
CARNARVON PETROLEUM LIMITED

ABN 60 002 688 851

NOTICE OF ANNUAL GENERAL MEETING

TIME: 1.00pm (AWST)

DATE: Friday, 13 November 2015

PLACE: Meeting Room 8
Perth Convention and Exhibition Centre
21 Mounts Bay Road
Perth WA 6000

This Notice of Meeting and the accompanying Explanatory Statement set out important details regarding the resolutions that will be put to Shareholders at the 2015 Annual General Meeting of Carnarvon Petroleum Limited. You should read all of the documents carefully.

If you are in doubt as to how you should vote, you should seek independent advice from your accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Mr Thomson Naude on (+618) 9321 2665.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of Shareholders to which this Notice of Meeting relates will be held at 1.00pm (AWST) on Friday, 13 November 2015 at Meeting Room 8, Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia.

MEETING DOCUMENTS

This Notice of Meeting and the accompanying Explanatory Statement set out important details regarding the resolutions that will be put to Shareholders at the 2015 Annual General Meeting of Carnarvon Petroleum Limited. You should read all of the documents carefully.

ENTITLEMENT TO VOTE

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), Shareholders eligible to vote at the Annual General Meeting will be those persons who are registered Shareholders of the Company at 4.00pm (AWST) on Wednesday, 11 November 2015.

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important. If you are in doubt as to how you should vote, you should seek independent advice from your accountant, solicitor or other professional adviser prior to voting.

HOW TO VOTE

You may vote by attending the Annual General Meeting in person, by proxy or attorney, or by an authorised representative (if you are a body corporate).

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

A Shareholder has the right to appoint a proxy (who need not be a Shareholder). A proxy can be an individual or a body corporate.

If you are entitled to cast two or more votes at the meeting, you may appoint two proxies and you may specify the proportion or number of votes each proxy may exercise. Where two proxies are appointed, a separate form should be used for each.

You are requested to show on the form a specified proportion of your voting rights which a proxy may exercise. If you appoint two proxies and the appointment does not specify the number or proportion of votes each proxy may exercise, each proxy may exercise half the votes.

A Shareholder can direct its proxy to vote for, against or abstain from voting on each resolution by marking the appropriate box in the voting directions section of the proxy form. If a proxy holder votes, they must cast all votes as directed. Any directed proxies that are not voted will automatically default to the Chairman, who must vote the proxies as directed.

The Chairman will vote all undirected proxies in favour of Resolutions 1 to 9.

If the Chairman is to act as your proxy (whether by appointment or by default) and you have not given directions on how to vote in the voting directions section of the proxy form for Resolutions 3 - 8, the proxy form expressly directs and authorises the Chairman to cast your votes "for" the relevant resolution. This express authorisation is included because without it the Chairman would be precluded from casting your votes as these resolutions are connected with the remuneration of key management personnel.

To vote by proxy, please complete and sign the enclosed proxy form and return (together with the original of any power of attorney or other authority, if any, or a certified copy of that power of attorney or other authority under which the proxy form is signed).

Proxy forms should be returned to Link Market Services Limited in accordance with the instructions on the attached proxy form by 1.00pm (AWST) Wednesday, 11 November 2015.

Proxy forms received later than the time specified above will be invalid.

The following methods of delivery for proxies are specified:

By post: Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Online: www.linkmarketservices.com.au.
Select 'Investor Login' and enter Carnarvon Petroleum Limited or the ASX code (CVN) in the Issuer name field, your Security Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on the front of your proxy form), postcode and security code which is shown on the screen and click 'Login'. Select the 'Voting' tab and then follow the prompts. You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website.

By facsimile: (+612) 9287 0309 (from overseas)
(02) 9287 0309 (from Australia)

By delivery: Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

VOTING BY CORPORATE REPRESENTATIVE

A body corporate which is a Shareholder, or which has been appointed as a proxy, is entitled to appoint an individual to act as its representative at the AGM in accordance with section 250D of the Corporations Act.

To appoint a corporate representative, a body corporate must provide the Company with a letter or certificate executed in accordance with the Corporations Act authorising that person to act as the corporate Shareholder's representative at the Meeting. The certificate of appointment of a corporate representative must be lodged with the Company and/or the Share Registrar, Link Market Services Limited, before the AGM or at the registration desk on the day of the AGM. Certificates of appointment of corporate representatives are available on request by contacting Link Market Services Limited on telephone number +61 1300 554 474 or shareholders can download and fill out the 'Appointment of Corporate Representative' form from the website of the share registry of the Company at www.linkmarketservices.com.au select the "Investor Services" tab and click on "Forms".

KEY DATES

Event	Date
Deadline for lodgement of proxy forms	1.00pm (AWST) on Wednesday, 11 November 2015
Determination of voting eligibility	4.00pm (AWST) on Wednesday, 11 November 2015
Annual General Meeting	1.00pm (AWST) on Friday, 13 November 2015

ENQUIRIES

Shareholders are asked to contact the Company Secretary, Mr Thomson Naude, on (+618) 9321 2665 if they have any queries in respect of the matters set out in these documents.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that an Annual General Meeting of Shareholders will be held at 1.00pm (AWST) on Friday, 13 November 2015 at Meeting Room 8, Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the AGM. The Explanatory Statement forms part of this Notice of Meeting.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

ORDINARY BUSINESS

ANNUAL FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Annual Financial Report, the Directors' Report and the Audit Report of Carnarvon Petroleum Limited for the financial year ended 30 June 2015.

RESOLUTION 1 – RE-ELECTION OF DR PETER MOORE AS A DIRECTOR

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

“That Dr Peter Moore, having been appointed a director on 18 June 2015 in accordance with rule 35(a) of the Company's Constitution, retires under rule 35(b) and, being eligible, offers himself for re-election, be re-elected as a director of the Company.”

RESOLUTION 2 – RE-ELECTION OF MR PETER LEONHARDT AS A DIRECTOR

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

“That Mr Peter Leonhardt, who retires by rotation in accordance with rule 35(c) of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.”

RESOLUTION 3 – ADOPTION OF THE REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2015

To consider and, if thought fit, to pass the following resolution as a **non-binding** resolution:

“That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Directors' Report of the Company for the year ended 30 June 2015.”

Note: Section 250R(3) of the Corporations Act provides that the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition

A vote on Resolution 3 must not be cast (in any capacity) by or on behalf of any of the following persons:

- a) a member of the key management personnel, details of whose remuneration are included in the Remuneration Report;
- b) a closely related party of such a member.

However, a person described above may cast a vote on Resolution 3 as a proxy if the vote is not cast on behalf of a person described above and either:

- c) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- d) the person is the Chairman of the AGM and the appointment of the Chairman as proxy:
 - i. does not specify the way the proxy is to vote on the resolution; and
 - ii. expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

SPECIAL BUSINESS

RESOLUTION 4 – RE-ADOPTION OF CARNARVON EMPLOYEE SHARE PLAN

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

“That for the purpose of ASX Listing Rule 7.2 (Exception 9) and section 260C(4) of the Corporations Act and for all other purposes, the Company approves the issue of shares under the Carnarvon Employee Share Plan, a summary of which is included in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Prohibition

A vote on Resolution 4 must not be cast by a person appointed as a proxy if:

- a) the proxy is either:
 - i. a member of the key management personnel; or
 - ii. a closely related party of a member of the key management personnel; and
- b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

- c) the proxy is the Chairman of the AGM; and
- d) the appointment expressly authorises the Chairman to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

Voting Exclusion

The Company will disregard any votes cast on Resolution 4 by or on behalf of a Director (except a Director who is ineligible to participate in any employee incentive scheme of the Company) and any associate of such a Director.

