



Annual General Meeting

16 November 2012

**SOUTH EAST
ASIA**

AUSTRALIA





Chief Executive Officer address

16 November 2012

**SOUTH EAST
ASIA**

AUSTRALIA



- ✓ **Build sustainable production**
 - From conventional sandstone reservoirs
 - From new approach to igneous (ie volcanic) reservoirs
- ✓ **Maximise free cash flows and earnings**
 - From Thailand production
- ✓ **Invest in significant growth potential assets**
 - **Thailand** oil field development and new exploration
 - **North West Shelf permit** drilling targeting gas, condensate and oil
 - New **strategic initiatives**



Regional assets

Thailand

- **Established oil province**
 - 12 mmbbls⁽¹⁾ net CVN on 2P basis
- **Undrilled prospects**
 - 50 mmbbls⁽²⁾ net CVN in identified prospects on 3D seismic
- **90% of acreage still in exploration phase**
 - Both sandstone and igneous potential

Western Australia

- **Established gas province**
 - Phoenix-1 discovery
- **Two large prospects to drill**
 - Farmed out to Apache & JX Nippon to cover 2 wells
 - First well expected late 2013⁽⁴⁾
 - Two multi Tcf prospects⁽³⁾
 - Potential liquids rich gas
- **Extensive opportunity in 28,000km² of permit holdings**
 - Portfolio of oil and gas leads
 - Large equity interests held



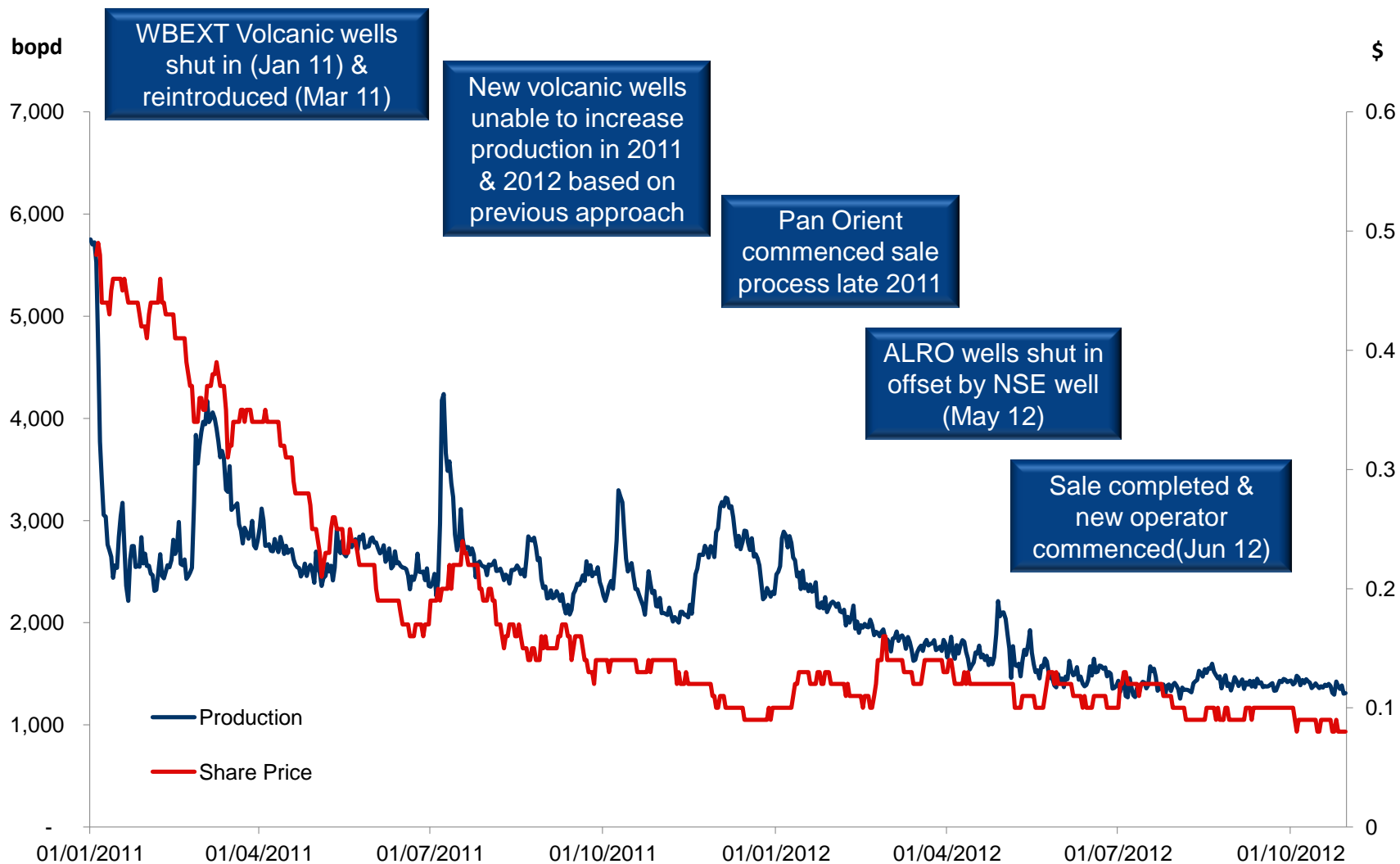
(1) Based on December 2011 Gaffney, Cline & Associates reserve report

(2) Based on previous operator's technical assessment

(3) Based on Operator's and Carnarvon's assessment and independent review by consulting firm ISIS. Carnarvon has a 20% interest.

