CARNARVON PETROLEUM LTD

Capital Raising Presentation

11 May 2018

CVN

Disclaimer

The Resource estimates outlined in this report 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 and a Masters Degree in Petroleum Engineering. 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 21 July 2017, 28 August 2017, 7 February 2018 and 23 April 2018 per the Company's announcement released to the ASX on 21 July 2017, 28 August 2017, 7 February 2018 and 23 April 2018 . The estimates of contingent and prospective resources included in this announcement 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.

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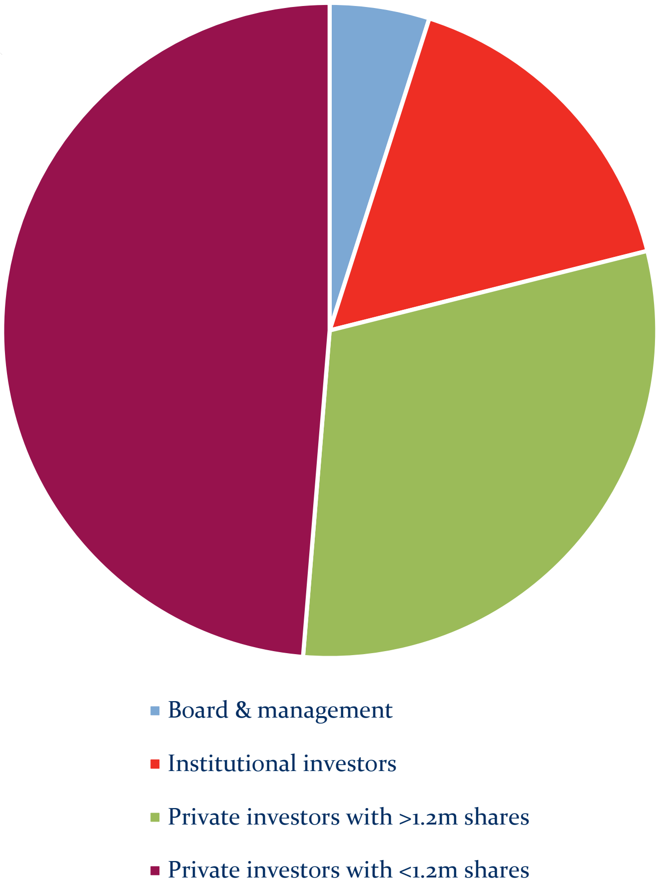
Corporate Snapshot

1. ASX code — CVN
2. Share price (09/05/18) — 17.5 cents
3. Market capitalization (09/05/18) — $180 million
4. Shares on issue before placement — 1,029,569,809
5. Shares on issue after placement — 1,152,569,809
6. Cash on hand (31/03/18) — $48 million
7. Substantial shareholders — none

Carnarvon's 52 week share price history

Shareholder analysis after placement



Equity Raising

Placement	• Placement of approximately 123 million new fully paid ordinary shares to institutional and sophisticated investors to raise approximately $16 million (before costs) under Carnarvon's available placement capacity pursuant to ASX Listing Rules 7.1 • Shareholder approval is not required and the placement is not underwritten
Offer Price	• The Offer Price of $0.13 represents a discount of 25.7% to the Carnarvon's closing price on 9 May 2018 , a discount of 20.8% to the volume weighted average price of the 5 days trading up to, and including, 9 May 2018 and a discount of 14.5% to the volume weighted average price of the 30 days trading up to, and including, 9 May 2018
Share Purchase Plan	• Share Purchase Plan ("SPP") to provide eligible Australian and New Zealand shareholders with an opportunity to participate • Eligible Australian and New Zealand shareholders can subscribe for shares up to the value of A$15,000 • The SPP is not underwritten and capped at total proceeds of A$4 million (subject to scale-back in the event of oversubscription) • SPP shares will be issued at the Offer Price of $0.13 • An SPP Offer Booklet containing further details of the SPP offer will be sent to eligible Australian and New Zealand shareholders
Indicative Timetable	• Record Date for eligibility to participate in SPP: Thursday 10 May 2018 • Announcement of Placement: Friday 11 May 2018 • Trading halt lifted and Carnarvon shares resume trading: Friday 11 May 2018 • Settlement of Placement shares: Friday 18 May 2018 • Issue and quotation of Placement shares: Monday 21 May 2018 • Dispatch SPP Offer Documents: Wednesday 16 May 2018 • SPP acceptance period: Wednesday 16 May 2018 to Friday 1 June 2018 • Issue of SPP shares: Wednesday 6 June 2018
Ranking	• On an equivalent basis with existing Carnarvon shares
Use of Proceeds	• To enable the Company to progress its drilling and development plans in the Buffalo Oil Field in Timor-Leste and for general working capital purposes
Lead manager	• Euroz Securities Limited

Note: The above timetable is indicative only and subject to change at Carnarvon's sole discretion. Any changes will be notified to the ASX.

Snapshot

Phoenix project

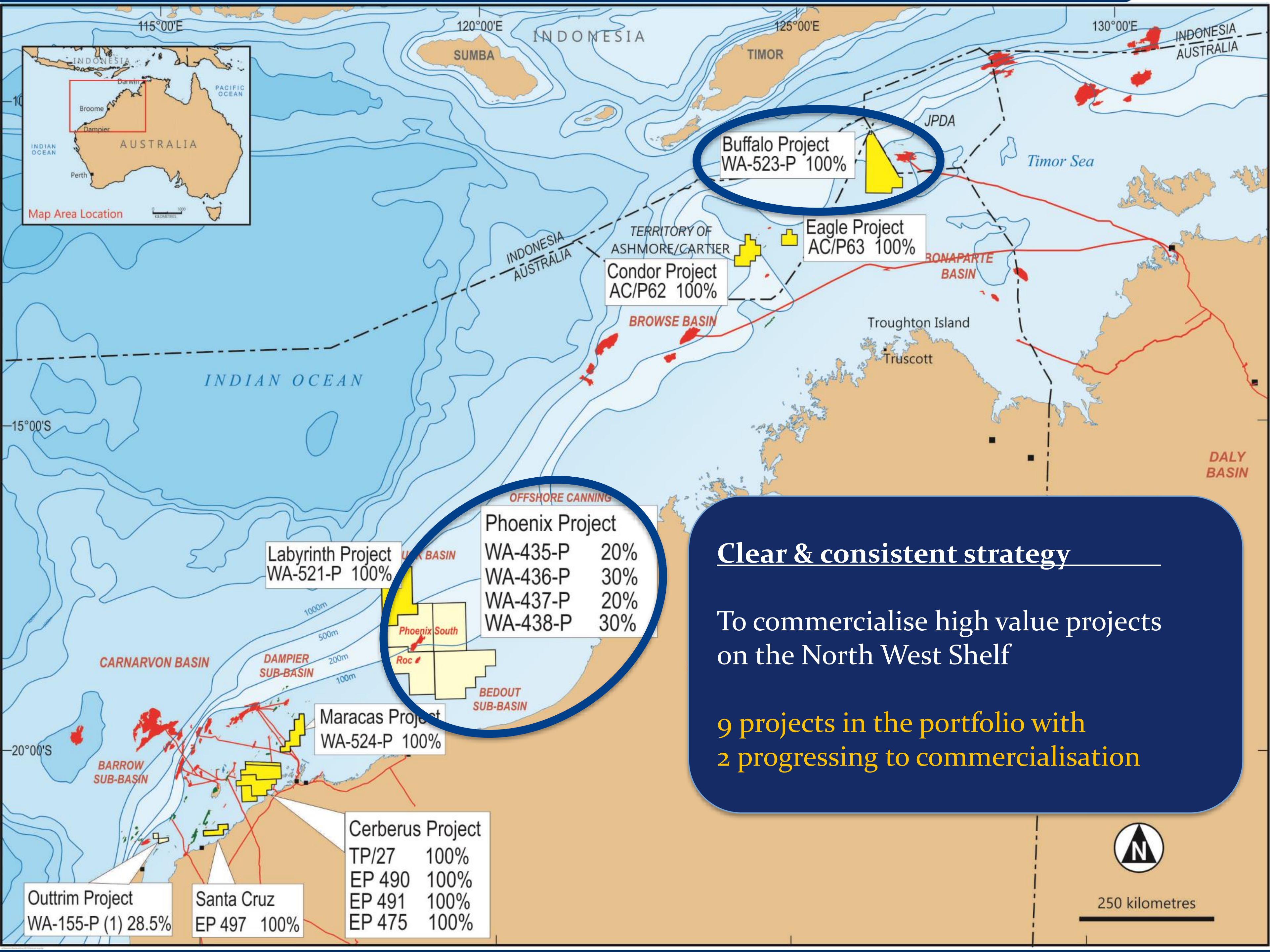
Successfully proven the existence of an entirely new oil and gas basin
Now proving the presence of economically recoverable oil and gas

