

Roc-2 well drilling update

4 October 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 wireline operations have been completed and the 7" (178 mm) casing liner has successfully been set in place across the Caley formation as planned in preparation for flow testing the well.

Current Operations

The rig is currently in the process of cleaning out the well bore after the cementing operations to set the liner.

Forward Plan

Once the well bore has been cleaned, a process expected to take several days, a Drill Stem Test ("DST") string will be run in the hole which will enable the flow testing of the Roc-2 well across the Caley formation that was gas-condensate charged based on wireline interpretation. Due to the complexity of these downhole tools, it may take over a week to install the DST in place.

The well will then be perforated and the well will be opened for a controlled flow test over a period of about a week. The flow tests will enable the measurement of pressure, permeability and flow capacity of the Caley formation.

The Company expects to be in a position to report on the well testing results in around two weeks.

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

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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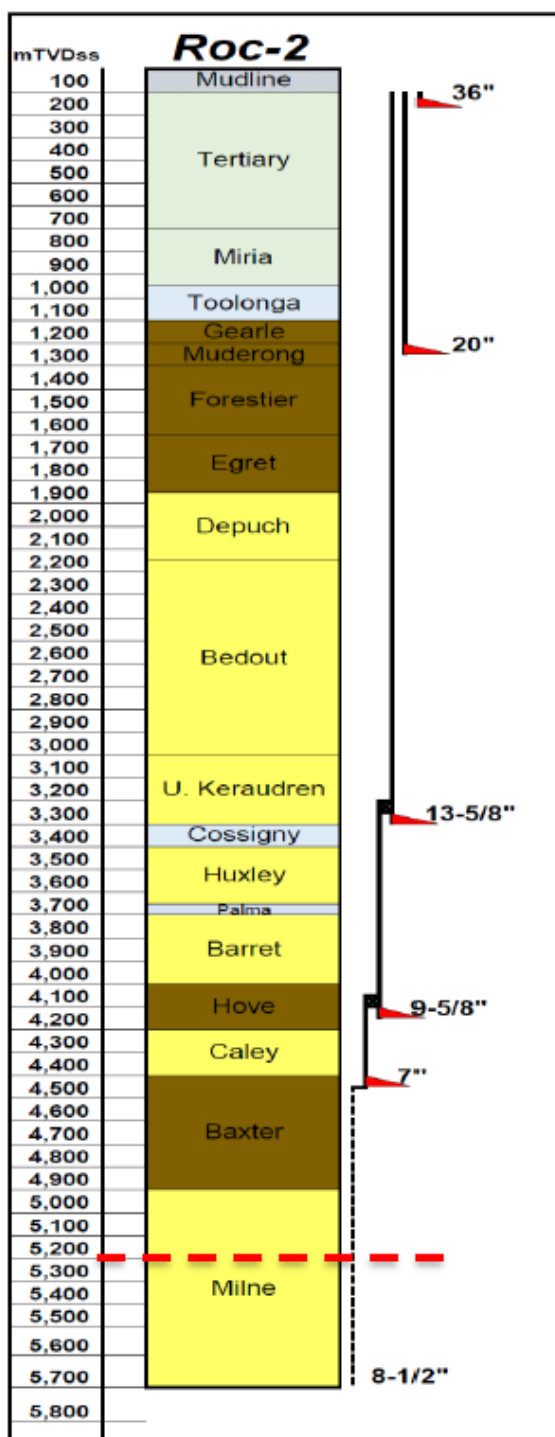


Figure 1: Stratigraphic column expected to be encountered by the Roc-2 well with major formations outlined and anticipated casing plan. Note the 7" casing will be set after the well has completed drilling operations. The well has a planned total depth of around 5,250 metres but has the capacity to be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