

CARNARVON

PETROLEUM LTD

CAPITAL RAISE PRESENTATION

12 FEBRUARY 2019

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Summary information

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Resource estimates

The resource estimates outlined in this Presentation have been prepared by the Company's Chief Operating Officer, Mr Philip Huizenga, who is a full-time employee of the Company. Mr Huizenga has over 25 years' experience in petroleum exploration and engineering. Mr Huizenga holds a Bachelor Degree in Engineering, a Masters Degree in Petroleum Engineering and is a member of the society of Petroleum Engineers. Mr Huizenga is qualified in accordance with ASX Listing Rules and has consented to the form and context in which this statement appears.

All contingent and prospective resources presented in this report are prepared as at 28 August 2017, 23 April 2018, 20 August 2018 and 15 October 2018 pursuant to the Company's ASX announcements released to ASX on 28 August 2017, 23 April 2018, 20 August 2018 and 15 October 2018. The estimates of contingent and prospective resources included in this Presentation have been prepared in accordance with the definitions and guidelines set forth in the SPE-PRMS. Carnarvon is not aware of any new information or data that materially affects the information included in this presentation and that all material assumptions and technical parameters underpinning the estimates in this presentation continue to apply and have not materially changed. Carnarvon used deterministic and probabilistic methods to prepare the estimates of these contingent resources. These contingent resources have been aggregated by arithmetic summation and hence the aggregate 1C may be a very conservative estimate and the 3C may be a very optimistic estimate due to the portfolio effects of arithmetic summation.

There are numerous uncertainties inherent in estimating reserves and resources, and in projecting future production, development expenditures, operating expenses and cash flows. Oil and gas reserve engineering and resource assessment are subjective processes of estimating subsurface accumulations of oil and gas that cannot be measured in an exact way. These prospective resource estimates have an associated risk of discovery and risk of development. Further exploration and appraisal is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Disclaimer



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Effect of rounding

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Investment summary



OIL & GAS DISCOVERED

Over 100mmboe
discovered net to CVN¹



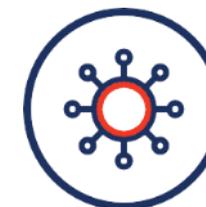
PRIME LOCATION

Ideal for development in
shallow water West Australia



CONVENTIONAL RESERVOIRS

Of high quality with
similar prospects nearby



APPRAISE TO DEVELOP

Early oil development focus
ahead of gas development



PREMIER PARTNER

Australia's 2nd largest O&G
company Santos is 80%
partner on Dorado



INVESTOR INTEREST

Increasing institutional
investor interest in
Carnarvon



CORPORATE GOVERNANCE

Experienced Board
and management
team in place



FOCUS ON VALUE

Value per share
focus underpinned
by fiscal discipline

1. Refer resource information contained in slides 34 & 35

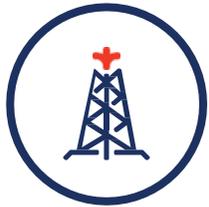
Equity Raising Overview

Placement	<ul style="list-style-type: none">• Placement of approximately \$50 million (before costs) via the issue of 151.6 million new fully paid ordinary shares to institutional and sophisticated investors under Carnarvon's available placement capacity pursuant to ASX Listing Rule 7.1.• Shareholder approval is not required and the placement is not underwritten.
Offer Price	<ul style="list-style-type: none">• Issue price of A\$0.33 per share, which, as at the last closing price on 11 February 2019 represents a:<ul style="list-style-type: none">○ 10.8% discount to the last closing price of A\$0.37;○ 12.9% discount to the 10 day VWAP of A\$0.379; and○ 9.1% discount to the 30 day VWAP of A\$0.363• New shares will rank equally with existing Carnarvon shares
Indicative Timetable ¹	<ul style="list-style-type: none">• Trading halt and announcement of Placement: Tuesday, 12 February 2019• Trading halt lifted and Carnarvon shares resume trading: Expected to be Thursday, 14 February 2019• Settlement of Placement shares: Tuesday, 19 February 2019• Allotment, quotation and trading of Placement shares: Wednesday, 20 February 2019
Use of Proceeds	<ul style="list-style-type: none">• Proceeds from the transaction will be used to fund appraisal and exploration opportunities in order to continue to commercialise world class discoveries in Australia's North West Shelf, to fund further exploration and to maintain sufficient working capital.
Joint Lead Managers	<ul style="list-style-type: none">• Euroz Securities Limited and RBC Capital Markets.

1. The timetable is indicative only and subject to change without notice. All dates are in reference to AEDT

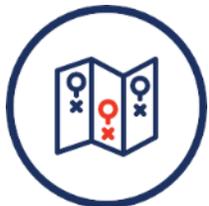
Use of Proceeds

Proceeds from the transaction will be used to fund appraisal and exploration opportunities in order to continue to commercialise world class discoveries in Australia's North West Shelf, to fund further exploration and to maintain sufficient working capital.



Appraisal Program: Dorado-2 and Dorado-3 wells (A\$40m to \$55m)

- Provide sufficient capital to progress appraisal programs on the Dorado discovery, a highly prolific and proven play
- The 2019 drilling program is expected to include the Dorado-2 and Dorado-3 appraisal wells, commencing around April 2019
- Early engineering and design studies for the Dorado oil field development
- Potential development focused 3D seismic over the Dorado and Roc fields

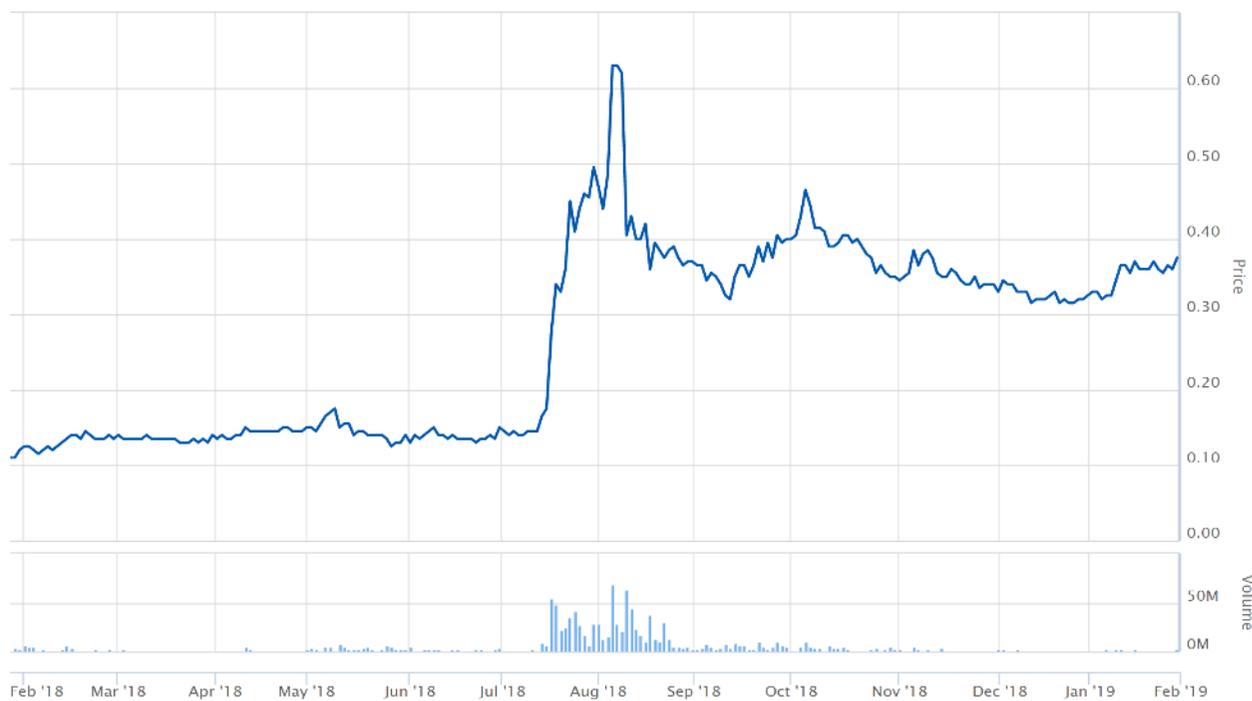


Exploration Program: Roc South-1 well and 3D Seismic (A\$10m to \$15m)

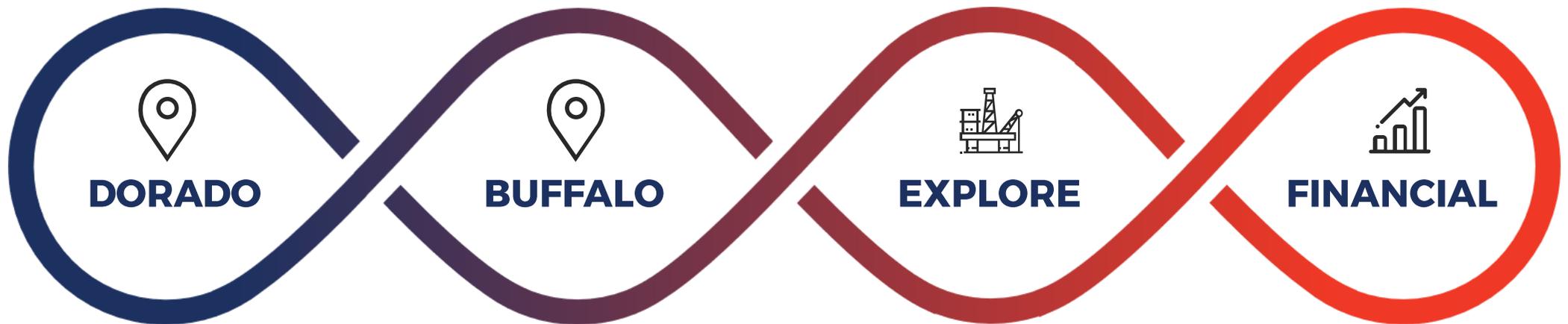
- Additional capital to fund the exploration well at Roc South-1 and a potential 3D Seismic acquisition over a number of nearby prospects including Pavo and Apus
- Roc South-1 has a similar geological structure to the highly successful Dorado structure, and is expected to be drilled immediately following the Dorado-2 appraisal well

Capital overview & 52 week share price

Ordinary shares on issue	m	1,191
Share price as at 30 Jan 2019	A\$/sh	0.38
Market capitalisation	A\$m	452
Debt (as at 31 Dec 2018)	A\$m	-
Cash (as at 31 Dec 2018)	A\$m	48
Enterprise value	A\$m	404



Core business streams



Exciting appraisal well program and field development planning scheduled for 2019. Program to build on the existing value in the light oil & gas discovery. Final Investment Decision in 2020 for field development.

