

Annual General Meeting – Notice and Proxy Form

12 October 2020



Dear Shareholder,

Carnarvon Petroleum Limited (ABN 60 002 688 851) (**Company**) is convening its Annual General Meeting of shareholders to be held on Wednesday, 11 November 2020 at [10:30am] (Perth time) (**Meeting**) at Meeting Room 1 & 2, Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia.

In accordance with subsection 5(1)(f) of the Corporations (Coronavirus Economic Response) Determination (No.1) 2020 (Cth), the Company will not be dispatching physical copies of the notice convening the Meeting (**Notice**). Instead, a copy of the Notice is available at <https://www.carnarvon.com.au/asx-announcements/> and the ASX Company's Announcement Platform at asx.com.au (ASX:CVN).

If you have elected to receive notices by email, the Company will provide a link to where the notice and other materials can be viewed or downloaded by email. If you have not elected to receive notices by email, a copy of your personalised proxy form will be posted to you, together with this letter, for your convenience.

The Board has made the decision that based on the current circumstances in Western Australia, it will hold a physical Meeting (as opposed to holding the Meeting using electronic means) with the appropriate social gathering and physical distancing measures in place to comply with the Federal Government's and State Government's current restrictions on physical gatherings. All shareholders will need to ensure they also comply with protocols. Having regard for the health and safety of shareholders, staff and advisers, we will have in place a number of measures including social distancing requirements and a larger room than we have used in previous years to facilitate this.

Circumstances relating to COVID-19 are changing rapidly. The Company will update shareholders if changing circumstances impact the arrangements for the Meeting by way of announcement on ASX. The details will also be made available on our website at <https://www.carnarvon.com.au/asx-announcements/>.

A copy of our Proxy Form is enclosed for convenience. Proxy votes may be lodged by any of the below methods:

- (i) By post:
Carnarvon Petroleum Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia
- (ii) By facsimile:
(+612) 9287 0309 (from overseas)
(02) 9287 0309 (from Australia)
- (iii) By delivery:
Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

- (iv) 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.

The Notice (including the accompanying Explanatory Statement) set out important details regarding the resolutions that will be put to Shareholders at the 2020 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 Secretaries, Mr Alex Doering or Mr Thomson Naude on (+618) 9321 2665.

Sincerely,



Mr Alex Doering
Joint Company Secretary

CARNARVON PETROLEUM LIMITED

ABN 60 002 688 851

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10.30am (AWST)

DATE: Wednesday, 11 November 2020

PLACE: Meeting Room 1 & 2
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 2020 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 Secretaries, Mr Alex Doering or 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 10.30am (AWST) on Wednesday, 11 November 2020 at Meeting Room 1 & 2, 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 2020 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 Monday, 9 November 2020.

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 up to 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.

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, 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. Subject to any voting prohibitions that may apply to the Chairman in respect of Resolutions 3 and 4 to restrict the Chairman from voting undirected proxies, the Chairman intends to vote all undirected proxies in favour of Resolutions 1 to 5.

To vote by proxy, please complete and sign the enclosed proxy form and return it (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) in accordance with the instructions below.

Proxy forms should be returned to the Company's Share Registry Link Market Services Limited in accordance with the instructions on the enclosed proxy form by 10.30am (AWST) on Monday, 9 November 2020.

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

The following methods of delivery for proxies are specified:

By post: Carnarvon Petroleum Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

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 Representation' form from the website of the share registry of the Company at www.linkmarketservices.com.au select the "Resources" tab and click on "Forms".

KEY DATES

Event	Date
Deadline for lodgement of proxy forms	10.30am (AWST) on Monday, 9 November 2020
Determination of voting eligibility	4.00pm (AWST) on Monday, 9 November 2020
Annual General Meeting	10.30am (AWST) on Wednesday, 11 November 2020

ENQUIRIES

Shareholders are asked to contact the Company Secretaries, Mr Alex Doering or 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 10.30am (AWST) on Wednesday, 11 November 2020 at Meeting Room 1 & 2, 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 Auditor's Report of Carnarvon Petroleum Limited for the financial year ended 30 June 2020.

