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**CARNARVON PETROLEUM LIMITED**

**ABN 60 002 688 851**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 11.30am (WST)

**DATE:** Friday 18 November 2011

**PLACE:** Royal Perth Yacht Club  
Australia II Drive, Crawley  
Perth, Western Australia.

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Mr Robert Anderson on (+61 8) 9321 2665.*

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**TIME AND PLACE OF MEETING AND HOW TO VOTE**

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**VENUE**

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The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 11.30am (WST) on Friday 18 November 2011 at Royal Perth Yacht Club, Australia II Drive, Crawley, Perth, Western Australia.

**HOW TO VOTE**

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You may vote by attending the Annual General Meeting in person, by proxy, or (if you are a body corporate) by an authorised representative.

**YOUR VOTE IS IMPORTANT**

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The business of the Annual General Meeting affects your shareholding and your vote is important.

**VOTING IN PERSON**

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To vote in person, attend the Annual General Meeting on the date and at the place set out above.

**VOTING BY PROXY**

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A Shareholder has the right to appoint a proxy (who need not be a Shareholder). A proxy can be an individual or a body corporate. A body corporate appointed as a Shareholder's proxy may, if it wishes to exercise its rights and powers as a proxy at the AGM, appoint a representative to exercise any of the powers the body corporate may exercise as a proxy at the AGM (see 'Voting by Corporate Representative' section below).

To vote by proxy, please complete and sign the enclosed Proxy Form and return (together with the original of any power of attorney or other authority, if any, or a certified copy of that power of attorney or other authority under which the proxy form is signed).

Proxy forms should be returned to Link Market Services Limited in accordance with the instructions on the attached proxy form by 11.30am (WST) Wednesday 16 November 2011.

**Proxy Forms received later than the time specified above will be invalid.**

The following methods of delivery for proxies are specified:

Online: The proxy form can be lodged online by visiting [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au). Select 'Investor Login' and enter Carnarvon Petroleum Limited or the ASX code (CVN) in the Issuer name field, your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the front of your proxy form), postcode and security code which is shown on the screen and click 'Login'. Select the 'Voting' tab and then follow the prompts. You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website.

By post: Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235

By facsimile: +61 2 9287 0309

By delivery: Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000

If you are entitled to cast two or more votes at the meeting, you may appoint two proxies and you may specify the proportion or number of votes each proxy may exercise. Where two proxies are appointed, a separate form should be used for each. You are requested to show on the form a specified proportion of your voting rights which a proxy may exercise. If you appoint two proxies and the appointment does not specify the number or proportion of votes each proxy may exercise, each proxy may exercise half the votes.

## **VOTING BY CORPORATE REPRESENTATIVE**

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A body corporate which is a Shareholder, or which has been appointed as a proxy, is entitled to appoint an individual to act as its representative at the AGM in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company and/or the Share Registrar, Link Market Services Limited, before the AGM or at the registration desk on the day of the AGM. Certificates of appointment of corporate representatives are available on request by contacting Link Market Services Limited on telephone number 1300 554 474 (within Australia) or +61 2 8280 7111 (outside Australia) or shareholders can download and fill out the 'Appointment of Corporate Representation' form from the website of the share registry of the Company – [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

## **ENQUIRIES**

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Shareholders are asked to contact the Company Secretary, Mr Robert Anderson, on (+61 8) 321 2665 if they have any queries in respect of the matters set out in these documents.

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## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that an Annual General Meeting of Shareholders will be held at 11.30am (WST) on Friday 18 November 2011 at Royal Perth Yacht Club, Australia II Drive, Crawley, Perth, Western Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the AGM. The Explanatory Statement forms part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 4pm (WST) on Wednesday 16 November 2011.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

## AGENDA

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### ORDINARY BUSINESS – FINANCIAL STATEMENTS AND REPORTS

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To receive and consider the Annual Financial Report, the Directors' Report and the Audit Report of Carnarvon Petroleum Limited for the financial year ended 30 June 2011.

