

Chairman's Address

12 November 2021



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 Bill Foster is attached.

For all enquiries please contact:

Investor inquiries:

Thomson Naude

Company Secretary

Phone: (08) 9321 2665

Email: investor.relations@cvn.com.au

Media inquiries:

Luke Derbyshire

Managing Director, Spoke Corporate

Phone: 0488 664 246

Email: luke@spokecorporate.com

Authorised for release by,

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.

I would like to provide a brief update on company activity prior to the opening the formal part of the meeting. Our Managing Director and CEO, Adrian Cook and his team will provide a fuller description of activity after the formal meeting and address any questions shareholders may have on these.

At the start of this year, I outlined that the Company's overriding strategy was to focus on building value. This is best done by maintaining a high level of activity and in this regard the Company has delivered. Today Carnarvon is transitioning from an exploration company to a production company. The elements of this are:

1. The Buffalo well targeting the low-cost redevelopment of the existing Buffalo field. The Buffalo well is targeting a mean gross resource of 31 million barrels of oil and is expected to spud in late November 2021. The well will take approximately 20 days to reach target depth of 3400m. Development studies are already underway and priority will be to bring the field into production as soon as possible.
2. Dorado field development with a 75,000 to 100,000 barrel of oil per day initial production rate is now in the FEED stage. Santos as the project Operator has scheduled entry into Final Investment Decision ("FID") in mid calendar 2022. We understand this project presents one of the highest value returns of Santos' projects. From Carnarvon's viewpoint, the key activity will be arranging its financing which must be in place to be able to proceed to FID. Carnarvon has been ably assisted by Azure Capital in this task and at present all options regarding debt and equity remain open. What is encouraging is the positive support shown by both Australian and International lenders for the project.
3. Committing to drill two transformational exploration wells adjacent to the Dorado field. The Pavo-1 well is on schedule to spud in January 2022 and target a gross resource of 101 million barrels of oil equivalent. Upon success, this field will enable the Dorado FPSO to maintain a high production throughput and offset the natural Dorado production declines as they occur. The economics of this are extremely favourable. The Apus-1 well will follow Pavo and targets a gross resource of 307 million barrels of oil equivalent. Should this resource be discovered to this scale then it is likely that it would be developed as a sister to the Dorado field with its own FPSO. Again, the sharing of logistical infrastructure provides improved economics for the overall area.
4. A review of Carnarvon's exploration portfolio was made earlier this year the result of which has been a focus on the Bedout Basin and on potential satellite developments to Buffalo. These areas have the potential to deliver the highest value outcome to Carnarvon. Farm-in opportunities will continue to be presented to potential industry participants on other exploration regions with Carnarvon expenditure being in line with commitments until such farm-ins are achieved.

5. As the transition to production occurs then planning for the need to meet emission requirements consistent with Carnarvon's commitment to net zero by 2050 has been an important activity. Carnarvon has partnered with Frontier Impact Group ("FIG") to develop biofuel projects that utilise waste biomass to produce renewable diesel, wood vinegar and biochar that has the potential to be upgraded to battery quality grade graphene. One of our objectives from these projects is to create Australian Carbon Credit Units that the Company will utilise as offsets to its other operations. Credit generation is being investigated by Carnarvon to ensure its future targets are met. At present Carnarvon's office-based emissions are 100% offset.

I believe that shareholders will see from the level of activity that has taken place over the last 12 months and that is now before us that the board has been very active in furthering Carnarvon's progress.

At the last AGM there was first strike vote of 28.2% on the resolution regarding adoption of the Remuneration Report. In response to the first strike, the Board spent considerable time in 2021 reflecting on improvements to remuneration arrangements and outcomes to ensure Shareholder concerns were fully addressed. Prior to voting on Resolution 5 today being the Adoption of the Remuneration Report, Mr Gavin Ryan the Chairman of the Remuneration Committee will outline these changes and demonstrate their reasonableness to you.

I wish to thank the continued efforts of the Managing Director and CEO, Adrian Cook and his dedicated staff to bring Carnarvon to this early stage of its transformation to production. This has been challenging at times given that COVID is still rampant throughout Australia and Timor-Leste where the Buffalo Field is located.

My fellow directors who bring a wealth of experience to the Company have been valuable contributors to the Company's growth over this last year and they provide an excellent mix of skill and capability to continue this in the coming year.

Finally, ladies and gentlemen, I wish to thank all of our shareholders for your continued support and involvement with Carnarvon. The future is very bright for your Company as we advance Buffalo and Dorado and move to test new exploration prospects. After today, I look forward to sharing the journey with you as a fellow shareholder.