However, the Company will not disregard a vote if:

- a) it is cast by a person who is a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- b) it is cast by the Chairman of the AGM as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 5 – ISSUE OF SHARES TO MR ADRIAN COOK

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

“For the purposes of ASX Listing Rule 10.14, Chapter 2E of the Corporations Act and for all other purposes, the Company approves the allotment and issue of 1,159,917 fully paid ordinary shares and the associated loan to Mr Adrian Cook, Managing Director and Chief Executive Officer of the Company, or his nominee under the Carnarvon Employee Share Plan on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Prohibitions

A vote on Resolution 5 must not be cast by a person appointed as a proxy if:

- a) the proxy is either:
 - i. a member of the key management personnel; or
 - ii. a closely related party of a member of the key management personnel; and
- b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

- c) the proxy is the Chairman of the AGM; and
- d) the appointment expressly authorises the Chairman to exercise the proxy even though the resolution is connected

directly or indirectly with the remuneration of a member of the key management personnel.

A vote on Resolution 5 must not be cast (in any capacity) by or on behalf of Mr Cook or any of his associates. However, this prohibition does not apply if:

- a) the vote is cast by a person as proxy and the proxy form specifies how the proxy is to vote on Resolution 5; and
- b) the vote is not cast on behalf of Mr Cook, his associates or any related party of Mr Cook.

Voting Exclusion

The Company will disregard any votes cast on Resolution 5 by or on behalf of a Director who is eligible to participate in the Carnarvon Employee Share Plan and any associate of such a Director.

However, the Company will not disregard a vote if:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- b) it is cast by the Chairman of the AGM as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 6 – GRANT OF OPTIONS TO MR WILLIAM FOSTER

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

“That for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve grant of up to 500,000 Options to Mr William Foster on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Prohibitions

A vote on Resolution 6 must not be cast by a person appointed as a proxy if:

- a) the proxy is either:
 - i. a member of the key management personnel; or
 - ii. a closely related party of a member of the key management personnel; and
- b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

- c) the proxy is the Chairman of the AGM; and
- d) the appointment expressly authorises the Chairman to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

A vote on Resolution 6 must not be cast (in any capacity) by or on behalf of Mr Foster or any of his associates. However, this prohibition does not apply if:

- a) the vote is cast by a person as proxy and the proxy form specifies how the proxy is to vote on Resolution 6; and
- b) the vote is not cast on behalf of Mr Foster, his associates or any related party of Mr Foster.

Voting Exclusion

The Company will disregard any votes cast on Resolution 6 by Mr William Foster or any of his associates. However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the Chairman of the AGM as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 7 – GRANT OF OPTIONS TO DR PETER MOORE

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

“That for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the grant of up to 500,000 Options to Dr Peter Moore on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Prohibitions

A vote on Resolution 7 must not be cast by a person appointed as a proxy if:

- a) the proxy is either:
 - i. a member of the key management personnel; or
 - ii. a closely related party of a member of the key management personnel; and
- b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

- c) the proxy is the Chairman of the AGM; and
- d) the appointment expressly authorises the Chairman to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

A vote on Resolution 7 must not be cast (in any capacity) by or on behalf of Dr Moore or any of his associates. However, this prohibition does not apply if:

- a) the vote is cast by a person as proxy and the proxy form specifies how the proxy is to vote on Resolution 7; and
- b) the vote is not cast on behalf of Dr Moore, his associates or any related party of Dr Moore.

Voting Exclusion

The Company will disregard any votes cast on Resolution 7 by Dr Peter Moore or any of his associates. However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the Chairman of the AGM as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 8 – CHANGE TO NON-EXECUTIVE DIRECTORS' FEES

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

"That, for the purposes of ASX Listing Rule 10.17 and rule 37(a) of the Company's Constitution, the maximum aggregate amount payable to Non-Executive Directors of the Company be increased by \$100,000 from \$300,000 per annum to \$400,000 per annum."

Voting Prohibition

A vote on Resolution 8 must not be cast by a person appointed as a proxy if:

- a) the proxy is either:
 - i. a member of the key management personnel; or
 - ii. a closely related party of a member of the key management personnel; and
- b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

- c) the proxy is the Chairman of the AGM; and
- d) the appointment expressly authorises the Chairman to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

Voting Exclusion

The Company will disregard any votes cast on Resolution 8 by any Director or any associate of a Director. However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 9 – APPOINTMENT OF AUDITOR

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

“That, subject to ASIC consenting to the resignation of Crowe Horwath as auditor of the Company, pursuant to section 327B of the Corporations Act and for all other purposes Ernst & Young be appointed to act as auditor of the Company, with effect from the conclusion of the 2015 Annual General Meeting.”

Dated: 25 September 2015
By order of the Board



Mr Thomson Naude
Company Secretary

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders, in connection with the business to be conducted at the Annual General Meeting to be held at 1.00pm (AWST) on Friday, 13 November 2015 at Meeting Room 8, Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia.

The purpose of this Explanatory Statement is to provide information that the Directors believe to be material to Shareholders in deciding whether or not to approve the Resolutions in the Notice of Meeting.

ANNUAL FINANCIAL STATEMENTS AND REPORTS

The Corporations Act requires the Annual Financial Report, the Directors' Report, and the Auditor's Report ("Annual Report") to be received and considered at the AGM. The Corporations Act does not require Shareholders to vote on the Annual Report. However Shareholders attending the AGM will be given a reasonable opportunity to ask questions about, or make comments on, the financial statements and reports contained within the Annual Report which can be downloaded from the Company's website at www.carnarvon.com.au.

The Company's auditor, Crowe Horwath Perth, will be present at the AGM and Shareholders will have the opportunity to ask the auditor questions in relation to the conduct of the audit, the Auditor's Report, the Company's accounting policies, and the independence of the auditor.

RESOLUTION 1 – RE-ELECTION OF DR PETER MOORE AS A DIRECTOR

1.1 Background

Under rule 35(a) of the Company's Constitution, the Directors may appoint a person as a Director, either as an addition to the existing Directors or to fill a casual vacancy. Under rule 35(b) any person so appointed, other than the managing director, must retire from office at the next annual general meeting following his or her appointment.

Dr Moore was appointed a director on 18 June 2015. In accordance with rule 35(b), Dr Moore now retires and, being eligible, offers himself for election as a Director.

Details of Dr Moore's experience and qualifications are set out below.

Qualifications: B.Sc (Hons Geology), MBA, PhD, GAICD

Skills and experience: Dr Moore has extensive experience in exploration and production in Australia and internationally gained through senior roles with a number of globally recognised companies. Dr Moore led Woodside's worldwide exploration efforts as the Executive Vice President Exploration reporting to the CEO and was the Head of the Geoscience function (Exploration, Development, Production, M&A).

1.2 Directors' Recommendation

The Directors (other than Dr Peter Moore) unanimously recommend that Shareholders vote in favour of Resolution 1.

RESOLUTION 2 – RE-ELECTION OF MR PETER LEONHARDT AS A DIRECTOR

2.1 Background

In accordance with rule 35(c) of the Company's Constitution, Mr Peter Leonhardt retires by rotation and, being eligible, offers himself for re-election as a Director.

Details of Mr Leonhardt's experience and qualifications are set out below.

Term of office: Appointed as a Director in March 2005 and appointed as Chairman in April 2005.

Qualifications: FCA, FAICD (life)

Skills and experience: Mr Leonhardt has been a non-executive director in public listed companies for over 15 years and has extensive business, financial and corporate experience. He is a former Senior Partner of PricewaterhouseCoopers and National Board member and Managing Partner of Coopers & Lybrand in Western Australia.

2.2 Directors' Recommendation

The Directors (other than Mr Peter Leonhardt) unanimously recommend that Shareholders vote in favour of Resolution 2.

RESOLUTION 3 – ADOPTION OF THE REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2015

3.1 Background

The Directors' Report for the year ended 30 June 2015 contains a Remuneration Report which sets out:

- the Board's policy for the remuneration of Directors and executive officers; and
- the remuneration details of each Director and each executive officer named in the Remuneration Report.