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### RESOLUTION 1 – RE-ELECTION OF MR TED JACOBSON AS A DIRECTOR

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

*“That Mr Ted Jacobson, who retires by rotation in accordance with rule 35(c) of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company.”*

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### RESOLUTION 2 – ISSUE OF SECURITIES TO MR ADRIAN COOK

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

*“For the purposes of Listing Rule 10.14 of the ASX and Chapter 2E of the Corporations Act, and for all other purposes, the Company approves the issue and allotment of 3,000,000 fully paid ordinary shares and the associated loan to Mr Adrian Cook or nominee under the Carnarvon Employee Share Plan on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”*

**Voting Exclusion:** In accordance with Listing Rule 10.15.5 and section 224 of the Corporations Act 2001, the Company will disregard any votes cast on this Resolution by Mr Cook or any associate of Mr Cook.

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**RESOLUTION 3 – ADOPTION OF THE REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2011**

To consider and, if thought fit, to pass the following resolution as a **non-binding** resolution:

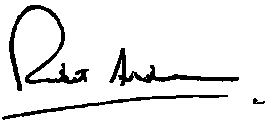
*“That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report required by section 300A of the Corporations Act, as contained in the Directors’ Report of the Company for the year ended 30 June 2011, be adopted.”*

**Note:** Section 250R(3) of the Corporations Act provides that the vote on this Resolution is advisory only and does not bind the Directors

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Dated: 10 October 2011

By order of the Board

A handwritten signature in black ink, appearing to read 'Robert Anderson', with a horizontal line underneath it.

Mr Robert Anderson  
Company Secretary

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## **EXPLANATORY STATEMENT**

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This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 11.30am (WST) on Friday, 18 November 2011 at Royal Perth Yacht Club, Australia II Drive, Crawley, Perth, Western Australia.

The purpose of this Explanatory Statement is to provide information that the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

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### **1. FINANCIAL STATEMENTS AND REPORTS**

The Corporations Act requires the Annual Financial Report, the Directors' Report, and the Auditor's Report (**Annual Report**) to be received and considered at the AGM. The Corporations Act does not require Shareholders to vote on the Annual Report. However Shareholders attending the AGM will be given a reasonable opportunity to ask questions about, or make comments on, the financial statements and reports contained within the Annual Report which can be downloaded from the Company's [www.carnarvon.com.au](http://www.carnarvon.com.au).

The Company's auditor, Crowe Horwath Perth, will be present at the AGM and Shareholders will have the opportunity to ask the auditor questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies, and the independence of the auditor.

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### **2. RESOLUTION 1 – RE-ELECTION OF MR TED JACOBSON AS A DIRECTOR**

By way of background, under rule 35(c) of the Company's Constitution, one-third of the directors (other than the Managing Director) are required to retire by rotation every year but are eligible to be re-elected.

Ted Jacobson is the director to retire by rotation and, being eligible, offers himself for re-election as a director. He was appointed as a director in December 2005 and held the position of Chief Executive Officer and Managing Director until 30 June 2011.

Mr Jacobson is a petroleum geophysicist with 39 years' experience in petroleum exploration principally in the European North Sea, South East Asia, South America and Australia. Within Australia he has been responsible for initiating a number of petroleum discoveries within the Cooper Basin, Barrow Sub Basin and Timor Sea.

In 1986, Ted established the consulting company Exploration Study Projects Pty Ltd which advised companies on new venture opportunities in Australia and South East Asia and assisted in capital raisings and corporate activity. In 1991 Ted was co-founder of Discovery Petroleum NL and from 1996 co-founder and technical director of Tap Oil Ltd which grew to a market capitalisation of over \$400 million under his technical leadership. Ted retired from Tap in September 2005.

#### *Directors' recommendation*

The Directors, other than Mr Jacobson, unanimously recommend that Shareholders vote in favour of this resolution.

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### 3. RESOLUTION 2 – ISSUE OF SECURITIES TO MR ADRIAN COOK

By way of background, on 29 June 2011 the Company announced the retirement of Mr Jacobson as an executive of the Company and the appointment of Mr Cook as his replacement, namely to the roles of Chief Executive Officer and Managing Director.