Buffalo project

Redeveloping a high value oil field with the aid of new technology

Other projects

Working up “gems” capable of generating significant future value



Clear & consistent strategy

To commercialise high value projects on the North West Shelf

9 projects in the portfolio with
2 progressing to commercialisation

Active portfolio

Phoenix project

NOW	Phoenix South-3 well	oil & gas appraisal well
May	Dorado-1 well	oil & gas exploration well

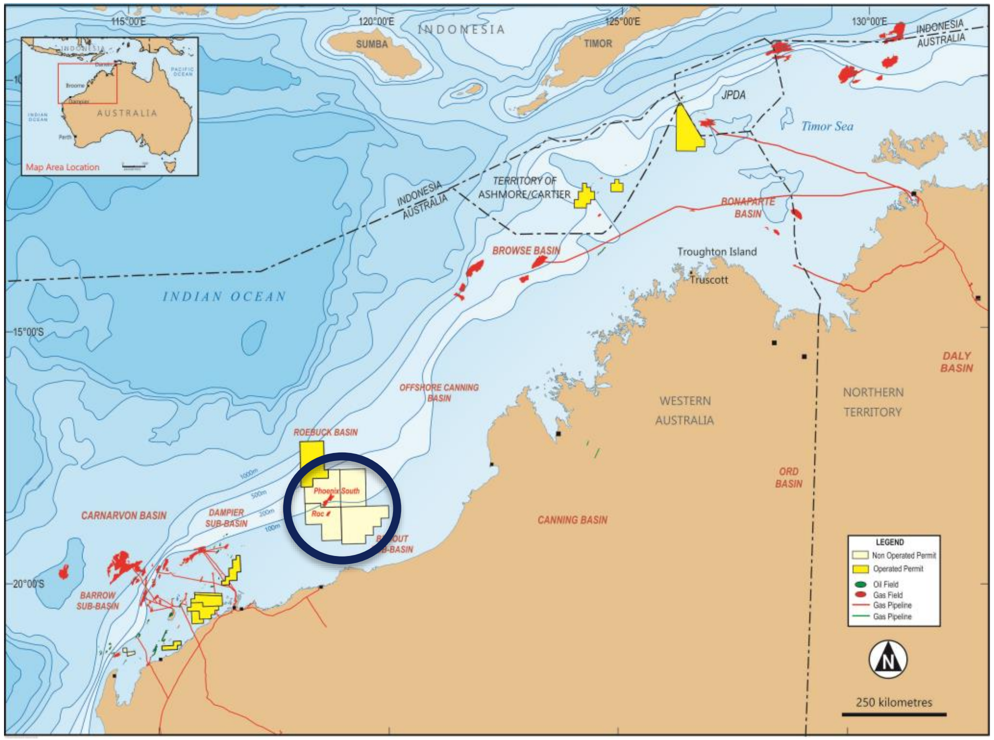
Buffalo project

2018	Buffalo-10 well planning	oil field appraisal & first production well

Other projects

2018	Farm-out(s)	building additional value in oil & gas assets

Phoenix project



Oil & gas resources

Discovered to date

82 million barrels of oil equivalent (2C, CVN 20%)
being 332 billion cubic feet of gas plus 27 million barrels of oil & condensate[1]

Phoenix South-3 and Dorado-1 well primary targets

255 million barrels of oil equivalent (mean, CVN 20%)
being 1,034 billion cubic feet of gas, plus 88 million barrels of condensate[1]

Dorado-1 well secondary targets

448 million barrels of oil equivalent (mean, CVN 20%)
being 1,987 billion cubic feet of gas, plus 115 million barrels of condensate[1]

Refer to Carnarvon's ASX announcements of 23 April 2018 for comprehensive details of these volume estimates. These resources are calculated using probabilistic methodology.