RESOLUTION 1 – ELECTION OF DEBRA BAKKER AS A DIRECTOR

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

“That Debra Bakker, having been appointed as a Director of the Company by the Board on 5 October 2020 in accordance with rule 35(a) of the Company's Constitution, retires under rule 35(b) and, being eligible, offers herself for election, be elected as a Director of the Company.”

RESOLUTION 2 – 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, 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 2020

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 2020.”

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

In accordance with the Corporations Act, the Company will disregard any votes cast on Resolution 3:

- a) by or on behalf of a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or their Closely Related Parties, regardless of the capacity in which the votes are cast; or
- b) by a person who is a member of the Key Management Personnel at the date of the Annual General Meeting, or their Closely Related Parties, as a proxy.

However, votes will not be disregarded if they are cast as a proxy for a person entitled to vote on Resolution 3:

- a) in accordance with a direction as to how to vote on the proxy; or
- b) by the Chairman pursuant to an express authorisation to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of the Key Management Personnel.

SPECIAL BUSINESS

RESOLUTION 4 – ADOPTION OF PERFORMANCE RIGHTS PLAN

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

“That, for the purposes of ASX Listing Rule 7.2 (Exception 13(b)), and for all other purposes, the shareholders of the Company approve the issue of securities under the Performance Rights 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:

- a) the proxy is the Chairman of the AGM; and
- b) 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 in favour of Resolution 4 by or on behalf of:

- a) a person who is eligible to participate in the Performance Rights Plan; or
- b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- b) the Chairman of the AGM as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairman to vote on the resolution as the Chairman decides; or
- c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - i. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - ii. the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

RESOLUTION 5 – RENEWAL OF PROPORTIONAL TAKEOVER PROVISIONS

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

“That the Company renew the proportional takeover provisions contained in rule 72 of the Constitution for a period of three years from the date of the AGM.”

Details of the renewal of the proportional takeover provisions are set out on the Explanatory Memorandum.

Dated: 5 October 2020
By order of the Board

A handwritten signature in black ink, appearing to read 'A. Doering', with a horizontal line extending from the end of the signature.

Mr Alex Doering
Joint 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 10.30am (AWST) on Wednesday, 11 November 2020 at Meeting Room 1 & 2, 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, Ernst & Young, 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 – ELECTION OF DEBRA BAKKER 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.

Debra Bakker was appointed a Director by the Board on 5 October 2020. In accordance with rule 35(b), Debra Bakker now retires and, being eligible, offers herself for election as a Director.

Details of Debra Bakker's experience and qualifications are set out below.

Qualifications: MAppFIN., BBus. (FinAcc), Grad Dip FINSIA, GAICD

Skills and experience: Ms. Bakker is an experienced financier and deal maker with more than 27 years' experience in the resources industry with significant international experience. Ms. Bakker has previously held senior positions with Commonwealth Bank of Australia, Standard Bank London Group and Barclays Capital and was the non-executive chair of Capricorn Metals Ltd and a non-executive director of Azumah Resources Ltd. She is currently the Western Australian Representative for Auramet Trading LLC and a non-executive director of IGO Limited.

1.2 Directors' Recommendation

The Directors (other than Debra Bakker) unanimously recommend that Shareholders vote in favour of Resolution 1.

RESOLUTION 2 – RE-ELECTION OF DR PETER MOORE AS A DIRECTOR

2.1 Background

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

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

Term of office: First appointed as a Director in June 2015 and re-elected as a Director in November 2018.

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).

2.2 Directors' Recommendation

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

RESOLUTION 3 – ADOPTION OF THE REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2020

3.1 Background

The Directors' Report for the year ended 30 June 2020 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 2020 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 2019 AGM, less than 25% of the votes cast on the resolution to adopt the Company's 2019 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 2020 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 – ADOPTION OF PERFORMANCE RIGHTS PLAN

4.1 Background

The Company has adopted a Performance Rights Plan ('Plan') pursuant to which the Board can invite executives, employees and certain other eligible persons to acquire rights to Shares in the Company. The Plan is intended to act as an incentive for the eligible participants to share in the ownership of the Company in order to:

- align interests between the Company, its Shareholders and key employees;
- reward and retain talent; and
- incentivise key members of management to drive higher returns.