In accordance with section 250R of the Corporations Act, the Company submits its Remuneration Report for the year ended 30 June 2015 to Shareholders for consideration and adoption by way of a non-binding resolution.

The Corporations Act provides that the vote on this Resolution is advisory only and does not bind the Directors or the Company, nor does it affect the remuneration paid or payable to the Company's Directors or executives. However, the Board will take the outcome of the Resolution into account when considering future remuneration policy.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, a resolution ("spill resolution") must be put to Shareholders at the second of those meetings to determine whether the Directors who were in office at the date of approval of the applicable directors' report must stand for re-election.

If the spill resolution is passed by the requisite majority (being an ordinary resolution), then the Company must convene a general meeting of Shareholders (a "spill meeting") within 90 days of the second annual general meeting, at which all of those Directors will cease to hold office but may offer themselves for re-election. This is being referred to as the '2 strikes rule'.

At the Company's 2014 AGM, less than 25% of the votes cast on the resolution to adopt the Company's 2014 remuneration report voted against its adoption. As such, regardless of the voting on Resolution 3, a spill resolution is not required to be considered at the 2015 AGM.

The Chairman of the AGM will give Shareholders a reasonable opportunity to ask questions about or to make comments on the Remuneration Report.

3.2 Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3. The Directors acknowledge, however, that they have a personal interest in some aspects of the Remuneration Report.

RESOLUTION 4 – RE-ADOPTION OF CARNARVON EMPLOYEE SHARE PLAN

4.1 Background

On 16 October 1997 the Company adopted an employee share plan, known as the Carnarvon Employee Share Plan ("Plan"), as a method for providing appropriate incentives to the Company's employees and executives. Subsequently the Plan has been re-adopted a number of times subject to various amendments. The Directors consider that the Plan is an essential tool for the Company to maintain effective and competitive employment arrangements and align the objectives of management with the interests of Shareholders.

The Plan enables an eligible employee to acquire a Share under the Plan ("ESP Shares") at an issue price determined by the Board ("Issue Price"), which must be at least a 20% premium to the market price of the Company's Shares (determined by the 5 day volume weighted average price ("VWAP") of the Company's Shares sold on ASX prior to the proposed date of offer). As part of an offer under the Plan the Company will loan the eligible employee an amount equal to the acquisition cost of the ESP Shares acquired (being the number of ESP Shares multiplied by the Issue Price).

The Plan is considered the most effective means of providing long term incentives to the Company's employees and executives, because:

- it provides clear incentive targets for recipients, namely to materially increase the Share price above the Issue Price of those Shares (prevailing share price plus a premium of at least 20%);
- unlike performance rights, there is no value in the ESP Shares if the price of those Shares remain below the Issue Price;
- holders of the ESP Shares may only dispose of 25% of their ESP Shares in each of the first four years after issue meaning that there is an incentive for recipients to seek share price appreciation over the longer term;
- the structure of the issue of Shares under the Plan reduces the need for employees to sell at the vesting point to pay tax, unlike performance rights and some option schemes; and
- there is no cash cost to the Company in issuing the ESP Shares.

Shares have been issued prudently under the Plan in the past.

Additionally, to encourage further investment in the Company by the Company's employees and executives, the Board has a current policy of offering to match each Share acquired on market by an employee who is eligible to participate in the Plan ("Acquired Share") with the issue of an ESP Share.

The principal conditions of such an offer are:

- the issue price of ESP Shares will be a premium of at least 20% to the 5 day VWAP of the Company's Shares on ASX immediately prior to the offer of that ESP Share. The offer of ESP Shares will be made as soon as reasonably practicable after the eligible employee has acquired the Acquired Shares on market (subject to any approval requirements under the Corporations Act or ASX Listing Rules);
- the number of ESP Shares offered to an eligible employee will in all cases be limited to 10% of the employee's base salary (inclusive of superannuation) assessed on a 30 June financial year basis;
- eligible employees must retain any Acquired Shares (that gave rise to the right to be offered ESP Shares) for at least 12 months – any disposal of those Acquired Shares prior to that time will result in the corresponding ESP Shares being forfeited under the Plan;
- employees may only trade within the provisions of the Company's "Policy for Trading in Company Securities"; and
- the Board reserves the right to modify or terminate the arrangement at any time.

Since the Plan was last approved by Shareholders on 16 November 2012, the Board has undertaken a comprehensive review of the Plan, incorporating input from Shareholders and proxy advisors. As a result of this review, the Board has amended the Plan rules by increasing the period during which recipients are restricted from disposing of a percentage of their ESP Shares each year by one year from 3 to 4 years. As a result of this amendment, disposal of Shares issued under the amended Plan will be restricted over a four year period. The new Plan rules will not apply to any existing Shares previously issued under the Plan.

4.2 Requirement for Shareholder approval

(a) Listing Rule 7.2

Listing Rule 7.1 provides that subject to certain exceptions, a listed company may not issue or agree to issue equity securities in any 12 month period that exceed 15% of the number of securities the company has on issue, except with the prior approval of shareholders of the company in general meeting of the terms and conditions of the proposed issue.

Listing Rule 7.2 (Exception 9(b)) provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within three years before the date of issue, shareholders have approved the issue of securities under the employee incentive scheme as an exception to Listing Rule 7.1.

As the Plan was last approved by Shareholders on 16 November 2012, Shareholders are again required to approve the Plan to enable the Company to rely on the exemption in Listing Rule 7.2 (Exception 9(b)).

Under Resolution 4, the Company seeks Shareholder approval to grant Shares under the Plan from time to time during the three years from the date of the approval, without being required to count those securities as part of, and without reducing the number of securities the Company can issue under, the annual 15% limit prescribed by Listing Rule 7.1.

The following information is disclosed to Shareholders for the purposes of Resolution 4:

- a summary of the terms and conditions of the Plan as amended since it was last approved is set out in Annexure A to this Explanatory Statement;

- 14,880,788 Shares (approximately 1.5% of the issued Share capital of the Company) have been issued under the Plan since it was last approved on 16 November 2012; and
- the proposed amendments to the Plan are not retrospective and will not affect any existing Shares issued under the Plan.

A voting exclusion statement is included in the Notice of Annual General Meeting in respect of Resolution 4.

(b) Section 260C(4) of the Corporations Act

As described above, under the Plan the Company is to provide loans to Eligible Persons in connection with the acquisition of ESP Shares under the Plan. Such loans may constitute financial assistance for the purposes of section 260A of the Corporations Act.

Additionally, if the Company elects to transfer (or procure the acquisition and transfer) of Shares to any Eligible Person to meet his or her entitlements under the Plan (rather than issue new Shares), the Company may be considered to be providing financial assistance to that employee or executive to acquire Shares.

Under section 260A of the Corporations Act, a company may only financially assist a person to acquire a share or a unit of share in the company if the assistance falls within an exception or is approved by shareholders under section 260B of the Corporations Act.

Section 260C(4) of the Corporations Act provides an exception whereby the Company may provide such financial assistance under an employee share scheme that has been approved by the Company in general meeting. The Company previously sought and obtained the approval of Shareholders to the provision of financial assistance in connection with the acquisition of ESP Shares when the Plan was first established. However, as the relevant provisions of the Corporations Act have been amended since that time, the Company considers it prudent to refresh the approval of Shareholders to the provision of such financial assistance. Accordingly, the Company is also seeking approval of the Plan for the purposes of section 260C(4) of the Corporations Act.

A complete copy of the rules of the Plan (which incorporates the terms of the loan agreement) is available for inspection by Shareholders (free of charge) at the Company's registered office or, upon request, is obtainable from the Company Secretary.

4.3 Directors' Recommendation

The Directors (other than Mr Adrian Cook who has an interest in the Resolution as a potential recipient of ESP Shares) unanimously recommend that Shareholders vote in favour of Resolution 4.