(4) Subject to rig availability and environmental approvals

Production driving the share price



Activities targeting 3,000 bopd by 31 December 2012

1. Return **ALRO** shut-in wells to production
2. Systematic development of **WBEXT 1B fault block** sandstone wells
3. **Pressure support** for sandstone with water injection

Activities aimed at stabilising & building on the above rate in 2013

1. **Drilling further WBEXT sandstone** wells into 1B, 1E and 1F fault blocks
2. **Pressure support** for the above fault blocks with water injection
3. Completing the **Overall Development Plan** (“ODP”) technical work and continuing sandstone and igneous development activities:
 - New operator foreshadowing bigger sandstone development across the permits
 - Water injection seen as means of increasing flow rates through pressure support
 - Fracture network studies to enhance fracture predictability
 - Geological analysis of oil and water distribution

Strong technical input from Towngas and Carnarvon teams

Carnarvon Board and Management Team

Non-Executive Directors



Peter Leonhardt
Chairman
Accounting &
finance background



Bill Foster
Non Executive Director
Engineering & commercial
background



Ted Jacobson
Non Executive Director
Geological &
business background



Neil Fearis
Non Executive Director
Legal background

Management



Adrian Cook
CEO & Managing Director
Finance & commercial
background



Philip Huizenga
COO
Reservoir engineering
background

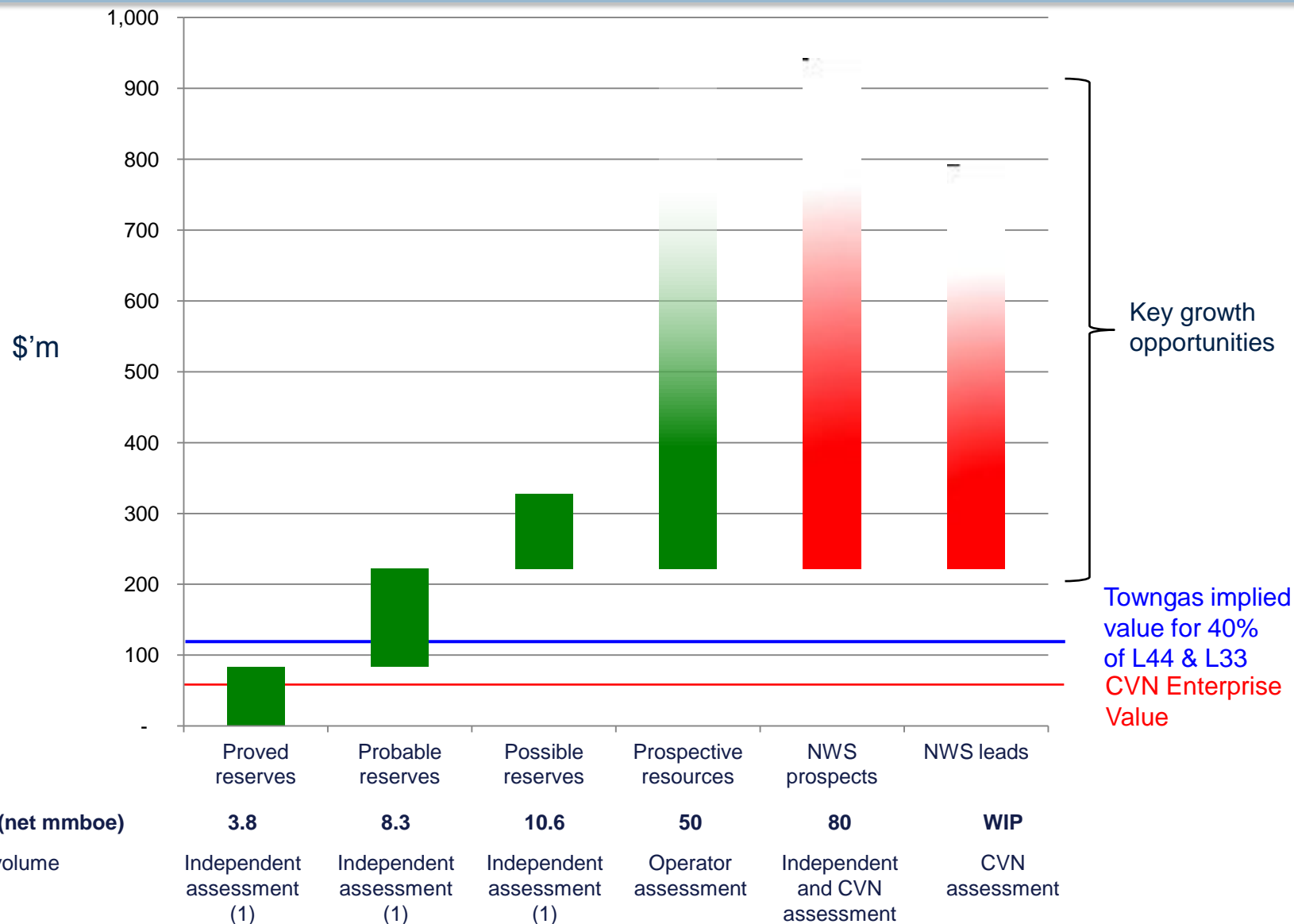


Stephen Molyneux
Exploration Manager
Geological
background



Andrew Padman
Exploration Advisor
Geophysics
background

Investment proposition



(1) Based on Gaffney, Cline & Associates review at 31 December 2011



Thailand

L44/43 and L33/43

(40% CVN)

Hong Kong and China Gas Limited (“Towngas”):

- Towngas is a energy utilities and infrastructure group with an increasing number of upstream energy businesses in Asia.
- Listed on the **Hong Kong stock exchange** - market capitalisation ~US\$20bn
- **Interests in 22 energy projects** including conventional oil & gas production, unconventional gas production and gas to liquids technology
- Their aim is to cover all aspects of energy from oil exploration through to gas processing

Towngas initiatives since assuming operator role:

- Towngas adopted a **“steady as she goes”** approach while reviewing all aspects of the asset for anticipated significant changes in 2013
- **First objective** was the effective delivery of the WBEXT sandstone program
 - Drilling times for sandstones wells consistent at 10-11 days
 - Well costs around US\$1 million per well
- Initiated technical teams to **review development and exploration activities**
 - Expect significant new development areas in 2013
 - Anticipate “no oil molecule left behind” in concerted effort to maximise value

