

**CARNARVON PETROLEUM LIMITED
ANNUAL GENERAL MEETING
11.00AM 16 NOVEMBER 2012**

AGENDA

- 1. OPENING AND NOTICE OF MEETING**
- 2. CHAIRMAN'S ADDRESS**
- 3. RECEIPT AND CONSIDERATION OF JUNE 2012 FINANCIAL STATEMENTS**
- 4. RESOLUTION 1: RE-ELECTION OF NEIL FEARIS AS A DIRECTOR**
- 5. RESOLUTION 2: ADOPTION OF THE REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2012**
- 6. RESOLUTION 3: RE-ADOPTION OF CARNARVON EMPLOYEE SHARE PLAN**
- 7. RESOLUTION 4: RATIFICATION OF PREVIOUS ALLOTMENT AND ISSUE OF FIRST TRANCHE SHARES TO INSTITUTIONAL AND SOPHISTICATED INVESTORS**
- 8. RESOLUTION 5: APPROVAL OF ALLOTMENT AND ISSUE OF SECOND TRANCHE SHARES TO INSTITUTIONAL AND SOPHISTICATED INVESTORS**
- 9. RESOLUTION 6: ISSUE OF SECURITIES TO MR ADRIAN COOK**
- 10. RESOLUTION 7: ISSUE OF SECURITIES TO MR PETER LEONHARDT**
- 11. RESOLUTION 8: ISSUE OF SECURITIES TO MR NEIL FEARIS**
- 12. RESOLUTION 9: ISSUE OF SECURITIES TO MR WILLIAM FOSTER**
- 13. RESOLUTION 10: ISSUE OF SHORTFALL SECURITIES UNDER THE SHARE PURCHASE PLAN HAS BEEN WITHDRAWN GIVEN THERE IS NO SHORTFALL TO PLACE**
- 14. CLOSURE OF ANNUAL GENERAL MEETING**
- 15. ADRIAN COOK PRESENTATION AND QUESTIONS**

1. Opening and Notice of Meeting

Welcome to Shareholders

Ladies and Gentlemen, I welcome you to the Annual General Meeting of Carnarvon Petroleum.

I am Peter Leonhardt, your Chairman for this meeting, and I would like to introduce my fellow board members.

Introduce Adrian Cook, Neil Fearis and Company Secretary Graeme Smith

Unfortunately two of our directors are unable to join us today. Ted Jacobson, who unable to travel to this meeting, and Bill Foster who is currently overseas.

Also joining us is [Mr Cyrus Patell] from our Auditors, Crowe Horwath.

I intend to deal with the formalities of the meeting, after which I will ask our CEO and Managing Director, Adrian Cook, to provide an update on the Company's activities.

Quorum

We have a quorum of shareholders present and I now declare the 2012 Annual General Meeting of Carnarvon Petroleum Limited open.

Notice of Meeting

Shareholders will have received the Notice of Meeting which details the business to be dealt with today, and with your permission I take the notice of meeting as read.

Introduction

There are a number of visitors here today as well as shareholders. Whilst visitors are welcome to remain, only shareholders, proxies or representatives may speak and/or vote at the meeting.

Will any shareholder, proxy or representative who wishes to speak at the meeting please identify himself or herself and, in the case of a proxy or representative, the shareholder you represent.

Apologies

Are there any apologies? [Bill Foster and Ted Jacobson]

Attendance register

The attendance register is located at the door of the meeting room. If there is anyone here who has not yet registered, could they please do so now.

Proxies

Rather than reading out the proxy votes at each resolution, on the screen behind me we have tabulated the valid proxies received and the proxy votes in relation to each resolution.

As advised in the Notice of Meeting, where permitted, I intend to vote undirected proxies in favour of each of the resolutions.

Minutes of the previous meeting

The minutes of the last Annual General Meeting of the Company held on 18 November 2011 have been signed by the Chairman and are available for inspection by shareholders.

2. Chairman's Address

As is the custom, I will make a short address before we commence the formal business of this meeting. After the formal business has concluded, Adrian Cook will then provide you with an update on the Company's future plans.

During the 2012 financial year we focused particularly on our oil production assets in Thailand and working with the new operator of these assets, on farming out two of our five Phoenix blocks, and on dealing with a number of other exploration initiatives. Unfortunately, despite a concerted effort, production failed to increase as we had expected and consequently we saw this adversely impact our results.

In relation to production, last year in my review I commented on our plans to re-weight this from oil produced from volcanic reservoirs to oil produced from sandstone reservoirs. The commencement of this initiative took longer than we expected as we awaited approvals from the Thai Government. The approvals were eventually received in June 2012 and we commenced the program in July with encouraging results. This program is working toward a production target of 800 bopd from sandstone reservoirs as part of our 3,000 bopd target by 31 December 2012 and at this time we are confident that operations are on track to deliver this target.

