

Investor update

5 July 2016



Carnarvon Petroleum Limited's ("Carnarvon") (ASX: CVN) Managing Director and CEO, Adrian Cook will be meeting a number of shareholders, potential shareholders and business partners during the coming weeks and will speak to the presentation provided in this update.

Carnarvon's focus and area of expertise is in the petroleum geology of the North West Shelf ("NWS") of Western Australia. The Company's focus is not on size but the value proposition for the benefit of shareholders.

The NWS is attractive from a geological standpoint as it still has a number of exciting opportunities and many of these have never been tested. In addition, it's a very stable environment to work in from a fiscal and political perspective. Discoveries can be commercialised with an established network of suppliers and services in the region. And all of this is on our doorstep.

We have recently sought to take advantage of the industry downturn by securing the best available NWS geological data at significantly discounted prices. Our people have been working with this data and the results are starting to show. We have secured a diversified portfolio of permits that contain an exciting inventory of oil and gas prospects that we anticipate presenting to you in due course.

We have managed to achieve all of these things while maintaining a strong balance sheet, particularly with a cash position of around \$90m and we have kept commitments to a minimum.

What is really exciting for everyone is that we now have two material drilling outcomes within the next 6 months, one in the Outtrim East-1 exploration well where we are looking to prove an oil aggregation play and another at the Roc-2 appraisal well which aims to confirm that Carnarvon will take part of a material domestic gas project. These are two near term & separate opportunities with material value potential.

Of particular importance is the follow-on potential within the Phoenix and Roc permits. We have recently acquired more 3D data in this area and the preliminary technical work has the team at Carnarvon very excited. I look also forward to presenting you with more detail on this in time.

Yours faithfully

A handwritten signature in black ink, appearing to read "Adrian Cook".

Adrian Cook
Managing Director
Carnarvon Petroleum

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CARNARVON
PETROLEUM LTD



Investor presentation

July 2016



The Resource estimates outlined in this report were reviewed by the Company's Chief Operating Officer, Mr Philip Huizenga, who is a full-time employee of the Company. Mr Huizenga has over 20 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 7 April 2015 and 17 March 2016 (Reference: CVN ASX releases of 7 April 2015 and 17 March 2016). 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 and have been prepared using probabilistic methods. 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.

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

This presentation contains forward looking statements which involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies including those risk factors associated with the oil and gas industry, many of which are outside the control of and may be unknown to Carnarvon Petroleum Limited.

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Given these uncertainties, readers are cautioned not to place undue reliance on such forward looking statements, and should rely on their own independent enquiries, investigations and advice regarding information contained in this presentation. Any reliance by a reader on the information contained in this presentation is wholly at the readers own risk.

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Oil prices challenged industry and investors



Carnarvon Petroleum Ltd Share Price vs. Brent Oil Price



Is it time to buy oil stocks?



Demand	~35 billion barrels consumed annually and growing at ~1.5% p.a..
OPEC	Propose holding production steady.
US Shale	Caused over supply. Now under stress. Over geared companies have little to no free cash flow and declining production. Limited access to cheap debt funding.
Replacement	Majors not finding enough replacement barrels to offset their output.
Investment	~US\$1 trillion removed from global exploration and development investment.
Outages	Magnify upward effect on oil prices, such as Nigerian unrest and Kuwait strikes.