RESOLUTION 5 – ISSUE OF SHARES TO MR ADRIAN COOK

5.1 Background

The Company carefully considers the remuneration of its Managing Director, Mr Adrian Cook, as part of the Company's annual employee remuneration review process that occurs in June each year.

As described above, the Plan provides a mechanism for offering appropriate incentives to the Company's employees and executives. As outlined in the explanatory notes to Resolution 4, the Plan is considered to be an appropriate long term incentive scheme given the size and nature of the Company.

The Board proposes to issue Mr Cook (or his nominee) 1,049,917 ESP Shares under the Plan, and provide an associated loan in respect to these ESP Shares under the terms of the Plan. The Board considers that the issue of ESP Shares to Mr Cook under the Plan is appropriate, particularly given the achievement of key milestones including:

- the oil discovery in the Phoenix South-1 well;
- divesting of Carnarvon's interest in its Thailand production asset in challenging industry conditions;
- renegotiating the extension of the cost carry to cover all drilling and testing activities in WA-437-P to a cap of US\$70 million, not only limited to the drilling of the Roc-1 well;
- commencing the Cerberus project promotional activities following the completion of the technical work; and
- North West Shelf regional mapping, data base and software maturity has been significantly advanced.

Further, in December 2014, Mr Cook acquired 110,000 Shares on market at an average price of 12.0 cents per Share. As outlined in the explanatory notes to Resolution 4, the Board has the discretion to issue ESP Shares to Mr Cook under the Plan to match the 110,000 Shares he acquired on market, on the terms outlined in the explanatory notes to Resolution 4. The Board proposes to exercise this discretion to grant Mr Cook an additional 110,000 Shares under the Plan. Accordingly, in total, the Board proposes to issue Mr Cook 1,159,917 ESP Shares under the Plan.

As a Director of the Company, the proposed issue of ESP Shares to Mr Cook requires the prior approval of Shareholders under the Corporations Act and ASX Listing Rules. Accordingly, the Company is seeking Shareholder approval to issue 1,159,917 ESP shares (being 1,049,917 ESP shares under the long term incentive scheme and 110,000 ESP shares under the Acquired Share match scheme) to Mr Cook (or his nominee).

These ESP Shares will be issued at an average price of 15.0 cents per ESP Share (being at least a 20% premium to the VWAP of the Company's Shares on ASX over the 5 trading days prior to the dates in which the Board resolved to make a formal offer of ESP Shares to Mr Cook). The Board notes that under the Plan, there are restrictions over the disposal of these ESP Shares such that the issue of these ESP Shares to Mr Cook also provides an incentive for Mr Cook to seek to maintain its Share price above the Issue Price.

5.2 Requirement for Shareholder approval

Shareholder approval is required under the provisions of ASX Listing Rule 10.14 in respect of all securities to be issued to directors (or their associates) under an employee incentive scheme. Further, Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the Company without prior shareholder approval, unless the benefit falls within one of various exceptions to that prohibition contained in the Corporations Act. "Related party" is widely defined and includes all directors of a public company. "Financial benefit" has a wide meaning and includes the issue of securities by a public company and the provision of a loan to the director. Resolution 5, if passed, will confer a financial benefit on a Director of the Company.

While the Board believes the offer of the ESP Shares to Mr Cook is reasonable in the context of Mr Cook's overall remuneration, the Board considers it prudent to obtain Shareholder approval for the purposes of Chapter 2E of the Corporations Act.

Resolution 5 seeks Shareholder approval to the proposed issue of 1,159,917 ESP Shares and the associated loan to Mr Cook under the Plan under both Chapter 2E of the Corporations Act and ASX Listing Rule 10.14.

5.3 Information requirements for Chapter 2E of the Corporations Act

For the purposes of Chapter 2E of the Corporations Act (and for all other purposes), the following information is provided to Shareholders:

- (a) The proposed financial benefit to be given to the Company's Managing Director and CEO, Mr Cook (or his nominee), is the issue of 1,159,917 ESP Shares under the Plan and the provision of a limited recourse loan (in accordance with the Plan rules) in connection with that issue. The terms of the Plan and the loan are summarised in the explanatory notes to Resolutions 4 and 5 and Annexure A to this Explanatory Statement.
- (b) The ESP Shares will be acquired by Mr Cook at an average price of 15.0 cents per ESP Share (being at least a 20% premium to the VWAP of the Company's Shares on ASX over the 5 trading days prior to the dates on which the Board resolved to make a formal offer of ESP Shares to Mr Cook).
- (c) The ESP Shares will rank equally in all respects with all other issued Shares from the date of issue and will be held subject to the Constitution and the restrictions on disposal of those ESP Shares.
- (d) If Shareholders approve the issue of ESP Shares under the Plan, Mr Cook (or his nominee) will be deemed to have agreed to borrow the cost of these ESP Shares from the Company to fund the acquisition of the ESP Shares on the terms and conditions set out in the Plan.
- (e) If Shareholders approve the issue of the ESP Shares to Mr Cook, this will dilute the shareholdings of the Company's existing Shareholders by 0.1% (based on the Company's issued Share capital as at the last practicable date prior to the date of finalising this Explanatory Statement).
- (f) The highest and lowest closing prices of the Company's Shares on the ASX in the 12 months prior to the date of finalisation of this Explanatory Statement were 22.5 cents on 25 September 2014 and 9.3 cents on 25 August 2015.
- (g) The closing price of the Company's shares on ASX on 24 September 2015 (being the last practicable date prior to the finalisation of the Explanatory Statement) was 10.5 cents.
- (h) Based on an average share price of 15.0 cents for this acquisition, the value of the ESP Shares to be issued to Mr Cook would be \$173,988. The value of the loan to be made to Mr Cook is determined at this time and is therefore \$173,988.
- (i) The Company has used the Black-Scholes Option Pricing Model ("BSOPM") for determining the cost of the ESP Share issue for accounting and remuneration purposes as of the date the Board resolved to make a formal offer to Mr Cook under the Plan. The following assumptions were made in valuing the share issue under the BSOPM:

- a price of 15.0 cents per ESP Share (being a 20% premium to the VWAP of the Company's Shares on ASX over the 5 trading days prior to the dates on which the Board resolved to make a formal offer to Mr Cook under the Plan);
- a risk free interest rate of 2.0%; and
- volatility of 89%; and
- a vesting period of three years.

Using these assumptions, the BSOPM-determined accounting cost for the issue of the ESP Shares to Mr Cook is approximately \$0.048 per Share, which produces an accounting cost for the ESP Share issue of \$55,915.

Shareholders should be aware that the indicative value of the ESP Share that are to be issued to Mr Cook, as set out above, is considered to represent the theoretical value for the ESP Shares given the inherent limitations of the BSOPM. Any change in the variables applied in the BSOPM between the date of valuation and the date of issue of the ESP Shares may have a material impact on the value of the ESP Shares.

- (j) The loan of \$173,988 provided by the Company to fund the acquisition of the ESP Shares by Mr Cook is interest-free. At an assumed interest rate of 5%, this represents an annual interest benefit of \$8,699. The liability of Mr Cook in respect of that loan is limited to the value of the ESP Shares to which the loan relates.
- (k) The remuneration paid or payable to Adrian Cook for the 12 months ending 30 June 2015 is as follows:

Director	Salary and fees	Share based payments	Superannuation	Bonus	Total
Adrian Cook	\$521,635	\$109,384	\$42,015	\$83,556	\$756,590

- (l) The current annual cash remuneration being paid to Adrian Cook is \$563,925 salary including superannuation.
- (m) Adrian Cook currently owns 8,000,000 Shares. Following the issue of the ESP Shares to Mr Cook, he will own 9,159,917 Shares (representing 0.92% of the issued share capital of the Company). Mr Cook also holds 640,000 Options.
- (n) The issue of the ESP Shares to Mr Cook will have the following impacts on the Company:
- the issued share capital of the Company will increase by 1,159,917 Shares; and
 - Shareholders' interests will be diluted as set out above.
- (o) Other than Mr Cook, the Directors do not have any interests in the outcome of Resolution 5 for the purposes of section 219(1)(d) of the Corporations Act, other than in their capacity as Shareholders. Mr Cook did not vote at the meeting of the Board to approve the offer of ESP Shares to him and Mr Cook is prohibited from voting at the AGM in respect of Resolution 5.