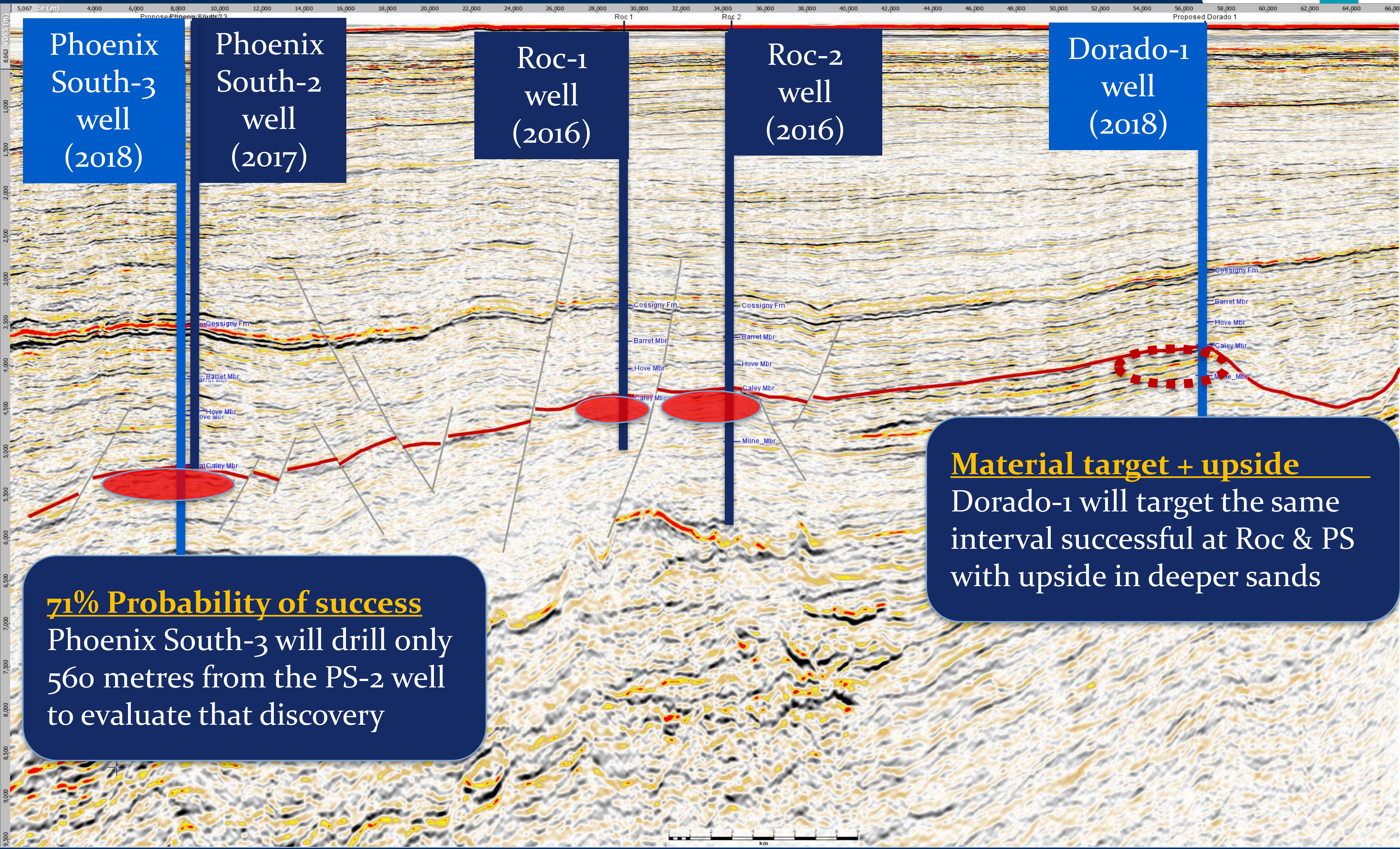
Drilling snapshot

Phoenix South-3 well
drilling NOW
using Development Driller-1 rig

Successful Roc-2 well
flow test in 2016
55 mmscf/d + 3,000 bopd

Dorado-1 well
starting in May 2018
using the Ensco 107 rig

Drilling snapshot



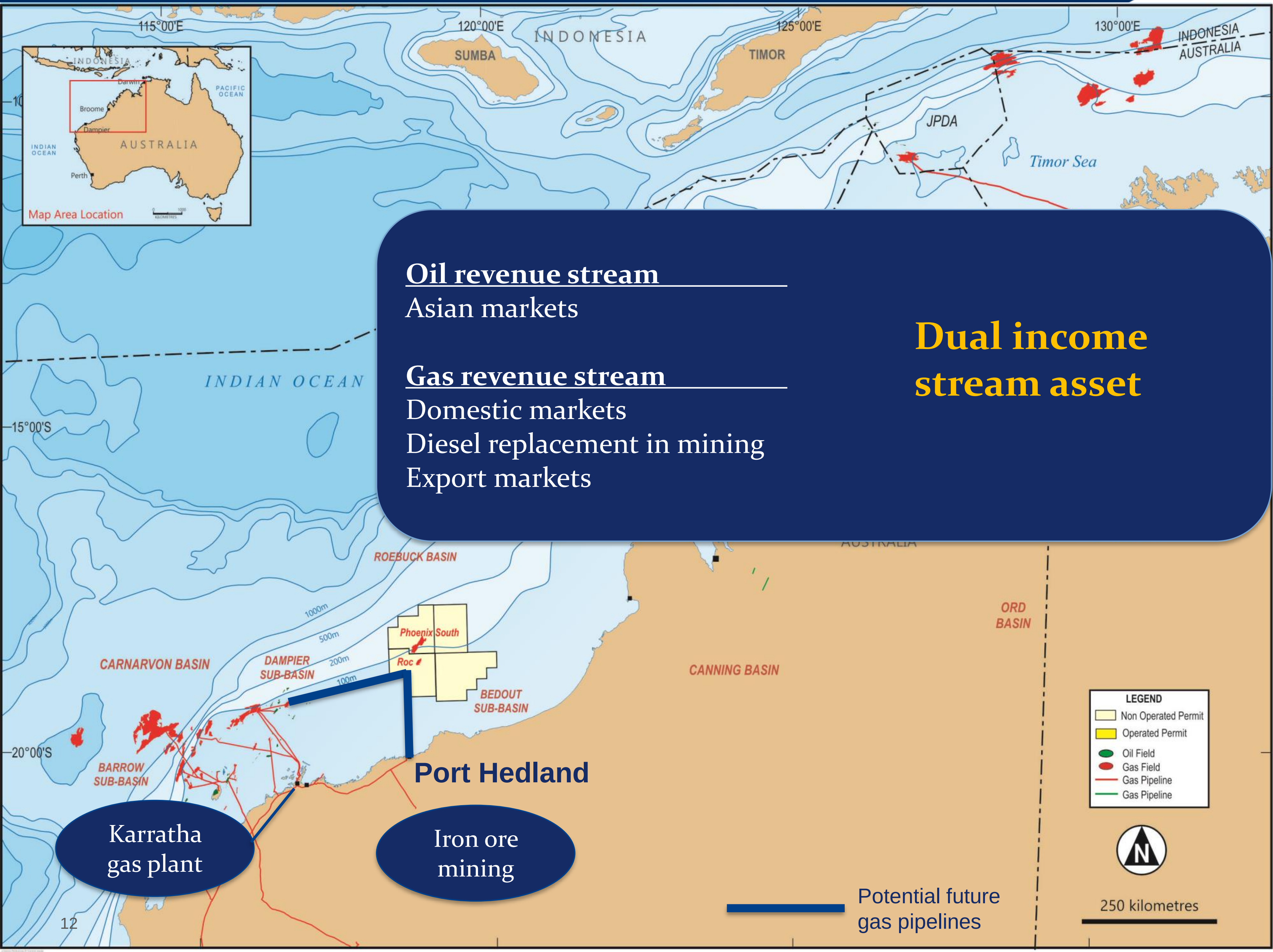
71% Probability of success

Phoenix South-3 will drill only 560 metres from the PS-2 well to evaluate that discovery

Material target + upside

Dorado-1 will target the same interval successful at Roc & PS with upside in deeper sands

Confirmed gas & oil (condensate), red line is top of Caley interval (primary target)



Oil revenue stream

Asian markets

Gas revenue stream

Domestic markets

Diesel replacement in mining

Export markets

Dual income stream asset

Strategic asset

Proof of geological model achieved

Four oil, gas and condensate discoveries from four wells drilled confirms new basin

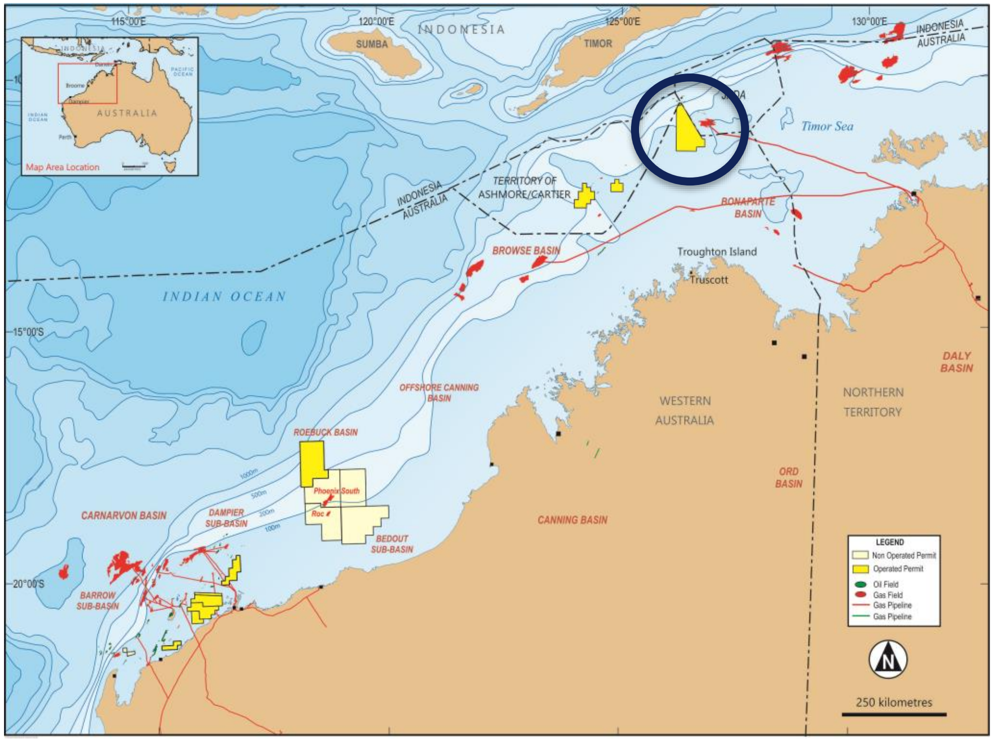
Commercial project

Phoenix South-3 and Dorado-1 intended to cement Phoenix project commerciality

Strategic asset

Dual income stream asset in 100 metres of water only 150km from major infra-structure