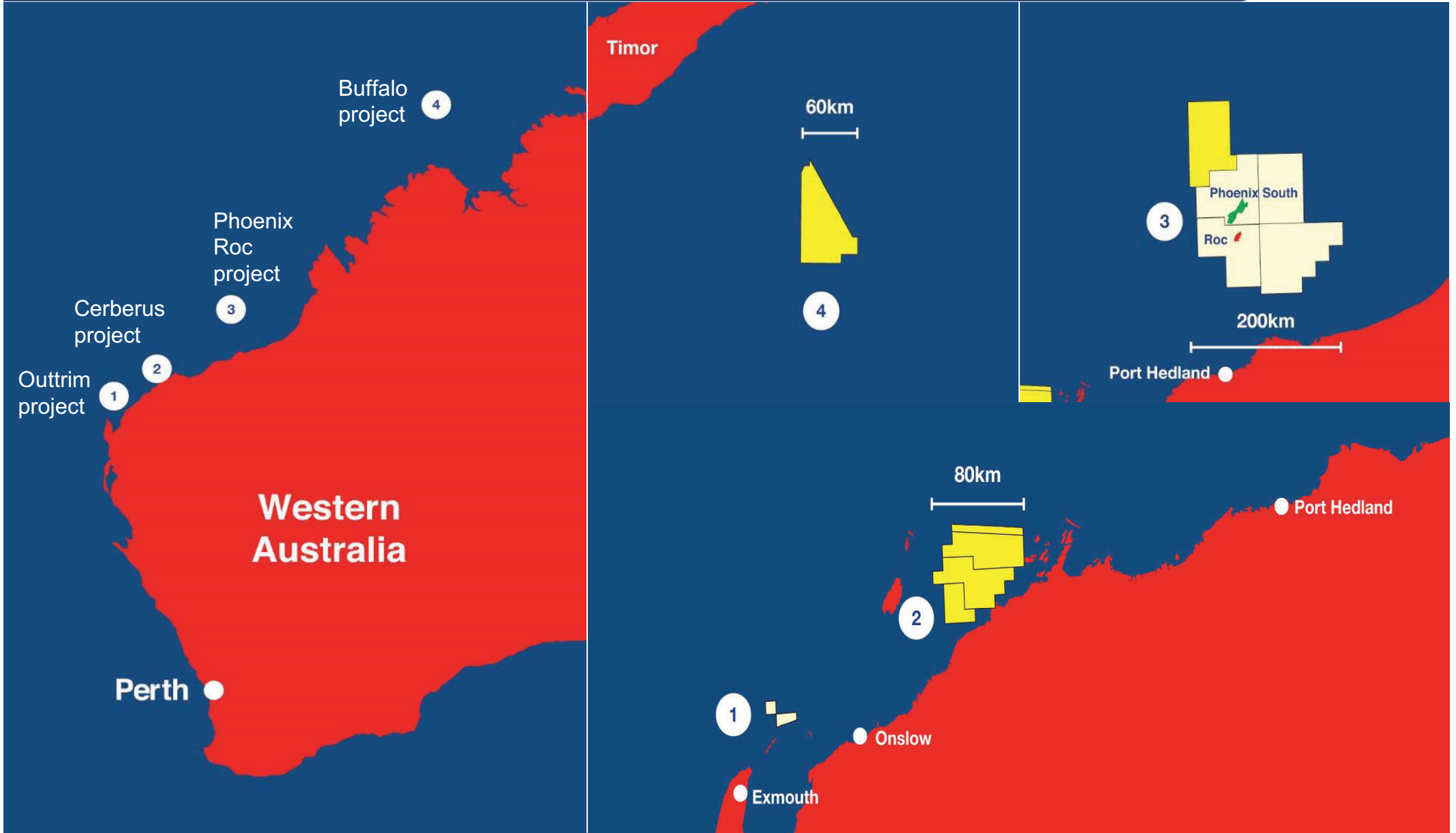
Carnarvon portfolio



Multiple discoveries

11 Permits

~35,000km²



Carnarvon snapshot



Focus

The North West Shelf, Australia's most prolific oil and gas region.

Progress

Two play opening discoveries in 2014 and 2015 contain gas, condensate and oil.

Catalysts

Two wells starting in June and July 2016 drilling two different projects.

Growth

11 permits acquired since 2009 containing multiple discoveries leveraged to oil price.

Financial

Market value of ~\$100m with \$96m cash, future cash flow up to \$44m and well carry of \$8m.

People

Board and management, made up of NWS experts, own 7% of the Company.

