

Chairman's Address

13 November 2015



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

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

For all enquiries please contact:

Shareholder Enquiries

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

Media Enquires

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

Yours faithfully

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

Adrian Cook
Managing Director
Carnarvon Petroleum

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

I am pleased to welcome shareholders after a transformational year for Carnarvon in a particularly challenging environment in terms of both commodity prices and capital markets. Your company is now exceptionally well positioned with a strong balance sheet, sensibly balanced commitments and a first class technical team focussed on exciting prospects in the North West Shelf.

I also welcome Dr Peter Moore to the Board. Peter has extensive experience in the North West Shelf particularly as a former head of exploration for Woodside Petroleum. His knowledge of the region is already proving valuable to our exploration team and I look forward to Peter's contribution to our future growth.

During the year we completed the divestment of the balance of our Thailand assets to the Berlanga Group. The field continues to perform well for the new owners of what has been an important asset in Carnarvon's journey. The divestment of this asset has provided us with about \$100m in cash plus a receivable of up to US\$32m.

Our interests on the North West Shelf have generated extensive activity including the commitment of significant technical effort and financial resources to the Phoenix area following the oil discovery in Phoenix South. I like all shareholders eagerly look forward to the results of the Roc-1 well and the expected further exploration of the greater Phoenix area. Managing Director, Adrian Cook will provide a more detailed update on this topic following the formal business of the meeting.

Carnarvon's transition to its current Australian focus has been a measured process following careful analysis of the strategic opportunities available to us. Our underlying objectives remain driven by the need to deliver shareholder returns in the context of our exploration market positioning. We have continued with significant investment in our technical team and databases to maximise value from our current portfolio and to create significant opportunities including bidding for new acreage and asset acquisitions. I am confident that the Carnarvon team is now recognised within the industry for its technical excellence and capabilities.

The recent success that the Company has achieved in the North West Shelf will bring new challenges and be an intense period for the Board and senior management. Again I am confident that we are well equipped to rise to the occasion and ensure the potential share value upside is not 'leaked away' by inaction or poor decision-making.

We have continued to encourage our staff to increase their shareholdings in the Company by offering to match every share bought on market with a loan to acquire a share under the Company's Employee Share Plan. It's our opinion that it is, on balance, a beneficial undertaking that aligns staff and shareholder interests while attracting and retaining quality staff.

Last year I touched on the Company's evolving governance needs and accordingly a number of improvements have been made. These include increasing the independence of the Board through the appointment of Dr Peter Moore as a Non-Executive Director and the extension of the vesting term of the Employee Share Plan by one year. As a result of these changes you will see resolutions in this meeting to increase the maximum amount payable to Non-Executive Directors by \$100,000 to accommodate the additional director and the re-adoption of the Carnarvon Employee Share Plan.

I particularly acknowledge the contribution of our technical team and their efforts this year. Our team has been focused on delivering value in the Phoenix area, progressing the Cerberus blocks and laying the foundation for the next growth projects for the Company.

Finally I'd like to take this opportunity to thank my fellow members of the Board for their valuable counsel and the management team and staff for their resolve in challenging circumstances and their contribution to completing our transition to a North West Shelf focused Company with an exciting future.