5.4 Information requirements for ASX Listing Rule 10.15

ASX Listing Rule 10.15 sets out a number of matters that must be included in a notice of meeting seeking an approval under ASX Listing Rule 10.14, including the following (some of the matters have already been addressed elsewhere in this section):

- (a) Resolution 5 seeks Shareholder approval for Mr Cook, the Managing Director and CEO of the Company, to participate in the Plan to a maximum extent of 1,159,917 ESP Shares.
- (b) Mr Cook was awarded 250,000 ESP Shares at 5.9 cents per ESP Share under the Plan in November 2013 following approval at the annual general meeting on 15 November 2013. In addition Mr Cook was also awarded 1,000,000 ESP Shares at 11.5 cents per ESP Share under the long term incentive scheme in December 2014 following approval at the annual general meeting on 14 November 2014. Otherwise no ESP Shares have been issued to Directors of the Company or their associates under the Plan since Shareholder approval was last received for such an issue on 16 November 2012.
- (c) The ESP Shares will be issued to Mr Cook as soon as practicable following Shareholder approval, but no later than 12 months after the date of the Annual General Meeting.
- (d) The price of the ESP Shares to be issued to Mr Cook is 15.0 cents per ESP Share.
- (e) The terms of the loan in connection with the ESP Shares to be issued to Mr Cook are set out in section 5.3(j) above and in Annexure A to this Explanatory Statement.
- (f) Mr Cook, being the only executive Director of the Company, is the only Director currently entitled to participate in the Plan.
- (g) A voting exclusion statement in respect of Resolution 5 is included in the Notice of Meeting.

5.5 ASX Listing Rule 7.1

The Plan was approved by Shareholders for the purposes of Exception 9 of ASX Listing Rule 7.2 at the Company's 2012 AGM and is subject for re-approval in Resolution 4. In any event, even if Resolution 4 is not approved, if Resolution 5 is approved by Shareholders, Listing Rule 7.2 (Exception 14) provides that Shareholder approval under Listing Rule 7.1 is not required to issues that have been approved under ASX Listing Rule 10.14. Accordingly, if Resolution 5 is approved, the issue of ESP Shares to Mr Cook pursuant to Resolution 5 will not be included in the calculation of the Company's 15% annual placement capacity for the purposes of ASX Listing Rule 7.1.

5.6 Directors' Recommendation

The Directors (other than Mr Cook) have carefully considered the proposed issue of the ESP Shares to Mr Cook, as well as Mr Cook's remuneration package generally, and consider the issue to be an important component of his remuneration package in that it:

- provides a competitive remuneration package, relative to the Company's peers;
- provides a strategic and value based reward for key executives such as Mr Cook;
- aligns executives interests with the interests of the Company's Shareholders; and

- incentivises executives to materially increase the Share price over the longer term so as to derive value from those incentives.

Accordingly, the Directors (other than Mr Cook), having considered these factors and having considered the alternatives to an issue of ESP Shares to Mr Cook (such as a higher cash-based component of remuneration), believe that the issue of the ESP Shares to Mr Cook is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of Resolution 5.

Mr Cook makes no recommendation to Shareholders in relation to Resolution 5 because he has an interest in the outcome of the Resolution.

To the extent permitted by law, the Chairman intends to vote all undirected proxies in favour of Resolution 5.

5.7 Other Information

There are no material opportunity costs to the Company, no taxation consequences to the Company and no material benefits foregone by the Company in issuing the ESP Shares to Mr Cook.

The Directors are not aware of any information other than that set out in this Explanatory Statement that would reasonably be required by Shareholders in order to decide whether or not it is in the Company's interests to pass Resolution 5.

RESOLUTION 6 AND 7 – GRANT OF OPTIONS TO MR WILLIAM FOSTER AND DR PETER MOORE

6.1 Background

Resolutions 6 and 7 seek Shareholder approval for the issue of 500,000 Options to each of Mr William Foster and Dr Peter Moore, the Company's two most recently appointed Non-Executive Directors.

The recent success that the Company has achieved in the North West Shelf now necessitates a new strategic approach to the development of the Company. The next few years will be an intense period for the Board and senior management of the Company, where strong and focused leadership along with skill and determination will continue to be required so as to ensure the potential Share value upside is not 'leaked away' by inaction or poor decision making.

The Company has already moved to strengthen the Board by the appointment of Dr Moore and the Company feels strongly that at this time it is very important to align the financial interests of the Board and executive very closely with the interests of Shareholders. The Board has carefully considered how best to achieve this for the Company under its present circumstances and reflecting on the particular challenges ahead.

The Company has decided the best way to achieve this goal is to eschew a complicated non-executive director incentive scheme in favour of issuing simple call options at a premium to the Share price, with a vesting condition that makes them available only if significant and prolonged value is achieved. Accordingly the Company is proposing the issue of the Options which are the subject of Resolutions 6 and 7.

These Options will be issued for nil consideration with a 5 year term and an exercise price at a 50% premium to the Share price as at the date the Board resolved to make a formal offer of

Options to Mr Foster and Dr Moore. The Options will have a two year vesting condition which means they will not be exercisable until two years after their issue.

The accounting treatment of the 'value' of the options is particularly technical and may not correspond with the value realised by the holder of those Options. For example, the Options issued to each of Mr Foster and Dr Moore for the purposes of the remuneration report have a value of \$31,507 for the accounting declarations even though they may ultimately not be exercised by the relevant Directors.

The Board acknowledges that the grant of options to a non-executive director is a departure from Recommendation 8.2 of the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council. However, at this important stage of the Company's development the Non-Executive Directors have a high workload and bring significant oil & gas expertise and connections to the Company.

Having considered these factors, the Board (excluding Mr Foster and Dr Moore) considers this issue of Options to Mr Foster and Dr Moore will encourage productivity, enhance loyalty and provide an incentive for future performance whilst preserving the Company's cash resources. In determining the number, value and terms of the Options to be granted, the Board took into account:

- Mr Foster and Dr Moore's existing remuneration packages (details of which are set out below);
- what it considered to be an appropriate assessment of the overall reasonable remuneration for a non-executive director of the Board for an organisation of the Company's size and geographical location; and
- the significant contribution that Mr Foster and Dr Moore are likely to have to the Company's success.

Mr Foster and Dr Moore have a significant amount of experience in the Australian petroleum industry and the Company is very pleased to have Directors of their stature on the Board at this time. They bring both technical and commercial experience to the Board as the Company moves forward with its North West Shelf plans.

6.2 Requirement for Shareholder approval

ASX Listing Rule 10.11 requires the Company to obtain Shareholder approval by ordinary resolution prior to the issue of securities (including an Option) to a related party of the Company.

As Directors, Mr Foster and Dr Moore are related parties of the Company, Shareholder approval is required to the proposed issue of Options to the Directors under ASX Listing Rule 10.11. This approval is sought in Resolutions 6 and 7

If Shareholders approve an issue of securities under ASX Listing Rule 10.11, Listing Rule 7.2 (Exception 14) provides that those securities will not be counted for the purpose of determining the Company's ability to issue new securities under Listing Rule 7.1. Accordingly, if Resolutions 6 and 7 are approved by Shareholders, the issue of Options to Mr Foster and Dr Moore pursuant to Resolutions 6 and 7 will not be included in the calculation of the Company's 15% annual placement capacity for the purposes of ASX Listing Rule 7.1.