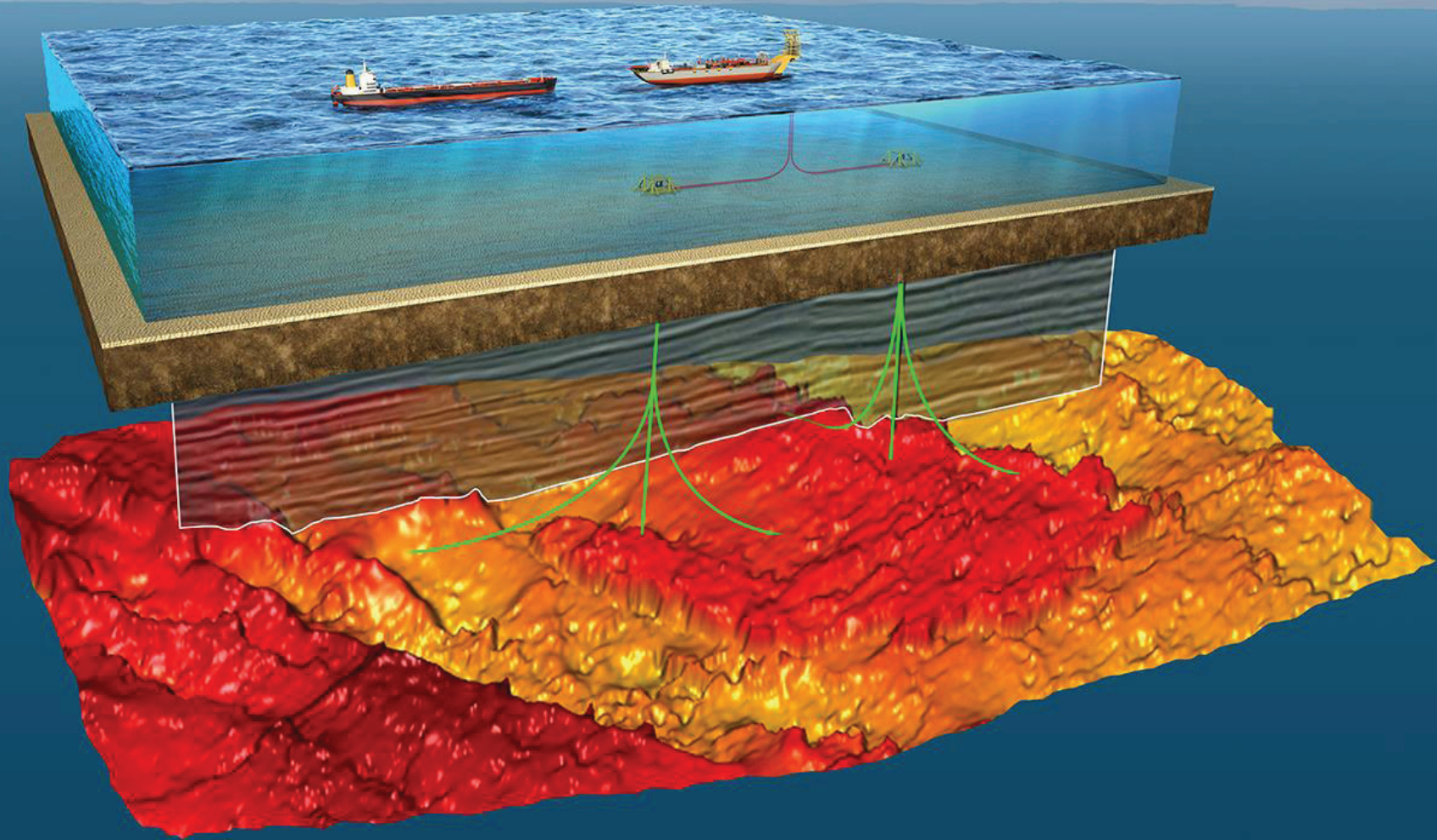
Outtrim project



Drilling June 2016

Proven oil

Aggregation play



Outtrim project



Drilling

The Outtrim East-1 well is currently drilling.

Target

The same reservoir as the nearby Outtrim-1 discovery.

Upside

Potential additional reservoir sands to the North and East of Outtrim-1.

Hydrocarbons

High quality light oil present in this area is ideal for export to Asia.

Cost

Outtrim East-1 well is being funded from CVN cash, expect \$10m to \$11m CVN share.

Objective

To aggregate a number of oil pools into a relatively low cost development.

