

Entitlement Offer and Bonus Option

20 November 2013



The Board of Directors of Carnarvon Petroleum Limited (**ASX: CVN**) (**Company**) is pleased to announce a pro rata non-renounceable entitlement offer under which eligible shareholders will be able to subscribe for one (1) new fully paid ordinary share for every five (5) ordinary shares held on the record date (**Entitlement Offer**). The offer price of the Entitlement Offer is \$0.064 per share and will raise approximately \$12 million before costs of the issue if all shareholders subscribe for their full entitlement.

Eligible shareholders who apply for shares under the Entitlement Offer will be issued with one free attaching listed option for every one share issued to them under the Entitlement Offer. Each option will have an exercise price of \$0.10 and an expiry date of 29 December 2015. New shares issued under the Entitlement Offer will rank equally with all ordinary shares already on issue.

Shareholders may apply for some or all of their entitlement pursuant to the Entitlement Offer, and may also apply for additional new shares and options in excess of their entitlement which may be accepted by the Directors of Carnarvon, at their discretion.

The Company will be jointly advised by Macquarie Capital (Australia) Limited and Hartleys Limited in relation to the Entitlement Offer.

The Company will use the proceeds raised under the Entitlement Offer to ensure that the Company is appropriately funded as it enters into drilling of the Phoenix South-1 well where the Company is free-carried for expenditure up to US\$50 million, and for general working capital purposes.

Commenting on the Entitlement Offer, the Company's Managing Director and Chief Executive Officer, Mr Adrian Cook said *"The technical work of Apache, the operator of the imminent Phoenix South-1 well, indicates additional reservoir potential in the well, deeper than that contemplated in the 2012 farm out. This, together with the rig's availability falling in the Western Australian cyclone season, has led to the Board to resolve to initiate this Entitlement Offer to ensure prudent capital management and maximum financial flexibility during the drilling of this high impact well. The Board also decided to structure the form of this offering to enable existing shareholders to have the first entitlement to participate and fund the Company through this exciting drilling phase."*

The Entitlement Offer will not be underwritten. The Directors reserve the right to obtain an underwriter at any stage in accordance with the *Corporations Act (Cth) 2001* and the ASX Listing Rules. Subject to any underwriting, the Entitlement Offer will contain a shortfall facility, to be placed at the directors' discretion.

The Company does not believe that the issue of shares under the Entitlement Offer will have a material effect or consequence on the control of the Company. However, eligible shareholders who do not take up their rights will have their proportional interest in the Company diluted.

The timetable and a prospectus setting out further details of the Entitlement Offer will be despatched to shareholders in due course accompanied by a personalised entitlement and acceptance form and instructions on how eligible shareholders may accept their entitlement. Any eligible shareholder who wishes to acquire new shares under the Entitlement Offer will need to complete the personalised entitlement and acceptance form that will accompany the Entitlement Offer prospectus.

For all enquiries please contact:

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Yours faithfully



Adrian Cook
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Carnarvon Petroleum