

Buy-back and Cancellation of Employee Shares

02 March 2012



ASX ANNOUNCEMENT

Please find attached an Appendix 3C in relation to Employee Share Scheme buy-back of 1,274,000 Employee Shares in Carnarvon Petroleum Limited being the result of former employees no longer being entitled to Plan Shares in accordance with the Carnarvon Employee Share plan.

These shares have been cancelled and accordingly the Company's number of shares on issue is reduced to 693,320,634 shares.

There is no cash outlay by the Company for the buy-back of the Plan Shares. The loans from the Company to the former employees to fund the purchase of the Plan Shares are satisfied by the return and cancellation of the shares. Loans made under the Employee Share Plan involve no cash outlay by the Company.

The principal provisions of the Plan are listed on page 22 of the Company's 30 June 2011 Annual Report.

For all enquiries please contact:

Adrian Cook
Managing Director - Carnarvon Petroleum
08 9321 2665
Email: admin@cvn.com.au

Yours faithfully

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

Adrian Cook
Managing Director
Carnarvon Petroleum

Appendix 3C

Announcement of buy-back (except minimum holding buy-back)

Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/9/99. Origin: Appendix 7B. Amended 13/3/2000, 30/9/2001, 11/01/10

Name of entity	ABN/ARSN
CARNARVON PETROLEUM LIMITED	60 002 688 851

We (the entity) give ASX the following information.

Information about buy-back

1	Type of buy-back	Employee Share Scheme buy back
2	+Class of shares/units which is the subject of the buy-back (eg, ordinary/preference)	Ordinary Shares
3	Voting rights (eg, one for one)	One vote for each fully paid share
4	Fully paid/partly paid (and if partly paid, details of how much has been paid and how much is outstanding)	Fully Paid
5	Number of shares/units in the +class on issue	694,594,634
6	Whether shareholder/unitholder approval is required for buy-back	Shareholder approval is not required.
7	Reason for buy-back	The ordinary shares have been bought back due to former employees no longer being entitled to the shares in Accordance with Terms and Conditions of the Carnarvon Employee Share Plan.

⁺ See chapter 19 for defined terms.

8	Any other information material to a shareholder's/unitholder's decision whether to accept the offer (<i>eg, details of any proposed takeover bid</i>)	Nil
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On-market buy-back

9	Name of broker who will act on the company's behalf	N/A
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10	Deleted 30/9/2001.	
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11	If the company/trust intends to buy back a maximum number of shares - that number <small>Note: This requires a figure to be included, not a percentage.</small>	N/A
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12	If the company/trust intends to buy back shares/units within a period of time - that period of time; if the company/trust intends that the buy-back be of unlimited duration - that intention	N/A
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13	If the company/trust intends to buy back shares/units if conditions are met - those conditions	N/A
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Employee share scheme buy-back

14	Number of shares proposed to be bought back	1,274,000
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15	Price to be offered for shares	\$0.701 for 125,000 shares (price at 7 Jan 2008) \$0.486 for 400,000 shares (price at 17 July 2008) \$0.522 for 600,000 shares (price at 24 Dec 2009) \$0.444 for 149,000 shares (price at 10 Dec 2010)
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Selective buy-back

16 Name of person or description of class of person whose shares are proposed to be bought back

17 Number of shares proposed to be bought back

18 Price to be offered for shares

Equal access scheme

19 Percentage of shares proposed to be bought back

20 Total number of shares proposed to be bought back if all offers are accepted

21 Price to be offered for shares

22 ⁺Record date for participation in offer
Cross reference: Appendix 7A, clause 9.

Compliance statement

1. The company is in compliance with all Corporations Act requirements relevant to this buy-back.
2. There is no information that the listing rules require to be disclosed that has not already been disclosed, or is not contained in, or attached to, this form.

Sign here: 
Company Secretary

Date: 02 March 2012

Print name: Graeme Smith

⁺ See chapter 19 for defined terms.