A summary of the Plan is set out in Annexure A to this Explanatory Statement.

4.2 Requirement for Shareholder approval – Listing Rule 7.2

Listing Rule 7.1 provides that, subject to certain exceptions, a listed company must not issue or agree to issue more equity securities in any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.2 (Exception 13(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.

Resolution 4 seeks Shareholder approval pursuant to Listing Rule 7.2 (Exception 13(b)) to enable the Company to issue securities pursuant to the Plan from time to time during the three years from the date of receiving that approval, without being required to count those securities as part of,

and without reducing the number of securities the Company can issue under, the 15% limit prescribed by Listing Rule 7.1.

4.3 Information required under Listing Rule 7.2 (Exception 13(b))

Listing Rule 7.2 (Exception 13(b)) requires the following information to be provided to Shareholders:

- a summary of the terms and conditions of the Plan is set out in Annexure A to this Explanatory Statement;
- there have been no securities issued under the Plan as at the date of this Explanatory Statement;
- the maximum number of Performance Rights proposed to be issued under the Plan over three years is 30,000,000 Performance Rights (being 1.92% of the Company's fully diluted Share capital as at the date of this Explanatory Statement). However, it is likely that the vesting conditions attaching to any Performance Rights proposed to be issued under the Plan will result in no Shares being issued upon the vesting of any such Performance Rights within the next three years (subject always to any accelerated vesting pursuant to the terms of the Plan). Shareholders should be aware that the maximum number of Performance Rights proposed to be issued under the Plan stated above is not intended to be a prediction of the actual number of securities to be issued under the Plan but is specified for the purposes of setting a ceiling on the number of securities approved to be issued for the purposes of Listing Rule 7.2 (Exception 13(b)); and
- a voting exclusion statement is included in the Notice of Annual General Meeting in respect of Resolution 4.

4.4 Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4. The Directors acknowledge, however, that they have a personal interest in the Plan.

RESOLUTION 5 – RENEWAL OF PROPORTIONAL TAKEOVER PROVISIONS

5.1 Background

The Constitution currently contains proportional takeover approval provisions requiring Shareholders to approve any takeover offer for only a proportion of each Shareholder's Shares (rule 72 of the Constitution). These provisions are designed to assist Shareholders to receive proper value for their Shares if a proportional takeover bid is made for the Company.

In accordance with the Corporations Act, the proportional takeover provisions expire three years from their adoption, or if renewed, from the date of renewal.

The Company last renewed its proportional takeover provisions on 17 November 2017. Accordingly, rule 72 of the Constitution will cease to operate from 17 November 2020.

Renewal of the proposed proportional takeover provisions must be approved by a special resolution, requiring approval of 75% or more of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

If renewed, the proposed proportional takeover provisions will be in exactly the same terms as the existing provisions and will have effect for a three year period commencing on 11 November 2020.

Rule 72 of the Constitution is set out in full in Annexure B of this Explanatory Statement.

5.2 What is a proportional takeover?

A proportional takeover bid is a takeover offer sent to all Shareholders, but only in respect of a specified portion of each Shareholder's Shares. Accordingly, if a Shareholder accepts in full the offer under a proportional takeover bid, the Shareholder will dispose of the specified portion of their Shares in the Company and retain the balance of Shares.

5.3 Effect

If a proportional takeover bid is made, the Directors must:

- convene a general meeting no less than 14 days before the end of the bid period; and
- allow shareholders to vote on a resolution to approve the proportional takeover bid.

The bidder and its associates are not allowed to vote on the resolution.

If the bid is rejected, binding acceptances are required to be rescinded, and all unaccepted offers and offers failing to result in binding contracts are taken to have been withdrawn.

If the bid is approved, the transfers resulting from the bid may be registered provided they comply with other provisions of the Corporations Act and the Constitution.

If no resolution is voted on by the above deadline, a resolution approving the bid is taken to have been passed.

If Resolution 5 is passed, the proportional takeover provisions do not apply to full takeover bids and will only apply until 11 November 2023, unless again renewed by Shareholders.