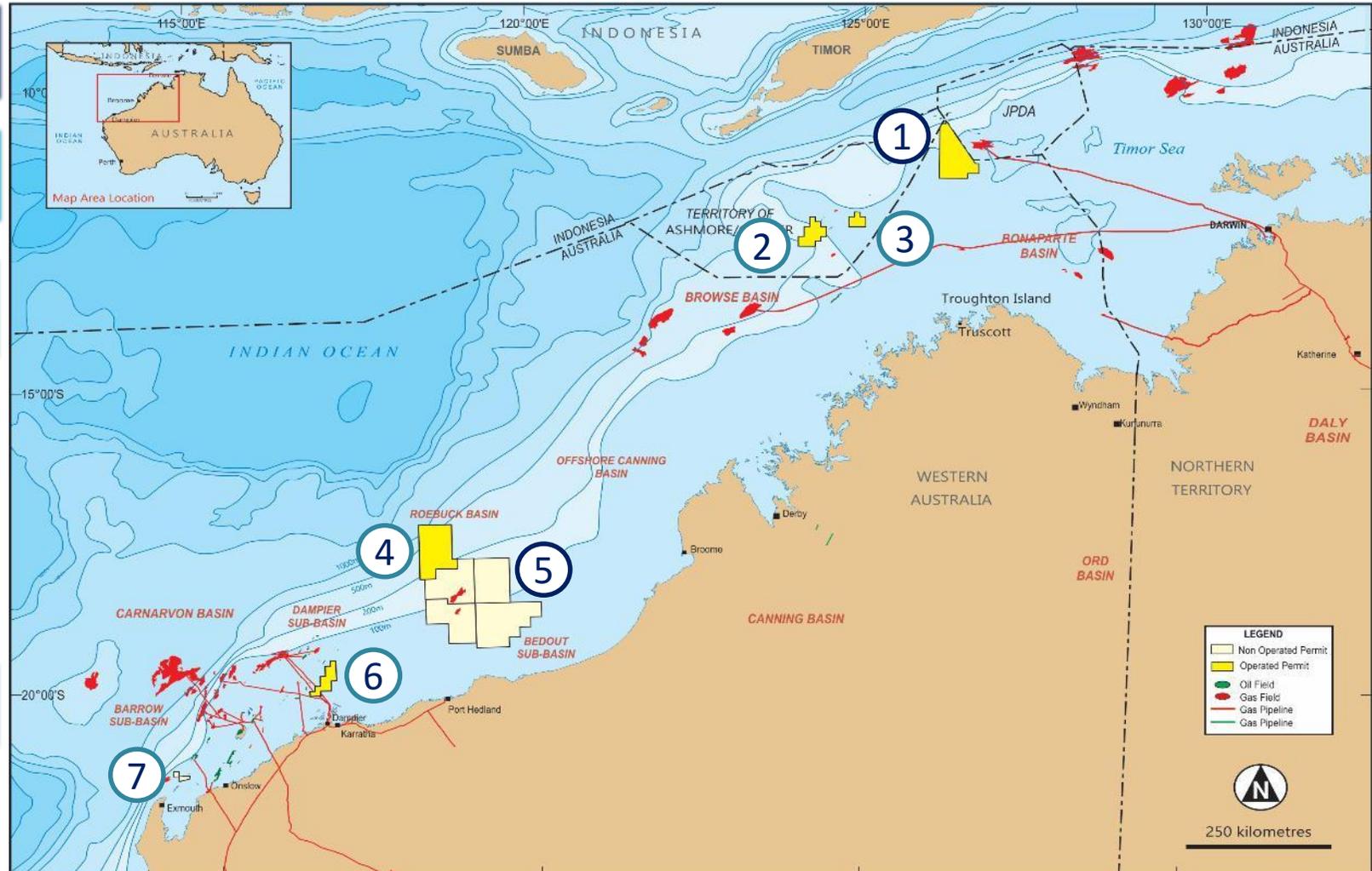
Drill first well in late 2019 / early 2020 after key milestones completed. First well to confirm the oil volumes and then progress into the development phase in 2020. First oil production targeted for 2022.

Continue to build a quality portfolio of highly attractive drill ready prospects using knowledge and data focused on the North West Shelf. The Labyrinth project is well advanced in its farm-out process.

Increasing per share value is the principal financial objective of the Company, whilst maintaining strong financial discipline. Carnarvon's success to date has been self generated through new discoveries of oil and gas.

Portfolio map & CVN's interests

- ① **Buffalo oil**
WA-523-P 100%
- ② **Eagle Project**
AC/P63 100%
- ③ **Condor Project**
AC/P62 100%
- ④ **Labyrinth Project**
WA-521-P 100%
- ⑤ **Dorado oil & gas**
WA-435-P & WA-437-P 20%
WA-436-P & WA-438-P 30%
- ⑥ **Maracas Project**
WA-524-P 100%
- ⑦ **Outtrim Project**
WA-155-P 28.5%



2019 Investment Activities

	DEVELOPMENT FOCUS	GROWTH FOCUS
DORADO-2 APPRAISAL WELL		
DORADO-3 APPRAISAL WELL		
DORADO DEVELOPMENT PREPARATION		
ROC SOUTH-1 EXPLORATION WELL		
BUFFALO WELL		

Investment opportunity



UNIQUE

Exposure to Australia's most exciting exploration province



VALUE

Proposition enhanced with more than 100 mmboe in discovered resources¹



CATALYSTS

Multiple share-price catalysts over the next 12 to 18 months



RISK PROFILE

Attractive given the quality of the resources, jurisdiction and partner



FUNDING

Range of funding options to drive growth potential with A\$48m cash



FOCUS

Board and management team focused on value per share

CORPORATE INFORMATION



Our strategic framework



DISCOVER

Unlock the oil and gas assets strategically located within close-proximity to existing infrastructure and in the shallow water of Timor-Leste and the renowned North West Shelf of Western Australia: Dorado; Buffalo; Phoenix; Roc; Labyrinth; Condor & Eagle; Outtrim; and Maracas.



DEVELOP

Using knowledge and data focused on the North West Shelf, commercialise the world class discovery at Dorado-1 and Buffalo. Further appraise the feasibility of the remaining assets on the North West Shelf.



PRODUCE

Establish Carnarvon as a mid-tier producer with a sustainable production model capitalizing on the hydrocarbons of Dorado-1, Buffalo and the remaining nearby portfolio assets.



Business activities over next 12 - 18 months

Dorado-2 appraisal well

This 2019 well is seeking to confirm the extent of the oil in the Caley sand (down dip well location)
Penetrating the Baxter and Milne sands will also enable an assessment of the resources at this location
New data is expected to result in a re-assessment of the volume estimates within the Dorado structure

Dorado-3 appraisal well

This 2019 well will collect more information on reservoir and hydrocarbon properties in the Caley sand
Penetrating the Baxter & Milne sands will also provide additional information on the sands at this location
The appraisal program is expected to include coring and flow testing activities in this up dip well location

Dorado oil field development

Work is underway on development plans for producing oil from the Caley sand
With shallow water, jack up drilled wells expected to be tied back to an FPSO
Compiling resource and economic data for the purpose of achieving the Final Investment Decision

Roc South-1 exploration well

2019 exploration well targeting a quality prospect located between the Dorado and Roc discoveries
This is a high chance of success well with the potential to surprise if hydrocarbons connect to Dorado
The objective is to increase the volume of oil and gas for development planning purposes

Buffalo well

The well will confirm the attic and therefore the quantum of producible oil
The well is expected to be retained as the first of three production wells
Reporting on the Final Investment Decision and progress to development and production phase

Dorado & Roc South wells rig contracted



NOBLE TOM PROSSER JACK UP DRILLING RIG UNDER CONTRACT
FOR DORADO APPRAISAL WELLS COMMENCING APRIL 2019

Board of Directors



INDEPENDENT CHAIRMAN

PETER LEONHARDT



MANAGING DIRECTOR

ADRIAN COOK



INDEPENDENT NED

WILLIAM (BILL) FOSTER



INDEPENDENT NED

DR PETER MOORE



INDEPENDENT NED

GAVIN RYAN

Management team



CEO

ADRIAN COOK

- 25+ years experience in finance, primarily in the petroleum industry
- Former Managing Director of ASX Listed O&G explorer, Buru Energy Limited and Fellow of the Australian Institute of Company Directors



COO

PHILIP HUIZENGA

- 25+ years experience in O&G industry as petroleum engineer
- Member of: Society of Petroleum Engineers, Industry Advisory Council to the Dept of Petroleum Engineering at Curtin University



CFO

THOMSON NAUDE

- Chartered Accountant with 10+ years experience in financial management
- Experience in commercial transactions including the divestment of Carnarvon's Thailand production assets



