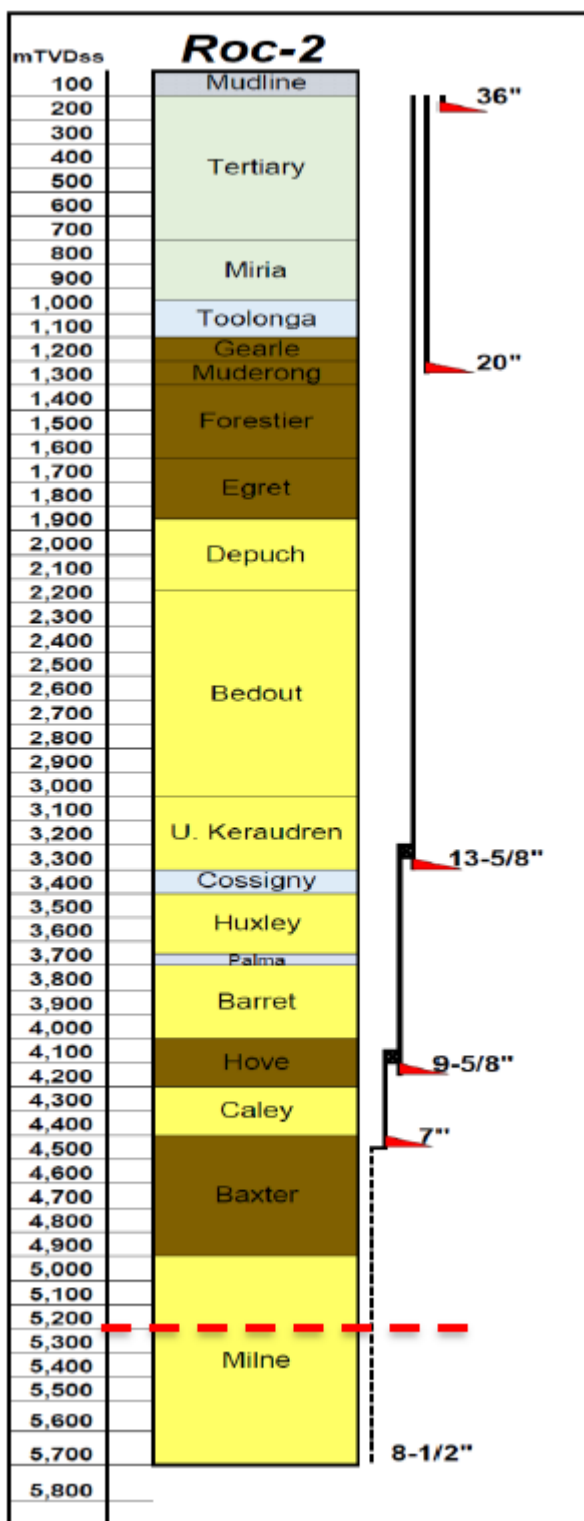


Figure 1: Stratigraphic column expected to be encountered by the Roc-2 well with major formations outlined and anticipated casing plan. Note the 7" casing will be set after the well has completed drilling operations. The well has a planned total depth of around 5,250 metres but has the capacity to be drilled deeper