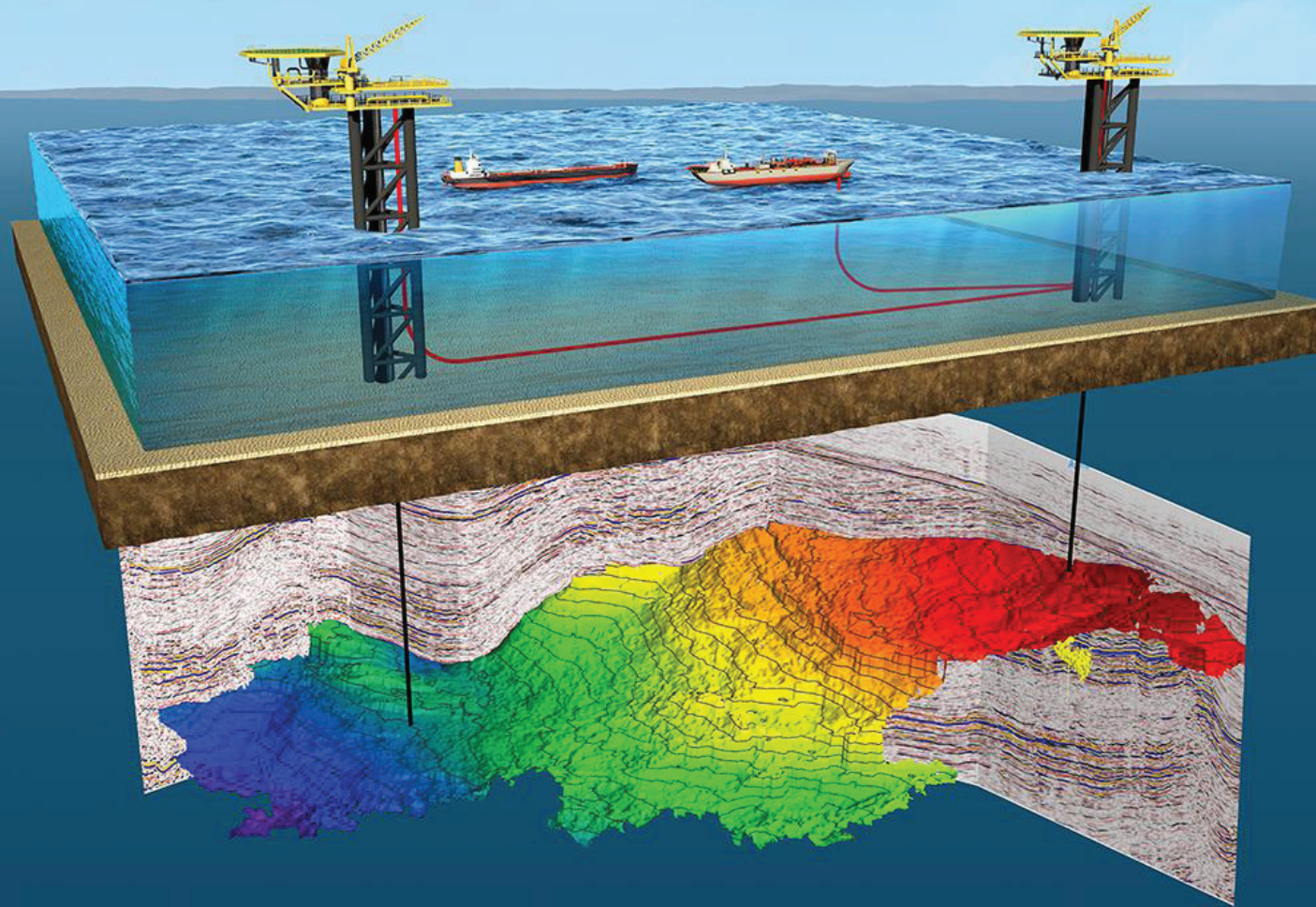
Cerberus project



High value exploration

Large targets

Low drill costs





Technical	Work now completed and showing sizable prospects on 3D seismic data.
Drilling	Planning is in progress to be ready to drill in 2017/2018.
Hydrocarbons	Oil is expected, based on fields nearby, with its sale likely through export to Asia.
Cost	Drilling costs are relatively low cost given the shallow water and target depths.
Funding	CVN is seeking co-investment partners for the upcoming drilling program.
Value	Significant returns on investment possible on large volume / low cost targets.