HEAD OF EXPLORATION

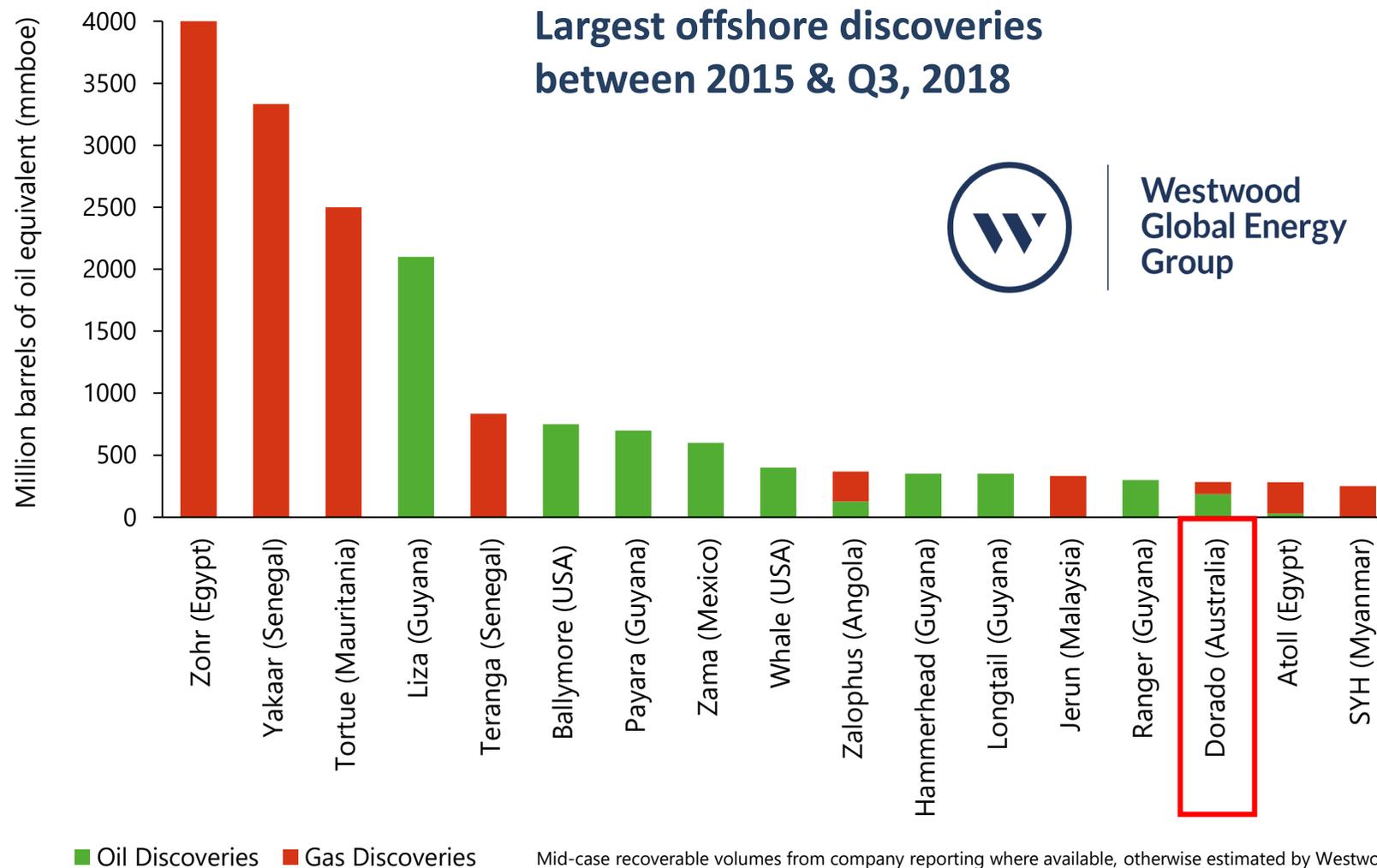
STEPHEN MOLYNEUX

- PhD in Geology and Geophysics from Imperial College London
- 25+ years of experience in O&G exploration, discovered over 5 billion barrels of recoverable oil

DORADO & ROC INFORMATION



Dorado discovery world class



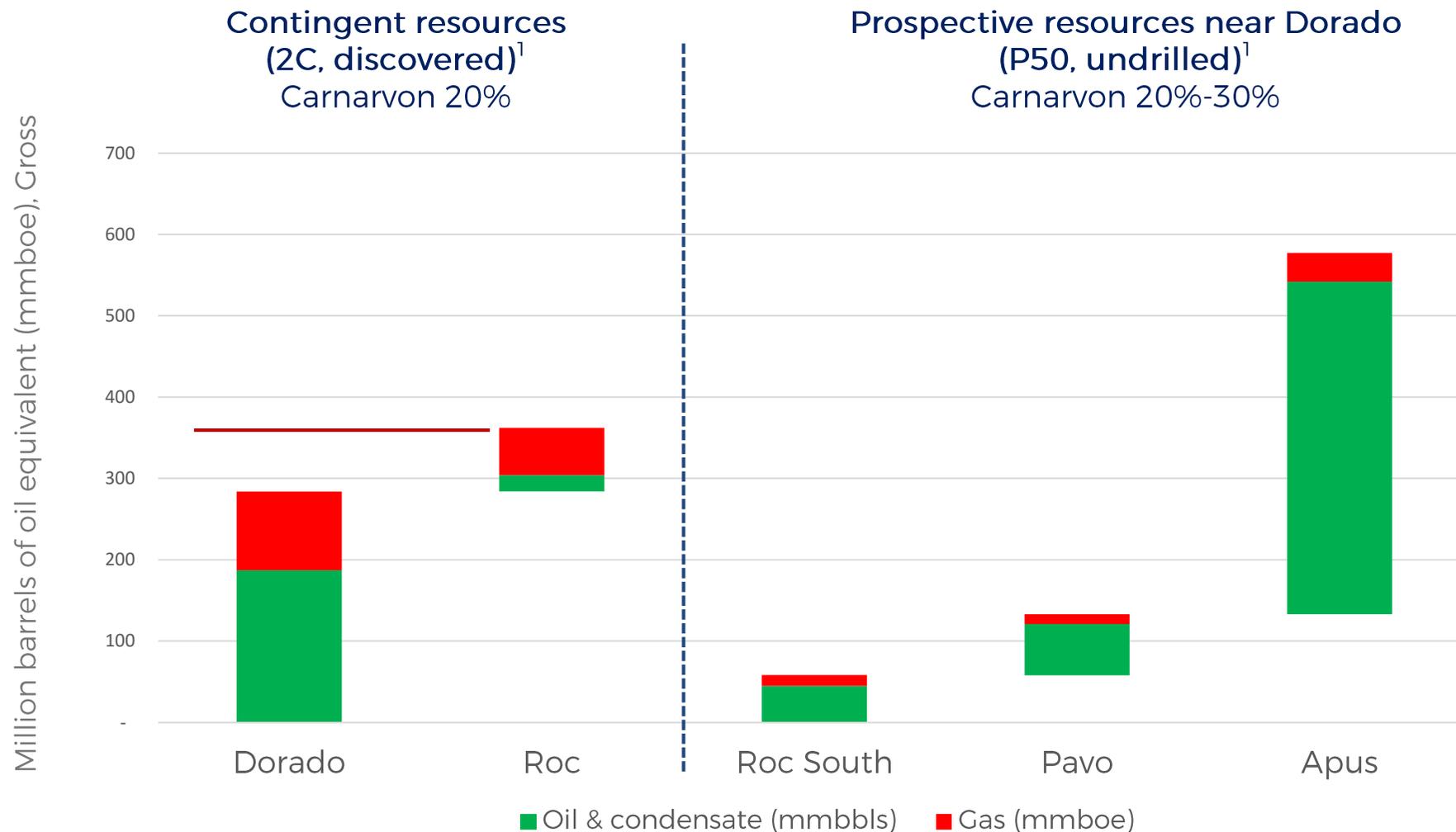
Near Dorado

Roc discovered & appraised



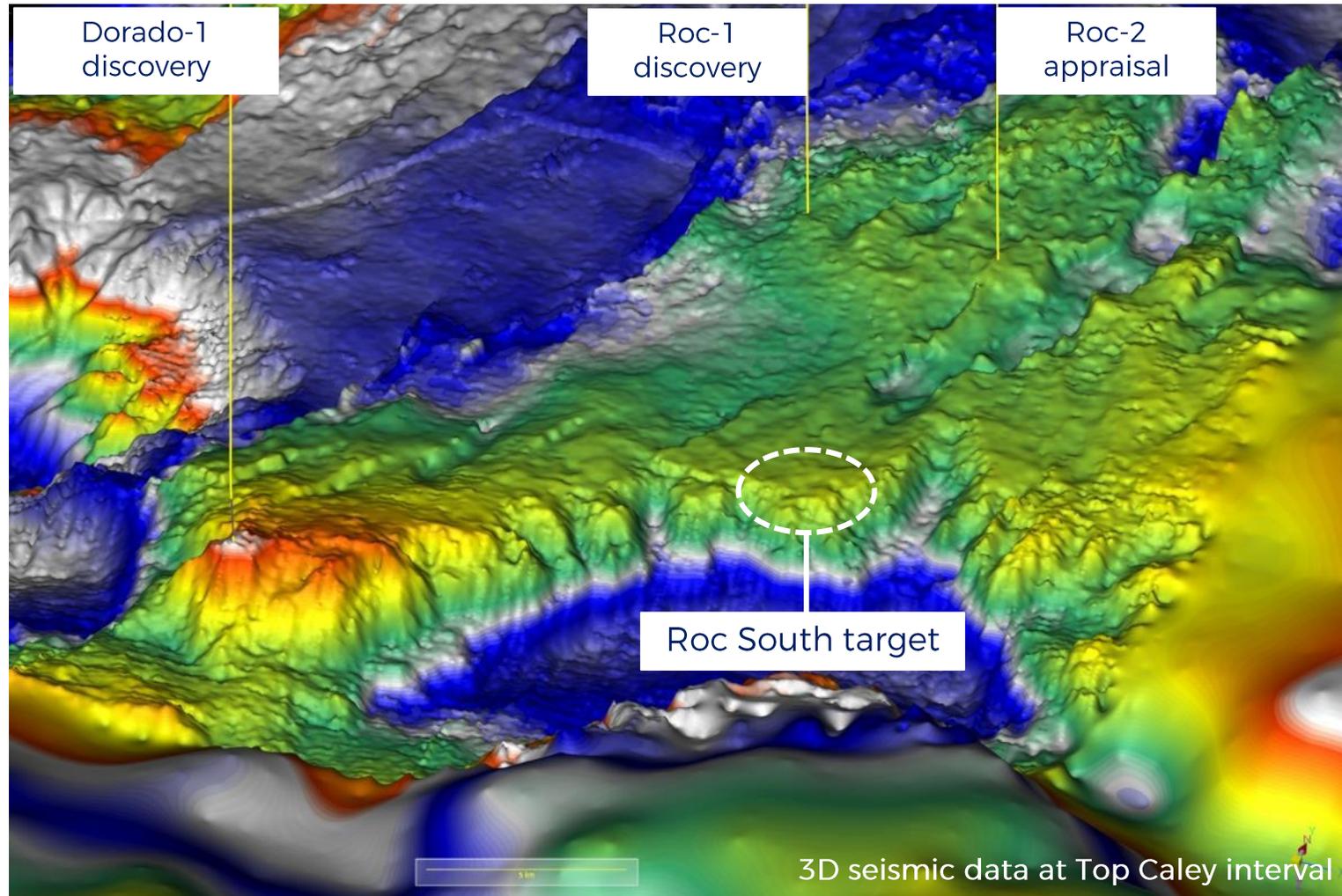
Photo of the Roc-2 well flowing at commercial rates on test in late 2016
Flow rates of 53 mmscf/d and 3,000 barrels of condensate per day were at maximum test equipment capacity