Our production was also impacted by a number of wells being shut in for regulatory reasons in the Bo Rang area. This matter is making progress and we expect to have this back on production next month.

Late in the financial year the 60% joint venture interest held by our former partner in Thailand, Pan Orient Energy, was acquired by Hong Kong and China Gas Company Limited (Towngas). Towngas is a substantial Hong Kong-listed company and has, in the short time since acquiring the asset, shown it has access to extensive resources that have not been applied to this asset before. Carnarvon welcomes Towngas and looks forward to working with them to enhance returns from the Thai assets.

Over the last 12 months or so we have also taken the decision to reduce our positions in the Rangkas PSC in Indonesia and the L20/50 Concession in Thailand. We made these decisions after having regard to the technical work we had completed, the likelihood of success in these permits, the potential size of the targets, and the costs to bring any discovery into production. We believe this is an appropriate and disciplined approach to exploration for a company of Carnarvon's size.

During the year the Board of Directors undertook a review of its remuneration policies and introduced a number of changes in both the short and long term incentive programs. These included, for example, issuing employee share plan shares at a premium to market and extending vesting periods. Additional business performance hurdles were also put in place for the short term incentive program.

I would note that this year no short term bonuses were paid and no employee share plan shares were issued to non-executive directors. There has also been no increase in fees to non-executive directors. Changes in remuneration noted in the Remuneration Report were solely on account of changes in management's roles and responsibilities following the retirement of Ted Jacobson as Managing Director in June 2011.

I am pleased to report our efforts to realise value from our interest in the Phoenix gas discovery in Western Australia are an important step closer with the farm out of two of the five permits to Apache as operator and JX Nippon as a minority partner. We will now work with the new operator to determine a window in which to drill the first of two planned wells.

Still in the Phoenix area, the Carnarvon team is now working on the next permit for farm out, namely WA-436-P, which is partially covered by new 3D seismic data that Fugro recently acquired on a multi-client basis. We expect to have this data processed and available for licencing early next year.

At this meeting we will be seeking shareholder approval for the allotment of shares to complete the second tranche of our recent capital raising. While it was disappointing to issue capital at current prices the timing was, to a considerable extent, brought about by the unexpected delays in our development programme. Your directors were also mindful of the need for the Company to be appropriately funded for the likely development plans of Towngas, the new operator of our Thai production assets.

This meeting will also seek shareholder approval for a number of your directors to participate in the placement. These directors will be participating on the same terms as the other shareholders and I believe it is encouraging that they continue to support the company in this way.

It is important to acknowledge that our Managing Director, Adrian Cook, and Chief Operating Officer Phillip Huizenga have made a very significant contribution towards turning around the Company's performance during a difficult period. My thanks to them and the entire staff.

We look forward to delivering on our program and other new opportunities in 2013. I can assure you that our team is fully committed to achieving these objectives.

Finally I would like to thank my fellow Non-Executive Directors, Neil Fearis, Bill Foster and Ted Jacobson for their support and counsel over the period.

We now move on to the formal business of the meeting.

When registering for the meeting this morning you would have received either a yellow (voting admission card), a blue (non-voting admission card), a red (visitor card) or a green (media card) coloured card. Those who received a yellow or blue card may speak and ask questions.

Please direct any questions you may have to me as the Chairman.

[Mr Chris Hernandez] of Link Market Services Limited, the Company's Share Registrars has been appointed to act as Returning Officer.

The persons entitled to vote at this meeting are all shareholders, representatives and attorneys of shareholders and proxyholders who hold yellow admission cards.

If you are here in more than one of those capacities, you will have been issued with as many yellow admission cards as you have separate capacities.

If you are a proxyholder, a white summary sheet of the votes to which you are entitled has been attached to your yellow admission card.

If anyone believes they are entitled to vote in any capacity and does not have a yellow admission card, please raise your hand now and a representative of Link Market Services will assist you.

Each resolution will be read and shareholders will have an opportunity to ask questions in relation to the resolution being considered (by raising your yellow or blue admission card).

When the discussion on each resolution is completed, the resolution will be put to the meeting and I will ask shareholders to vote by show of hands on the relevant resolution by raising your yellow voting cards accordingly. We will then move to the next resolution.

3. Receipt and consideration of 2012 Financial Statements:

The first item of business on the agenda for today's meeting is to receive and consider the Financial Report for the year ended 30 June 2012, the Directors' Report, and the Independent Audit Report.

As I noted earlier, we have with us today a representative from the Company's auditors, Crowe Horwath, to whom questions and queries can also be directed in relation to the conduct of the audit.