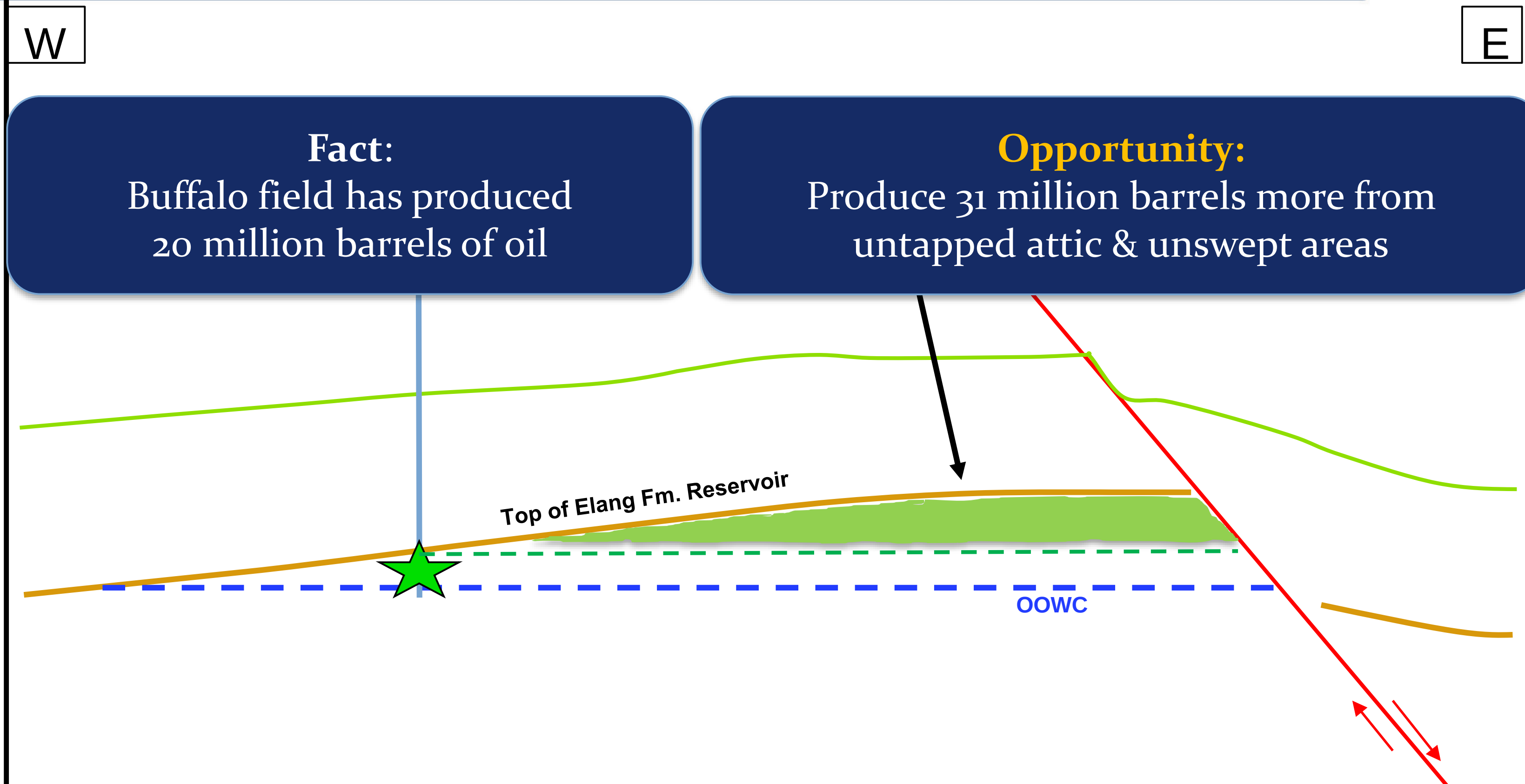
Buffalo project



Opportunity

Fact:
Buffalo field has produced
20 million barrels of oil

Opportunity:
Produce 31 million barrels more from
untapped attic & unswept areas



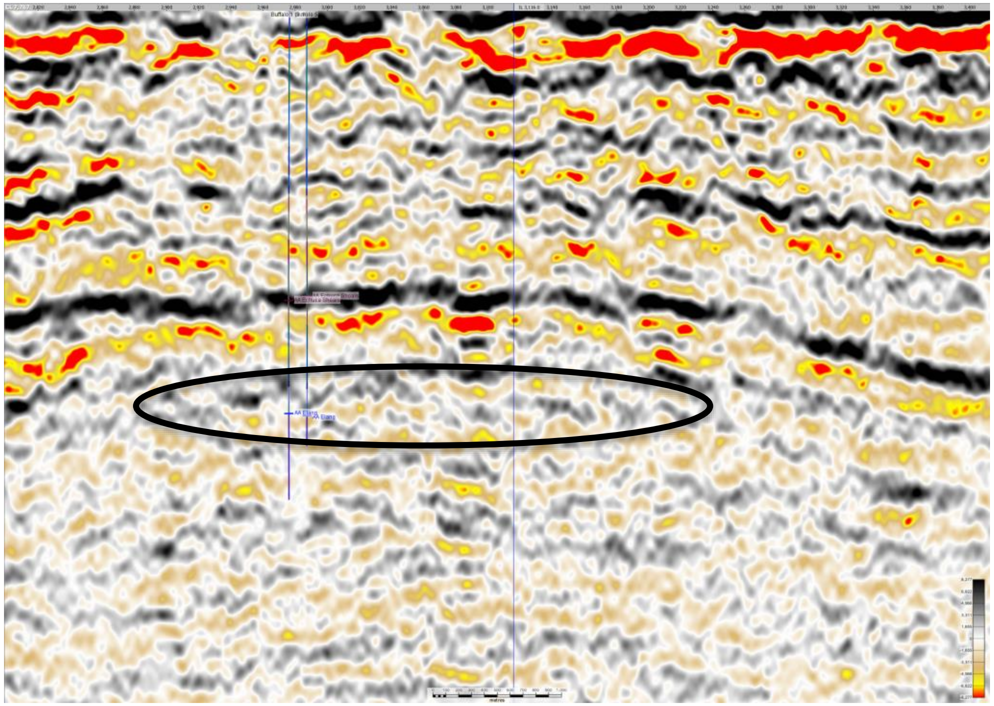
31 million barrels
is an independently audited 2C recoverable resource

Refer to Carnarvon's ASX announcement of 28 August 2017 for comprehensive details of these volume estimates. These resources were calculated using a combination of probabilistic and deterministic methodology.

