

Chairman's Address

17 November 2017



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:

Shareholder Enquiries

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Company Secretary
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Yours faithfully

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 onto the formal business of the meeting, I would like to take a look back at Carnarvon's activities since our last AGM. Adrian Cook will also provide an in-depth update on the Company's projects following the formal proceedings.

I have been very pleased with the progress and key milestones the Company has achieved with its strategy for the North-West Shelf of Australia in the last year. With a successful flow test in the Roc-2 well and another gas and condensate discovery at Phoenix South-2, this area is going to be very exciting to watch over the course of the next year.

The Phoenix South-2 well presented our Joint Venture with some technical challenges which prevented the well being drilled to its target depth. However, Quadrant Energy as operator was very competent in safely securing the well and obtaining sufficient data to encourage us to re-drill, especially with a successful insurance recovery. We share an excellent relationship with Quadrant Energy and I would like to thank them for their operatorship of this project.

Carnarvon has remained focused on its strategy to identify and create value from opportunities on the North-West Shelf. Challenging industry conditions have enabled the Company to acquire quality assets for its portfolio with low commitments, at a time when the oil and gas industry is experiencing a widespread retreat from exploration.

The Company has quickly advanced technical work on these new quality assets and further advanced its existing projects. Most notably, we announced that the Buffalo field contains a best estimate resource (2C) of 31 million barrels of light premium oil. Work is currently underway on planning to redevelop the field, which has the potential to deliver significant value to shareholders. With a recent recovery in the price of oil, Carnarvon's portfolio of quality exploration assets is well placed to take advantage of the improving market environment.

In addition to this, the company has acquired its first exploration permit in the Vulcan Sub-basin. This is a proven hydrocarbon basin and I look forward to seeing the results of our technical team's efforts in this area.

It is important to appreciate that our people are among our most vital assets and I am confident that over the last few years Carnarvon has built an exploration team with extensive depth of experience and first-class credentials.

I would like to acknowledge the efforts of our Managing Director, Adrian Cook and our dedicated staff this year. Their commitment and focus through challenging industry conditions has ensured the Company is in a great position with a suite of exciting assets. The team will be available after the completion of the meeting and I encourage you to speak with them.

Given the sensitivities of remuneration matters, the Company has engaged with shareholders and made adjustments to its remuneration policies since the last meeting. The company did not pay bonuses to its staff, has extended the total vesting period for employee shares by an additional year to five years, and has provided increased disclosure around performance targets. The board believes we have an appropriate policy for our size and activities, which aligns employee remuneration with long-term shareholder value.

During the year, Ted Jacobson announced his retirement from the Board of Carnarvon. Ted has been instrumental to not only the successes of Carnarvon but to the industry as a whole. It has been a pleasure working with Ted for a number of years. On behalf of the team at Carnarvon we wish Ted all the best and thank him immensely for his contributions.

I would personally like to thank my board colleagues for their continued engagement and enthusiasm over the past year.

To our shareholders, thank you for your continued support. With the Phoenix South-3 well, continued progress on Buffalo and other projects, and signs of a more positive market outlook, we are set to see some significant rewards for the extensive work programme of the last few years. I am looking forward to the coming year with much anticipation, as I'm sure we all are.