Short term work program

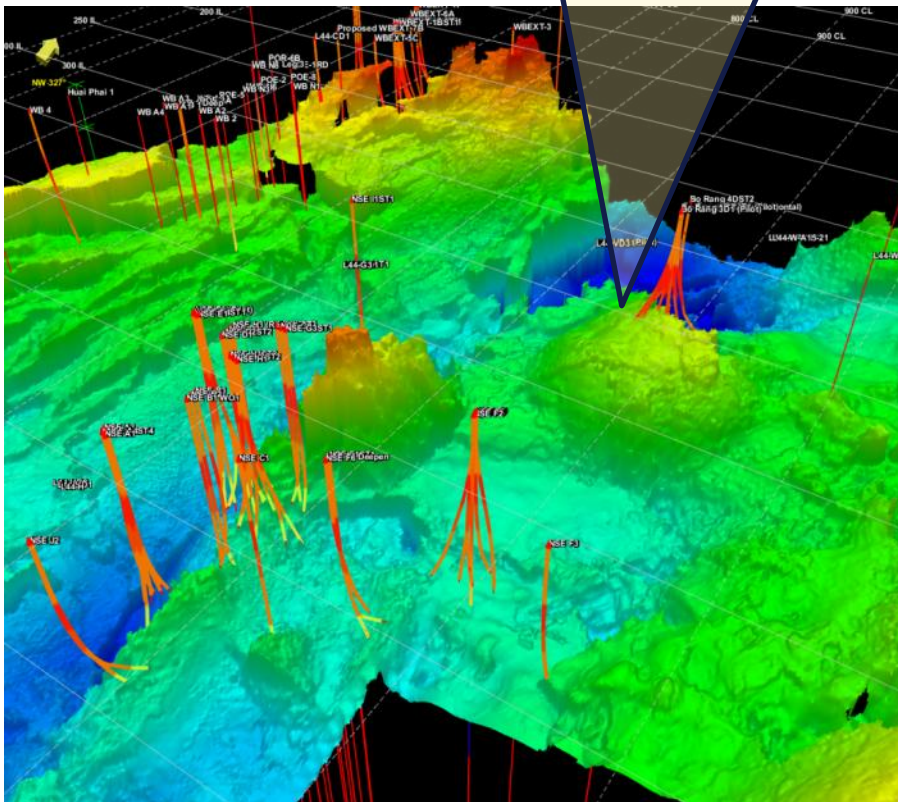
- **Sandstone development program** covering 1B fault block, commenced end July 2012
- **Infill fractured igneous wells**
- **Exploration wells**
- **Workover initiatives** in 100+ shut-in wells

... and anticipated production growth ...

Area of production	Gross anticipated production
Base production	1,400 bopd
ALRO temporary shut-in	500 bopd
2012 Sandstone campaign	800 bopd
2012 Workover campaign	100 bopd
2012 Igneous redevelopment	200 bopd
2012 Exploration activities	Risked exploration
Dec 2012 exit rate	3,000 bopd

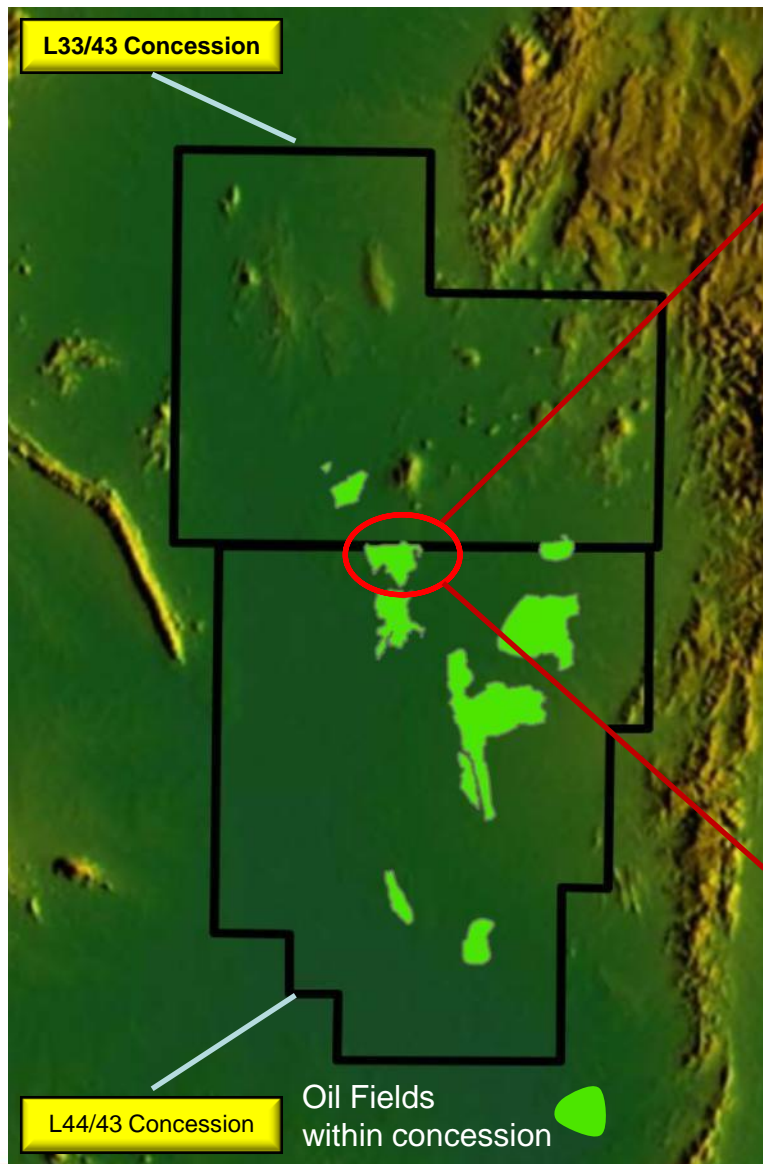
Reintroducing ALRO production

ALRO subsurface area dominated by Bo Rang dome – connection to aquifer by edge drive results in no early water ingress