1996 - BHP Petroleum tests Buffalo-1 well

The first mobile phone
to have MP3 music capability

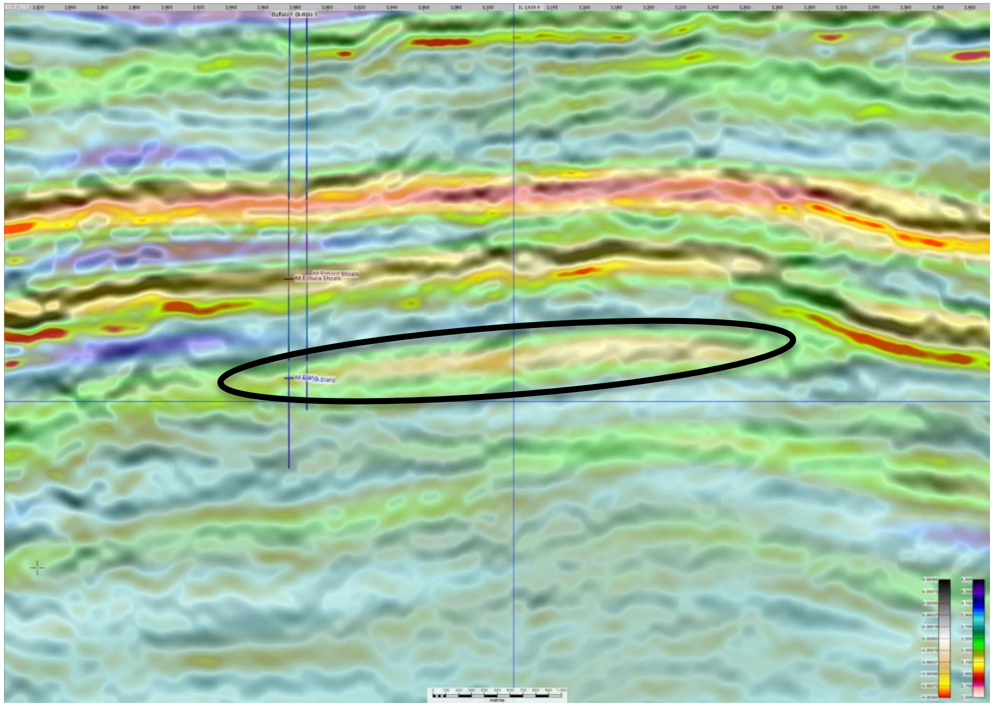
Buffalo 3D seismic
reservoir is difficult to identify



2018 – clear technological advances

LG's curved screen
smart phone

Buffalo 3D seismic
reservoir is clear with new technology



Economics

High margin field expected to be producing before Phoenix

Oil	31 mmbbls[1] with 40,000 bopd expected initial flow rate[1]
Revenue	US$2.2 billion[2]
Development cost	US$150 million[3]
Operating costs	US$400m to $500m (over 5 year life)[3]

Notes
1. recoverable 2C resource independently audited by RISC, flow rates based on historical production
2. based on Brent prices of US$73/bbl
3. based on independent studies commissioned by Carnarvon Petroleum

Refer to Carnarvon's ASX announcement of 28 August 2017 for comprehensive details of these volume estimates. These resources were calculated using a combination of probabilistic and deterministic methodology.

Buffalo-10 well

Plan to drill Buffalo-10 well
in 25 metres of water with jackup rig

Buffalo-10 drilling
preparations are well advanced

Well Name	Buffalo-10A			
Operator	Carnarvon Petroleum			
Partner	Carnarvon Petroleum (100%)			
Project	Buffalo Field Redevelopment			
Well Type	Appraisal Well			
Well Trajectory	Vertical			
State/Country	Western Australia			
Anticipated Hydrocarbon	Oil			
Block	WA-523-P			
Basin	Buffalo Field			
Surface Location	Lat:	10° 40' 19.632" S	X:	183570
	Long:	126° 6' 27.957" E	Y:	8818790
Bottom hole Target – Elang Formation	Lat:	10° 40' 19.632" S	X:	183570
	Long:	126° 6' 27.957" E	Y:	8818790
Geodetic Information	AGD84 (Australian National)			
Target Objective	Elang Formation			
Proposed TD	3,310m MD/TVD-MSL			
Drilling Rig	Jackup Rig			
Depth Reference	Mean Sea Level (MSL)			
Water Depth (MSL)	+/- 27m			
Rotary Table Elevation (MSL)	TBA			
Formation Temperature (Max)	~138.33 °C (~288.5 °F) at reservoir target			
Formation Pressure	+/- 4800psi - Formations are predicted to be normally pressured from seabed down to Elang Formation			
Final Required Configuration	Suspended for production			
Target tolerance	25m at the Elang Formation target area			

Field development plan

Plan is for a well head platform to host 3 production wells

A leased FPSO will receive oil from the well head platform

Timor-Leste

Buffalo moves to Timor-Leste

Under Treaty signed 7 March 2018

Australian equivalent

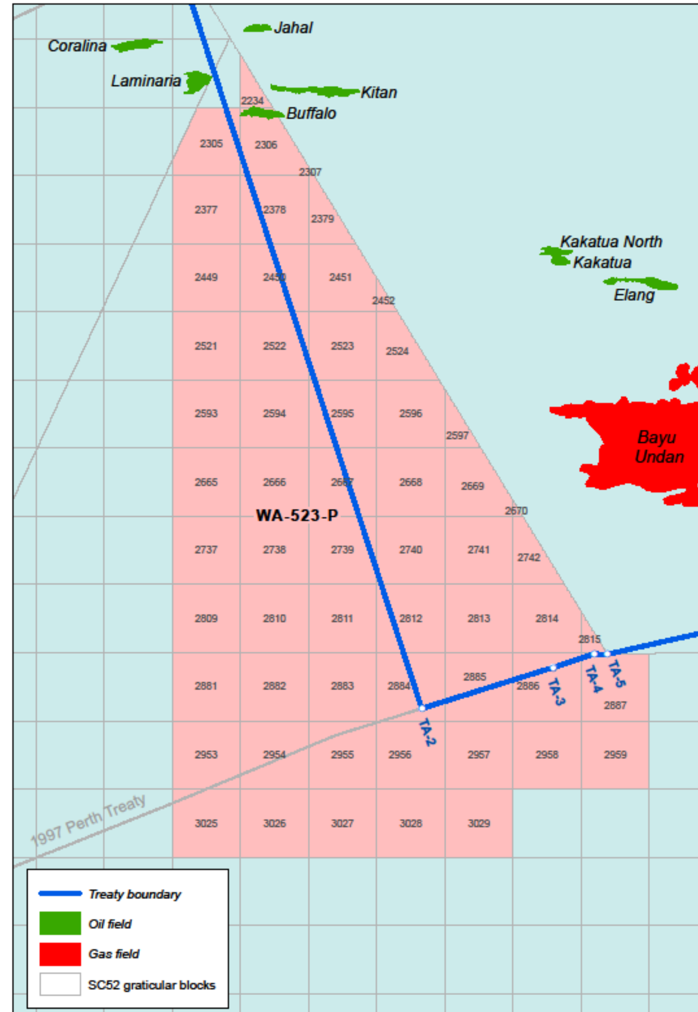
Security of title, legal rights, fiscal terms