Further, Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the Company without prior shareholder approval, unless the benefit falls within one of various exceptions to that prohibition contained in the Corporations

Act. "Related party" is widely defined and includes all directors of a public company. "Financial benefit" has a wide meaning and includes the issue of securities by a public company. Resolutions 6 and 7, if passed, will confer a financial benefit on Directors of the Company.

While the Board believes the offer of 500,000 Options to each of Mr Foster and Dr Moore Options is reasonable, it considers it prudent to obtain Shareholder approval for the purposes of Chapter 2E of the Corporations Act, as well as ASX Listing Rule 10.11, under Resolutions 6 and 7.

6.3 Information requirements for Chapter 2E of the Corporations Act

The following information is provided in relation to Resolutions 6 and 7:

- (a) The proposed financial benefit to be given to two of the Company's Non-Executive Directors, Mr William Foster and Dr Peter Moore, is the issue of 500,000 Options each.
- (b) The terms and conditions of the Options are set out in Annexure B to this Explanatory Statement and involve an exercise premium of 50% to the share price as at the date the Board resolved to make a formal offer of Options to Mr Foster and Dr Moore.
- (c) If Shareholders approve the issue of Options to Mr Foster and Dr Moore, and all Options are ultimately exercised, the effect will be to dilute the shareholding of existing Shareholders by approximately 0.1% on an undiluted basis and based on the number of Shares on issue (as at the date of this Notice) assuming that no other Options are exercised.
- (d) The primary purpose of the issue of Options is to allow the Company to provide a cost effective incentive for the ongoing dedication and efforts of Mr Foster and Dr Moore. The Directors (other than Mr Foster and Dr Moore in respect of their relevant Resolutions) do not consider there are any significant opportunity costs to the Company or benefits forgone by the Company in issuing the Options to Mr Foster and Dr Moore upon the terms proposed.
- (e) The current annual cash remuneration being paid to Mr Foster is \$80,000 and Dr Moore is \$75,000. Mr Foster's additional \$5,000 of remuneration arises from being the Chairman of the Audit & Risk Committee and Remuneration & Nomination Committee.
- (f) Mr Foster holds 528,205 Shares, all of which Mr Foster has acquired on-market, and 156,250 Options. The Options are listed Options issued to all shareholders who subscribed to the Company's entitlement offer on 20 November 2013.
- (g) Dr Moore was appointed on 18 June 2015 and holds no Shares or Options in the Company.
- (h) The highest and lowest closing prices of the Company's Shares on the ASX in the 12 months prior to the date of finalisation of this Explanatory Statement were 22.5 cents on 25 September 2014 and 9.3 cents on 25 August 2015.
- (i) The closing price of the Company's shares on ASX on 24 September 2015 (being the last practicable date prior to the finalisation of the Explanatory Statement) was 10.5 cents.
- (j) The estimated value of the Options has been calculated using the BSOPM and is set out below.

- (k) No loans from the Company will apply in relation to the Options.
- (l) Other than Mr Foster and Dr Moore, the Directors do not have any interests in the outcome of Resolutions 6 or 7 for the purposes of section 219(1)(d) of the Corporations Act, other than in their capacity as Shareholders. Mr Foster and Dr Moore did not vote at the meeting of the Board to approve the offer of Options to them and Mr Foster and Dr Moore are prohibited from voting at the AGM in respect of their relevant Resolutions.

6.4 Estimated Valuation of Options

The Options proposed to be issued to each of Mr Foster and Dr Moore have an estimated value of \$31,507 each (or \$63,014 in aggregate) as at 24 September 2015 using the BSOPM.

The estimated valuation has been based upon the following inputs and assumptions:

- Spot price of \$0.10;
- An Option exercise price of \$0.15;
- A risk free rate for 2.0% per annum;
- A volatility factor of 89%; and
- An issue date of 16 November 2015 and expiry date of 16 November 2020.

Based on the above, the Options to be issued pursuant to Resolutions 6 and 7 have been valued at \$0.063 each under the BSOPM. The actual value of the options will be determined at the date of issue.

6.5 Technical information required by ASX Listing Rule 10.13

For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to the issue of Options pursuant to Resolutions 6 and 7:

	Resolution 6 – Grant of Options to Mr William Foster	Resolution 7 – Grant of Options to Dr Peter Moore
Maximum number of Options to be granted	500,000	500,000
Date of grant of Options	The Options will be issued not more than 30 days after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that allotment will occur on one date.	
Price of Options	The Options will be issued for nil cash consideration as they are being issued to Mr Foster and Dr Moore in order to provide a material additional incentive for their ongoing commitment and dedication to the continued success of the Company.	
Terms of Options	Refer to Annexure B for details of the terms and conditions of the Options.	
Use of funds raised	As the Options will be issued for nil cash consideration, no funds will be raised from the issue of the Options, although funds may be raised	

in the future to the extent the Options are exercised.

Voting exclusion statement

Voting exclusion statements for Resolutions 6 and 7 are contained in the Notice of Meeting.

The Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 6 and 7.

6.6 Directors' Recommendation

The Board, having considered the alternatives to an issue of Options to Mr Foster and Dr Moore (such as a higher cash-based component of remuneration), believes that the grant of Options to Mr Foster and Dr Moore are reasonable and appropriate and constitute an important component in their remuneration packages.

The Board considers the grant of the Options is a cost effective method of providing an incentive for their ongoing commitment and contribution to the Company whilst maintaining the Company's cash reserves. Accordingly, the Directors, (other than Mr Foster and Dr Moore who each have an interest in the outcome of their respective Resolutions) recommend that Shareholders approve Resolutions 6 and 7.

To the extent permitted by law, the Chairman intends to vote all undirected proxies in favour of Resolutions 6 and 7.

RESOLUTION 8 – CHANGE TO NON-EXECUTIVE DIRECTORS' FEES

8.1 Background

Resolution 8 has been proposed so that Shareholders can consider, and if thought fit, approve an increase to the maximum aggregate remuneration which is available to the Company to secure the services of its Non-Executive Directors. ASX Listing Rule 10.17 and rule 37(a) of the Constitution provide that the Company must first obtain Shareholder approval before it is able to increase the total fees payable by the Company or its subsidiaries to its Non-Executive Directors.

At present, the maximum amount of fees which can be paid to the Company's Non-Executive Directors is capped at \$300,000. This maximum cap has not been increased since 2008.

The Directors are seeking Shareholder approval to increase the upper limit on aggregate Non-Executive Director remuneration by \$100,000 for the following reasons:

- the Company has appointed Dr Peter Moore as an additional Non-Executive Director to the Board;
- the Company's Non-Executive Directors have extensive skills and experience in a range of relevant industries that are important to the Company's development;
- the appointment of the Non-Executive Directors significantly enhances the independence of the Board; and
- the Board considers it important that the Company maintains the ability to remunerate competitively and attract and retain high calibre Non-Executive Directors and that there is allowance for growth in the number of Non-Executive Directors and non-executive

remuneration in the future to reflect market competitiveness for Non-Executive Directors with the skills and experience appropriate for the Company's business and growth.

If Resolution 8 is approved, the Directors do not intend utilising the entire maximum sum of \$400,000 in the first instance. By having an increase in the maximum amount that can be paid to Non-Executive Directors, the Directors have the flexibility to seek new independent Non-Executive Directors to the Board as and when appropriate. The increase should also be seen in light of the possibility there may in the future be an increase in the number of Non-Executive Directors and provides flexibility to attract and remunerate any additional suitable Board candidates.

The remuneration currently provided to each Non-Executive Director of the Company for the financial year ended 30 June 2015 is detailed in the Remuneration Report (being the subject of Resolution 3).