The Company carefully considered the issue of the Managing Director's remuneration and considered the issue of securities under the Company's shareholder approved Employee Share Plan an essential part of the remuneration package because it:

- Creates an important alignment of interests with Shareholders, generally at no financial cost to the Company;
- Provides a competitive remuneration package, relative to its peers, in what is currently a resource constrained industry; and
- Enhances the effectiveness of the Company's retention strategies for key executives.

The Company also carefully considered the level and composition of remuneration for the role in terms of:

- the market capitalisation of the Company and the scope and value of its activities;
- the Company's geographical focus and position of existing operations;
- the size and level of day to day operations;
- the complexity and importance of the strategic decisions facing the Company;
- the level of responsibility attaching to the office of a director;
- the compensation for similar roles; and
- the level and composition of the compensation previously provided by the Company for this role.

Resolution 2 recommends the issue of 3,000,000 shares to Mr Cook on the terms provided under the Company's Employee Share Plan ("the Plan").

A summary of the terms of the Plan rules were set out in the 2009 Notice of Annual General Meeting that was lodged with ASX on 13 October 2009 and can be downloaded from [www.asx.com.au](http://www.asx.com.au) or [www.carnarvon.com.au](http://www.carnarvon.com.au). A copy of the full terms of the Plan can also be obtained by contracting the Company Secretary, Mr Robert Anderson.

The securities will be issued, if approved by Shareholders, under the rules of the Plan with the exception of:

- The Board exercised its discretion to issue the securities at a premium to the 5 day volume weighted average price ("VWAP") on the date of offer. Previously securities were issued at the 5 day VWAP as provided in the Plan rules. The share price of 23.0 cents per share represents 135% of the 5 day VWAP on the date of offer;

- the Board also exercised its discretion to extend the period in which Mr Cook is restricted in dealing in the shares to one third in the second year after issue, one third in the third year and the balance in the fourth year.

Shareholder approval is required under the provisions of Listing Rule 10.14 in respect of all securities to be issued to directors (or their associates) under an employee incentive scheme. Further, Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the company unless the benefit falls within one of various exceptions to that prohibition. The exceptions include where the benefit is provided with the prior approval of the members of the company in general meeting.

"Related party" is widely defined and includes all directors of the company. "Financial benefit" has a wide meaning and includes the issue of securities by a company. Resolution 2, if passed, will confer financial benefits on a director.

Shareholders are being asked to approve the issue of securities to Mr Cook as part of his remuneration package. Resolution 2 seeks shareholder approval for Mr Cook to participate in the Plan to a maximum extent of 3,000,000 shares.

For the purposes of Chapter 2E of the Corporations Act (and for all other purposes), the following information is provided to Shareholders:

- (a) The proposed financial benefit to be given to Mr Cook (or his respective nominee) is the issue of 3,000,000 ordinary shares under the Plan and the provision of a loan (in accordance with the Plan rules) in connection with that issue, on the terms summarized below.
- (b) In determining the number of securities to be issued and the terms, consideration was given to the relevant experience and role of Mr Cook, his overall remuneration, the current market price of the Company's shares, and the terms of the Plan.
- (c) The shares will be acquired by Mr Cook at a price of 23.0 cents per share. The Board made the offer to Mr Cook to acquire shares in the Company under the Company's existing Employee Share Scheme at the date of his appointment as Chief Executive Officer and Managing Director on 1 July 2011 having regard to the fair value of the offer relative to the fixed component of his remuneration. Under the Employee Share Scheme the Board, at its discretion, made the Offer using the three month volume weighted average price ("VWAP"), resulting in an issue price premium of around 35% to the share price at 1 July 2011. In addition, the Board also exercised its discretion in extending the period in which Mr Cook is restricted in dealing in the shares to one third in the second year after issue, one third in the third year and the balance in the fourth year.
- (d) The Company will provide a non-recourse loan to Mr Cook (or his respective nominee) in connection with the issue of shares to him under the Plan.
- (e) On acceptance and approval of an offer of shares under the Plan, Mr Cook (or his respective nominee) will be deemed to have agreed to borrow the cost of these shares from the Company to fund the acquisition of the shares on the terms and conditions set out in the Plan.