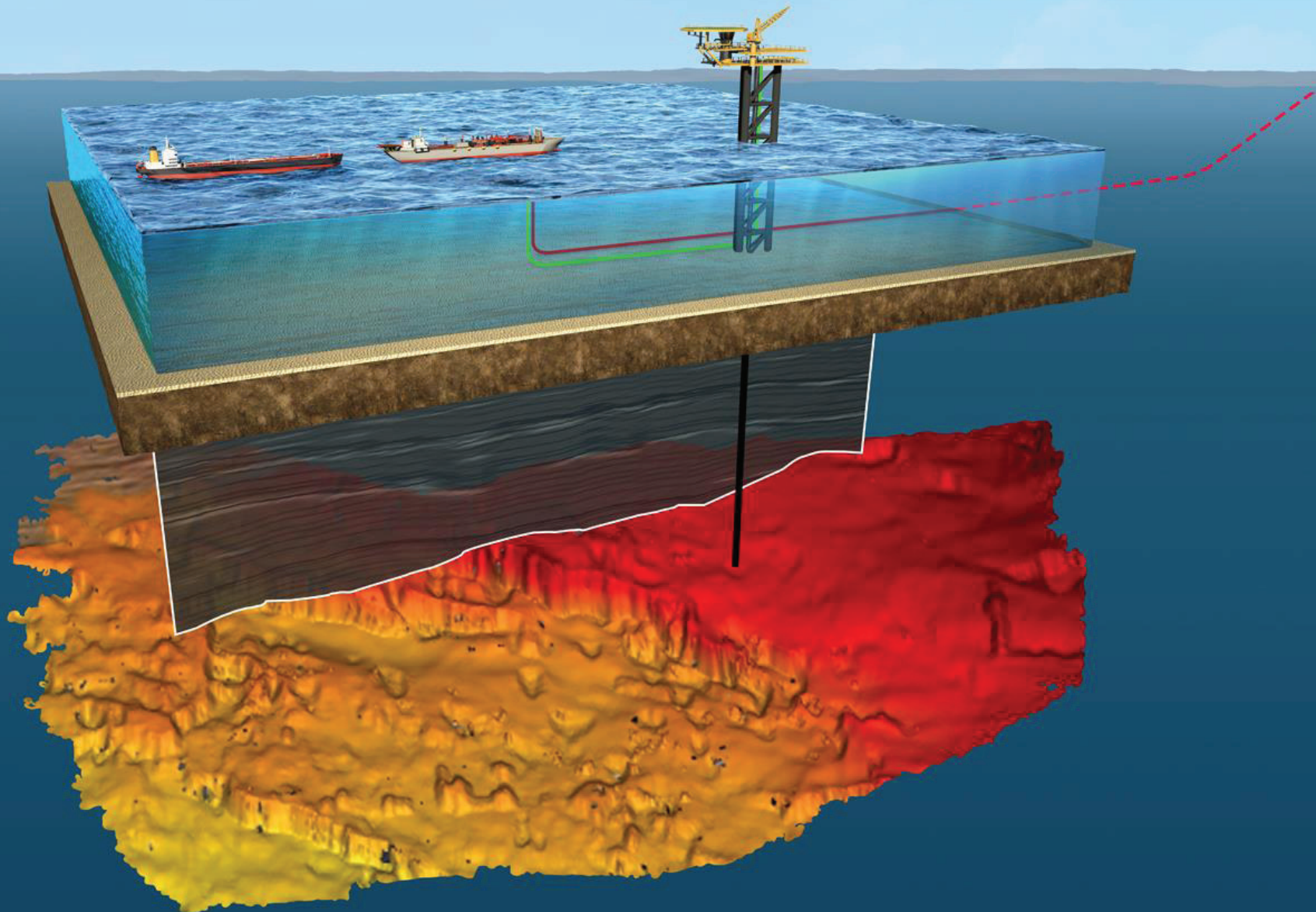
Roc project



Drilling July 2016

Proven Gas & Condensate

Appraisal phase





Discovery	The Roc-1 well in 2015 discovered and recovered gas and condensate.
Drilling	The Roc-2 well is scheduled to commence drilling in early July 2016.
Volume	Mid case resource target of 463 Bcf and 22 million barrels (gross, CVN 20%) ¹ .
Development	Conceptually a central well head platform and FPSO with processing facilities.
Product	High quality gas supplying the domestic market with condensate exported.
Funding	The Roc-2 well is being funded with an \$8m well carry and CVN cash.

Phoenix South project



Stacked resource potential

Proven oil

Roc tie-back



Phoenix South project



Discovery	The Phoenix South-1 well in 2014 discovered and recovered light oil.
Volume	Mid case resource of 19 million barrels (gross, CVN 20%) ² .
Develop	Initial concepts include a tie back to Roc development some 20 kilometres away.
Hydrocarbons	High quality light oil was recovered from the Phoenix South-1 well.
Upside	Potential for gas and condensate in same interval section discovered in Roc-1.
Value	Resource tie back lowers capital expenditure and improves project economics.

