

## Appendix 3B

14 April 2015



Dear Shareholders,

The Directors of the Company believe it is important for staff to be aligned with the fortunes of shareholders, as well as having long term incentive schemes that are competitive with the industry. These schemes are important tools in attracting, retaining and motivating staff over the longer term. Carnarvon is unique in that it strongly encourages staff to invest their own money into the company by acquiring shares on market on an ongoing basis. Where staff do this, the Company provides a matching share under the Company's shareholder approved Employee Share Plan ("ESP"). In simple terms, staff can effectively acquire these ESP shares at the same price as what they paid in the market plus a premium of no less than 20%.

The attached Appendix 3B reflects the above as well as the issue of 500,000 ESP shares to Dr Jeff Goodall, a senior geoscientist, who recently commenced employment with the Company.

With 30 years experience in exploration and development geology, Dr Goodall has worked for 10 years in the North Sea before moving to Australia to join Santos, where he worked for 14 years as a senior staff geologist in Australian and South East Asian Basins, with significant exploration success in these areas. Following Santos, Dr Goodall built a successful independent geological consultancy, based in Perth, prior to joining Carnarvon Petroleum in 2015.

The Company's Managing Director and Chief Executive Officer, Mr Adrian Cook commented "*The Company prides itself on thinking and acting differently and this is another example of where the Board has adapted the application of a typical ESP to encourage personal commitment and alignment with shareholder interests. In relation to the appointment of Mr Goodall I'd personally like to welcome Jeff to the team. Jeff has extensive experience on the North West Shelf with preeminent Australian and international organisations and his reputation is highly regarded in the industry.*"

### For all enquiries please contact:

#### Shareholder Enquiries

Mr Thomson Naude  
Company Secretary  
Phone: (08) 9321 2665  
Email: [investor.relations@cvn.com.au](mailto:investor.relations@cvn.com.au)

#### Media Enquires

Mr Tony Dawe  
Professional Public Relations  
(08) 9388 0944 / 0405 989 743  
[tony.dawe@ppr.com.au](mailto:tony.dawe@ppr.com.au)

Yours faithfully

A handwritten signature in black ink, appearing to read "Adrian Cook", written over a light blue horizontal line.

**Adrian Cook**  
Managing Director  
Carnarvon Petroleum

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

**CARNARVON PETROLEUM LIMITED**

ABN

60 002 688 851

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |  |
|---|--|--|
| 1 | +Class of +securities issued or to be issued   | Ordinary fully paid shares   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 1,472,923 ordinary shares  |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Issue of fully paid ordinary shares to participants in the Company's Employee Share Plan |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

---

<p>4 Do the <sup>+</sup>securities rank equally in all respects from the date of allotment with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Yes</p>
<p>5 Issue price or consideration</p>	<p>\$0.18 per share for 132,923 shares</p> <p>\$0.17 per share for 850,000 shares</p> <p>\$0.15 for 490,000 shares</p> <p>The issue prices above are at least 120% of the market price of the Company's shares, being the weighted average sale price of ordinary shares sold through the ASX on the 5 trading days prior to the date the offer was made to the employee.</p>
<p>6 Purpose of the issue          (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The Employee Share Plan has been designed to attract, retain, motivate and reward participants by providing them with an opportunity to acquire an ownership interest in the Company.</p> <p>To encourage on-market investment in the Company by the Company's employees and executives, the Board has decided to make certain offers under the Employee Share Plan whereby it will match each share acquired on market by a participating employee with a share issued under the terms of the Employee Share Plan.</p>
<p>6a Is the entity an <sup>+</sup>eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the <sup>+</sup>securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>No</p>

---

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

6b	The date the security holder resolution under rule 7.1A was passed	N/A						
6c	Number of +securities issued without security holder approval under rule 7.1	N/A						
6d	Number of +securities issued with security holder approval under rule 7.1A	N/A						
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A						
6f	Number of securities issued under an exception in rule 7.2	1,472,923 ordinary shares issued under exception 9						
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	N/A						
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A						
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	N/A						
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	13 April 2015						
8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	<table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 50%;">Number</th> <th style="width: 50%;">+Class</th> </tr> </thead> <tbody> <tr> <td>989,772,992</td> <td>Ordinary fully paid shares</td> </tr> <tr> <td>48,395,985</td> <td>Listed options with an exercise price of \$0.10 and an expiry date of 29 December 2015</td> </tr> </tbody> </table>	Number	+Class	989,772,992	Ordinary fully paid shares	48,395,985	Listed options with an exercise price of \$0.10 and an expiry date of 29 December 2015
Number	+Class							
989,772,992	Ordinary fully paid shares							
48,395,985	Listed options with an exercise price of \$0.10 and an expiry date of 29 December 2015							

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

---

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)	
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	

**Part 2 – DELETED – NOT APPLICABLE**

**Part 3 - Quotation of securities**

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities  
*(tick one)*

(a)  Securities described in Part 1

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

**Entities that have ticked box 34(a)**

**Additional securities forming a new class of securities**

*Tick to indicate you are providing the information or documents*

35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
 1 - 1,000  
 1,001 - 5,000  
 5,001 - 10,000  
 10,001 - 100,000  
 100,001 and over

37  A copy of any trust deed for the additional +securities


**Quotation agreement**

---

+ See chapter 19 for defined terms.

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
  
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  
  - There is no reason why those +securities should not be granted +quotation.
  
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
  
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
  
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:   
(Company Secretary)

Date: 14 April 2015

Print name: Thomson Naude

====

---

+ See chapter 19 for defined terms.

# Appendix 3B – Annexure 1

## Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

**NOT APPLICABLE**

---

+ See chapter 19 for defined terms.