- (f) If shareholders approve the issue of the shares to Mr Cook, this will dilute the shareholdings of the Company's existing shareholders. Based on the Company's issued capital that dilution would be 0.4%.
- (g) The highest and lowest closing prices of the Company's shares on the ASX in the 12 months prior to the date of issue of this Explanatory Memorandum were 52 cents on 19 October 2010, 25 October 2010, and 5 November 2010, and 12.5 cents on 26 September 2011.
- (h) The closing price of the Company's shares on ASX on 29 September 2011 was 14 cents.
- (i) If the shares were trading on ASX at the 23.0 cents per the share issue price, the market value of the shares would be \$690,000. The value of the loan is determined at this time, as set out below, and is therefore \$690,000.
- (j) The Company uses the Black-Scholes Option Pricing Model (BSOPM) for determining the cost of the share issue. The BSOPM assumes a market price of 17 cents per share (being the weighted average sale price of the Company's ordinary shares on ASX over the 5 trading days prior to the date on which the Board resolved, subject to shareholder approval, to make a formal offer of participation), a risk free rate of 4.75%, and volatility of 65%. Using these assumptions, the BSOPM determined accounting cost for the issue of Plan Shares is approximately 6.5 cents per share, which produces an accounting cost for the share issue at \$194,313.
- (k) The Company loan of \$690,000 to fund the acquisition of the shares is interest free. At an assumed interest rate of 6%, this represents an annual interest benefit of \$41,400.
- (l) The remuneration paid or payable to Adrian Cook for the 12 months ending 30 September 2011 is as follows:

<b>Director</b>	<b>Salary and fees</b>	<b>Share based payments</b>	<b>Superannuation</b>	<b>Bonus</b>	<b>Total</b>
Adrian Cook	\$413,195	\$39,063	\$28,372	\$95,412	\$576,042

- (j) The current annual cash remuneration being paid to Adrian Cook is \$500,000 salary plus \$45,000 superannuation.
- (k) Adrian Cook currently owns 1,794,839 Ordinary Shares and no options in the Company.

The principal provisions of the Plan include:

- the Plan is available to all directors, employees or consultants of the Company or any of its subsidiaries ("Eligible Person");
- the Company may at any time, in its absolute discretion, make an offer to an Eligible Person;

- the number of Plan Shares issued to any Eligible Person and the issue price is to be determined by the directors of the Company;
- the issue price is to be no less than the weighted average market price of the Company's shares on the 5 trading days prior to the proposed date of issue;
- the offer may be accepted by an Eligible Person or an associate of that Eligible Person, within the given acceptance period;
- the person accepting the offer ("Participant") will be taken to have agreed to borrow from the Company, on the terms of the loan agreement referred to below, an amount to fund the purchase of the Plan Shares;
- the Plan Shares will rank pari passu with all issued fully paid ordinary shares in respect of voting rights, dividends and entitlement to participate in any bonus or rights issues; Eligible Persons may not dispose of a third of their Plan Shares before the second year following their issue and may not dispose of a third of their Plan Shares before the third year following their issue. These restrictions do not apply in the event of redundancy or change of control. The Board has exercised its discretion in extending the period in which Mr Cook is restricted in dealing in the shares to one third in the second year after issue, one third in the third year and the balance in the fourth year.
- until the loan to the Participant is fully repaid, the Company has control over the disposal of the Plan Shares. Once the loan is repaid in full, the Participant may deal with the Plan Shares as he wishes;
- the aggregate number of Plan Shares and other shares and options issued in the previous 5 years under any other employee incentive scheme of the Company must not exceed 5% of the issued capital of the Company; and
- applications will be made as soon as practicable after the allotment of the Plan Shares for listing or quotation on ASX.