Dorado & Roc aggregation with more prospective potential



1. Refer resource information contained in slides 34& 35

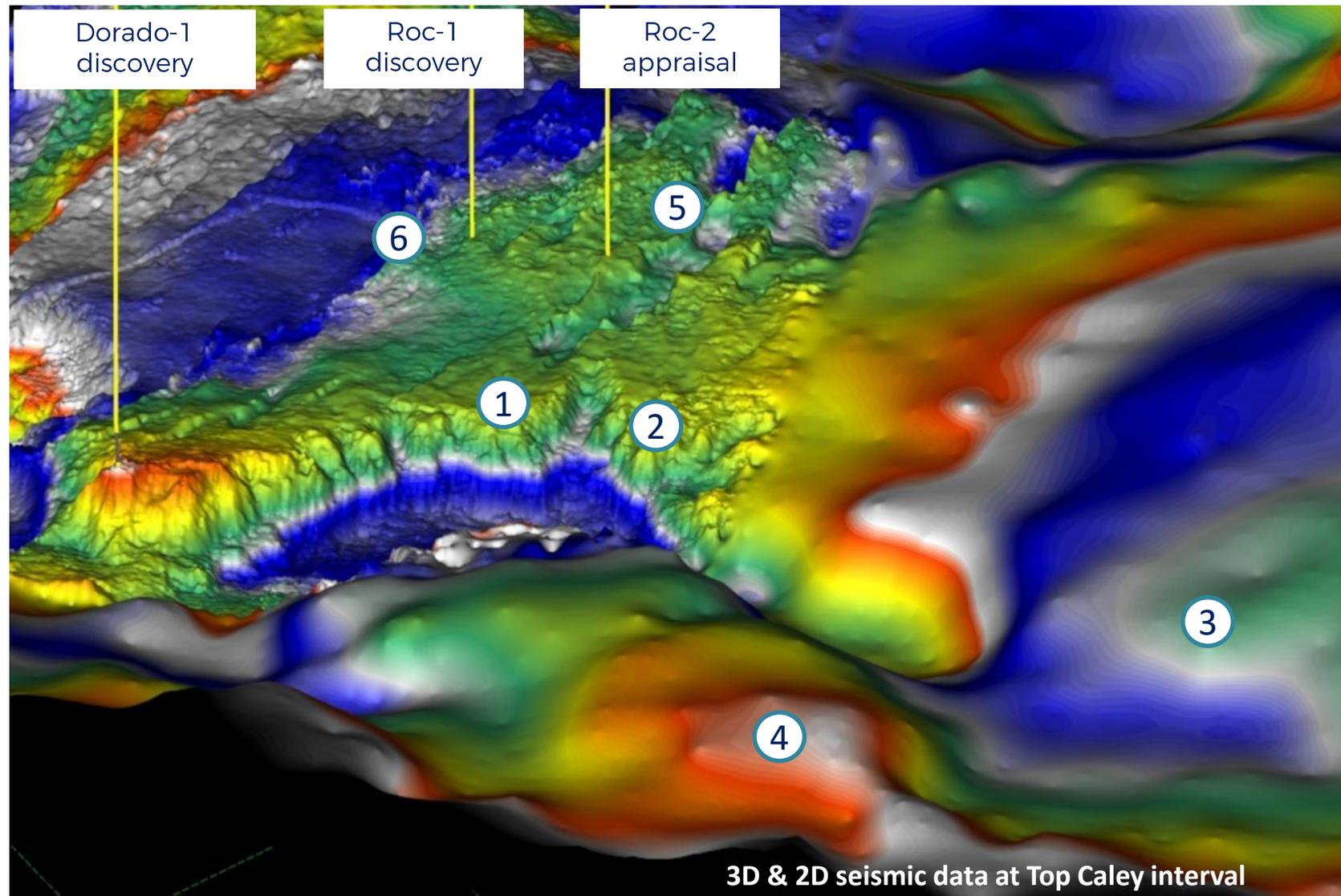
Dorado & Roc with Roc South to be drilled in 2019



ROC SOUTH IS SITUATED BETWEEN THE DORADO & ROC DISCOVERIES
AND IS STRUCTURALLY SIMILAR TO DORADO

Dorado & Roc & targets within tie back distance

- ① Roc South
- ② Roc South East
- ③ Pavo
- ④ Apus
- ⑤ Roc Satellites
- ⑥ Bewdy & Bottler



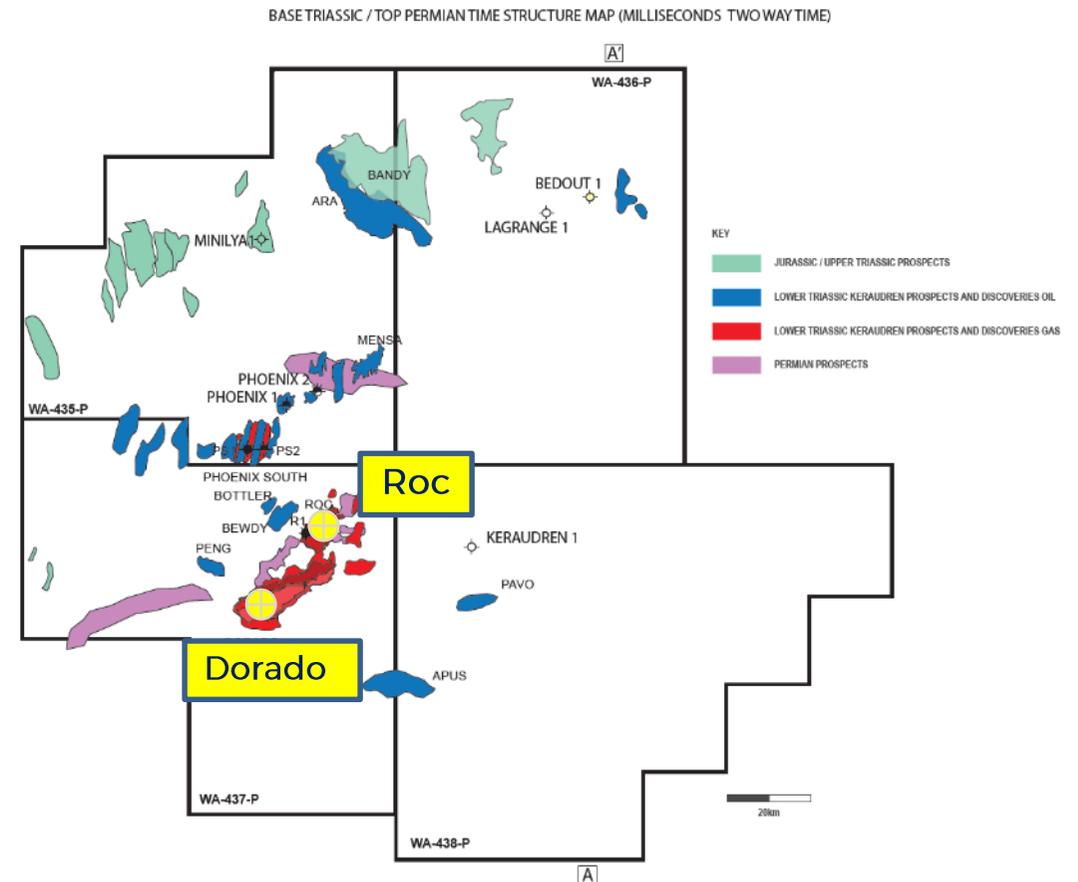
Dorado & Roc confirm new hydrocarbon basin

Four exploration permits cover the basin

Carnarvon interests in each permit:

- WA-435-P 20%
- WA-436-P 30%
- WA-437-P 20%
- WA-438-P 30%

Multiple targets exist across a number of intervals providing extensive future exploration potential.