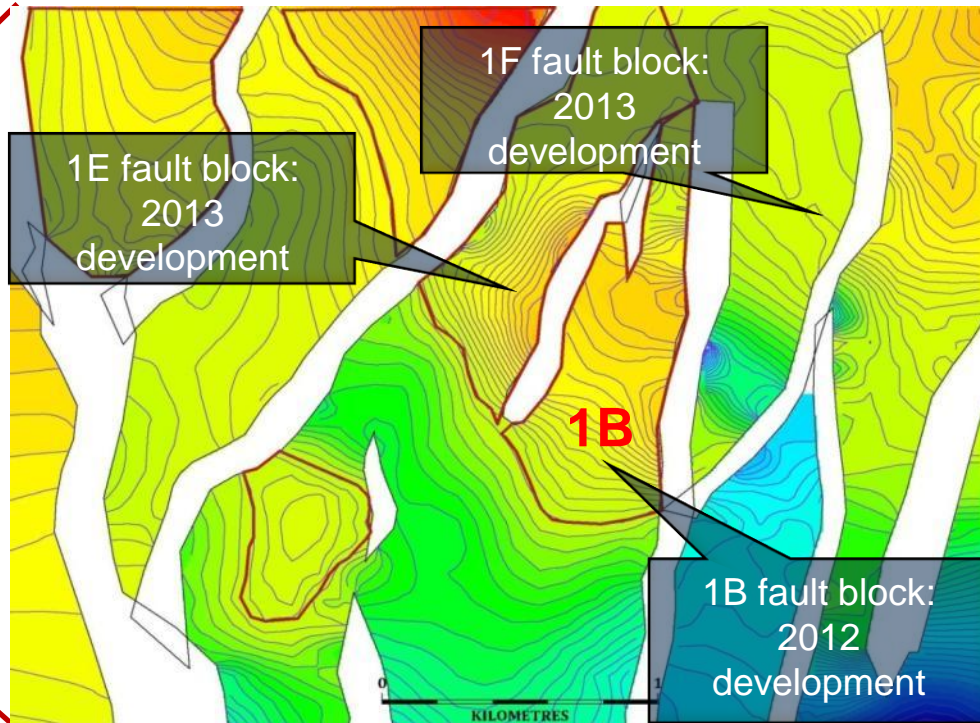


- Agricultural Land Reform Office (“ALRO”) authorised exploration wells but was **unclear on “development”**
- Working to reintroduce production in December 2012 based on ALRO **meetings end November 2012**
- **Flowing 500 bopd (gross)** prior to production being shut-in
- Wells exhibit **unique flow regime** and anticipated to come back online at higher “flush production” rates

WBEXT sandstone - 2012



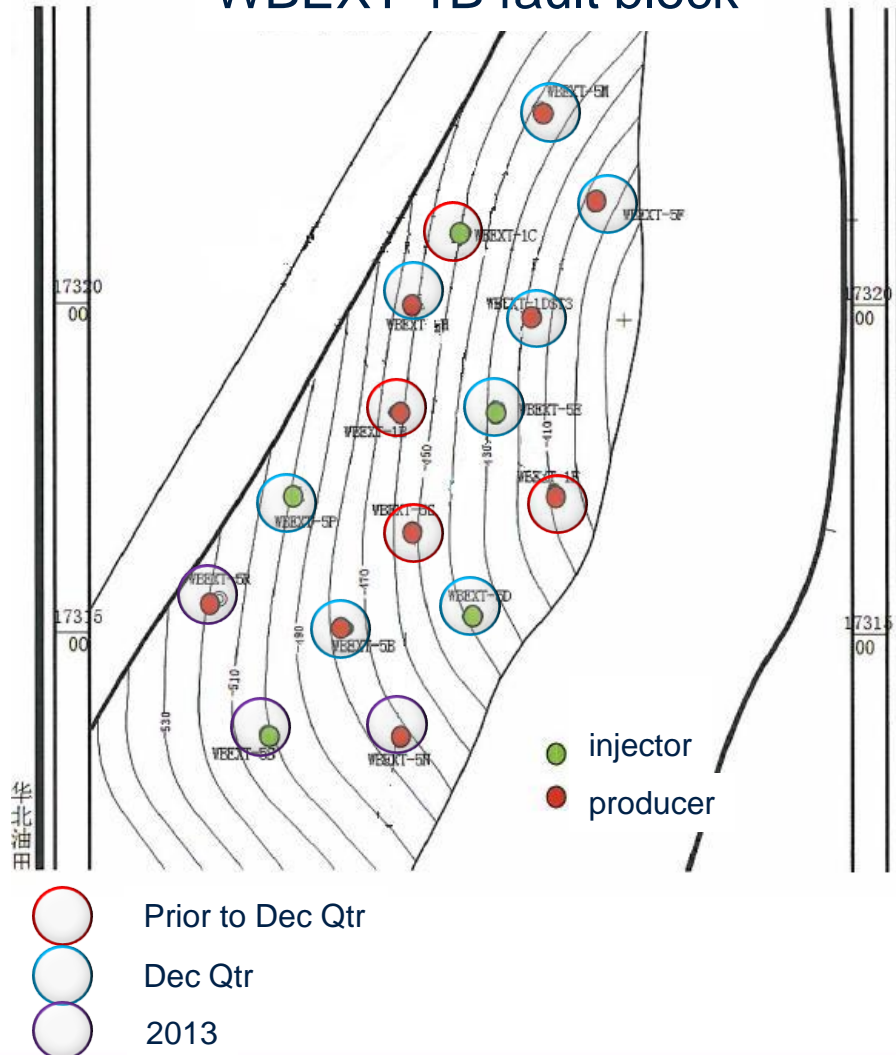
Wichian Buri Extension (“WBEXT”) Field



The 1B fault block is part of the WBEXT field and is the focus of the 2012 development program. There are several other fault blocks to be subsequently developed.

