

# Chairman's Address

14 November 2014



Carnarvon Petroleum Limited ("Carnarvon") (ASX: CVN) conducted its Annual General Meeting today in Perth.

For the benefit of those shareholders and market observers who were unable to attend and listen to the meeting in person, the Chairman's Address given by Mr Peter Leonhardt is attached.

## 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**

*This news release contains forward-looking information. Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "anticipate" and "potential" or other similar wording. Forward-looking information in this news release includes, but is not limited to, references to: well drilling programs and drilling plans, estimates of reserves and potentially recoverable resources, and information on future production and project start-ups. By their very nature, the forward-looking statements contained in this news release require Carnarvon and its management to make assumptions that may not materialize or that may not be accurate. The forward-looking information contained in this news release is subject to known and unknown risks and uncertainties and other factors, which could cause actual results, expectations, achievements or performance to differ materially, including without limitation: imprecision of reserve estimates and estimates of recoverable quantities of oil, changes in project schedules, operating and reservoir performance, the effects of weather and climate change, the results of exploration and development drilling and related activities, demand for oil and gas, commercial negotiations, other technical and economic factors or revisions and other factors, many of which are beyond the control of Carnarvon. Although Carnarvon believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurances that the expectations of any forward-looking statements will prove to be correct.*

I am pleased to welcome shareholders after a productive year for the Company in what has been a difficult market environment for junior exploration companies. Carnarvon has been involved in the significant Phoenix South oil discovery in the North West Shelf while building a strong financial position and increasing production in our Thai assets.

Firstly, in the North West Shelf the oil discovery in the Phoenix South-1 well was a fantastic result for Carnarvon and our partners Apache, JX Nippon and Finder Exploration. It is pleasing to see this outcome after many years of hard work and patience. I particularly acknowledge the contribution of our technical team. Next year we look forward to the results of the Roc-1 well and further exploration of the greater Phoenix area, on which Managing Director Adrian Cook will provide more colour following the formal business of the meeting.

In Thailand, production has increased materially. We thank the operator, Towngas for their efforts to turn this asset around in such a short period of time. This year we also welcomed Loyz Energy to the Thailand joint venture following Carnarvon's divestment of half of its interest in the Thai assets. The consideration was at a premium to the Company's share price at this time and puts Carnarvon in a secure position leading into the next phase of progressing the Phoenix area and to pursue new exploration initiatives in future.

Carnarvon was awarded three new permits in the heart of the Carnarvon Basin. This is the next phase of exploration for the Company that we will look to introduce at least one joint venture partner to drill one or more of a number of prospects that our technical team has identified.

The Company is focusing on new opportunities in Australia and particularly those that offer shareholders a strong growth orientated investment. During the year there has been significant investment in Carnarvon's technical team and database to enable the company to maximise value from its current portfolio and to identify and create significant opportunities in future projects. The lead times on this activity can be lengthy and I look forward to their efforts yielding more results in due course.

At the same time we have been encouraging staff to increase their shareholdings in the Company by offering to match every share bought on market with a loan to acquire a share under the Company's Employee Share Plan. The Company's Employee Share Plan has been in existence since 1997 and is subject to review and subsequent approval by shareholders every three years. It's our opinion that it is, on balance, a strong plan that aligns staff and shareholder interests, in addition to attracting and retaining staff.

In light of Carnarvon's recent exploration success, the strengthening of our balance sheet and our rapidly expanding forward work program, your Board has for some time been mindful of the Company's evolving governance needs. I touched on some of these matters recently in my letter to shareholders. We are reviewing the structure of the Board to ensure it has the appropriate size, composition and skills to meet the challenges of our future needs. We are also looking at other governance aspects within the business and plan to make appropriate changes now that our circumstances have changed.

After 14 years on the Board, Mr Neil Fearis retired in December 2013 and I thank him for his unwavering support and contribution during his tenure and since his retirement.

Finally I'd like to take this opportunity to thank my fellow members of the Board for their valuable counsel and the management team and staff for their resolve in challenging circumstances and their contribution to turning the Company into a strong operation with an exciting future.