

Carnarvon Petroleum Ltd

12:19 14 Aug 2018

Carnarvon Petroleum's oil exploration strategy continues to generate significant shareholder value

Carnarvon Petroleum Limited (ASX:CVN) is witnessing significant interest from media, shareholders and the broader market in its recent drilling and operational activities.

The company's share price has surged to 46 cents, an increase of 156% since July 13, 2018.

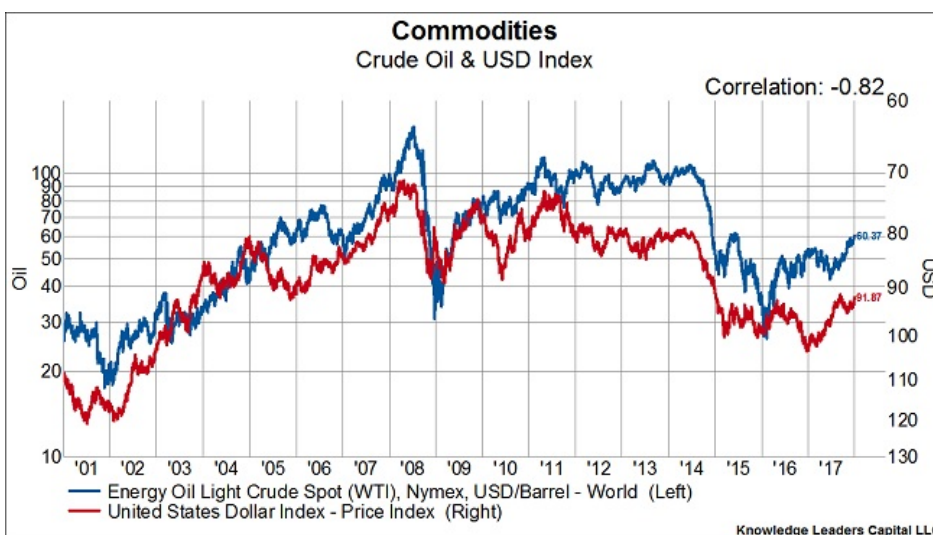
Background

In 2013, Carnarvon refined its strategic focus, making a decision to divest its onshore Thailand oil production assets and other Asian interests to concentrate on Australian investments.

In two transactions, Carnarvon divested its interest in these assets, realising in excess of \$100 million in proceeds before the drop in oil prices at the end of 2014.

In refining its strategic focus, the company decided Australia's North West Shelf represented a logical, manageable and compelling area of focus.

Fortuitously, the significant drop in the oil price from 2014 to 2017 caused discretionary exploration to be largely curtailed by most upstream companies.



Oil price chart

With a strong cash position and an industry in retreat, Carnarvon secured and progressed new projects with its inhouse geoscience team.

A further benefit of this point in the cycle was that significantly reduced rig rates

Price: 0.27

Market Cap: \$422.65 m

1 Year Share Price Graph



Share Information

Code: CVN

Listing: ASX

52 week High Low
0.39 0.11

Sector: Oil & Gas

Website: www.carnarvon.com.au

Company Synopsis:

Carnarvon Petroleum Ltd (ASX:CVN) has set its sights on unlocking the largest oil field in WA's North West Shelf.

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were negotiated, compared to earlier years, and Carnarvon was one of the most active in drilling wells throughout the bottom of the cycle.

Phoenix Blocks (predominantly CVN 20% working interest)

The Phoenix Blocks in the North West Shelf offshore Western Australia represent one such area of focus.

Following the recent completion of the Dorado-1 and Phoenix South-3 wells, Carnarvon and its joint venture partner will have drilled six wells in this sub-basin, with hydrocarbons discovered in each well.

The Dorado-1 well was one of the higher risk exploration targets considered by the joint venture, and the decision to drill was taken because of the large geological structure (i.e. potential for large volumes of hydrocarbons) and the low drilling cost relative to the potential reward.

The joint venture has now announced that the well encountered about 120 metres of net oil pay.

Both the light oil recovered in the wireline testing and the indicative quality of the reservoir point to a highly valuable discovery.

The commerciality of this will be assessed in time, but it is the oil in Dorado and potentially successful adjacent structures that will now become our immediate focus.

Carnarvon expects this to be highly profitable for shareholders in due course.

Buffalo Project (100% CVN)

A project that the company is equally excited about, but that has attracted far less investor attention so far, is the Buffalo Project in Timor-Leste territorial waters.

The project appears economically compelling based on Carnarvon's preliminary mean recoverable volume of 31 million barrels, which has been reviewed by leading independent consulting firm RISC.

READ: Carnarvon Petroleum moves closer to oil production at Buffalo with preparations for first well

To emphasise the scale of this project, at today's oil price this project would generate a revenue of more than \$3 billion over a project life of a few years.

Carnarvon is progressing discussions with the Timor-Leste Government, with whom the company is having a constructive and supportive dialogue and have set up a representative office in the capital Dili.

Forward plan

The Dorado result is a truly spectacular discovery and Carnarvon is expected to report on the volumetric estimates in the next couple of weeks.

The Buffalo project remains an ideal oil field redevelopment and the company is making good progress with this asset.

Carnarvon's share price has seen significant volatility over July and August.

As speculators move off Carnarvon's register and are replaced by institutions seeking medium-term exposure to two quality oil projects, the volatility is expected to make way for a phase of sustained growth.

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