WBEXT 1B fault block

WBEXT-1B fault block



WBEXT-1B fault block expected to flow **800 bopd by end December 2012** from:

- 7-8 wells producing 50-150 bopd each
- 3-4 wells injecting

To mid November:

- 9 wells drilled (6 testing various zones – 3 yet to test)
- 1 well about to spud
- 2 wells planned post facilities installation

Wells have tested up to 500 bopd in this development area (such as WBEXT-1B) prior to pressure decline

- Water injection facilities online early December to sweep oil and add pressure support



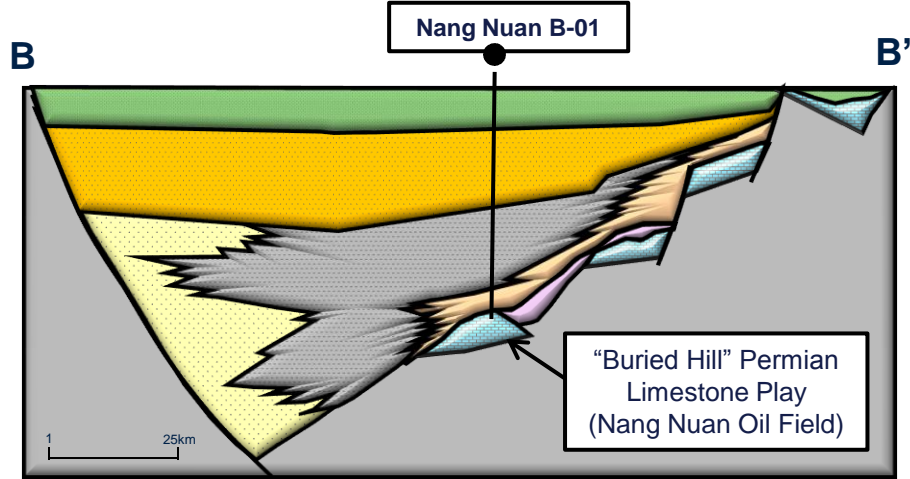
Thailand

L52/50 and L53/50

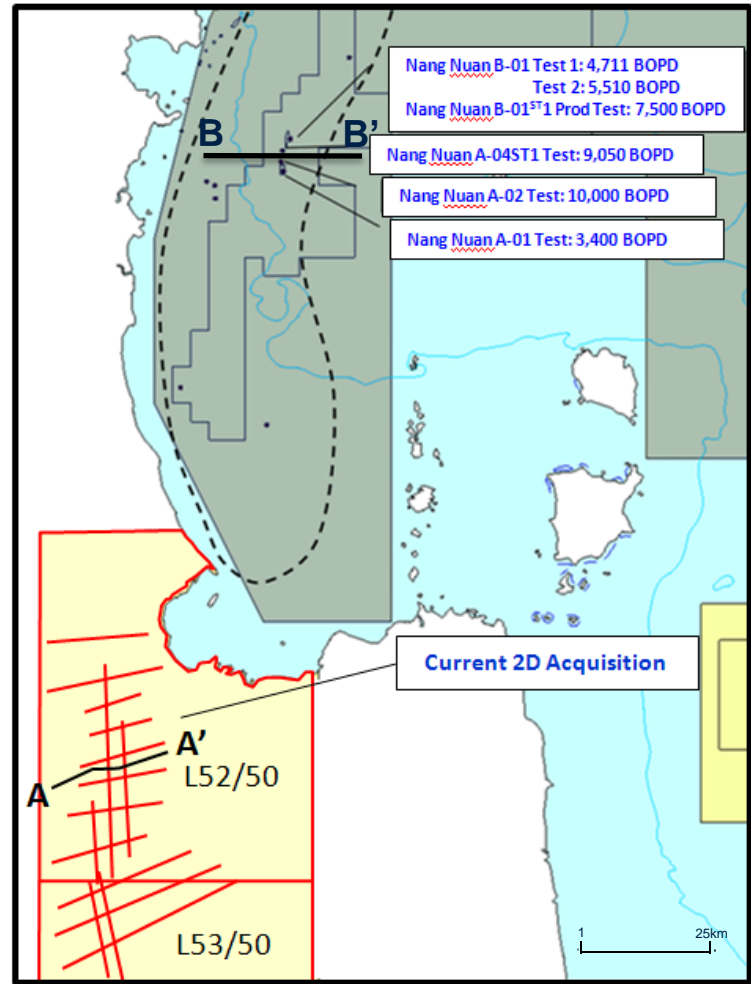
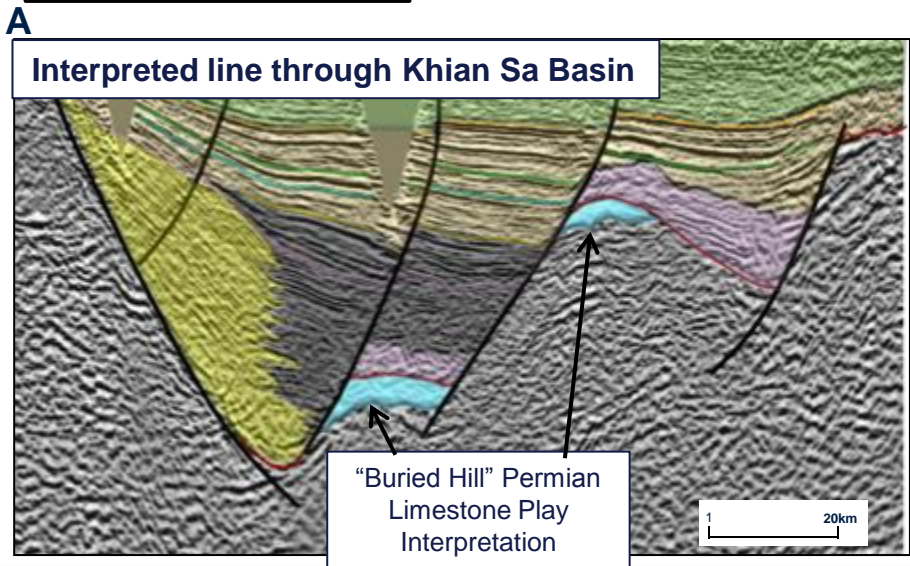
(50% CVN)