Actioning now

Production Sharing Contract

Buffalo-10 drilling plans

Field redevelopment plans



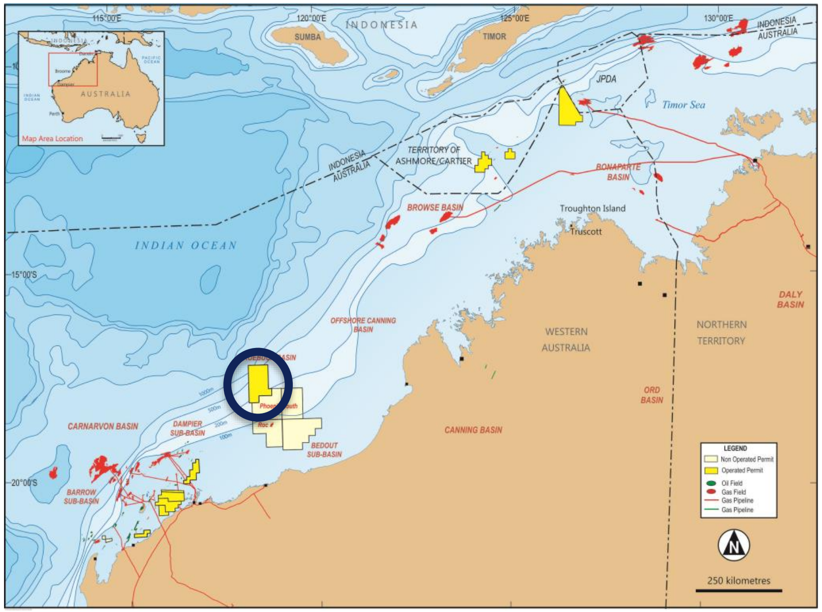
Other projects

Labyrinth project

Farm out
commenced Feb 2018

The plan is to acquire 3D seismic over the preferred prospect

Then drill the preferred prospect



Wrap up

NOW	**Phoenix South-3**	oil & gas appraisal well
May	**Dorado-1**	oil & gas exploration well
2018	**Buffalo-10 planning**	high margin oil production
2018	**Farm-outs**	building additional value in oil & gas assets

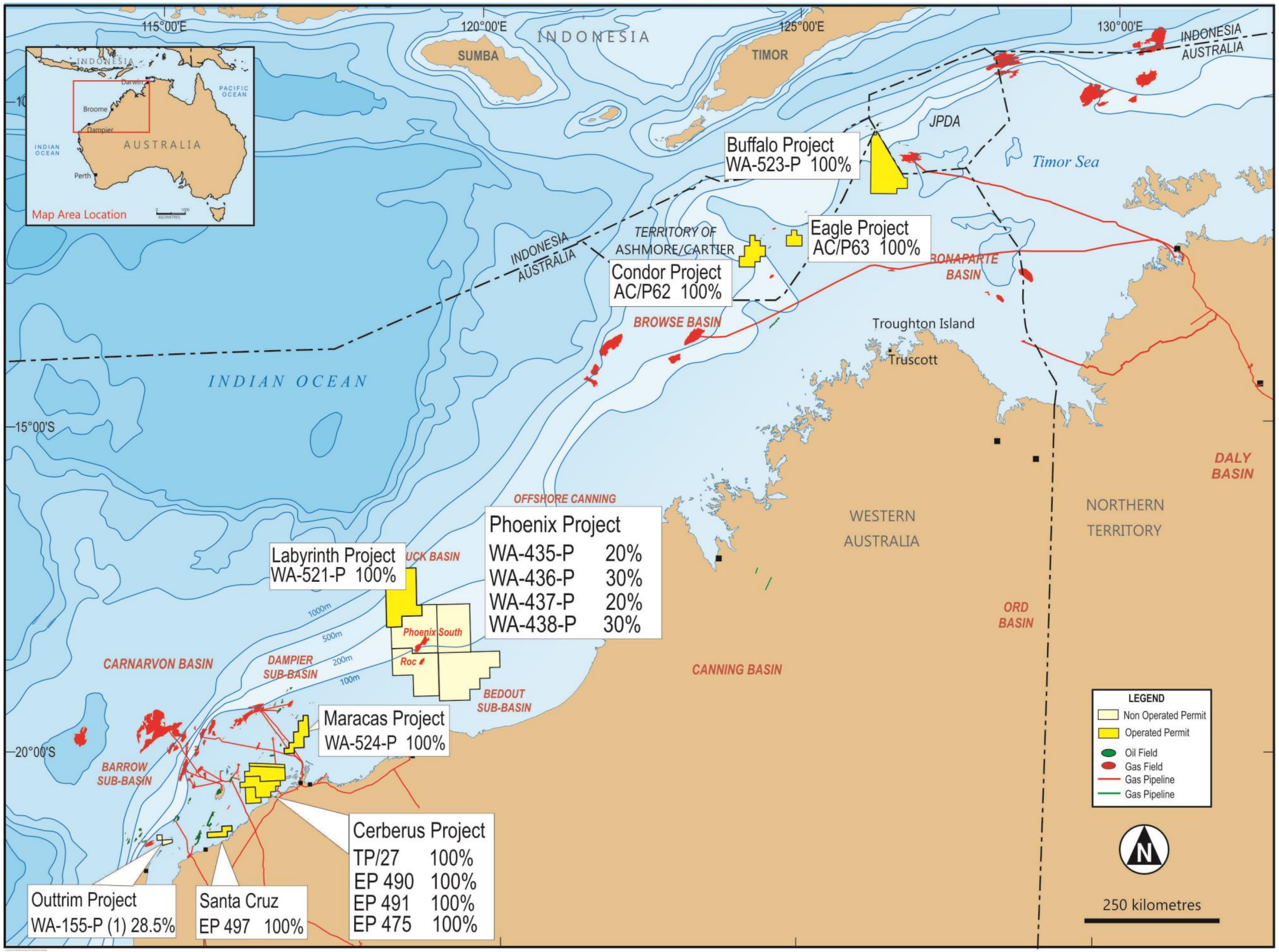
Supplemental information

Supplemental information to the presentation

Content:

1. Project portfolio summary
2. Buffalo project
3. Phoenix project
4. Labyrinth project
5. Board & management
6. Key risks
7. Foreign selling restrictions

Portfolio – permit locations and equities



Project portfolio - summary

Project	Permits	Equity holders	Status
Buffalo	WA-523-P	CVN 100%	Appraisal to oil field redevelopment
Phoenix	WA-435-P & WA-437-P	CVN 20% & Quadrant Energy 80%	Appraisal and exploration of discovered oil and gas
Phoenix	WA-436-P & WA-438-P	CVN 30% & Quadrant Energy 70%	Exploration
Labyrinth	WA-521-P	CVN 100%	Exploration technical work to 3D acquisition
Maracas	WA-524-P	CVN 100%	Exploration technical work via FWI technology
Cerberus	EP-490, EP-491, TP/27, EP-475	CVN 100%	Exploration technical work (seeking partner)
Outtrim	WA-155-P(1)	CVN 28.5% & Quadrant Energy 71.5%	Exploration focused on Triassic prospect
Condor	AC/P62	CVN 100%	Exploration
Santa Cruz	EP-497	CVN 100%	Exploration
Eagle	AC/P63	CVN 100%	Exploration

Buffalo project - background

The FPSO, showing the single-point mooring.

The Buffalo Venture FPSO.

The Buffalo field was discovered in October 1996, when BHP Petroleum tested the Buffalo-1 well. The well flowed at 12,000 bpd of light 53° API oil. The oil has a particularly low gas oil ratio of 110 scf/bbl. The field was operated by BHP Petroleum and contained initially estimated reserves of 20 million barrels. Gross production peaked at 50,000 barrels per day over a five year field life.