The loan terms of the Plan are summarised below:

- (i) The amount borrowed ("Advance") will be an amount equal to the issue price of the shares accepted ("Plan Shares") and will be applied solely in payment of that issue price. Loans made under the Plan involve no cash outlay by the Company.
- (ii) The balance outstanding on the Advance is non-recourse, may be repaid at any time and is interest free. A holding lock will be placed on the Plan Shares until the loan is fully repaid. The Participant is under no obligation to repay the loan.
- (iii) All dividends paid on the Plan Shares will be applied towards repayment of the Advance.

- (iv) The outstanding balance of the Advance must be repaid to the Company within 30 days of the borrower ceasing to be a director or employee of the Company.
- (v) If the borrower ceases to be a director or employee of the Company the maximum liability in respect of the Advance will be the lesser of (i) the amount of the Advance then owing; and (ii) the market price of those Plan Shares, in which case the borrower authorizes the Company to sell the Plan Shares as agent for the Borrower and apply the net proceeds of sale in full satisfaction of the Advance.

Listing Rule 10.15 sets out a number of matters that must be included in a notice of meeting seeking an approval under Listing Rule 10.14, including the following (some of the matters have already been addressed elsewhere in this section):

- (i) Resolution 2 seeks shareholder approval for Adrian Cook to participate in the Plan to a maximum extent of 3,000,000 shares.
- (ii) No shares have been issued to directors of the Company and their associates under the Plan since shareholder approval was last received for such an issue on 30 April 2007.
- (iii) The shares will be issued as soon as practicable, but no later than 1 month after the date of the general meeting.
- (iv) The basis on which the price of the shares to be issued is calculated is set out above.
- (v) The terms of the loan in connection with the shares to be issued is set out above.
- (vi) The securities will be issued as consideration for the performance of executive services by Mr Cook.
- (vii) The Company will not be raising any funds from the issue of the securities, but if the full value of the loan is repaid the Company will receive \$690,000.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the shares as approval is being obtained under ASX Listing Rule 10.14. Shareholders should note that the issue of the securities to Mr Cook will not be included in the calculation of the Company's 15% placement capacity for the purposes of ASX Listing Rule 7.1.

#### *Directors' Recommendation*

Mr Cook does not want to make a recommendation to Shareholders about the proposed resolution approving the issue of securities to himself because he has an interest in the outcome of that resolution.

Each other director made his recommendation after considering alternatives, such as a higher cash based component of remuneration. The Directors, other than Mr Cook, unanimously recommend that Shareholders vote in favour of this resolution having considered the matters set out in Section 3 of this explanatory memorandum. To the extent permitted by law, the Chairman intends to vote undirected proxies in favour of resolution 2.

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#### 4. RESOLUTION 3 – ADOPTION OF THE REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2011

The Directors' Report for the year ended 30 June 2011 contains a Remuneration Report, which sets out the policy for remuneration of directors and executives. In accordance with section 250R of the Corporations Act, the Company submits its Remuneration Report for the year ended 30 June 2011 to Shareholders for consideration and adoption by way of a non-binding resolution.

The vote on this resolution is advisory only and does not bind the directors or the Company, nor does it affect the remuneration paid or payable to the Company's directors or the executives. However, the Board will take the outcome of the resolution into account when considering future remuneration policy.

Section 250R(4) of the Corporations Act prohibits any votes on this resolution being cast by senior executives (or their associates) whose remuneration details are disclosed in the Remuneration Report. This prohibition extends to undirected proxy votes to be cast by the Chairman. In this regard, you should specifically note that if you indicate on the Proxy Form that you do not wish to specify how your proxy should vote on resolution 3, you will be deemed to have expressly directed the Chairman to cast your votes **in favour of resolution 3. If you wish to appoint the Chairman as your proxy but do NOT want your votes to be cast in favour of resolution 3, you must indicate your voting intention by marking either 'against' or 'abstain' against resolution 3 on the Proxy Form.**

At the AGM there will be a reasonable opportunity for discussion of the report.