L52/50 & L53/50

Northern Chumphon Basin Schematic



(Adapted From Thai Shell, 1994)



Forward work program

- Develop WBEXT Sandstone commencing with 1B fault block
- Acquire additional 3D Seismic in L33/43
- Longer term, pursue stable 4,000 to 5,000 bopd from each of L33/43 & L44/43

Key Activities

	Dec Qtr 2012	Mar Qtr 2013	Jun Qtr 2013	Sept Qtr 2013
WBEXT Sandstone wells	7-8 wells	7-8 wells	Based on ODP	
Overall development plan (ODP)				
WBEXT sandstone waterflood		1B block	Based on ODP	
Acquire 3D seismic in L33/43		100 km ²		
Infill and appraisal igneous wells		1-2 wells	Based on ODP	
Develop exploration strategy				
Drill exploration wells		1 well	Based on ODP	



North West Shelf

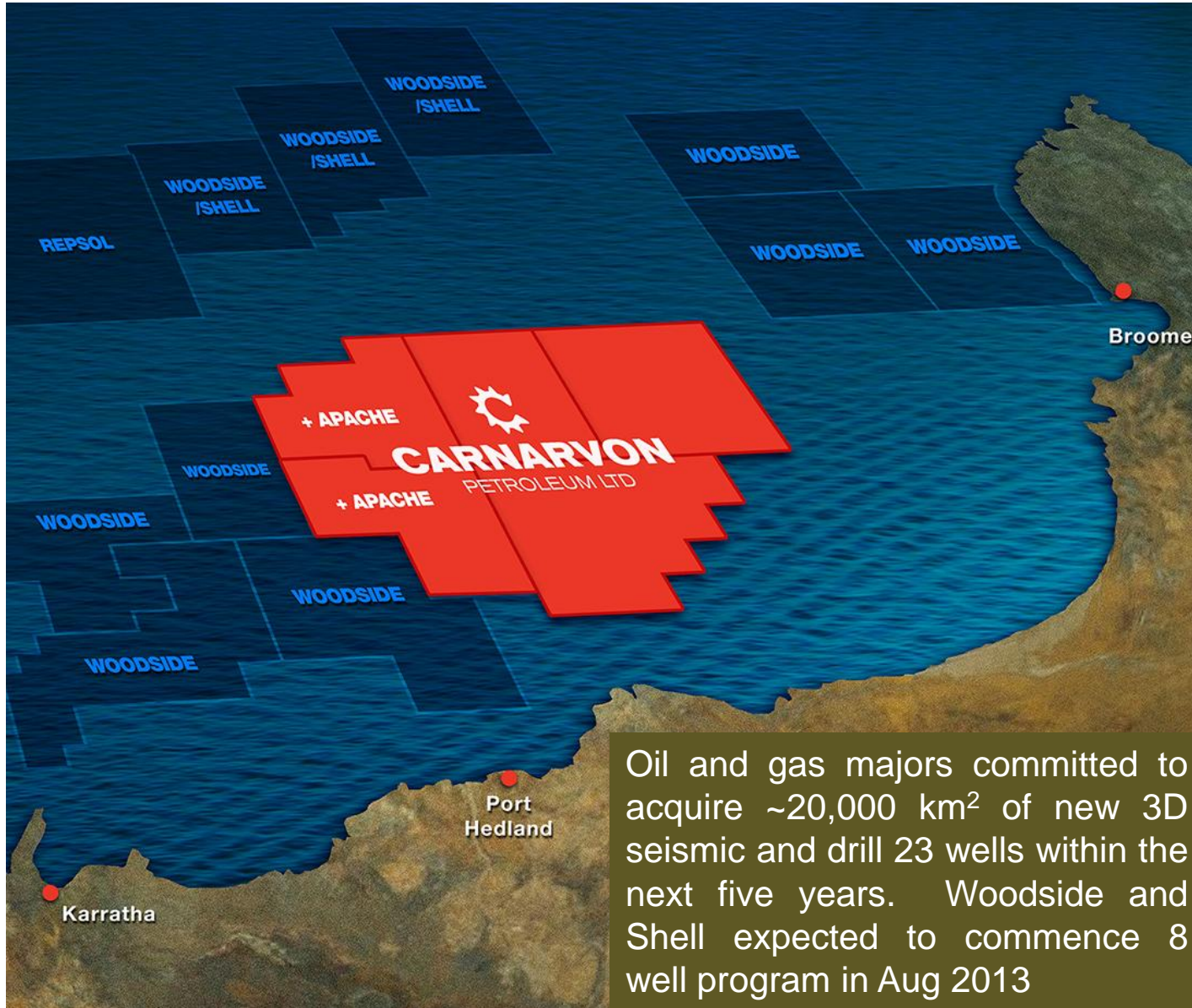
WA-435-P & WA-437-P = 20% CVN ⁽¹⁾

WA-436-P & WA-438-P = 50% CVN

WA-443-P = 100% CVN

(1) blocks recently farmed out

Opportunity to enter region now limited



- Woodside
- Shell
- Repsol
- Apache & JX Nippon
- Carnarvon
 - First mover
 - Discovered gas

Recent farmout

- **Apache** acquired 40% interest and will **operate** the WA-435-P and WA-437-P permits, including drilling of the wells
- **JX Nippon** acquiring 20% interest
- **Carnarvon and Finder** retain 20% interest each
- Apache and JX Nippon farmin will collectively **cover the cost of drilling** Phoenix South prospect (firm) and the Roc prospect (contingent)
- Carnarvon to **be reimbursed past expenditure** on registration of new permit interests
- Phoenix South prospect **expected to spud** late 2013, subject to rig availability and environmental approvals