5.4 Knowledge of acquisition proposals

As at 24 September 2020, being the last date prior to the finalisation of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

5.5 Reasons for renewal

As a proportional takeover bid involves an offer for only a proportion of each Shareholder's Shares, a bidder may acquire control of the Company:

- without Shareholders having the chance to sell all of their Shares, leaving them as part of a minority interest in the Company; and
- without payment of an adequate control premium.

The Board considers that the proportional takeover provisions should be renewed as they lessen the risk of a bidder obtaining control without adequately compensating existing Shareholders as

they allow Shareholders to decide collectively whether a proportional takeover bid is acceptable and appropriately priced.

5.6 Impact of existing proportional takeover provisions

While the existing proportional takeover provisions have been in effect, no takeover bids for the Company have been made, either proportional or otherwise.

Accordingly, no actual advantages or disadvantages of the existing proportional takeover provisions, for the Directors or the Shareholders, could be reviewed.

Directors are not aware of any potential takeover bid that was discouraged by the inclusion of proportional takeover provisions in the Company's Constitution.

5.7 Advantages and disadvantages for Shareholders

Advantages

Renewal of the proportional takeover provisions provide Shareholders:

- the right to decide whether a proportional takeover bid should proceed;
- increased protection from being locked in as a minority Shareholder;
- increased bargaining power; and
- the view of majority of Shareholders which may assist individual Shareholders to decide whether to accept or reject an offer under a proportional takeover bid.

Disadvantages

- Discourage proportional takeover bids;
- Reduce Shareholders' opportunities to sell Shares at a premium;
- Restrict the ability of individual Shareholders to deal with their Shares as they see fit; and
- Reduce the likelihood of a proportional takeover bid succeeding.

5.8 Advantages and disadvantages for Directors

The renewal of the proportional takeover approval provision will enable the Directors to formally ascertain the views of Shareholders in respect of a proportional takeover bid. Without such provisions, the Directors are dependent upon their perception of the interests and views of Shareholders.

Other than this advantage, the Directors consider that renewal of such a provision has no potential advantages or potential disadvantages for them as they remain free to make a recommendation on whether a proportional takeover offer should be accepted.

5.9 Directors' recommendation

The Board considers that the potential advantages for Shareholders of the proportional takeover approval provisions outweigh the potential disadvantages.

The Board unanimously recommends that Shareholders vote in favour of Resolution 5.

ENQUIRIES

Shareholders are asked to contact the Company Secretaries, Mr Alex Doering or 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 Performance Rights Plan

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

1. Eligibility	Participation in the Plan is available to an employee or consultant of the Company (or any of its subsidiaries) who is invited by the Board to participate ("Eligible Person").
2. Invitations	<p>The Board may at any time, in its absolute discretion, make an invitation to an Eligible Person to participate in the Plan ("Invitation").</p> <p>The Invitation must specify, amongst other matters:</p> <ul style="list-style-type: none"> • the number of performance rights that may be applied for ("Performance Rights"); • any exercise price payable in connection with the Performance Rights; • any vesting conditions and exercise restrictions attaching to the Performance Rights; • any period within which the Performance Rights must be exercised; and • any other specific terms and conditions that apply to the Performance Rights. <p>Each Performance Right comprises the right to be delivered, upon exercise, one fully paid ordinary share in the capital of the Company.</p>
3. Rights attaching to Performance Rights	The Performance Rights do not confer any rights on the holder either as a member or creditor of the Company, will not be listed, are not transferable (except with the approval of the Board), and must not be sold, assigned or otherwise disposed of or encumbered.
4. Vesting	<p>The Performance Rights will vest subject to any applicable vesting conditions being met.</p> <p>However, the Board will retain a discretion to permit vest of all or some of the unvested Performance Rights at any time.</p> <p>Performance Rights that have not vested prior to end of the applicable vesting period will lapse.</p> <p>If any Performance Rights have vested but have not been exercised by the applicable expiration date, those Performance Rights will also lapse.</p>
5. Cash settlement	Provided such discretion was stated in the Invitation, Performance Rights that have vested may be satisfied (at the absolute discretion of the Company) in cash (by the Company paying the "Cash Equivalent Value" of the Performance Rights to the Eligible Person) rather than through the delivery of Shares.