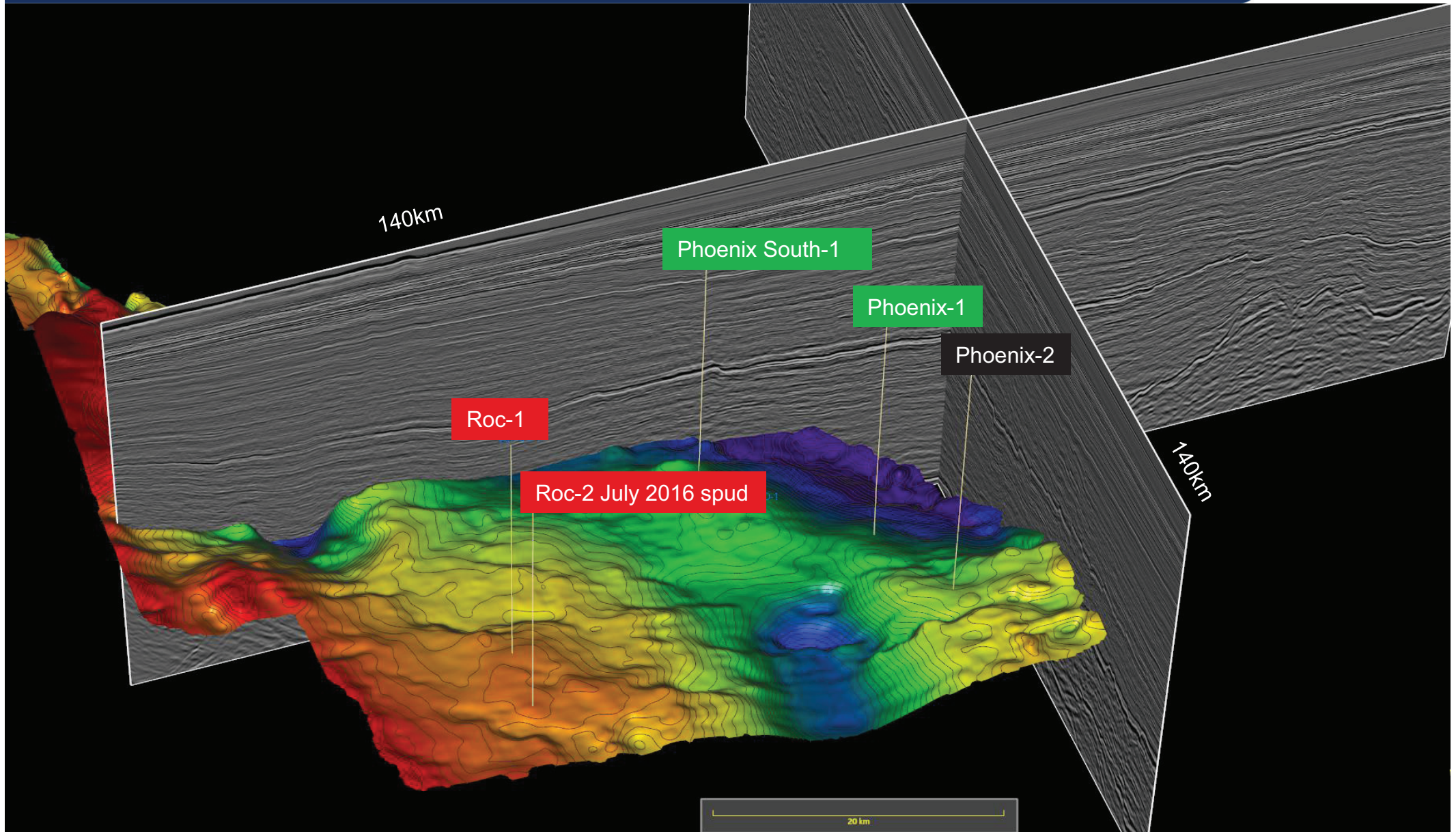
Greater Phoenix project



Enormous blue sky

Working source rocks

3D/2D coverage





Information	New 3D and 2D seismic, with recent discoveries, providing key new information.
Basin	Permits cover entire petroleum basin providing significant blue sky potential.
Prospects	Significant size prospects exist near Roc on new 3D seismic.
Hydrocarbons	Gas, condensate and light oil similar to Phoenix South-1 and Roc-1 results.
Opportunity	This is a rare opportunity to open up a new hydrocarbon province.
Value	Potentially significant once a hub development can be confirmed with Roc-2.

