

Santos acquires Quadrant Energy

23 August 2018



Carnarvon Petroleum Limited ("Carnarvon") (ASX:CVN) notes the ASX announcement released by Santos Limited ("Santos") (ASX:STO) on 22 August 2018 in relation to the potential acquisition of Quadrant Energy ("Quadrant").

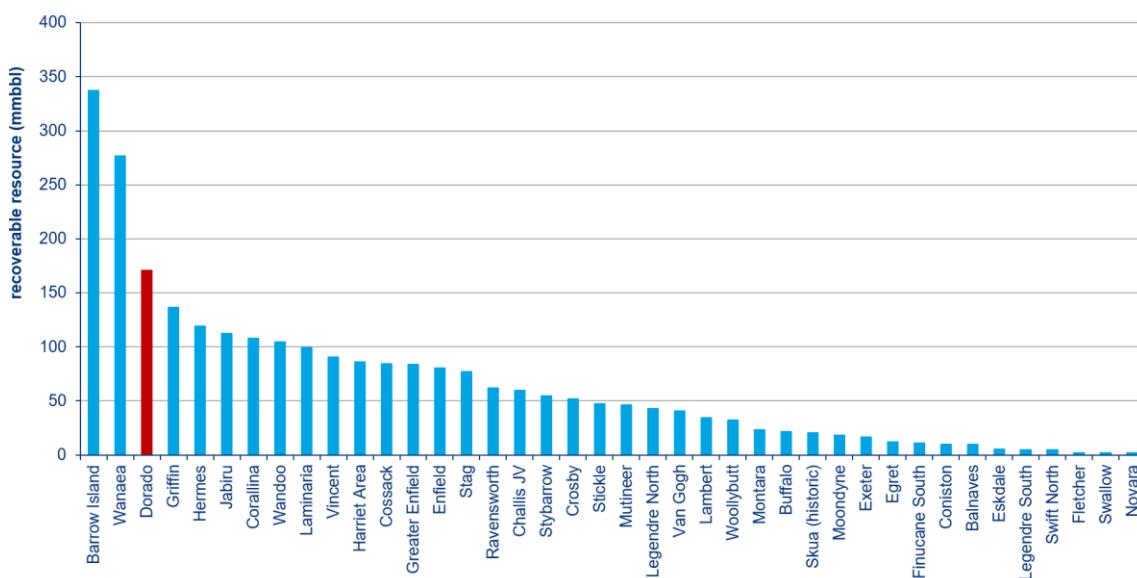
Carnarvon and Quadrant are currently joint venture partners in the Phoenix Project comprising the Dorado, Roc and Phoenix South discoveries. Carnarvon holds a 20-30% interest in the four associated permits that comprise the Phoenix Project, being WA-435-P (20%), WA-436-P (30%), WA-437-P (20%) and WA-438-P (30%).

Carnarvon welcomes news of the potential acquisition and the incoming joint venture partner Santos, a highly experienced oil and gas exploration and production company. Carnarvon has good relations with Santos and looks forward to progressing the Phoenix Project together.

Under the deal, Santos will acquire 100% of Quadrant (including Quadrant's 70-80% interest in the Phoenix Project) for cash consideration of US\$2.15 billion plus contingent payments and royalties. Carnarvon notes that Santos has not stated what proportion of the upfront consideration was applied to the Phoenix Project area. Accordingly, it is not possible to ascertain the consideration applicable and therefore the look through value associated with the Phoenix Project. Carnarvon shares the enthusiasm shown by Santos in relation to the Phoenix Project and the willingness to quickly commercialise the recent discoveries including Dorado.

Carnarvon refers to its recent contingent resources announcement of 20 August 2018, which stated that "*171 million barrels of oil discovered in Dorado is one of the largest oil resource ever found on the North West Shelf.*"

The following chart was prepared and authorised for publication by leading oil and gas consultancy firm Wood Mackenzie. It confirms the Dorado 2C contingent oil resource is the third largest discovery in the history of the North West Shelf.



Carnarvon notes that very few junior ASX listed oil and gas companies have participated in a discovery of this magnitude.

Carnarvon intends to shortly provide the market with further details on prospects identified by the play concept now proven at Dorado, that we believe have the potential to also contain oil resources.

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Annexure 1

Contingent Resource Information

The contingent resources in the Dorado field are:

Gross Contingent Resource		1C	2C	3C
Oil	(million barrels)	82	171	320
Condensate	(million barrels)	6	16	36
Total liquids	(million barrels)	88	186	356
Gas	(billion cubic feet)	229	552	1,197
Barrels of oil equivalent	(million barrels)	128	283	566

Net Contingent Resource		1C	2C	3C
Oil	(million barrels)	17	34	64
Condensate	(million barrels)	1	3	7
Total liquids	(million barrels)	18	37	71
Gas	(billion cubic feet)	46	110	240
Barrels of oil equivalent	(million barrels)	26	57	113

Refer to Carnarvon Petroleum's ASX announcement on 20 August 2018 for the complete information with respect to these resources.

The estimates of contingent resources included in this report have been prepared in accordance with the definitions and guidelines set forth in the SPE-PRMS.

Carnarvon used deterministic and probabilistic methods to prepare the estimates of these contingent resources.

These contingent resources have been aggregated by arithmetic summation and hence the aggregate 1C may be a very conservative estimate and the 3C may be a very optimistic estimate due to the portfolio effects of arithmetic summation.

Carnarvon is not aware of any new information or data that materially affects the resource information included in this report and that all material assumptions and technical parameters underpinning the estimates in this announcement continue to apply and have not materially changed.

These resource estimates were prepared by the Company's Chief Operating Officer, Mr Philip Huizenga, who is a full-time employee of the Company. Mr Huizenga has over 25 years' experience in petroleum exploration and engineering. Mr Huizenga holds a Bachelor Degree in Engineering, a Masters Degree in Petroleum Engineering and is a member of the Society of Petroleum Engineers. Mr Huizenga is qualified in accordance with ASX Listing Rules and has consented to the form and context in which this statement appears.

Forward Looking Statements

This document may contain forward-looking information. Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "anticipate" and "potential" or other similar wording. Forward-looking information in this document includes, but is not limited to, references to: well drilling programs and drilling plans, estimates of reserves and potentially recoverable resources, and information on future production and project start-ups. By their very nature, the forward-looking statements contained in this news release require Carnarvon and its management to make assumptions that may not materialize or that may not be accurate. The forward-looking information contained in this news release is subject to known and unknown risks and uncertainties and other factors, which could cause actual results, expectations, achievements or performance to differ materially, including without limitation: imprecision of reserve estimates and estimates of recoverable quantities of oil, changes in project schedules, operating and reservoir performance, the effects of weather and climate change, the results of exploration and development drilling and related activities, demand for oil and gas, commercial negotiations, other technical and economic factors or revisions and other factors, many of which are beyond the control of Carnarvon. Although Carnarvon believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurances that the expectations of any forward-looking statements will prove to be correct.