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27 November 2008

Company Announcements Office
ASX Limited

Via ASX Online

Dear Sirs,

CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING

Please find attached the Chairman's address to today's Annual General Meeting.

Yours faithfully
Carnarvon Petroleum Limited

A handwritten signature in black ink, appearing to read "RA Anderson", is written over a horizontal line.

RA Anderson
Company Secretary

ANNUAL GENERAL MEETING 27 NOVEMBER 2008
CHAIRMAN'S ADDRESS

I am pleased to report that Carnarvon Petroleum has enjoyed excellent operating results and is very strongly positioned in the current financial environment. This is my third Annual General Meeting as Chairman since the Board was restructured and Ted Jacobson was appointed to lead the Company.

Today I would like to outline some of the operating achievements and comment on the continuing development of your Company. At the same time I am sure that shareholders will be interested to know how Carnarvon is currently positioned and responding to the challenging market environment.

The 2008 financial year has seen a strong continuation of the development of the Company both in the field and financially. Carnarvon is now recognized on the Australian stock market as a well capitalised producer with growing production, reserves and cash flow. The following highlights demonstrate the progress made and the Company's strong position.

- Sales revenue jumped from \$3.7 million in the previous year to \$63 million and we achieved a net profit after tax of \$16.2 million.
- Production for the year exceeded 700,000 barrels of oil.
- Activity in the field was at record levels with 23 wells drilled.
- Full scale development of the Na Sanun East Oil Field commenced following grant of a production licence and environmental approvals.
- Carnarvon's net share of production is now close to and on track to meet the 2008 calendar year end production target of 6,000 bopd.
- Major exploration upside continues to be identified in our properties.
- We have been successful in adding to our exploration interests in Thailand.

These achievements, however, need to be considered in the context of the current global financial crisis. While I am by no means an expert, the current situation appears to be the most serious and widespread in my working experience which dates back to the 1960s.

In our annual report of only two months ago, I referred to a period of uncertain and highly volatile financial markets and commodity prices. Little did anyone expect to see the extent of the sudden subsequent collapse in oil prices and the Australian dollar. Carnarvon's share price has been caught in the downdraft of the flight to liquidity notwithstanding our excellent operating performance. However, we are weathering the storm better than many of our peers and I believe our relative position has improved.

Fortunately, for some time now your Board has taken a relatively conservative approach to the future and the following points are indicative of the stance we have taken.

- Carnarvon has a strong cash position, growing cash flows and no debt.
- We were successful in the early Thailand exploration bid rounds.
- Forward exploration and capital expenditure commitments are modest relative to our financial resources.
- Our focus on exploration opportunities in Thailand provides significant offsetting tax benefits in terms of exploration outlays.
- We have added to our small but first class technical team which has an excellent mix of skills and experience.
- Time has been invested to build our regional technical knowledge base.
- We have continued to develop our relationships with highly regarded operators in the region.
- As a buyer with financial capacity the market for petroleum assets has moved in our favour and we are experiencing an increasing flow of interesting opportunities.

In summary I am confident Carnarvon is very well placed to take advantage of the challenging times ahead.

The Company's success is of course largely dependent on the quality and efforts of the people involved. I thank my fellow directors, Chief Executive Officer, Ted Jacobson, and the whole Carnarvon team all of whom have made a great contribution.

We look forward to another rewarding year.