Dorado & Roc commercial play openers

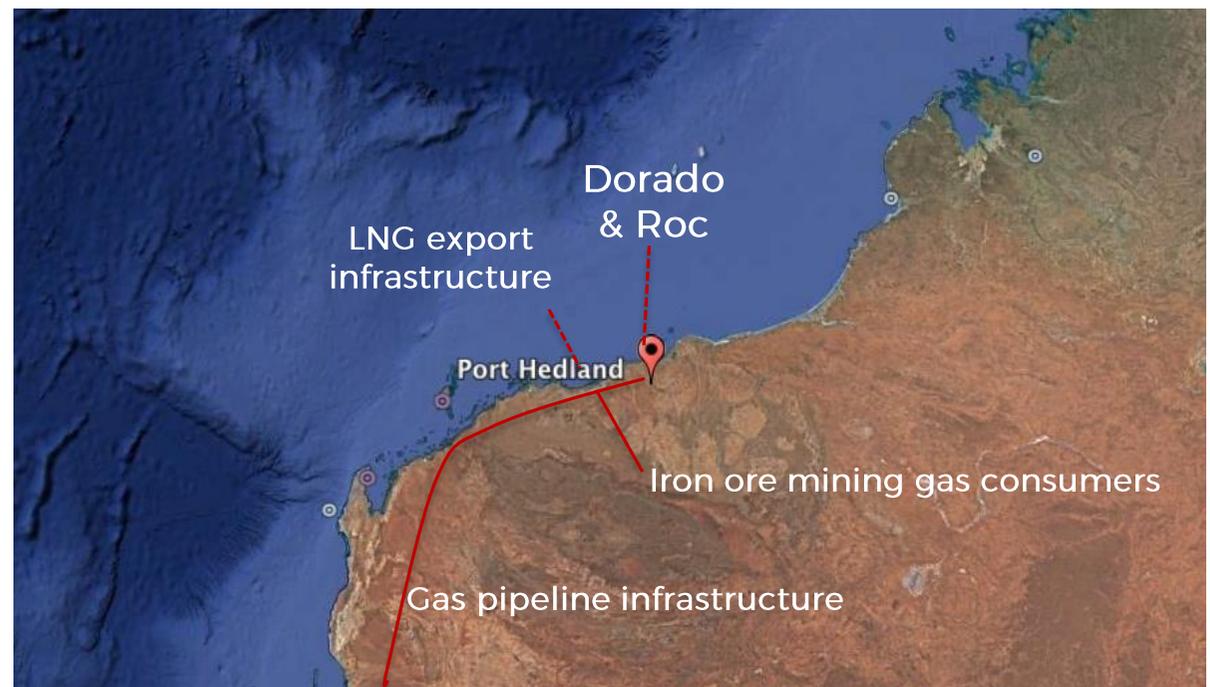
Oil field development first
generate cash for full field development

Long life asset expected
on 362 mmboc gross 2C (including Roc)¹

Competitive cost per boc expected
due to shallow water, near gas
infrastructure & support services

De-risked play type with similar play
types nearby being progressed

Production hub at Dorado expected to
enable tie back of other resources over
time



BUFFALO INFORMATION



Buffalo oil field highlights

Proven oil field

50,000 barrels of oil per day (bopd) flowed from the first two wells in 1999 (BHP operator)
20 million barrels were produced from four wells between 1999 and 2004
4,000 bopd were still flowing when production stopped in 2004

Low risk

Carnarvon's planned wells will re-enter the former producing area of the oil field
Additional oil is expected from newly mapped attic within the field
The greatest risk is expected to be the quantum (not presence) of oil

Field re-development

31 million barrels of recoverable oil is remaining on a best estimate basis¹
40,000 bopd initial flow rate modelled from three wells
A conventional well head platform development with flowlines supplying a leased FPSO

Low cost

Capital cost estimate is US\$150m (low due to shallow 25m water depths)²
Operating cost estimate is US\$80m to \$100m per annum²
A leased FPSO is planned in order to keep upfront capital to a minimum

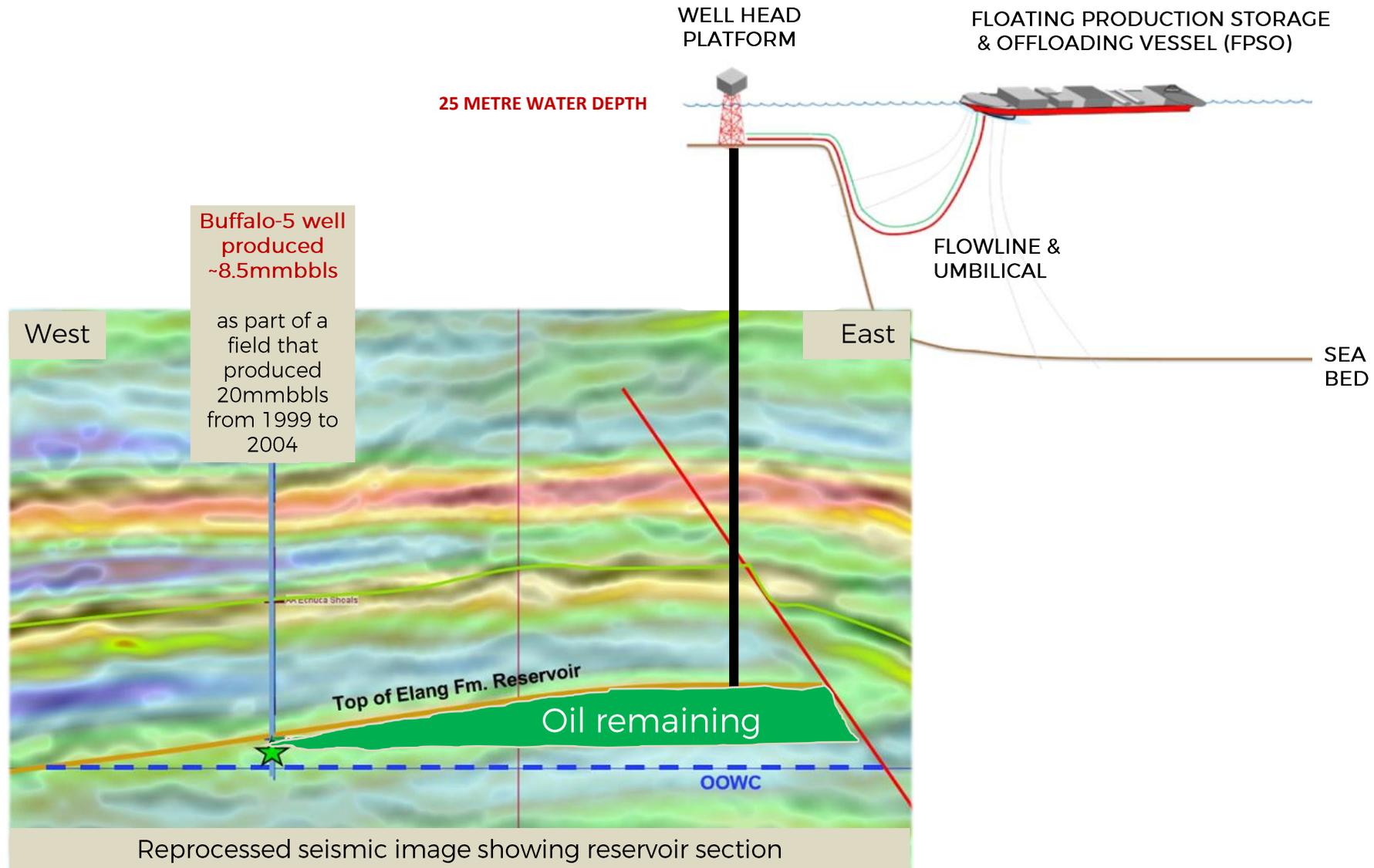
Forward plan

Execute Production Sharing Contract as permit transitions to Timor-Leste
Complete planning & approvals to drill the first well in late 2019 / early 2020
Investigate partnering to assist with financing the drilling and development activities

1. Refer resource information contained in slides 34 & 35

2. Based on Carnarvon's pre-field development plan & independent studies commissioned by Carnarvon Petroleum

Buffalo oil field development (CVN 100%)



Buffalo oil field images from BHP's operations

WELL HEAD PLATFORM



FLOATING PRODUCTION STORAGE & OFFLOADING VESSEL (FPSO)