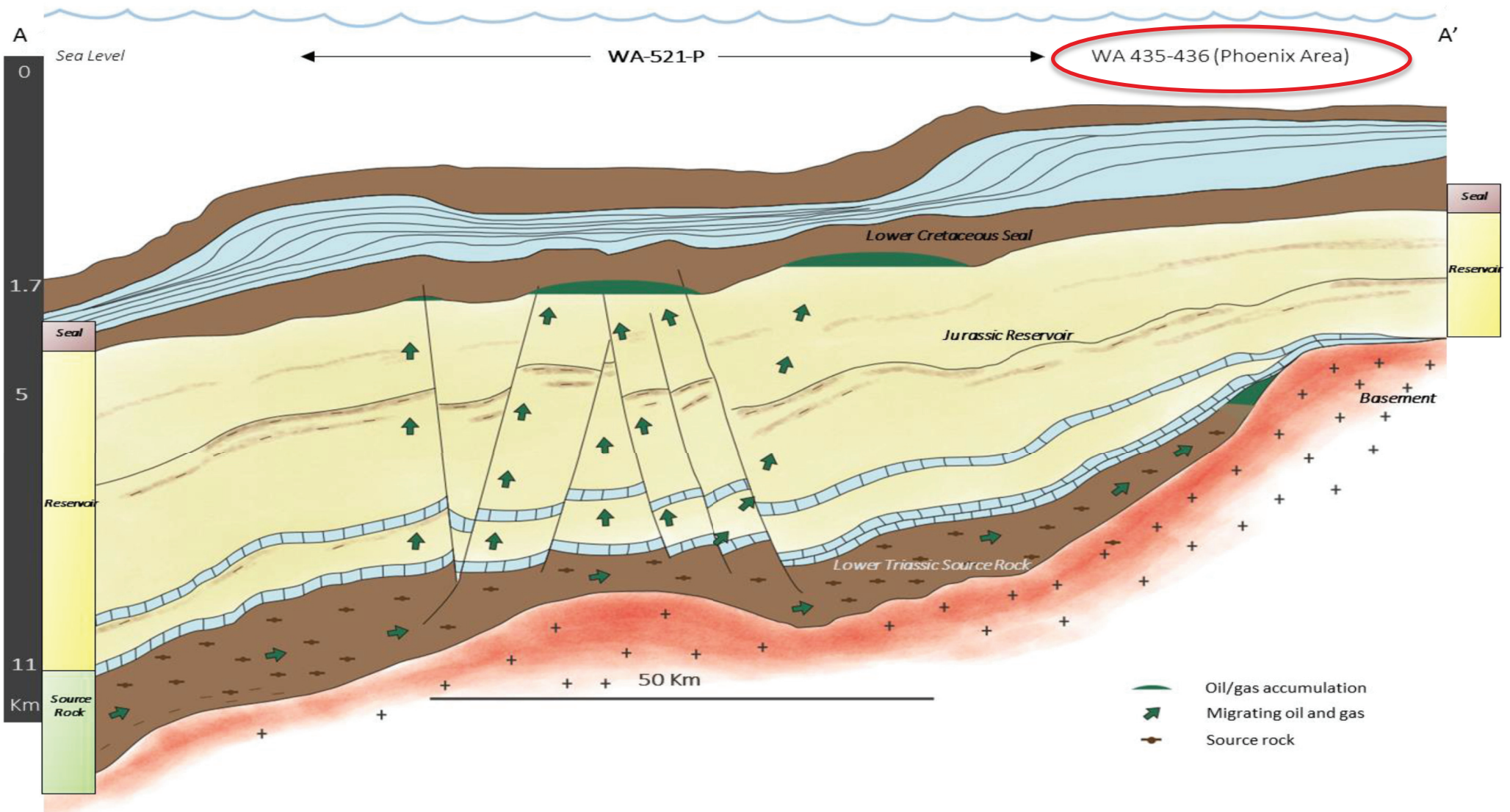


Large structures

Traditional reservoir

New source concept

SCHEMATIC CROSS-SECTION THROUGH WA-521-P





Award	Permit awarded in April 2016 under Government work bid process.
Target	Hydrocarbons in Triassic source rocks, like Roc, migrating to Jurassic reservoir.
Volume	Potential for large hydrocarbon volumes in large structures identified on 2D data.
Hydrocarbons	Gas, condensate and light oil similar to Phoenix South-1 and Roc-1 results.
Work	Mapping newly acquired 2D and satellite seep data.
Funding	CVN seeking a partner to co-invest in the forward exploration work and costs.

New Buffalo project



Technology play opener

Proven oil

Stacked resource potential



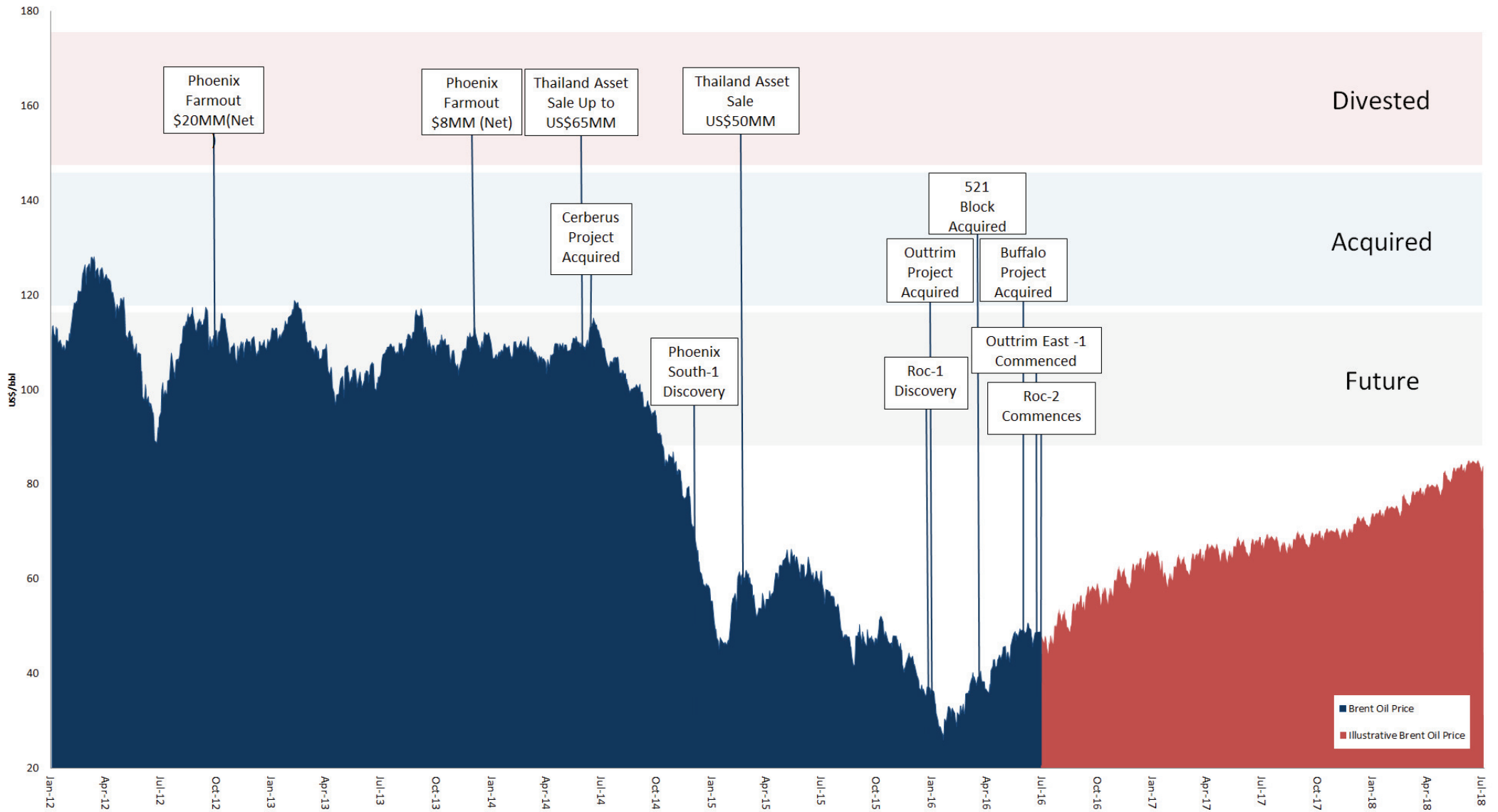
Nexan Buffalo FPSO on station in the Buffalo oil field between 1999 and 2004

New Buffalo project



Award	Permit awarded in May 2016 under Government work bid process.
Hydrocarbons	Permit contains former Buffalo oil field and multiple light oil discoveries.
Technology	New 3D seismic technology (FWI) to improve identification of hydrocarbon pools.
Targets	Structures in the Plover and Elang Formation, similar to the Buffalo oil field.
Upside	Hydrocarbons in deeper Triassic reservoirs never previously tested.
Funding	CVN is funding the FWI (et al) to add value ahead of potential future drilling.

