

Chairman's Address

15 November 2013



ASX ANNOUNCEMENT

Carnarvon Petroleum Limited ("Carnarvon") (ASX:CVN) is pleased to provide shareholders with the attached Chairman's Address given by Mr Peter Leonhardt, Carnarvon Chairman, at Carnarvon Petroleum's Annual General Meeting, on Friday 15 November 2013 at 10.30am.

For this presentation and further information on the Company please visit the CVN website at: www.carnarvon.com.au

For all enquiries please contact:

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Yours faithfully

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

Adrian Cook
Managing Director
Carnarvon Petroleum

I will start by making 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 activities and future plans.

In welcoming shareholders today your Board recognises that it has been a challenging year for Carnarvon in a market environment that has been difficult for many junior resource companies. Nevertheless I believe we have made significant progress in positioning Carnarvon with a sound operating base while providing exposure to first class exploration activity with potential for material rewards.

Firstly, there has been a very strong focus on rebuilding our Thailand production assets with the new operator, the Hong Kong and China Gas Company Limited (Towngas). Secondly, we have successfully progressed to the imminent drilling our first well in the Phoenix area while maturing a series of other opportunities in our North West Shelf permits. At the same time we have continued to investigate a number of other new exploration initiatives.

Last 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). Since the acquisition, the Towngas and Carnarvon technical teams have been working very closely to deliver results from our Thailand assets. The combination of Carnarvon's experience with the asset and Towngas' extensive access to technical resources has set a sound technical platform for the joint venture to commence a new drilling program shortly.

The management and technical team is delighted to see the spudding of the Phoenix South-1 well now coming to fruition. This milestone is the result of superb foresight, planning and years of preparation. We very much look forward to drilling this well with our joint venture partners Apache, JX Nippon and Finder Exploration.

While the results of Phoenix South-1 are important for Carnarvon we also expect that the industry as a whole will eagerly follow the results of the well

due to its potential to be the catalyst that could unlock Australia's next hydrocarbon province.

The potential for Carnarvon doesn't end with the Phoenix South prospect. Extensive technical effort has been invested in the preparation to drill the Roc prospect and in maturing a portfolio of leads such the Bandy oil play to the North of Phoenix South and Roc prospects.

In terms of the overall exploration programme the company continued to monitor its exploration commitments and has reduced its exposure to a number of projects having regard to their likelihood of success and commercial prospectivity. I am however pleased to inform you that our exploration team has been very active in assessing a number of new opportunities in Australia and throughout South East Asia. The lead times on this activity are often lengthy and I look forward to their efforts yielding positive results before too long.

During the year the Board recognised the difficult market conditions and consequently adopted prudent remuneration practices, most notably, not granting bonuses or discretionary employee share plan shares to senior executives, as well as freezing director's fees. The Board also limited salary increases to a small number of staff and these were only to compensate for CPI increases. The Board continually monitors market conditions and prevailing remuneration practises to ensure the Company's position is in line with industry and market conditions while keeping the Company in a position to recruit and retain staff in this highly technical industry.

It would like to acknowledge our Managing Director, Adrian Cook, and Chief Operating Officer Phillip Huizenga who have worked tirelessly to turn around the Company's performance during a difficult period often spending significant periods of time away from their families. My thanks to them and the entire staff.

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.