

17 November 2010

Company Announcements Office
ASX Limited

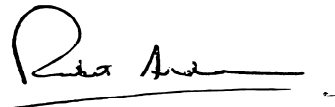
Via ASX Online

Dear Sirs,

CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING

Please find attached the Chairman's address to today's Annual General Meeting.

Yours faithfully
Carnarvon Petroleum Limited



RA Anderson
Company Secretary

ANNUAL GENERAL MEETING 17 NOVEMBER 2010
CHAIRMAN'S ADDRESS

It is my great pleasure to welcome you to Carnarvon's 2010 Annual General Meeting.

Your company has now been profitable for three consecutive financial years. Strong operating cash flows have enabled exploration and developments activities to continue while Carnarvon remains in a strong position with over \$30 million cash at June year end, no debt and primed to capitalise on the opportunities that lie ahead over the next 12 months

Notwithstanding our successes we do acknowledge that there has been short term volatility in Carnarvon's production which has been reflected in the share price movements since we last met. General market sentiment has also played its part in this period. While production declined year on year Carnarvon did produce nearly 900,000 barrels of oil in its Thailand concessions and achieved a significant 48% increase in net 2P reserves at 31 December 2009.

Our drilling campaign earlier in the year had a deliberate focus on appraisal drilling to better define reserves. In addition we unfortunately had some disappointing results due to unexpected technical difficulties and a number of wells failing to produce at the levels we had reasonably predicted. That said, we announced after the end of the financial year a series of well results that have significantly exceeded our expectations. The performance of the joint ventures drilling team and a new rig has been excellent. Our technical presentations have identified the challenges of operating in fractured reservoirs but it is encouraging to know that our knowledge base on this complex field continues to grow. Ted Jacobson will provide further detail on these issues.

During the 2010 financial year drilling activity was focused on the Phetchabun Basin in Thailand with our joint venture partner, Pan Orient Energy Corporation. The joint venture drilled 38 individual boreholes within the L33/43, L44/43 and SW1A group of permits resulting in 23 completed wells and 16 wells testing at commercial rates. It is also important to recognise the extensive work undertaken by our technical team in building our other assets. Preparation has been well advanced for our drilling campaign within the L20//50 permit in Thailand, many new venture opportunities have been investigated and extensive technical work has been completed in relation to our other properties. Ted will expand further on some of these exciting opportunities.

At a strategic level the Carnarvon Board, with support from its management, has carefully considered future growth plans that are most likely to realise material benefits for shareholders having regard to the risks and capital required to find and develop new reserves. We have articulated the Company's intention to focus on direct holdings in onshore and shallow offshore opportunities in the South East Asian and Australasian regions. In this context, during the year attractive new ventures were introduced into Carnarvon in Thailand, Indonesia, Australia and New Zealand. These are properties that are in technically attractive regions with opportunistic economic terms, are capable of providing material value to shareholders, and contain commitments to levels that are readily affordable by the Company without undue financial risk.

The result is that we believe Carnarvon has a portfolio of prospective acreage on holding terms that are fundable from the Company's existing financial resources. In our investment review process we are mindful of the significant increases in the costs of finding and developing production reserves over recent years. For this reason, the Company continues to be active in assessing corporate and investment opportunities to acquire production interests and is ready to finance such acquisitions provided that they are clearly value accretive to shareholders. As I

have mentioned on previous occasions your Board is prepared to be patient in assessing these proposals.

As Carnarvon has grown our health, safety, environmental and community participation performance has become increasingly important. I am pleased to report that we have a strong focus on these issues and that our performance is of a high standard. In particular we have been active in a number of programs to involve the local communities in our areas of operation in Thailand.

On behalf of my fellow directors I would like to recognise Ken Judge's contribution as a director. Ken joined the Board over 5 years ago and was an outstanding contributor to the Company's success over this period. I am also very pleased to welcome Bill Foster to the Board. Bill's extensive experience and international contacts in the oil and gas industry will be invaluable as we progress our growth plans.

For Carnarvon's ongoing success we are aware of the need to work closely with all stakeholders, including joint venture partners, suppliers, our corporate advisers and shareholders. I would like to thank all those who have supported us during the year.

As a company we continue to emphasise the importance of growing our people resources and technical ability which we have done both through external recruitment and internal development. On behalf of the Board I wish to thank Ted and his team for their ongoing commitment to the company.

Our existing assets provide a strong basis for our future. However we have ambitions beyond our main Thai production properties and I expect 2011 to provide further significant opportunities for us. We have the personnel and financial strength in place to take Carnarvon into its next stage of growth.