

Roc-2 well drilling update

03 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 around 2,230 metres measured depth.

A mechanical issue with the rig's drilling system occurred since the last report. The issue has been rectified and the operator minimized costs during this period. As a result, the well is around 10 days behind schedule.

Current Operations

The well is continuing to drill in the 17 ½" (445 mm) hole section.

Forward Plan

The rig is expected to take around 1 week to drill the 17 ½" (445 mm) hole down to a depth of approximately 3,500 metres measured depth before running the 13 5/8" (346 mm) intermediate casing. No reservoir objectives are anticipated to be intersected in this hole section. The well will then be deepened in 8 ½" (216 mm) hole to just above the reservoir target.

The primary target for the Roc-2 well, the Caley sands which were gas and condensate charged at Roc-1, is expected to be cored with coring activities expected to commence 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. The well will then be deepened to explore for the secondary targets to a total depth of up to 5,250 metres.

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

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

Adrian Cook
Managing Director
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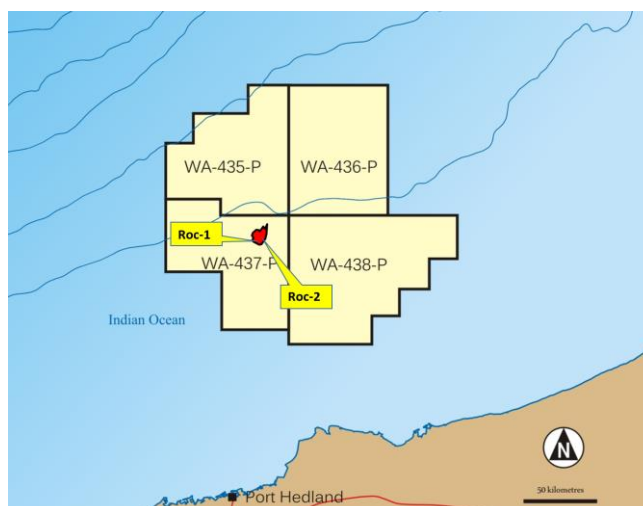


Figure 1: Location of Roc-2 within WA-437-P in the North West Shelf of Western Australia

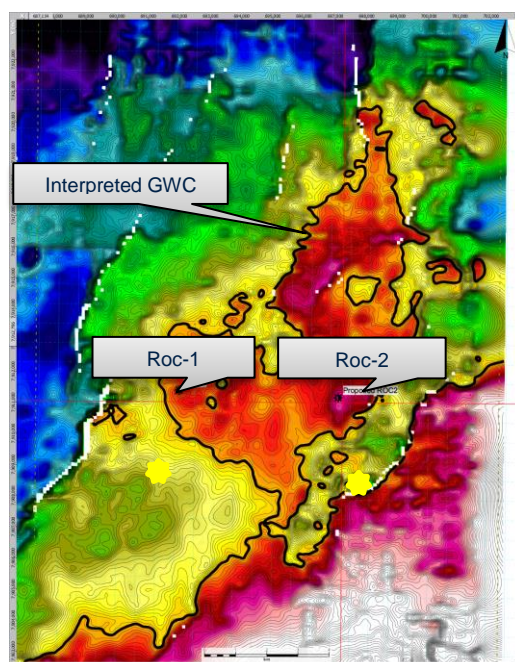


Figure 2: Location of Roc-2 within the Roc structure based on depth map from 3D seismic