

Directors' Options Exercise

14 December 2015



Dear shareholders,

On 9 December 2015 the Company announced that the Roc-1 well had reached a depth of 3,405 metres. At this point the operator was preparing to set the 244 mm (9 5/8th) casing after which the rig drills the 216 mm (8 1/2") reservoir section, equivalent to where the oil was discovered in the Phoenix South- 1 well.

The Company encouraged directors and management to exercise listed options held by them either before commencing drilling of the 216 mm (8 1/2") reservoir section or after well results or intermediate results are announced to the market.

During the week commencing Monday 7 December 2015 directors and management took the opportunity to exercise options. The Appendix 3B and Appendix 3Y's announced to the market today incorporate those options exercised.

Today, the well commenced drilling ahead in the 216 mm (8 1/2") hole final section.

Carnarvon's Managing Director and Chief Executive Officer, Mr Adrian Cook said *"I'm once again pleased by the commitment of directors and management to the Company through the exercising of their options that were issued to all shareholders who participated in the Company's 2013 Entitlement Offer. We now look forward to receiving and reporting the results of the Roc-1 well in the coming weeks."*

For all enquiries please contact:

Shareholder Enquiries

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Yours faithfully

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

Adrian Cook
Managing Director
Carnarvon Petroleum