

Chairman's Address

11 November 2020



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

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

For all enquiries please contact:

Investor inquiries:

Thomson Naude

Company Secretary

Phone: (08) 9321 2665

Email: investor.relations@cvn.com.au

Media inquiries:

Luke Derbyshire

Managing Director, Spoke Corporate

Phone: 0488 664 246

Email: luke@spokecorporate.com

Authorised for release by,

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

Thomson Naude

Company Secretary

Carnarvon Petroleum Limited

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

Before we move on to the formal proceedings, I would like to reflect on the Company's past 12 months and my tenure as Chairman. Following this we will complete the formal proceedings of the day before Adrian Cook provides an in-depth update on the Company's activities.

As you all know, I have made the decision to step down as Chairman of your Company. This has been the result of considerable planning and I pass the baton onto my fellow Director Bill Foster. Bill is superbly qualified to guide the Company as it embarks upon the development of the Dorado project.

After the conclusion of the formal proceedings today, I will hand the meeting over to Bill to give him the opportunity to address the meeting.

I have immense gratitude to have had the opportunity to lead your Company as its Chairman since 2005. I can reflect back on the Company's achievements with pride as we have successfully re-positioned the Company's portfolio from an onshore Thailand oil producer to an incredibly successful offshore North West Shelf exploration Company.

The obvious highlight of this transition has been the Dorado field. Following its initial discovery in 2018, the past 12 months has seen the successful appraisal and the material progression towards the commencement of Front-End Engineering Design work, which will be integral for a planned final investment decision in 2021.

Dorado is an outstanding project which represents significant future growth and value for shareholders. There is also considerable exploration potential in the greater Bedout region.

It is a rare opportunity, to have access to a proven hydrocarbon basin of this size. Carnarvon and the Joint Venture have the opportunity to drill the highest impact targets across this vast area. If Dorado is the tip of the iceberg, then the exploration upside within the Bedout basin is immense and could hold exceptional value for the Company.

In this context, the Joint venture has continued the assessment of a number of exciting prospects and performed considerable planning in order to test these targets in the near future.

This year, however, has not been without its challenges. It goes without saying that COVID-19 has had a dramatic impact across the globe.

Carnarvon acted quickly to ensure the safety of its staff in response to the threat of COVID-19. Fortunately, the nature of the Company's activities has ensured that its projects, in particular the work

towards the Dorado development, has maintained its progress with minimal delays and in a safe manner.

Recognising the challenging market conditions created by the COVID-19 pandemic and the subsequent decline in the price of oil, the Board made the decision to not award short and long-term incentives to executives this financial year. Despite achieving key milestones throughout the year, the Board exercised its discretion to prioritise staff retention and to maintain their salaries as they dedicate themselves to delivering the Company's projects while they remained active during the period.

In line with this, the Company has transitioned to a performance rights plan. With assistance from external advisors, the Board formed the view that a performance rights plan is generally better understood, is more appropriate for a Company of Carnarvon's scale and moves the Company in line with its peers. The key elements of the plan have been provided in the Explanatory Statement to the Notice of Meeting.

This year Carnarvon also released its inaugural sustainability report. Our sustainability report highlights the work that the Company is currently undertaking in this area. Whilst our operations are relatively small at this current time, as our operations expand, it is important that our ESG processes grow as well.

As a Company we have achieved considerable milestones in transitioning from junior explorer to producer. Carnarvon's relentless pursuit to unlock the Bedout basin led to Carnarvon acquiring its Bedout permits. Whilst our partners have changed over the years, Carnarvon remained constant through numerous successful exploration wells across the basin whilst the industry was largely inactive. This culminated in the successful discovery, appraisal, and flow test at Dorado. The result is that we own an interest in the largest Australian oil discovery in the last 30 years, which is now moving closer to development.

These achievements have only been possible with the tireless efforts of Adrian Cook and the Carnarvon team. I would like to thank them for their resilience and dedication over the years.

I would also like to thank my fellow directors who bring a wealth of experience to the Company. I am confident that Carnarvon is in very capable hands with an ideal balance of skills as the Company continues its considerable growth.

On the topic of Board composition and capability, shareholders will no doubt be aware a resolution was added to today's formal business regarding the election of an additional director, Mr Doug Jendry. Mr Jendry's nomination was put forward by one of our shareholders, Nero Resource Fund,

who has declared that they are associated with a number of shareholders in Carnarvon who collectively held 8.79% at the time of putting forward the nomination. We note that Nero itself holds approximately 2.2% of the Company's shares.

The Board has unanimously recommended that shareholders vote AGAINST the election of Mr Jendry as a director of the Company.

In making this recommendation, it is worth noting that as a Board, we initially undertook a process of engagement with Nero to explore whether an amicable agreed position might be achievable and thereby avoid the need for conflict or potential instability.

However, through this engagement, it was made clear that Nero would not support the election of Ms Debra Bakker under any circumstances. After detailed Board deliberations including discussions with Ms Bakker, it was apparent that the Board and Nero have fundamentally differing views on Board composition.

The Carnarvon Board believes the structured and deliberate process it has undertaken to recruit a director with the skills and experience that best suit the Company's current requirements, is the most appropriate manner to identify a new director. Ms Bakker's skills, notably in relation to financing of resources projects and from a number of non-executive directorship roles, are ideally suited to Carnarvon's current stage of development.

The Board therefore ultimately resolved to continue to strongly support the election of Ms Bakker and recommend against the proposed election of Nero's nominee Mr Jendry.

Furthermore, Carnarvon is of the view that any concerns or issues Nero might have are better addressed by direct interaction rather than granting a board seat.

In any event, Nero is entitled to nominate Mr Jendry for election as a director of the company, and Shareholders have the opportunity of voting on Mr Jendry's proposed election at today's Annual General Meeting.

Finally, ladies and gentlemen, I wish to thank all of our shareholders for your continued support and involvement with Carnarvon. It has been an honour representing you as Chairman for the past 15 years. The future is very bright for your Company as we advance Dorado and move to test new exploration prospects. After today, I look forward to sharing the journey with you as a fellow shareholder.