8.2 Technical information required by Listing Rule 10.17

If Shareholders approve the proposed Resolution, the maximum aggregate sum which can be paid to Non-Executive Directors of the Company will increase by \$100,000 per annum, resulting in an increase in the upper limit of remuneration that can be paid to the Company's Non-Executive Directors from the current level of \$300,000 to a new level of \$400,000 in any financial year.

The following table sets out details of all securities in the Company issued to a Non-Executive Director after obtaining Shareholder approval under Listing Rule 10.11 or 10.14 during the past 3 years.

Non-Executive Director	Type of security	Number	Listing Rule	Date of issue	Price
<i>Peter Leonhardt</i>	Shares	750,000	10.11	23 November 2012	\$0.082 per Share
<i>Neil Fearis</i>	Shares	125,000	10.11	23 November 2012	\$0.082 per Share
<i>William Foster</i>	Shares	125,000	10.11	23 November 2012	\$0.082 per Share

A voting exclusion statement is included in the Notice of Annual General Meeting in respect of Resolution 8.

8.3 Directors' Recommendation

Mr Adrian Cook, being the Company's only executive Director, recommends that Shareholders vote in favour of Resolution 8.

RESOLUTION 9 – APPOINTMENT OF AUDITOR

The Company has conducted an internal review of the provision of its audit services during the year. Following this review, Ernst & Young emerged as the preferred provider of audit services to the Company. Accordingly, the Board has resolved to recommend the appointment of Ernst & Young to fill the office of auditor as required by the Corporations Act. Under the Corporations Act, Shareholders must approve the appointment of a new auditor.

Ernst & Young is a recognised Australian and international accounting practice with experience in the oil and gas industry. Ernst & Young has consented to act as auditor.

Ernst & Young's appointment is subject to the resignation of the existing auditor, Crowe Horwath, which will only become effective upon the consent to Crowe Horwath's resignation by the Australian Securities and Investments Commission.

In accordance with section 328B(1) of the Corporations Act, Peter Leonhardt in his capacity as a Shareholder, has nominated Ernst & Young to act as the auditor of the Company and a copy of the notice of nomination is included at Annexure C.

Directors' Recommendation

The Directors recommend the appointment of Ernst & Young to be the Company's auditor subject to, and upon, the Australian Securities and Investments Commission consenting to the resignation of the existing auditor, Crowe Horwath.

ENQUIRIES

Shareholders are asked to contact the Company Secretary, Mr Thomson Naude, on (+618) 9321 2665 if they have any queries in respect of the matters set out in these documents.

Annexure A – Summary of the Carnarvon Petroleum Limited Employee Share Plan

The terms and conditions of the Plan as amended are summarised in the table below.

1. Board	The Board, or a duly appointed committee of the Board, is responsible for the operation of the Plan.
2. Eligible Persons	Participation in the Plan is available to any person who is invited by the Board to participate ("Eligible Person"). The Company may at any time, in its absolute discretion, make an offer to an Eligible Person. Non-Executive Directors are not eligible to participate in the Plan.
3. Invitations	The Board may at any time, in its absolute discretion, make an offer to an Eligible Person to be issued ESP Shares under the Plan. The offer may be accepted by an Eligible Person or an associate of that Eligible Person, within the given acceptance period.
4. Number of Shares	The number of ESP Shares issued is to be determined by the Directors, subject to the following limitation. The number of ESP Shares issued under the Plan must not exceed 5% of the Company's issued capital at any time ("5% Limitation"), when combined with the number of shares issued or to be issued by the Company during the previous five years, under employee incentive plans operated by the Company.
5. Issue price	The issue price is to be determined by the Board, provided that the issue price is at least 120% of the market price of the Company's Shares, being the weighted average sale price of Shares sold through the ASX on the 5 trading days prior to the proposed date of an offer under the Plan.
6. Ranking	The ESP Shares will rank pari passu with all issued fully paid ordinary shares in respect of voting rights, dividends and entitlement to participate in any bonus or rights issues.
7. Listing	Application for quotation of the ESP Shares on ASX will be made as soon as practicable after the allotment of those shares.
8. Disposal of Shares	Plan participants may not dispose of any ESP Shares within one year of the issue date but, subject to repayment of any associated loan, may dispose of up to 25% of their ESP Shares after one year, 50% after two years, 75% after three years and 100% after four years.
9. Loan agreement	A loan agreement will be entered into by the Company and the Plan participants in connection with the acquisition of ESP Shares under the Plan, as follows: <ul style="list-style-type: none"> • if a participant accepts an offer to receive ESP Shares, they will be taken to have agreed to borrow from the Company on the terms of the loan agreement described below, an amount to fund the purchase of the ESP Shares; • until the loan to a participant is fully repaid, the Company has a first right of refusal to buy back the ESP Shares for the issue price if the participant wishes to sell the ESP Shares; and • once the loan is repaid in full (and subject to any other

restrictions on disposal imposed by the Plan), a participant may deal with the ESP Shares as they wish.

The principal provisions of the loan agreement include:

- the loan amount will be equal to the issue price of the ESP Shares multiplied by the number of ESP Shares issued;
 - the loan can be repaid at any time but a participant must repay any amount outstanding to the Company within 30 days of termination of employment. All dividends declared and paid on the ESP Shares will be applied towards repayment of the advance;
 - there is no interest on the loan;
 - the maximum liability in respect of the loan will be the value of the ESP Shares from time to time; and
 - a holding lock will be placed on the ESP Shares until the loan is fully repaid.
-

Annexure B – Terms and conditions of Options

The Options proposed to be granted to Mr Foster and Dr Moore entitle the holder to subscribe for Shares on the following terms and conditions.

- (a) Each Option entitles the Option Holder to subscribe for and be issued one Share in the Company on exercise of the Option and payment of the Exercise Price (defined below).
- (b) Application will not be made for official quotation of the Options on the ASX or any other financial market.
- (c) Except as otherwise provided in these terms, the Options only vest and become exercisable if the Option holder remains a Director of the Company for a period of 24 months after the date Shareholder approval is obtained for the issue of the Options, failing which the Options will lapse.
- (d) Subject to clauses (c) and (m), the Options are exercisable on or before 5pm (Australian WST) on the date that is 5 years after the issue date ("Expiry Date") by completing an Option Exercise Notice and delivering it to the Company's registered office with the exercise monies.
- (e) The Options will have an exercise price that is \$0.15 per Option which is 150% of the Share price as at the date the Board resolved to issue the Options ("Exercise Price").
- (f) The Company must give the holder of each Option a certificate or holding statement stating the number of Options issued to each holder, the Exercise Price of the Options and the date of issue of the Options.
- (g) Subject to clauses (c) and (m) the holder of the Option may at any time up to the Expiry Date give an exercise notice to the Company or the Share Registry requiring the Company to issue Shares on exercise of the Options, accompanied by payment of the Exercise Price in full for each Option exercised. Any Option not exercised automatically expires on the Expiry Date.
- (h) Options may only be exercised during the hours of 8.30am to 5.00pm (AWST) on a day which ASX is open for trading ("Business Day"). A notice in writing received outside of these times will be deemed received at 8.30am on the next Business Day.
- (i) The exercise notice must be accompanied by the certificate or holding statement for the Options being exercised and a cheque made payable to the Company for the Exercise Price for the Options being exercised.
- (j) The Options will be deemed to have been exercised on the date the exercise notice is received or deemed to be received by the Company or the Share Registry.
- (k) On exercise of Options, the Company must allot to the holder the number of Shares for which the Options are exercised and deliver a holding statement with respect to such Shares within 10 Business Days of receipt of the exercise notice.
- (l) Unvested Options are not transferable except as required by law or the ASX Listing Rules.