Key takeaways



Key takeaways



Timing

Industry beginning to show signs of recovery.

Expertise

CVN is a specialist in finding major oil and gas assets on the NWS.

Roc well

Commencing in July 2016 to appraise 2015 gas and condensate discovery.

Outtrim East well

Drilling now to explore upside and provide oil aggregation play.

Visionary

CVN opportunistically growing its portfolio at low prices during the industry down turn.

Focused

On generating significant shareholder value from NWS oil and gas assets.



Annexures

Portfolio details



Outtrim	Quadrant Energy 71.5% (operator) and Carnarvon 28.5%. CVN interest acquired in 2016 Permit WA-155(1)-P covers 207km ²
Cerberus	Carnarvon 100% and operator CVN interest acquired in 2014 Permits EP-490-P, EP-491-P, EP-475-P and TP/27 cover 3,741km ² .
Phoenix / Roc	Quadrant Energy 80% (operator) and Carnarvon 20%. CVN interest acquired in 2009 Permits WA-435-P, WA-436-P, WA-437-P and WA-438-P cover 21,652km ² .
New Phoenix	Carnarvon 100% and operator CVN interest acquired in 2016 Permit WA-521-P covers 5,035km ² .
New Buffalo	Carnarvon 100% and operator CVN interest acquired in 2016 Permit WA-523-P covers 3,741km ² .



Peter Leonhardt – Chairman

Peter is an independent company director and adviser with extensive business, financial and corporate experience. He is a Chartered Accountant, former Senior Partner with PricewaterhouseCoopers and Managing Partner of Coopers & Lybrand in Western Australia. His professional career with the firm spanned 35 years in Australia and overseas.



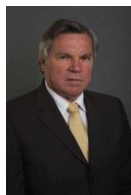
Adrian Cook – Managing Director & Chief Executive Officer

Adrian's executive experience is in commercial and financial management. Immediately prior to joining Carnarvon, Adrian was the Managing Director of Buru Energy Limited and held senior executive positions within Clough Limited's oil and gas construction business and with ARC Energy Limited, a former ASX listed oil and gas exploration and production company that he was involved in merging with AWE Limited.



Ted Jacobson – Non-Executive Director

Ted is a petroleum geophysicist with extensive experience in petroleum exploration in Australia. Ted's entrepreneurial initiatives include co-founding Discovery Petroleum and Tap Oil Ltd, the later growing to a market capitalization of over \$400 million under his technical leadership. Ted has a strong technical understanding of the North West Shelf of Western Australian.



Bill Foster – Non-Executive Director

Bill is an engineer with extensive technical, commercial and managerial experience in the energy industry, covering particularly M&A, project financing and marketing. Bill has held several independent director positions in public listed companies and was a senior advisor to a major Japanese trading company in the development of their global E&P and LNG activities.



Dr Peter Moore – Non-Executive Director

Peter has extensive experience in exploration and production in Australia and internationally gained through senior roles with a number of globally recognised companies. Peter 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).



Philip Huizenga – Chief Operating Officer

Philip is a petroleum Engineer with over 25 years in the oil and gas industry encompassing drilling, logging and production on offshore and remote locations throughout Australian, Asia and the Americas. Phil was previously with Tap Oil during an active period exploring and producing in the North West Shelf.



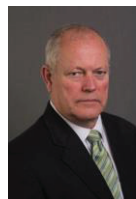
Dr Stephen Molyneux – Exploration Manager

Stephen has significant experience in exploration seismic interpretation and development geology. He has had a successful career discovering oil and gas in senior roles with Origin Energy, Premier Oil Norway, Oilexco North Sea, PanCanadian and Enterprise Oil North Sea.



Dr Jeff Goodall – Chief Geologist

Jeff has over 30 years experience in exploration and development geology throughout Australia, South East Asia and the North Sea. He was a Senior Staff Geologist for 14 years with Santos experiencing significant exploration success during that time in Australia and South East Asia.



Andrew Padman – Chief Geophysicist

Andrew has nearly 40 years experience in the upstream petroleum exploration & production industry, working on new venture, exploration and exploitation projects in the sedimentary basins of S.E. Asia for companies including Exxon, Woodside Petroleum, Premier Oil, Newfield and ARC Energy.



Thomson Naude – Chief Financial Officer and Company Secretary

Thomson is a finance executive responsible for the overall financial management of the Carnarvon business. Thomson is a Chartered Accountant with experience in auditing, financial reporting and commercial transactions including the divestment of Carnarvon's Thailand production assets.



Think Different

Act Different