The accounts do not need to be formally adopted or approved by shareholders, but this is your opportunity to question the directors or the auditors on them.

Are there any questions or comments on the financial statements?

We will now move to the formal resolutions.

4. Resolution 1: Election of Mr Neil Fearis as a director

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

“That Mr Neil Fearis, 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.”

Refer to table of proxies

Is there any discussion on this motion?

In that case I move that the motion be put to the meeting.

Those in favour please raise your yellow admission card..... against
.....

I declare the resolution carried.

5. Resolution 2: Adoption of the remuneration report for the year ended 30 June 2012

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, approval is given for the adoption of the Remuneration Report as contained in the Directors’ Report of the Company for the year ended 30 June 2012.”

Refer to table of proxies

Is there any discussion on this motion?

In that case I move that the motion be put to the meeting.

Those in favour please raise your yellow admission card..... against
.....

I declare the resolution carried.

6. Resolution 3: Re-Adoption of Carnarvon Employee Plan

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

“That for the purpose of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, the Company approves the issue of shares under the Carnarvon Employee Share Plan.”

Refer to table of proxies

Is there any discussion on this motion?

In that case I move that the motion be put to the meeting.

Those in favour please raise your yellow admission card..... against
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I declare the resolution carried.

7. Resolution 4: Ratification of previous allotment and issue of first tranche shares to institutional and sophisticated investors

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

“That for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue and allotment of 102.9 million Shares, at an issue price of 8.2 cents per Share, to institutional and other exempt investors on the terms set out in the Explanatory Statement.”

Refer to table of proxies

Is there any discussion on this motion?

In that case I move that the motion be put to the meeting.

Those in favour please raise your yellow admission card..... against
.....

I declare the resolution carried.

8. Resolution 5: Ratification of previous allotment and issue of second tranche shares to institutional and sophisticated investors

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

“That for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Company approves the issue and allotment of up to 80 million Shares, at an issue price 8.2 cents per Share, to institutional and other exempt investors, on the terms set out in the Explanatory Statement.”

Refer to table of proxies

Is there any discussion on this motion?

In that case I move that the motion be put to the meeting.

Those in favour please raise your yellow admission card..... against
.....

I declare the resolution carried.

9. Resolution 6: Issue of securities to Mr Adrian Cook

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

“That for the purposes of ASX Listing Rules 7.1 and 10.11 and for all other purposes, Shareholders approve the issue and allotment of up to 750,000 Shares to Mr Adrian Cook as part of the placement the subject of Resolution 5.”

Refer to table of proxies

Is there any discussion on this motion?

In that case I move that the motion be put to the meeting.

Those in favour please raise your yellow admission card..... against
.....

I declare the resolution carried.

10. Resolution 7: Issue of securities to Mr Peter Leonhardt

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

“That for the purposes of ASX Listing Rules 7.1 and 10.11, and for all other purposes, Shareholders approve the issue and allotment of up to 750,000 Shares to Mr Peter Leonhardt as part of the placement the subject of Resolution 5.”

Refer to table of proxies

Is there any discussion on this motion?

In that case I move that the motion be put to the meeting.

Those in favour please raise your yellow admission card..... against
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I declare the resolution carried.

11. Resolution 8: Issue of securities to Mr Neil Fearis

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

“That for the purposes of ASX Listing Rules 7.1 and 10.11 and for all other purposes, Shareholders approve the issue and allotment of up to 125,000 Shares to Mr Neil Fearis as part of the placement the subject of Resolution 5.”

Refer to table of proxies

Is there any discussion on this motion?

In that case I move that the motion be put to the meeting.

Those in favour please raise your yellow admission card..... against
.....

I declare the resolution carried.

12. Resolution 9: Issue of securities to Mr William Foster

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

“That for the purposes of ASX Listing Rules 7.1 and 10.11 and for all other purposes, Shareholders approve the issue and allotment of up to 125,000 Shares to Mr William Foster as part of the placement the subject of Resolution 5.”

Refer to table of proxies

Is there any discussion on this motion?

In that case I move that the motion be put to the meeting.

Those in favour please raise your yellow admission card..... against
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I declare the resolution carried.

13. Resolution 10: Issue of shortfall securities under the share purchase plan has been withdrawn given there is no shortfall to place

14. Closure

Ladies and gentlemen, that concludes the formal business to be attended to at the Annual General Meeting.

There being no further business, I now declare the meeting closed and thank you for your attendance.

15. Adrian Cook presentation and questions

I would now like to hand over to Adrian Cook who will provide you with an update on the Company's activities, after which there will be an opportunity to ask questions.

Thank Adrian and invite shareholders to join the directors for refreshments.