- (m) Unless otherwise determined by the Board, if an Option holder ceases to be a Director of the Company at any time after an Option is or has become exercisable, then:
- i. if the Option holder ceases to be a Director of the Company for any reason other than death or total and permanent disability, such Option holder may exercise any such Options held by him or her within:
 - (A) 1 month of ceasing to be a Director of the Company; or
 - (B) such longer period as the Board determines,otherwise such Options will automatically lapse; and
 - ii. if an Option holder ceases to be a Director of the Company due to death or total and permanent disability, that Option holder (or his or her estate, if applicable), is entitled to exercise any such Options at any time prior to the Expiry Date.
- (n) If the Board determines that an Option holder has acted fraudulently, dishonestly or in breach of his or her obligations to the Company then the Options (whether vested or unvested) shall automatically lapse upon written notification to the Option holder.
- (o) All Shares issued upon exercise of the Options will rank equally in all respects with the Company's then issued Shares. If the Company's Shares are listed on ASX or any other financial market, the Company will apply for quotation of the Shares within 5 business days of issuing the Shares.
- (p) There are no dividend, voting or participating rights or entitlements inherent in the Options and Option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, Option holders will be given a reasonable opportunity to exercise any vested Options prior to the date for determining entitlements to participate in any such issue.
- (q) A holder cannot participate in a bonus issue or new issue of securities in the Company without first exercising the Options. Holders who exercise their Options before the applicable record date for a bonus issue or new issue will be entitled to participate in the new issue.
- (r) Except as expressly set out in the terms, an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.
- (s) If there is a pro rata issue (other than a Bonus Issue) to the holders of Shares during the currency of, and prior to the exercise of any Options, the Exercise Price of an Option will be adjusted in the manner provided in the Listing Rules.
- (t) If there is a bonus issue ("Bonus Issue") to the holders of Shares in the Company, the number of Shares over which the Options are exercisable will be increased by the number of Shares which the holder would have received if the Options had been exercised before the record date for the Bonus Issue ("Bonus Shares"). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other shares of the class on issue as at the date of issue of the Bonus Shares.

- (u) In the event of a reorganisation of the issued capital of the Company prior to the Expiry Date, the Options must be re-organised in accordance with the ASX Listing Rules which apply at that time.
- (v) Despite anything else in these terms and conditions, but subject to clause (m), all unvested Options vest and may be exercised:
 - i. where a takeover bid is made for Shares (for the avoidance of doubt, vesting shall occur when such takeover bid is publicly announced);
 - ii. at any time after a Change in Control Event has occurred; or
 - iii. on an application under section 411 of the Corporations Act, if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.
- (w) The Company is entitled to treat the registered holder of an Option as the absolute holder of that Option and is not bound to recognise any equitable or other claim to, or interest in, that Option on the part of any person other than the registered holder, except as ordered by a court of competent jurisdiction or as required by statute.
- (x) For the purposes of these terms, "Change in Control Event" means:
 - i. a change in control (as defined in section 50AA of the Corporations Act) of the Company;
 - ii. where members of the Company approve any compromise or arrangement for the purpose of, or in connection with, a scheme, which will, upon becoming effective, result in any person (either alone or together with associates) owning more than 50% of the Shares of the Company, or a scheme for the reconstruction of the Company or its amalgamation with any other body corporate or bodies corporate (other than a scheme that does not involve a change in the ultimate beneficial ownership of the Company);
 - iii. where a person or entity becomes a legal or beneficial owner of or has a relevant interest in more than 50% of the issued capital of the Company;
 - iv. where a person or entity becomes entitled to, acquires, holds or has an equitable interest in more than 50% of the issued capital of the Company;
 - v. a takeover bid (as defined in the Corporations Act) being made to acquire Shares that the bidder (together with its associates within the meaning of section 12 of the Corporations Act) does not already own which results in that bidder (together with its associates within the meaning of section 12 of the Corporations Act) obtaining a relevant interest in at least 50% of the Issued Capital and the takeover bid is declared unconditional; or
 - vi. a person or a group of associated persons becomes entitled, subsequent to the date of the Meeting, to give it or them the ability in general meeting to replace all or allow a majority of the Board in circumstances where such ability was not already held by such person or group of associated persons.

Annexure C – Copy of Shareholder nomination of new auditor

To: The Company Secretary
Carnarvon Petroleum Ltd
Level 2, 76 Kings Park Road
West Perth WA 6005

11 September 2015

Notice of nomination of auditor under section 328B of the *Corporations Act 2001* (Cth)

Pursuant to section 328B(1) of the *Corporations Act 2001* (Cth) (the **Act**), I, Peter J Leonhardt, a member of the Company, nominate Ernst & Young of 11 Mounts Bay Road, Perth WA 6000 for appointment as auditor of the Company at the next annual general meeting or any adjournment thereof, subject to the resignation of the current auditors Crowe Horwath and ASIC approval of the same.

Please distribute copies of this notice of nomination as required by section 328B(3) of the Act.

Yours sincerely,



Peter J Leonhardt

Glossary

Acquired Share means a Share acquired on market by an employee who is eligible to participate in the Plan.

Annual General Meeting, AGM or Meeting means the meeting convened by this Notice of Meeting.

ASX means ASX Limited, or as the context requires, the financial market operated by it.

ASX Listing Rules or Listing Rules means the listing rules of ASX, as amended from time to time.

ASX Settlement means ASX Settlement Pty Limited.

ASX Settlement Operating Rules means the operating rules of ASX Settlement.

AWST means the time in Perth, Western Australia.

Board means the current board of directors of the Company.

BSOPM means the Black-Scholes Option Pricing Model considered in Resolutions 5, 6 and 7.

closely related party of a member of the key management personnel means:

- a) a spouse or child of the member; or
- b) a child of the member's spouse; or
- c) a dependent of the member or the member's spouse; or
- d) anyone else who is one of the member's family and may be expected to influence the member or be influenced by the member in the member's dealings with the Company;
or
- e) a company the member controls; or
- f) a person prescribed by the Corporations Regulations 2001 (Cth).

Company or Carnarvon means Carnarvon Petroleum Limited (ABN 60 002 688 851/ACN 002 688 851).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a current director of the Company.

Eligible Person means a person eligible to participate in the Plan.

ESP Share means a Share issued under the Plan.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

key management personnel has the same meaning as in the accounting standards. Broadly speaking this includes those persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any directors of the Company.

Non-Executive Director means a non-executive Director of the Company.

Notice of Meeting or **Notice of Annual General Meeting** means this notice of Annual General Meeting including the Explanatory Statement.

Option means an option to acquire a Share.

Plan means the Carnarvon Employee Share Plan.

Remuneration Report means the Remuneration Report contained in the Directors' Report for the year ended 30 June 2015.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the Company.

Shareholder means a holder of a Share.

Share Registrar means Link Market Services Limited.

VWAP means volume weighted average price.

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LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
Carnarvon Petroleum Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **BY FAX**
+61 2 9287 0309

 **BY HAND**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138

 **ALL ENQUIRIES TO**
Telephone: +61 1300 554 474

LODGE MENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **1:00pm (AWST) on Wednesday, 11 November 2015**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:

 **ONLINE**
www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

NAME SURNAME
ADDRESS LINE 1
ADDRESS LINE 2
ADDRESS LINE 3
ADDRESS LINE 4
ADDRESS LINE 5
ADDRESS LINE 6



X99999999999

PROXY FORM

I/We being a member(s) of Carnarvon Petroleum Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **1:00pm (AWST) on Friday, 13 November 2015 in Meeting Room 8, Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth WA 6000 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 3 and 4: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 3 and 4, even though these Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Re-election of Dr Peter Moore as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Peter Leonhardt as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3 Adoption of the Remuneration Report for the year ended 30 June 2015	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Re-adoption of Carnarvon Employee Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
5 Issue of Shares to Mr Adrian Cook	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6 Grant of Options to Mr William Foster	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7 Grant of Options to Dr Peter Moore	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8 Change of Non-executive Directors' fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

CVN PRX501D