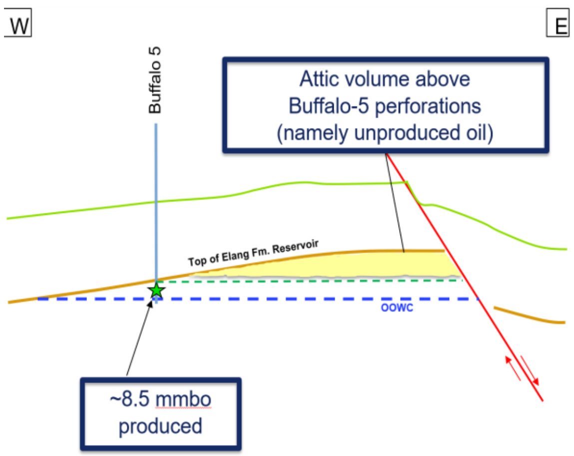
The development comprised a rig-installed wellhead platform, tied back to a permanently moored FPSO, called the Buffalo Venture (pictured).

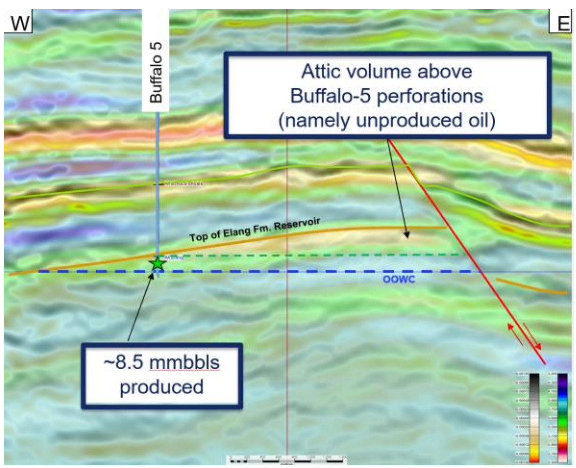
The five-wellhead unmanned steel platform produced crude oil (plus some associated gas and water) from a number of development wells. The well head platform was remotely controlled from the FPSO, via an umbilical. Oil, gas and water flowed to the permanently moored Buffalo Venture, via rigid steel flowlines and flexible catenary risers. The field was fully decommissioned in 2004.

Carnarvon secured the Buffalo project in May 2016 by agreeing to undertake a program of exploration work. Carnarvon was attracted to the project because the region contained and had produced significant quantities of oil (namely around 250 million barrels) from a number of fields, including the Buffalo field that produced around 20 million barrels from the Buffalo Venture FPSO.

Once the Buffalo project was secured, Carnarvon commenced reprocessing 3D seismic using FWI technology. The objective was to correct seismic errors caused by subsurface factors that impacted the delineation of the oil field. This twelve month process involved reiterative processing and calibration to information that was known from existing wells in the area.

Buffalo project – technology solution





Based on Carnarvon's experience using new FWI (Full Waveform Inversion) technology in Australia in the Phoenix project, Carnarvon was in a position to foresee its potential for this and other new technology in other areas; Buffalo being one of those.

Fast forward two years and the use of new seismic technology has made a vast difference to the interpretability of and mapping on the existing 3D seismic data in the Buffalo project.

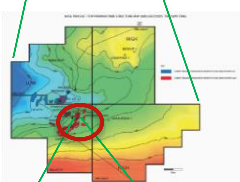
Detailed models of the reservoir, past, present and future have also been completed, calibrated against historical performance. This enables Carnarvon and independent experts to dynamically review and assess the reservoir performance through time. History matching enables the Carnarvon team to model expected future production of oil and associated water.

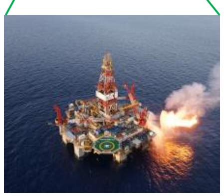
Based on this work Carnarvon has calculated significant volumes of oil are still recoverable from the field. It is an ideal redevelopment opportunity within & extending the oil field to capture oil not accessed previously due to previous operators mapping on old data.

To put this into context, the previous production operations delivered approximately 20 million barrels of oil from the northern and western areas of the currently mapped structure. New mapping indicates remaining recoverable oil of 31 mmbbls on a 2C contingent resource basis.

Refer to Carnarvon's ASX announcement of 28 August 2017 for comprehensive details of these volume estimates. These resources were calculated using a combination of probabilistic and deterministic methodology.

Phoenix project - background





The Phoenix project (WA-435-P, WA-436-P, WA-437-P & WA-438-P) is located in the Bedout sub-basin approximately 150 kilometres offshore from Port Hedland in Western Australia.

During the global financial crisis of 2008 and 2009 Carnarvon and its partner bid and secured the Phoenix permit on very low commitment terms. The four permits comprise a very large ~22,000 square kilometres and importantly cover the entire Bedout sub-basin.

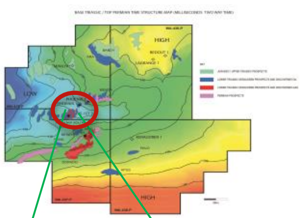
In 2011 3D seismic was acquired over key prospects in the permits and this 3D was the first ever acquired in this sub-basin.

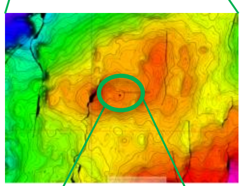
In 2012 Apache Corporation (now Quadrant Energy) and JX Nippon joined the partnership committing to drill and fund the cost of the Phoenix South-1 and Roc-1 wells.

In 2014 and 2015/16 Phoenix South-1 and Roc-1 wells respectively were drilled and successfully discovered oil and gas.

In 2016 the Roc-2 well also discovered oil and gas and completed a successful flow test (refer photo of the Roc-2 flow test on this page). The well flow tested at 53 million standard cubic feet per day (mmscf/d) of gas and 2,954 barrels of oil (condensate). This was the maximum rate possible using the equipment on board.

Phoenix project – Phoenix South





In late 2016 / early 2017 the Phoenix South-2 well intersected the top of the primary reservoir and discovered oil and gas, but did not fully evaluate the resource due to the level of pressure encountered.

This was an encouraging result, and as such the Joint Venture has advanced plans to drill a follow-up Phoenix South-3 well. The well will be positioned approximately 560 metres from the Phoenix South-2 well and target the same primary reservoir containing the oil and gas.

The Transocean Limited Development Driller-1 semi-submersible drilling rig (pictured on this page) has been contracted to drill the Phoenix South-3 well. Currently the rig is on route to the site and is expected to be on location in April 2018.

The Phoenix South primary reservoir (being the Caley interval) has a best estimate gross mean recoverable prospective resource of 489 billion standard cubic feet (Bscf) of gas and 57 million barrels of oil (condensate). This equates to 143 million barrels of oil equivalent.

Given the circumstances surrounding the Phoenix South-2 well and the associated pressures prohibiting evaluation of the reservoir, Carnarvon has claimed associated costs under its insurance policy. This claim will cover a significant portion of the Phoenix South-3 well cost.

Refer to Carnarvon's ASX announcements of 23 April 2018 for comprehensive details of these volume estimates. These resources are calculated using probabilistic methodology.

Phoenix project - Dorado

The Dorado prospect is only some 15 kilometres south of the Roc discoveries with an interpreted multi sand reservoir covered by the same top shales that seal in the Roc oil and gas. Those shales are also interpreted as providing the side seal in a channel system as depicted in the image below. The oil and gas interpreted in the Dorado structure is in the same Caley interval as the oil and gas contained in the Roc structure. Dorado is a very strong exploration opportunity in the Phoenix project with the well expected to commencement in late May 2018.