	<p>The “Cash Equivalent Value” means, for each Performance Right, a cash amount equal to the market value of the Share that would otherwise have been delivered to the Eligible Person at the date of exercise, less any applicable exercise price. The Board retains the absolute discretion as to how the Cash Equivalent Value is determined for this purpose.</p>
6. Lapse or clawback	<p>Where, in the opinion of the Board, an Eligible Person has engaged in certain adverse behaviour (such as fraud or dishonest or gross misconduct), the Board can, subject to the terms of the Plan, make a determination to alter the rights of the Eligible Person to ensure that no unfair benefit is obtained by the Eligible Person.</p>
7. Termination of employment	<p>Where an Eligible Person terminates employment with the Company, the Performance Rights (and any Shares delivered to the Eligible Person following the exercise of any Performance Rights) will be treated in accordance with the terms of the Invitation.</p>
8. New issues and reorganisation of capital	<p>A Performance Right does not confer on an Eligible Person the right to participate in new issues of Shares by the Company, including by way of bonus issue, rights issue or otherwise, without the Eligible Person first exercising that Performance Right.</p> <p>Unless an Invitation specifies otherwise, a Performance Right will not confer the right to a change in its exercise price, or a change to the number of underlying Shares over which it can be exercised, except if there is a bonus issue, in which case the number of Shares over which the Performance Right is exercisable may be increased by the number of Shares which the Eligible Person would have received if the Performance Right had been exercised before the applicable record date.</p> <p>The Listing Rules that apply to a reorganisation of capital at the time of the reorganisation of the share capital of the Company apply to Performance Rights. Accordingly, the Company can alter the rights of any Eligible Person to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of any reorganisation.</p> <p>Subject to the above, the number of Performance Rights to which an Eligible Person is entitled may be adjusted in the manner determined by the Board, with it being intended that the Board would exercise this discretion to ensure that Eligible Persons do not enjoy a windfall gain and do not suffer a material detriment as a result of any corporate action.</p>
9. Change of control event	<p>If a “Change of Control Event” occurs prior to the vesting of Performance Rights, the Board may, at its absolute discretion:</p> <ul style="list-style-type: none"> • determine that some or all of the Performance Rights will vest based on the extent to which any applicable vesting conditions have been satisfied; • buy back or cancel some or all of the Performance Rights for consideration; • provide for the issue of new rights in substitution for some or all of the existing Performance Rights;

	<ul style="list-style-type: none"> • arrange for some or all of the Performance Rights to be acquired by a new holding entity (where applicable) for consideration; or • take any combination of the above steps. <p>A “Change of Control Event” means, in respect of the Company:</p> <ul style="list-style-type: none"> • the merger or consolidation of the Company into another company; • the acquisition of a minimum 50% ownership in the Company by a party or parties who are associated; or • any similar event that the Board determines at its absolute discretion.
<p>10. Administration of the Plan</p>	<p>The Board is responsible for the operation of the Plan.</p> <p>All decisions of the Board as to the interpretation, effect or application of the Plan and Invitations and all calculations and determinations made by the Board under the Plan and Invitations are final, conclusive and binding in the absence of manifest error and any dispute raised will be resolved by the Board at its absolute discretion.</p> <p>The Board may, at any time, amend all or any of the provisions of the Plan. However, any amendment must not materially alter the rights of any Eligible Person under the Plan prior to the date of the amendment, unless the amendment is introduced primarily:</p> <ul style="list-style-type: none"> • to correct any manifest error or mistake; • in accordance with the Board's powers where it has determined that an Eligible Person has engaged in certain adverse behaviour; or • to enable the Plan or the Company to comply with applicable laws or rules of a regulatory body.

Annexure B – Proportional takeover bid provisions

Rule 72 – Proportional Takeovers

(a) Definitions

Unless the context otherwise indicates or requires, expressions in this rule 72 have the meaning given to them by the Act.