LABYRINTH PROJECT INFORMATION



Labyrinth project farm out process underway

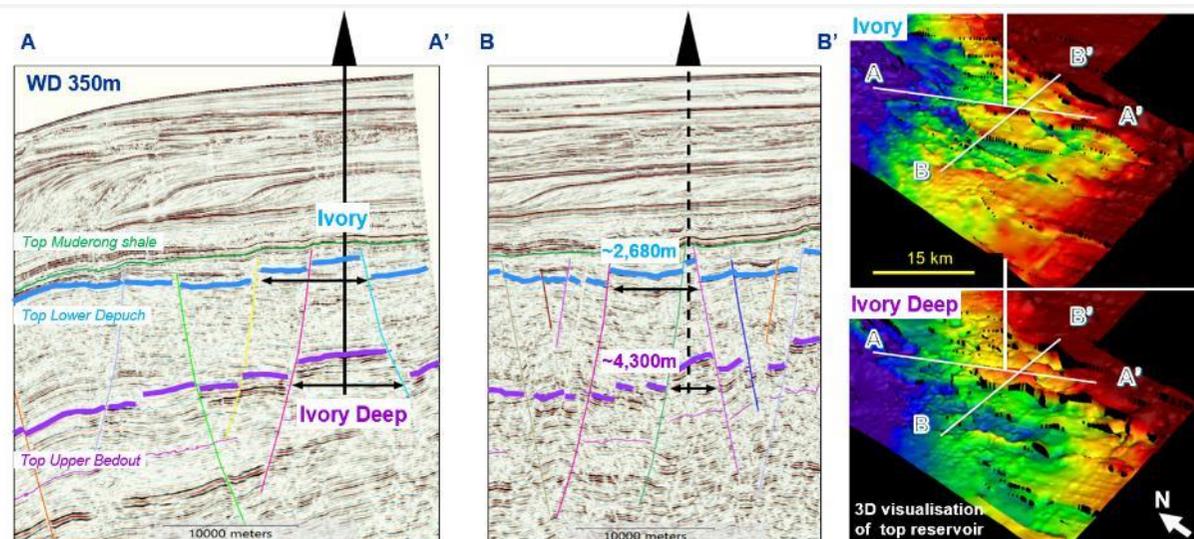
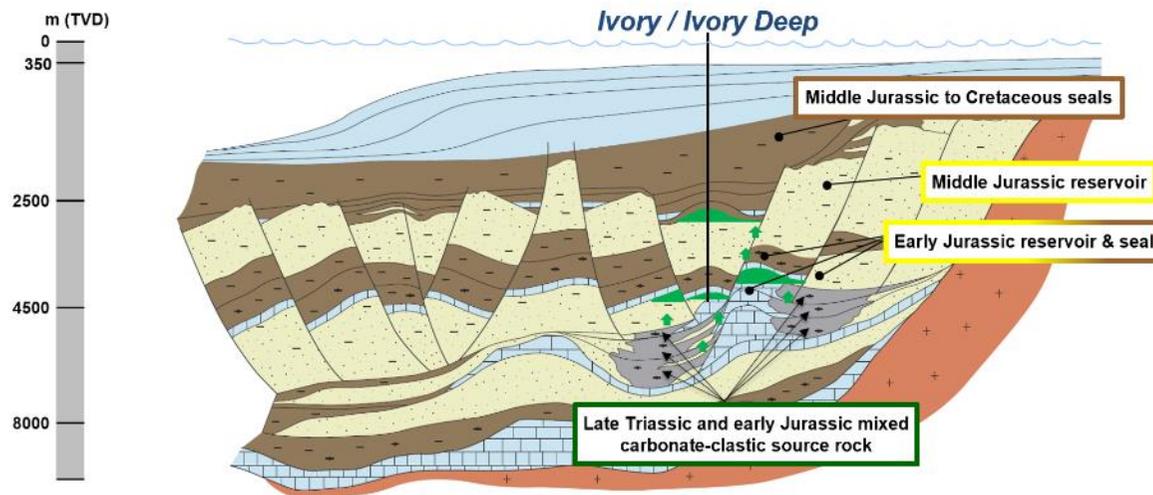
Project secured low oil price environment for very minimal work commitments

Technical work drew on proprietary knowledge from Roc & Dorado wells

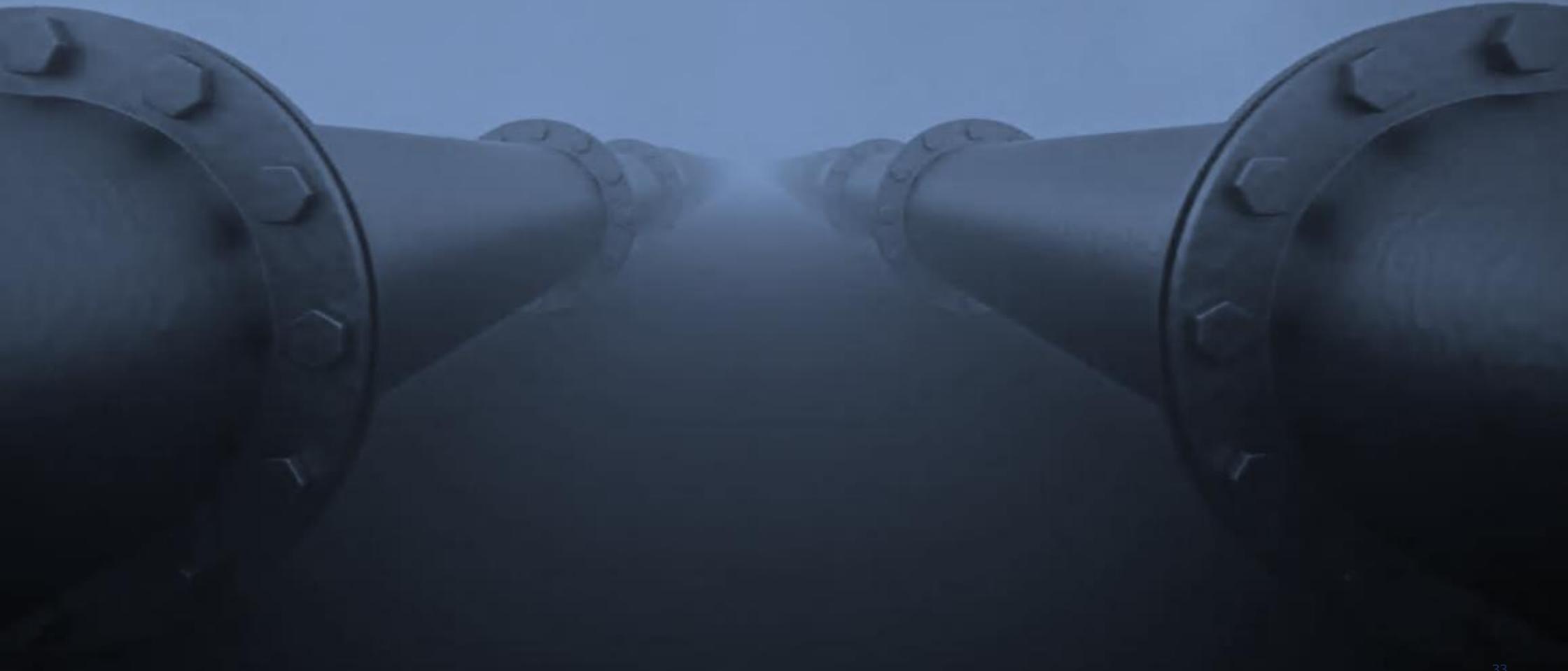
High quality Ivory prospect identified

The plan is to acquire additional 3D seismic data over the Ivory prospect

Followed by drilling the Ivory prospect with a partner (farm down from 100%)



RESOURCE INFORMATION



Oil & gas volume summary

Contingent resources

Gross Resources (100% basis)

	Light Oil			Natural Gas			Condensate			Barrels of Oil Equivalent		
	MMbbl			BCF			MMbbl			MMboe		
	1C	2C	3C	1C	2C	3C	1C	2C	3C	1C	2C	3C
Dorado	82	171	320	229	552	1,197	6	16	36	128	283	566
Roc	-	-	-	205	332	580	12	20	35	48	78	137
Phoenix South	7	17	30	-	-	-	-	-	-	7	17	30
Phoenix	2	7	16	-	-	-	-	-	-	2	7	16
Phoenix Project Sub-Total	91	195	366	434	884	1,777	18	36	71	185	385	748
Buffalo	15	31	48	-	-	-	-	-	-	15	31	48

Net Resources (CVN's share)

	Light Oil			Natural Gas			Condensate			Barrels of Oil Equivalent		
	MMbbl			BCF			MMbbl			MMboe		
	1C	2C	3C	1C	2C	3C	1C	2C	3C	1C	2C	3C
Dorado	17	34	64	46	110	240	1	3	7	26	57	113
Roc	-	-	-	41	66	116	2	4	7	10	16	27
Phoenix South	1	3	6	-	-	-	-	-	-	1	3	6
Phoenix	0	1	3	-	-	-	-	-	-	0	1	3
Phoenix Project Sub-Total	19	39	73	87	176	356	3	7	14	37	77	149
Buffalo	15	31	48	-	-	-	-	-	-	15	31	48
Total	34	70	121	87	176	356	3	7	14	52	108	197

Oil & gas volume summary

Selected prospective resources

Gross Resources (100% basis)

	Light Oil				Natural Gas				Barrels of Oil Equivalent				Pg
	MMbbl				BCF				MMboe				%
	P90	P50	Mean	P10	P90	P50	Mean	P10	P90	P50	Mean	P10	
Roc South	9	45	56	118	15	76	100	217	12	59	74	156	63%
Pavo	11	63	82	179	3	31	108	249	11	68	101	223	34%
Apus Caley ⁱ	12	91	125	279	3	44	163	373	12	98	154	344	21%
Apus Baxter ⁱ	6	52	105	278	2	27	139	302	6	57	129	331	21%
Apus Crespini ⁱ	7	103	161	391	2	48	212	474	7	111	198	474	21%
Apus Milne ⁱ	32	163	221	483	8	82	291	654	34	177	272	598	21%
Phoenix Project Total	77	517	750	1728	32	308	1013	2269	82	571	928	2126	

Net Resources (CVN's share)

	Light Oil				Natural Gas				Barrels of Oil Equivalent				Pg
	MMbbl				BCF				MMboe				%
	P90	P50	Mean	P10	P90	P50	Mean	P10	P90	P50	Mean	P10	
Roc South	2	9	11	24	3	15	20	43	2	12	15	31	63%
Pavo	3	19	25	54	1	9	32	75	3	20	30	67	34%
Apus Caley ⁱ	2	18	25	56	1	9	33	75	2	20	31	69	21%
Apus Baxter ⁱ	1	12	24	63	-	6	31	68	1	13	29	74	21%
Apus Crespini ⁱ	2	25	39	96	1	12	52	116	2	27	49	116	21%
Apus Milne ⁱ	8	41	55	121	2	21	73	164	8	44	68	149	21%
Phoenix Project Total	18	124	179	412	7	72	241	540	20	136	221	507	

(i) Note Apus prospect lies across WA-437-P and WA-438-P in which Carnarvon has 20% and 30% equity respectively

KEY RISKS



General

- This section discusses some of the key risks associated with an investment in Carnarvon's Shares. The risks may affect the future operating and financial performance of Carnarvon and/or the value at which the Shares may trade in the future.
- The risk factors described in this presentation are not listed in order of importance or likelihood and do not constitute an exhaustive list of all risk factors relating to an investment in Carnarvon. There may be additional risks and uncertainties not currently known that may also have an adverse effect on Carnarvon's business or the value of Carnarvon's Shares.
- You should note that the occurrence or consequences of many of the risks set out in this presentation are partially or completely beyond the control of Carnarvon, its directors and management. It is also important to note that there can be no guarantee that Carnarvon will achieve its stated objectives or that any forward looking statements, expectations, illustrations or forecasts contained in this presentation will be realised or otherwise eventuate.