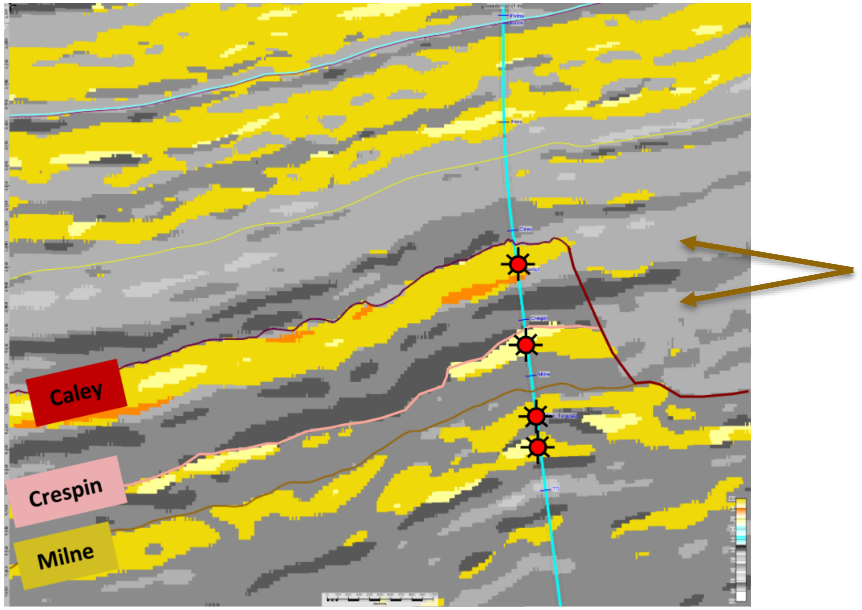


Image: yellow sections indicate sand prone intervals and grey sections indicate shale

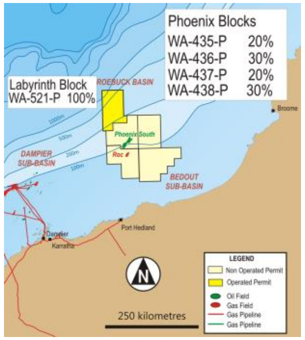
Refer to Carnarvon's ASX announcements of 23 April 2018 for comprehensive details of these volume estimates. These resources are calculated using probabilistic methodology.

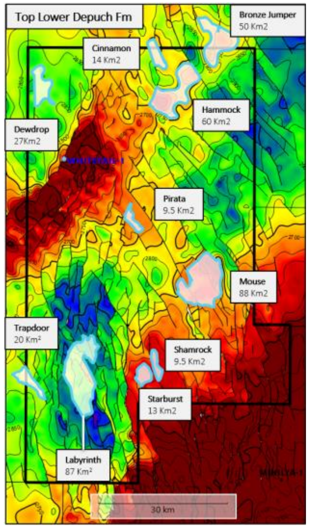
Phoenix project – development concepts

The oil and gas discovered to date and to be targeted in 2018 very much suits a development that ties the oil and gas back to a central well head platform and offshore primary processing. Oil would be held in a Floating Production Storage and Offtake vessel for transfer from and shipping to markets for refining, likely in Asia. The gas has a number of possible market sources with development considerations expected to incorporate existing gas infrastructure in Western Australia.

Early stage work on development concepts has commenced ahead of the next phase of drilling operations in 2018. This work includes long lead time items and concept development with the flexibility to evolve as drilling results are confirmed.

Labyrinth project - background

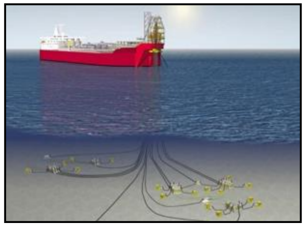




The Labyrinth project (WA-521-P) is located in the Rowley Sub-basin, offshore North West Shelf, north of Carnarvon's Roc and Phoenix South hydrocarbon discoveries.

The interpretation of newly reprocessed 2D seismic in the permit has revealed several significant prospects and many leads, in the middle and early Jurassic deltaic reservoirs (refer seismic image bottom left on this page). The largest prospect identified is Labyrinth, with an areal extent of 90km² at the Lower Depuch Formation level. A further seven prospects and leads have been high-graded and are listed in the table below, with at least a dozen additional structures identified.

Geological similarities with the highly prospective southern Browse Basin are clearly apparent from the early technical work and provide a very exciting analogue to the prospectivity of the WA-521-P permit. The Browse Basin contains extensive petroleum resources, with discovered ultimate recovery of hydrocarbons totalling over one billion barrels of oil and condensate, 34 Tcf of gas and 350 million barrels of LPG within the Icthys, Poseidon, Brecknock / Calliance / Torosa, Prelude, Argus, Cornea, Crown, Crux and Gwydion fields.



Labyrinth project - volumes

Three source rocks are mature and generating today in WA-521-P, comprising the proven Lower Jurassic Murat siltstone, Lower Depuch carbonaceous shales and Upper Triassic marine shale of the Upper Keraudren formation. Sizable structures and prolific source rocks come together to provide substantial recoverable oil volume estimates within this permit.

Prospective Recoverable Resources								
Prospect	**Target Reservoir**	**Pmean (mm bbls)**	**P90 (mm bbls)**	**P50 (mm bbls)**	**P10 (mm bbls)**	**Carnarvon Equity**	**Chance of Discovery**	**Risked Pmean (mm bbls)**
Ivory*	Lower Depuch	322	20	170	828	100%	18%	58
Ivory deep*	Bedout	99	6	48	243	100%	13%	13
Zebra	Bedout	382	20	179	924	100%	13%	50
Mouse	Lower Depuch	278	40	202	618	100%	18%	50
Mouse deep	Bedout	62	3	33	152	100%	13%	8
Hammock deep	Bedout	249	8	112	630	100%	13%	32
Mahogany	Bedout	148	22	94	332	100%	13%	19
Weaver	Bedout	44	3	25	106	100%	13%	6
		1,584						

* Note the Labyrinth prospect has been renamed Ivory

Refer to Carnarvon's ASX announcements of 7 February 2018 for comprehensive details of these volume estimates. These resources are calculated using probabilistic methodology.

Board of Directors

Peter Leonhardt – Chairman

An independent company director and adviser with extensive business, financial and corporate experience. Peter is a Chartered Accountant, former Senior Partner with PricewaterhouseCoopers and Managing Partner of Coopers & Lybrand in Western Australia.

Adrian Cook – Managing Director & Chief Executive Officer

An executive with experience in commercial and financial management, including as the former Managing Director of Buru Energy Limited and in senior executive positions within Clough Limited’s oil and gas construction business and with ARC Energy Limited.

Bill Foster – Non-Executive Director

An independent company director with extensive technical, commercial and managerial experience in the energy industry, covering particularly M&A, project financing and marketing. Bill has been a long standing advisor to a major Japanese trading company in the development of their global E&P and LNG activities.

Dr Peter Moore – Non-Executive Director

An independent company director with extensive experience in exploration and production in Australia and internationally. Peter led Woodside’s worldwide exploration efforts as the Executive Vice President Exploration and was the Head of the Geoscience function (Exploration, Development, Production, M&A).

Management team

Adrian Cook – Managing Director & Chief Executive Officer

Philip Huizenga – Chief Operating Officer

Dr Stephen Molyneux – Exploration Manager

Dr Jeff Goodall – Chief Geologist

Andrew Padman – Chief Geophysicist

Thomson Naude – Chief Financial Officer and Company Secretary

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.

Key Risks

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.

Key Risks

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.

Key Risks

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	• 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	• 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	• 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	• 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	• 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	• 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

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.

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New Zealand

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- 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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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.

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United Arab Emirates

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