

Buffalo farm-out completion

20 April 2021



Carnarvon Petroleum Limited ("Carnarvon") (ASX:CVN) is pleased to update shareholders on the farm-out of the Buffalo project to Advance Energy plc ("Advance Energy").

Advance Energy and Carnarvon have satisfied all of the conditions precedent and all completion requirements have been met.

On 17 December 2020, Carnarvon announced that Advance Energy will acquire 50% of the Buffalo project by funding the drilling of the Buffalo-10 well up to US\$20m on a free carry basis. Advance has met this funding requirement and now has a 50% interest in the project.

The Buffalo-10 well is on track to be drilled in late 2021, subject to securing a drilling rig, where the tendering process is already underway.

Following the well, the joint venture will acquire development funding from third party lenders and any additional funding requirements (in addition to that provided by third party lenders) will be provided by Advance as an interest free loan.

Carnarvon Managing Director and CEO, Mr Adrian Cook, said:

"The completion of this transaction is fantastic news for Carnarvon and Advance Energy and now we look forward to drilling the Buffalo-10 well later this year.

The joint venture will move to develop the field quickly to take advantage of the strengthening oil markets. This will be achieved by suspending the well as a future production well and commencing early development studies during 2021

The Buffalo field has the advantage of being in shallow water which enables a low cost project. This together with the certainty of the fields historical production characteristics enables a fast track timetable and makes Buffalo an exciting project for Carnarvon shareholders".

Approved by

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

Adrian Cook
Managing Director
Carnarvon Petroleum

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About Buffalo Redevelopment Project

Carnarvon was awarded the WA-523-P permit, which included the previously developed Buffalo field, in May 2016 for an initial six-year term. The Field was discovered by BHP in 1996 and subsequently developed using four wells drilled from a small, unmanned wellhead platform installed in 25 metres water depth, tied back to an FPSO. Production commenced in December 1999 at production rates up to approximately 50,000 stb/d and terminated in November 2004 after the production of 20.5 MMstb of highly-undersaturated, light oil (53°API) from the Jurassic-age Elang Formation. All existing facilities and wells were decommissioned and removed prior to Carnarvon being awarded the permit.

Carnarvon initially focussed its technical work on reprocessing of the 3D seismic dataset using state-of-the-art full waveform inversion (FWI) technology. This work supports the interpretation of a significant attic oil accumulation remaining after the original development, based on sub-optimal positioning of early wells using poorly processed seismic data. Reservoir modelling has been conducted using the latest structural interpretation and available well data, including an extensive history-matching effort to calibrate model/well performance to production rates and water-cut development (governed by strong aquifer drive) observed during the original production period.

Based on this work, independently audited volumetric estimates of contingent resources in the Buffalo oil field are 31.1 million barrels (2C) with low estimates of 15.3 million barrels (1C) and high estimates of 47.8 million barrels (3C) - Refer to Carnarvon Petroleum's ASX announcement on 28 August 2017.

Resource Information

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.

A combination of deterministic and probabilistic methods were used to prepare the estimates of these contingent resources.

The resource estimates outlined in this report were compiled by the Company's Chief Operating Officer, Mr Philip Huizenga, who is a full-time employee of the Company. Mr Huizenga has over 20 years' experience in petroleum exploration and engineering. Mr Huizenga holds a Bachelor Degree in Engineering and a Masters Degree in Petroleum Engineering. Mr Huizenga is qualified in accordance with ASX Listing Rules and has consented to the form and context in which this statement appears.

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

Cautionary Statement

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.

About Advance Energy

Advance Energy (<https://www.advanceplc.com/>) was originally incorporated in September 2006 and in February 2020 announced Board changes and name change to Advance Energy plc. The Company's main focus is on growth through acquisition or farm-in to non-operated interests in upstream projects where there is an opportunity to add significant value in the short to medium term.

Advance Energy looks to identify assets where they can add value, such as via funding, and maximise their value using their unique insights from original technical work, commercial acumen or advantaged relationships.

Advance Energy's business model is to seek non-operated interests either by acquisition or farm-in.

The Advance Energy approach is to support and enhance the performance of upstream operators to deliver exceptional project outcomes and exceptional returns.