Commodity Prices

- The financial performance and results of Carnarvon will be heavily influenced by its exposure to commodity price risk through the realised price received from the sale of hydrocarbons – gas, crude oil and condensate.
- A material, extended or substantial decline in the realised price for oil and gas produced by Carnarvon may have a material adverse impact on the financial results and future prospects of Carnarvon and/or ability to fund future exploration, appraisal and development activities. Declines in the price of oil and gas, and continuing price volatility may also lead to revisions of the medium and longer price assumptions from future production, which may lead to a revision of the carrying value of some of Carnarvon's assets and/or a reduction of resource estimates.

Regulatory

- Carnarvon operates in increasingly regulated industries and jurisdictions with significant penalties for non-compliance. Any regulatory change, event or enforcement action could have a material adverse impact on Carnarvon.
- Amendments to current laws and regulations governing Carnarvon's operations or more stringent implementation of laws and regulations could have an adverse impact on Carnarvon.
- Interests in permits are governed by the granting of contracts, licences or leases by the appropriate government authorities. Each permit is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, Carnarvon could lose title to or its interest in a permit if licence conditions are not met or if insufficient funds are available to meet expenditure Commitments.

Project Analysis

- Carnarvon has undertaken financial, operational, business and other analysis in respect of the Phoenix and Buffalo projects in order to determine its readiness to proceed from a technical, commercial and economic perspective. It is possible that the analysis undertaken by Carnarvon and the best estimates assumptions made by Carnarvon draw conclusions and forecasts which are inaccurate or which are not realised in due course (whether because of flawed methodology, misinterpretation of economic circumstances or otherwise). To the extent that the actual results achieved by the Phoenix and Buffalo projects are weaker than those indicated by Carnarvon's analysis, there is a risk that this may have an adverse impact on the financial position, financial performance and/or share price of Carnarvon.

Exploration & Production

- The future profitability of Carnarvon and the value of its Shares are directly related to the results of exploration, development and production activities as well as costs and prices as noted above. Oil and gas exploration and production however involves significant risk, including but not limited to geological and technical risks and uncertainties.
- Exploration is a speculative endeavour with an associated risk of discovery to find any oil and gas in commercial quantities and a risk of development. No assurances can be given that funds spent on exploration will result in discoveries that will be commercially viable. Future exploration activities, including drilling and seismic acquisition, may result in changes in current prospectivity perceptions of individual prospects, leads and permits. It may even lead to a relinquishment of the permit, or a portion of the permit.
- Development and production of oil and gas projects may be exposed to low side reserve outcomes, cost overruns, production decrease or stoppage, which may be the result of facility shut-downs, mechanical or technical failure and other unforeseen events. A significant poor development outcome or failure to maintain production could result in Carnarvon lowering reserve and production forecasts, loss of revenue and additional operating costs to restore production. In some instances, a loss of production may incur significant capital expenditure, which could require Carnarvon to seek additional funding.

Drilling

- Oil and gas drilling activities are subject to numerous risks, many of which are beyond Carnarvon's direct control. Drilling activities may be curtailed, delayed or cancelled as a result of weather conditions, unexpected geological conditions, mechanical difficulties, conditions which could result in damage to plant or equipment or the environment, delays in government or regulatory approvals, availability of the necessary technical equipment and appropriately skilled and experienced technicians. Drilling may result in wells that, whilst encountering oil and gas, may not achieve commercially viable results.

Operating

- Industry operating risks include fire, explosions, blow outs, pipe failures, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures, or discharge of toxic gases. The occurrence of any of these risks could result in substantial losses to Carnarvon due to injury or loss of life; damage to or destruction of property, natural resources, or equipment; pollution or other environmental damage; clean-up responsibilities; regulatory investigation and penalties or suspension of operations. Damages occurring to third parties as a result of such risks may give rise to claims against Carnarvon.
- Industrial disputes, work stoppages and accidents involving Carnarvon employees or contractors, natural disasters and extreme weather events, inadequate supply chain performance, deliberate acts of destruction, the inherent uncertainty in reserves estimates, failure of IT and other systems, cyber security disruption, environmental impacts, all contribute towards operational risk which may have a material adverse impact on Carnarvon's profitability and results of operations.
- Where Carnarvon relies on third parties to deliver or perform goods and services, there can be no guarantee that relevant third parties will deliver or perform those goods and services in the manner that delivers upon Carnarvon's plans and expected outcomes which, in turn, will adversely affect the operating results and financial performance of Carnarvon.
- Carnarvon's future prospects will be influenced by its ability to identify, attract, accommodate, motivate and retain qualified and experienced personnel across its business. In addition, the ability of Carnarvon to maintain strong relations within its workforce, and to develop and/or maintain a strong organisational culture is a critical enabler for the performance of the workforce and, in turn, the operating and financial performance of Carnarvon.

Key Risks

Ability to exploit successful discoveries

- It may not always be possible for Carnarvon to participate in the exploitation of successful discoveries made in any areas in which Carnarvon has an interest.
- Such exploitation will involve the need to obtain the necessary licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to exploitation or further exploitation may require the participation and/or support of other companies including joint venture partners whose interests and objectives may not be the same as Carnarvon.
- Material delays or failures to successfully complete Carnarvon's development activities may have a material adverse effect on the operating performance of Carnarvon or its future prospects.

Reserve and Contingent Resource estimates

- Oil and gas reserves estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly or become uncertain when new information becomes available on the oil and gas reservoirs through additional drilling or reservoir engineering tests over the life of a field.
- In addition, Reserve and Contingent Resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove inaccurate. The actual Reserves or Contingent Resources may differ from those estimated which may result in Carnarvon altering its plans which could have either a positive or negative effect on Carnarvon's operations.

Environmental

- Carnarvon's exploration, development and production activities may be delayed or may be unsuccessful owing to state, national and international environmental laws and regulations.
- Oil and gas exploration, development and production can be potentially environmentally hazardous giving rise to substantial costs for environmental rehabilitation, damage control, and losses. Carnarvon's operations will be subject to environmental controls relating to hazardous operations and the discharge of waste into the sea.
- The legal framework governing this area is complex and constantly developing. There is a risk that the environmental regulations may become more onerous, making Carnarvon's operations more expensive or causing delays.
- Non-governmental activists activities may adversely affect oil and gas exploitation activities, whether or not such activities involve fracking, and may successfully lobby for enhanced or altered regulations that impact or prevent exploration or exploitation activities.

Legislation changes, government policy and approvals

- Changes in government, monetary policies, taxation and other laws in Australia, Timor-Leste or internationally may impact Carnarvon's operations and the value of its shares. For example, an amendment to petroleum tax legislation in Australia may impact on Carnarvon's existing financial position or its expected financial returns.

Risk of foreign operations

- Carnarvon is planning to operate in Timor-Leste where there may be a number of associated risks over which it will have no, or limited control. These may include economic, social, or political instability or change, nationalisation, expropriation of property without fair compensation, cancellation or modification of contract rights, hyperinflation, currency non-convertibility or instability and changes of laws affecting foreign ownership, government participation, royalties, taxation, working conditions, foreign nationals work permits, rates of exchange, exchange control, exploration licensing, minerals export licensing, export duties, government control over product pricing, and other risks arising out of foreign governmental sovereignty over the areas in which Carnarvon's operations are conducted, as well as risks of loss due to civil strife, acts of war, terrorism, guerrilla activities and insurrections.
- Carnarvon's operations may also be adversely affected by laws and policies of Australia affecting foreign trade, taxation and investment.
- In the event of a dispute arising in connection with its operations, Carnarvon may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Australia or enforcing Australian judgements in foreign jurisdictions.

Government actions

- Carnarvon requires government regulatory approvals for its operations. The impact of actions, including delays and inactions and expropriation of assets or governmental decisions to participate in projects, by governments in Australia, Timor-Leste or internationally may affect Carnarvon's activities including such matters as ability to exploit a project, access to lands and infrastructure, compliance with environmental regulations, production and exploration activities. This may from time to time affect timing and scope of work to be undertaken. No guarantee can be given that all necessary permits, authorisations, agreements or licences will be provided to Carnarvon by government bodies, or if they are, that they will be renewed, or that Carnarvon will be in a position to comply with all conditions that are imposed. A failure to comply with relevant laws and regulations, including conditions imposed on Carnarvon's activities under relevant permits, may result in operations being suspended, a forfeiture of critical permits, the imposition of a financial guarantee, or financial penalty or compensation order, along with the potential for reputational damage of Carnarvon.
- In addition, Carnarvon is in the process of finalising a Production Sharing Contract ("PSC") with the government of Timor-Leste. There is a risk that the PSC is different to what Carnarvon has anticipated or that Australia or Timor-Leste do not ratify the treaty signed between the nations on 6 March 2018. These will impact on Carnarvon's existing financial position or its expected financial returns.

Reliance on third party infrastructure

- As is common in the oil and gas sector industry, Carnarvon relies on access to properly maintained operating infrastructure and shared facilities that, in some circumstances, may not be directly controlled by Carnarvon in order to deliver its production to the market. There can be no guarantee that Carnarvon will be able to maintain or obtain access to relevant infrastructure on commercially acceptable terms. Any delay or failure to access or properly maintain operating infrastructure or shared facilities may have a material adverse effect on the operating and financial performance of Carnarvon.