Operated by international oil & gas major

Support from experienced NWS player

Carnarvon retains material holding

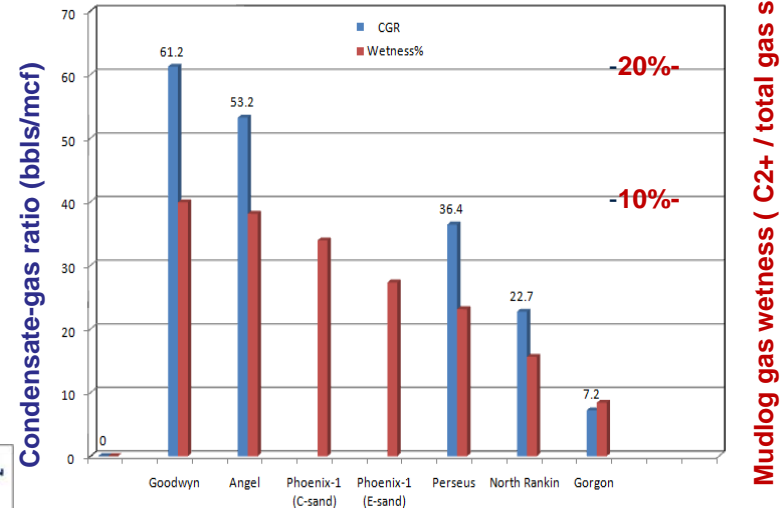
Free carry on drilling of two high impact prospects

Recovery of working capital enables commencement of next farm out program

Tight rig market for suitable drilling rigs

Significant volumes in drill prospects

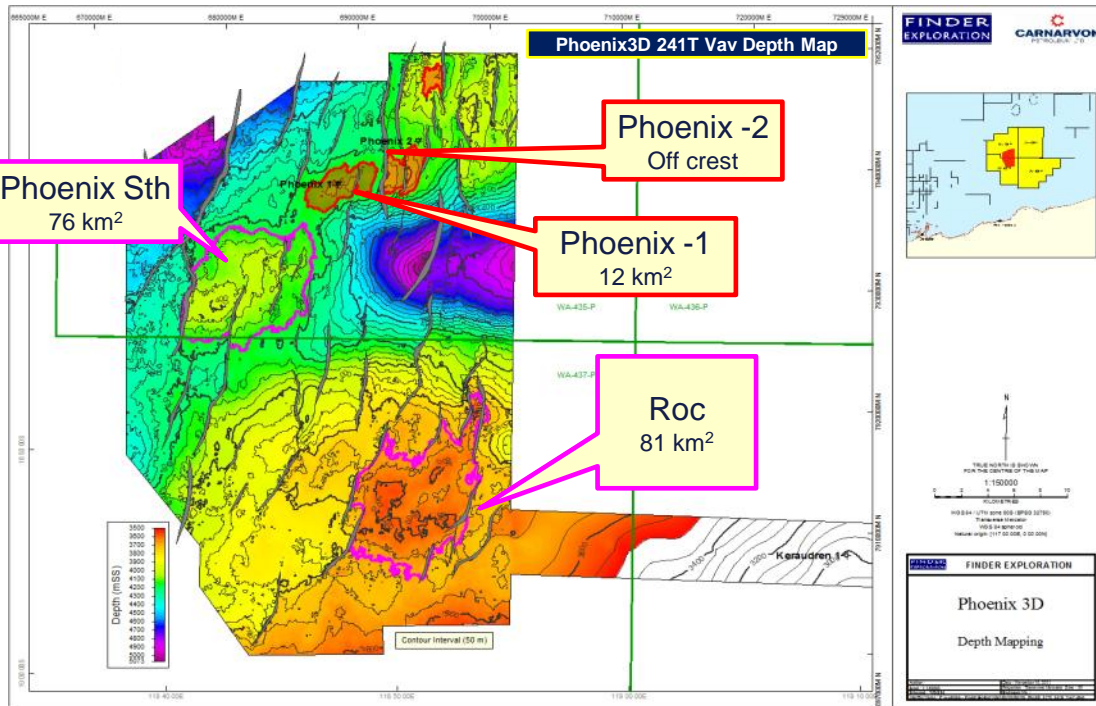
- **Proven Triassic gas resource** with Gas Initially In Place (“GIIP”) estimate of 870 BCF (highside) at Phoenix-1.
- **Prospect highside GIIP estimates** for Phoenix South (~5.5 TCF) and Roc (~5.5 TCF).
- **Potential for condensate** (from gas wetness ratio) of 36-53 million bbls per TCF.



Phoenix and NW Shelf Gas-condensate Fields*

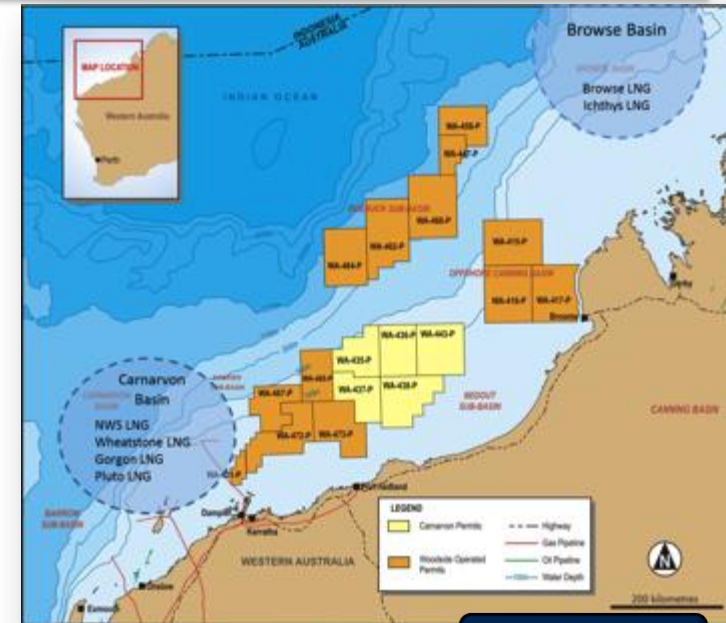
*Source: WA govt cumulative field production @ 31 December 2010.

