

Chairman's Address

25 November 2016



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

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

For all enquiries please contact:

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Yours faithfully

A handwritten signature in black ink, appearing to read "Thomson Naude".

Thomson Naude
Company Secretary
Carnarvon Petroleum Limited

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.

Since the last meeting, our industry has experienced exceptionally challenging circumstances with the oil price dropping below \$30 per barrel, however, I am pleased to note that Carnarvon achieved a number of key milestones during this time. We participated in four wells three of which were declared successful and Phoenix South-2 is still in progress. There is further cause for optimism as we have booked a significant volume of resources in the Phoenix and Roc area and the oil price appears to be on the path to recovery.

One benefit of the industry downturn is that the Company has been able to add quality assets to its portfolio this year, acquiring an interest in the Outtrim East oil project and three promising exploration permits by way of the gazettal process. At the same time commitments have been maintained at a manageable level.

The formal business includes important resolutions on remuneration matters. This financial year the Board approved bonus payments and employee shares were issued to the Company's executives and staff. We are acutely aware of the sensitivity of remuneration matters for shareholders given the current state of the market for oil & gas companies. It is in these difficult times that more effort and care is required of management to effectively execute the Company's strategy. These incentives were awarded after careful assessment of personal performances together with the delivery of key milestones which include the gas and condensate discovery in the Roc-1 well, the addition of quality exploration assets to the Company's portfolio and significant progress with Carnarvon's North West Shelf regional mapping program and database development.

Carnarvon has been focussing its efforts on the North West Shelf of Australia for a number of years now and the strategy is showing clear and encouraging progress. Our goal is to deliver shareholders growth in the long term and I am confident that we are well positioned to do so, particularly as we continue to execute our plans and as market conditions are forecast to improve.

A key factor in our progress over the past few years has been our joint venture partners. I thank outgoing partners JX Nippon and Finder Exploration for their contributions in the Roc and Phoenix area. We enjoy an excellent working relationship with Quadrant Energy and I would also like to thank them for their competent operatorship and support as we continue to mature the Phoenix and Roc project and surrounding area, in what is becoming one of Australia's most exciting oil and gas regions.

I particularly acknowledge the contribution of our Managing Director, Adrian Cook and our passionate team for their efforts this year. Our team has been focused on delivering value in the Phoenix and Roc area, and has made significant progress in developing an exciting portfolio. I encourage all shareholders to speak with members of our technical team following the meeting.

The Board in my view has a wealth of experience and skills and I would like to thank my colleagues for their hard work and support throughout the year.

To our shareholders I say thank you for your ongoing support which is very much appreciated.

Your company is strongly positioned and I look forward to the excitement and opportunity that lies ahead of us.