##### *Directors' recommendation*

The Directors unanimously recommend that Shareholders vote in favour of this resolution. The Directors acknowledge however that they have a personal interest in some aspects of the Remuneration Report.

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#### ENQUIRIES

Shareholders are asked to contact the Company Secretary, Mr Robert Anderson, on (+61 8) 9321 2665 if they have any queries in respect of the matters set out in these documents.

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## GLOSSARY

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**Annual General Meeting** or **AGM** means the meeting convened by this Notice of Meeting.

**ASX** means ASX Limited.

**Board** means the current board of directors of the Company.

**Company** or **Carnarvon** means Carnarvon Petroleum Limited (ABN 60 002 688 851).

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** mean the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice of Meeting.

**Notice of Meeting** or **Notice of Annual General Meeting** means this notice of Annual General Meeting including the Explanatory Statement.

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

**Share** means a fully paid ordinary share in the Company.

**Shareholder** means a holder of a Share.

**Share Registrar** means Link market Services Pty Limited.

**WST** means the time in Perth, Western Australia.



By mail:  
Carnarvon Petroleum Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: 1300 554 474 Overseas: +61 2 8280 7111



X99999999999

## SECURITYHOLDER VOTING FORM

I/We being a member(s) of Carnarvon Petroleum Limited and entitled to attend and vote hereby appoint:

### STEP 1

### APPOINT A PROXY

the Chairman  
of the Meeting<sup>1</sup>  
(mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 11:30am (Perth time) on Friday, 18 November 2011, at Royal Perth Yacht Club, Australia II Drive, Crawley, Perth, Western Australia and at any adjournment or postponement of the meeting.



<sup>1</sup> Section 250R(4) of the Corporations Act prohibits any votes on this resolution being cast by senior executives (or their associates) whose remuneration details are disclosed in the Remuneration Report. This prohibition extends to undirected proxy votes to be cast by the Chairman. In this regard, you should specifically note that if you indicate on the Proxy Form that you do not wish to specify how your proxy should vote on resolution 3, you will be deemed to have expressly directed the Chairman to cast your votes in favour of resolution 3. If you wish to appoint the Chairman as your proxy but do NOT want your votes to be cast in favour of resolution 3, you must indicate your voting intention by marking either 'against' or 'abstain' against resolution 3 on the Proxy Form.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an

### STEP 2

### VOTING DIRECTIONS

#### Resolution 1

Re-election of Mr Ted Jacobson as a director

For	Against	Abstain <sup>2</sup>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### Resolution 2

Issue of Securities to Mr Adrian Cook

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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#### Resolution 3

Adoption of the Remuneration Report for the year ended 30 June 2011

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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The Chairman of the Meeting intends to vote undirected proxies in favour of all resolutions.



<sup>2</sup> If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### STEP 3

### SIGNATURE OF SECURITYHOLDERS - THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Securityholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Securityholder 3 (Individual)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

CVN PRX110



## HOW TO COMPLETE THIS PROXY FORM

### Your Name and Address

This is your name and address as it appears on the company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

### Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. A proxy may be an individual or a body corporate.

### Votes on Items of Business - Proxy Appointment

You should direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he chooses. If you mark more than one box on an item your vote on that item will be invalid.

If the Chairman of the meeting or another of the Key Management Personnel of the company or their closely related parties is your proxy, that person will not vote your shares on resolution 3 (Remuneration Report) if you have not directed them how to vote on that item.

Key Management Personnel of the company are the Directors and those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly. The Remuneration Report identifies the company's Key Management Personnel for the financial year to 30 June 2011. Their closely related parties are defined in the *Corporations Act 2001* (Cth), and include certain of their family members, dependants and companies they control.

### Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

### Signing Instructions

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either securityholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the company's security registry.

## Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:30am (Perth time) on Wednesday, 16 November 2011**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



**ONLINE**  [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



**by mail:**

Carnarvon Petroleum Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



**by fax:**

+61 2 9287 0309



**by hand:**

delivering it to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.  
This will assist in registering your attendance.**