- Phoenix well mud logs indicate **presence of gas ‘wetness’**.
- Comparison with mudlogs from **condensate-rich NWS gas fields** suggests significant recovery of condensate likely.
- Best comparison of likely condensate / gas ratio is between **Perseus & Angel fields**.



The bigger potential

- Potential new oil and gas fairway **between the Carnarvon and Browse Basins** on the North West Shelf covering 28,000km² of CVN interests.
- **Oil and gas discovered** in the area with gas in Carnarvon's WA-435-P permit and oil in the adjoining permit (namely in the Nebo-1 well in the WA-465-P).
- **Zeester 3D seismic** data expected to set up the next stage of technical work for farmout of the WA-436-P permit.
- **Numerous gas and oil structures** mapped on 2D
 - Phoenix 3D unlocking new oil and gas prospects
 - Zeester 3D will unlock potential in the north of the permits
- **Significant acreage** for future exploration



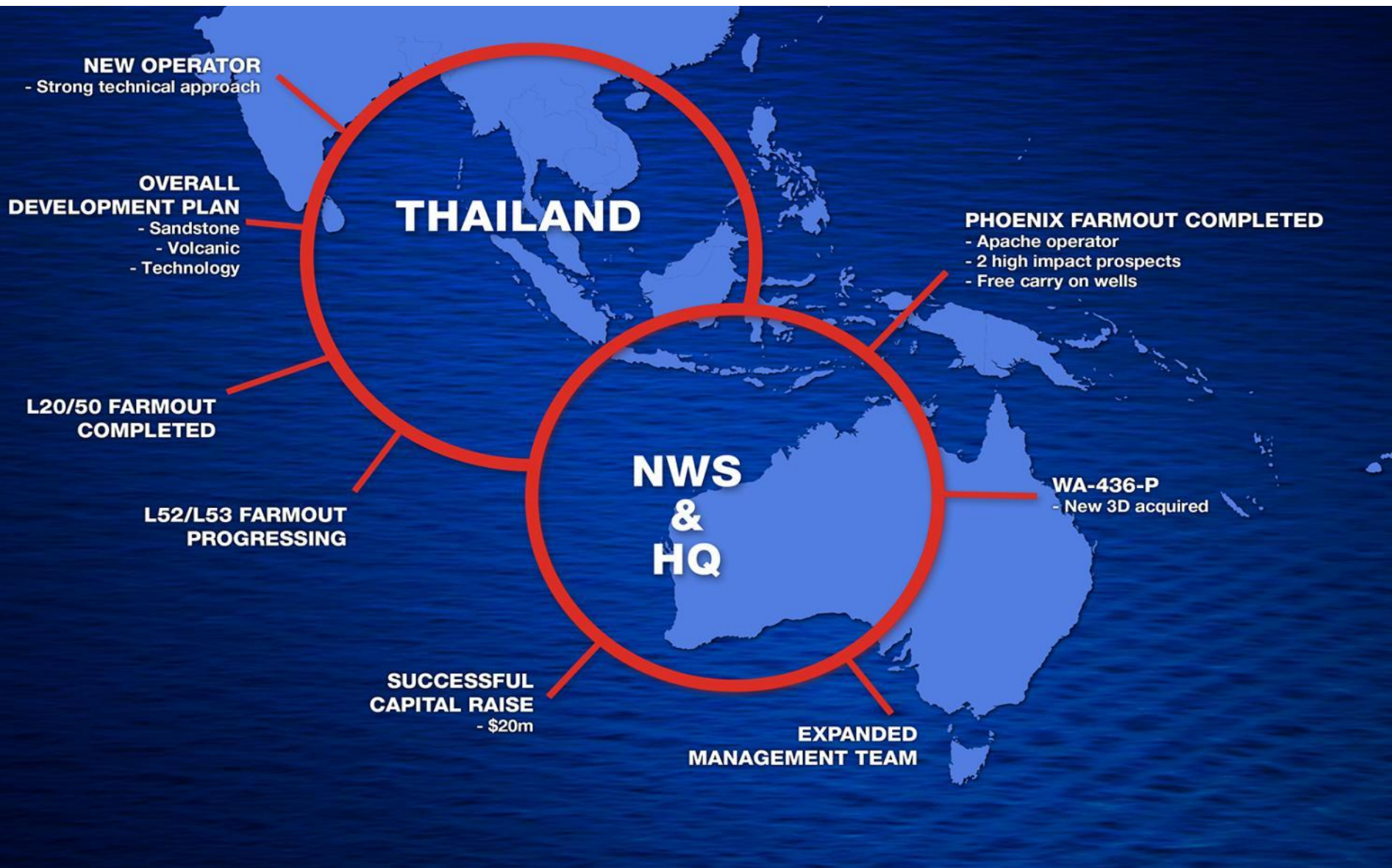
Forward work program

- Completed farmout of Phoenix South & Roc prospects (in WA-435-P & WA-437-P)
- Licence additional 3D seismic data to commence next round of farmouts
- Drill Phoenix South and Roc prospects
- Pursue oil play across the blocks

Key Activities

	Mar Qtr 2013	Jun Qtr 2013	Sept Qtr 2013	Dec Qtr 2013
Complete farmout of Phoenix ✓				
Drill – Phoenix South well (indicative)				
Drill – Roc well (indicative)				?
License Zeester 3D				
Commence farmout WA-436-P				

Recap 2012 + Highlights



2013 Goals



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