(b) Prohibition on registration of transfers without approval

Where a proportional takeover bid in respect of shares included in a class of shares in the company has been made:

- (1) the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under the proportional takeover bid is prohibited unless and until a resolution to approve the proportional takeover bid is passed in accordance with this Constitution;
- (2) a person (other than the bidder or an associate of the bidder) who, as at the end of the day on which the first offer under the proportional takeover bid was made, held shares included in that class is entitled to vote on an approving resolution and, for the purposes of so voting, is entitled to 1 vote for each such share;
- (3) neither the bidder nor an associate of the bidder may vote on an approving resolution;
- (4) an approving resolution must be voted on at a meeting, convened and conducted by the company, of the persons entitled to vote on the resolution under the Act; and
- (5) an approving resolution is taken to have been passed if the proportion which the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is taken to have been rejected.

Subject to the Act, the directors may determine that the provisions of this rule 72 apply to the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under a proportional takeover bid that is made prior to the date that this Constitution is adopted or this rule 72 is renewed.

(c) Meetings

- (1) The provisions of this Constitution relating to a general meeting of the company apply, with such modifications as the circumstances require (including, without limitation, to the requisite notice period to ensure that the meeting is convened on or before the approving resolution deadline), in relation to a meeting that is convened for the purposes of this rule 72.
- (2) Where takeover offers have been made under a proportional takeover bid, then the directors must ensure that a resolution to approve the proportional takeover bid is voted on in accordance with this rule 72 before the approving resolution deadline in relation to the proportional takeover bid.

(3) Where a resolution to approve a proportional takeover bid is voted on in accordance with this rule 72 before the approving resolution deadline in relation to the proportional takeover bid, the company must, on or before the approving resolution deadline:

- (A) give to the bidder; and
- (B) serve on the Exchange,

a written notice stating that a resolution to approve the proportional takeover bid has been voted on and that the resolution has been passed or has been rejected, as the case requires.

(d) Approving resolution deemed to have been passed

Where, as at the end of the day before the approving resolution deadline in relation to a proportional takeover bid under which offers have been made, no resolution to approve the proportional takeover bid has been voted on in accordance with this rule 72, then a resolution to approve the proportional takeover bid is, for the purposes of this rule 72, deemed to have been passed in accordance with this rule 72.

(e) Proportional takeover bid rejected

Where an approving resolution is voted on and is rejected then:

- (1) despite section 652A of the Act, all offers under the proportional takeover bid that have not, as at the end of the approving resolution deadline, resulted in binding contracts are deemed to be withdrawn at the end of the approving resolution deadline;
- (2) the bidder must immediately, after the end of the approving resolution deadline, return to each member any documents that were sent by the member to the bidder with the acceptance of the offer;
- (3) the bidder may rescind and must, as soon as practicable after the end of the approving resolution deadline, rescind each contract resulting from the acceptance of an offer made under the proportional takeover bid; and
- (4) a member who has accepted an offer made under the proportional takeover bid is entitled to rescind the contract (if any) resulting from that acceptance.

(f) Effect of this rule 72

This rule 72 ceases to have effect on the third anniversary of the later of the date of its adoption or of its most recent renewal.

Glossary

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.

AWST means the time in Perth, Western Australia.

Board means the current board of directors of the Company.

Chairman means the person acting as chairman of the AGM from time to time.

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.

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.

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

Plan means the Company's Performance Rights Plan adopted by the Board on 29 July 2020 (as amended from time to time).

Remuneration Report means the Remuneration Report contained in the Directors' Report for the year ended 30 June 2020.

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.


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



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 **10:30am (AWST) on Wednesday, 11 November 2020 at Meeting Room 1 & 2, Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia (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 the 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 Election of Debra Bakker as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Renewal of Proportional Takeover Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Dr Peter Moore as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3 Adoption of the Remuneration Report for the year ended 30 June 2020	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Adoption of Performance Rights Plan	<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) Joint Shareholder 2 (Individual) Joint Shareholder 3 (Individual)
Sole Director and Sole Company Secretary Director/Company Secretary (Delete one) 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).



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" must 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.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:30am (AWST) on Monday, 9 November 2020**, 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).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



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

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)



COMMUNICATION PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

**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.**