Joint Ventures

- Carnarvon is currently, and may in the future become a party to joint venture or joint operating agreements for the licences, leases and permits in which it holds interests. Subject to any sole risk development rights which may exist in the joint venture agreement, Carnarvon may require the agreement of other joint venturers to proceed with an exploration or development project (e.g. the Phoenix project).
- Other companies may from time to time become operators under joint venture operating agreements and, to the extent that Carnarvon is a minority joint venture partner, Carnarvon will be dependent to a degree on the efficient and effective management of those operating companies as managers. The objectives and strategy of these operating companies may not always be consistent with the objectives and strategy of Carnarvon, however, the operators must act in accordance with the directions of the relevant majority of the joint venturers.
- Carnarvon's joint venture partners may have economic or other business interests or goals that are inconsistent with the business interest or goals of Carnarvon and may be in a position to take actions contrary to Carnarvon's objectives or interests. Where a joint venture partner does not act in the best interests of the joint venture, there is underperformance by the joint venture management team or where the interests of joint venture partners do not align with Carnarvon, this may adversely affect Carnarvon's business, financial condition or results of operations.
- Carnarvon will be required under joint operating agreements to pay its percentage interest share of all costs and liabilities incurred by the joint venture in connection with joint venture activities. In common with other joint venture parties, if Carnarvon fails to pay its share of any costs and liabilities, subject to the terms of each particular joint venture agreement, it may be deemed to have withdrawn from the joint venture and may have to transfer its interest in the exploration permits and the joint venture operating agreements to the other joint venturers.

Acquisitions and divestments

- Carnarvon from time to time evaluates acquisition and divestment opportunities across its range of assets and businesses, and engages in confidential negotiations with third parties with respect to these opportunities. However, neither of the opportunities nor the negotiations will be disclosed publicly until such time as the prospects of transacting are sufficiently certain, and Carnarvon has determined the impact of the potential transaction would be material to the price of Carnarvon's Shares.
- Any acquisition and divestment opportunity could lead to a change in the sources of Carnarvon's earnings and result in variability of earnings over time. Any acquisitions or divestments may also lead to changes in future capital and operating expenditure obligations which may impact on Carnarvon's funding requirements.

Counterparties

- The ability of Carnarvon to achieve its stated objectives will depend on the performance of the counterparties under the various agreements it has entered into or will enter into. If any counterparties do not meet their obligations under the respective agreements, this may impact on Carnarvon's operations, business and financial condition.
- Legal action in response to non-performance by a counterparty can be uncertain and costly. There is a risk that Carnarvon cannot seek the legal redress that it could expect against a defaulting counterparty, or that a legal remedy will not be granted on satisfactory terms.

Litigation and dispute resolution

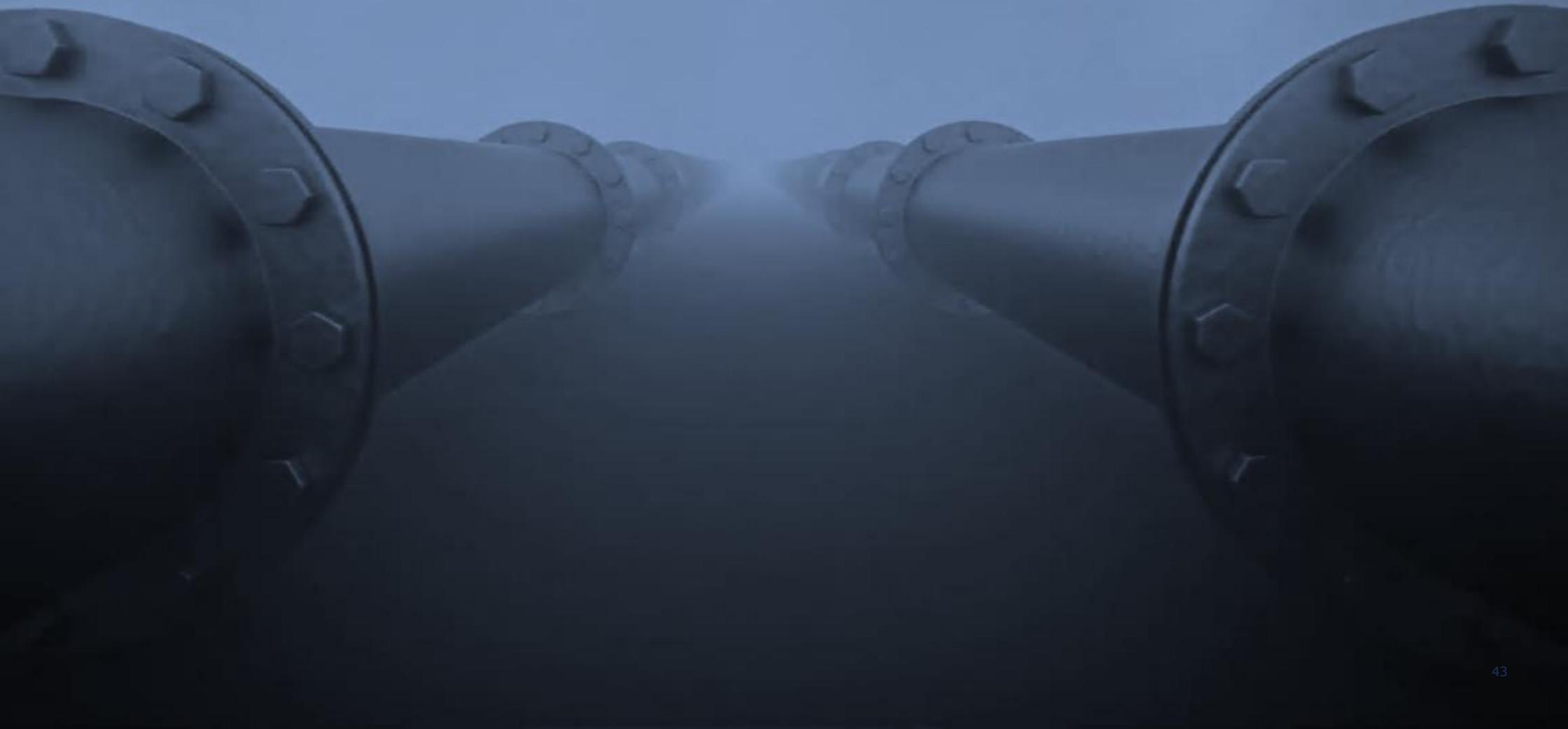
- The nature of Carnarvon's business means that it may, from time to time, be involved in litigation, regulatory actions or similar disputes arising from a range of matters. Carnarvon may also be involved in investigations, inquiries, audits, disputes or claims. Any of these could result in delays, increase costs or adversely impact Carnarvon's financial performance or condition.

Key Risks



- | | |
|---------------------------|--|
| Tax | <ul style="list-style-type: none">• Carnarvon is exposed to risks arising from the manner in which Australian, Timor-Leste and other international tax regimes may be amended, applied, interpreted and enforced. Any actual or alleged failure to comply with, or any change in the interpretation, application or enforcement of, applicable tax laws and regulations could significantly increase Carnarvon's tax liability and expose Carnarvon to legal, regulatory and other actions that could adversely impact its performance. |
| Investment risk | <ul style="list-style-type: none">• An investment in Carnarvon is subject to investment and other known and unknown risks (including possible loss of income and principal invested), some of which are beyond the control of Carnarvon. The risks outlined above, and other risks not specifically referred to, may in the future materially adversely affect the value of Carnarvon shares and their performance. No assurances can be given that the new Shares will trade at or above the issue price. None of Carnarvon, its directors or any other person guarantees the market performance of an investment in Carnarvon, nor does it guarantee any particular tax treatment. |
| Equity Market | <ul style="list-style-type: none">• Carnarvon's Share price may rise or fall. The Share price on ASX is determined by a range of factors including movements in local and international equity, general investor sentiment in relevant markets, inflation, interest rates, general economic conditions and outlook and changes in the supply of, and demand for, oil and gas industry securities, changes to government regulation, policy or legislation, changes which may occur to the taxation as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates. |
| Future funding | <ul style="list-style-type: none">• If Carnarvon does not meet its stated objectives, it may need additional debt or equity funding. There can be no guarantee that such funding will be available to Carnarvon on reasonable terms or at all. Any such failure to obtain funding on reasonable terms may result in a loss of business opportunity and excessive funding costs, including dilution to existing shareholders if equity funding is pursued. |
| The loss of key personnel | <ul style="list-style-type: none">• Skilled employees and consultants are essential to the successful delivery of Carnarvon's business strategy. Carnarvon relies to a large extent on the services of certain key management personnel, including its executive officers and other key employees and consultants, the loss of any of which could have a material adverse effect on Carnarvon. |
| Accounting Standards | <ul style="list-style-type: none">• Australian accounting standards are set by the Australian Accounting Standards Board (AASB). Changes to accounting standards issued by AASB could materially and adversely affect the financial performance and position reported in the Company's financial statements |

FOREIGN SELLING RESTRICTIONS



Foreign selling restrictions

International Offer Restrictions

This document does not constitute an offer of new shares of CVN in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO). No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

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New Zealand

This document is not a product disclosure statement or any other form of disclosure document under the Financial Markets Conduct Act 2013 (the "FMC Act"). This document has not been registered, filed with or approved by any New Zealand regulatory authority under the FMC Act. The New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Foreign selling restrictions

Singapore

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This document has been given to you on the basis that you are (i) an "institutional investor" (as defined in the SFA) or (ii) a "relevant person" (as defined in section 275(2) of the SFA). You must ensure that you comply with the requirements under the SFA (including any applicable resale restrictions) in respect of any investment in the New Shares. In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

An offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United States

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Foreign selling restrictions

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

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In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

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In the Dubai International Financial Centre, the New Shares may be offered, and this document may be distributed, only as an "Exempt Offer", as defined and in compliance with the Markets Rules issued by the Dubai Financial Services Authority (the "DFSA"). The DFSA has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it.

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