

Phoenix South-2 well drilling update

4 November 2016



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

Progress

The well commenced drilling on the 30th October and has drilled down to approximately 1,500 metres measured depth.

Current Operations

The well is currently setting the 20" (508mm) casing.

Forward Plan

Once the 20" (508mm) casing has been set and cemented in place, the well will commence drilling the 17 ½" (445 mm) hole. The rig is expected to take between 2 to 3 weeks to complete the drilling of the 17 ½" 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 Phoenix South-2 well is located within the WA-435-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 "A. Cook", is positioned above the name of the signatory.

Adrian Cook
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Figure 1 - Location of the Phoenix South-2 well

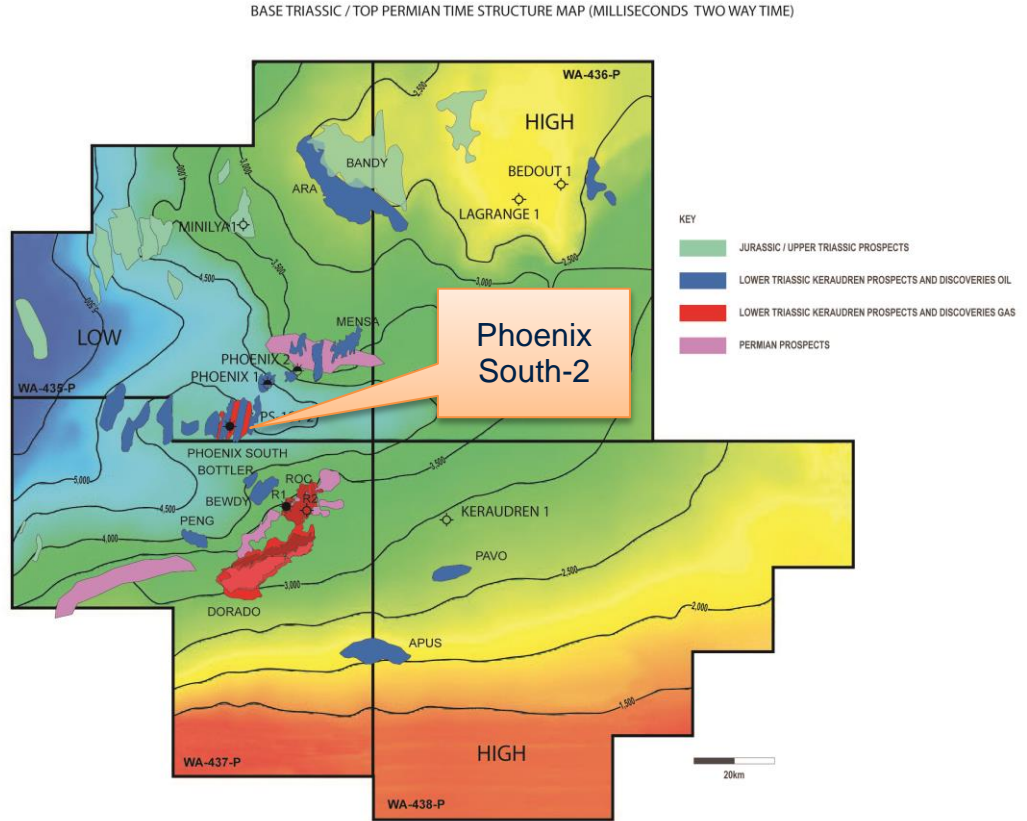


Figure 2: Caley depth map

