

CEO Newsletter

26 May 2015



Dear Shareholders,

Last week your management team attended the APPEA (Australian Petroleum Production & Exploration Association) conference in Melbourne. This is a major annual event on the Australian oil and gas calendar and the conference received comprehensive media coverage, particularly in relation to the views of the major oil & gas companies operating in Australia.

We find the conference is a useful forum for meeting representatives from these large companies and those from our peers, in order to get a sense of how their companies are performing, what their appetite for dealing is and future industry trends and issues.

It's fair to say the Australian oil & gas industry is reasonably positive about the future, but it's being fiscally prudent while oil prices remain volatile.

It was clear to me at the conference that our Roc-1 well is one of the most eagerly anticipated wells to be drilled in Australian waters in 2015. Roc will be closely monitored by the industry and, assuming it's successful, will change the industry landscape.

At APPEA I also met with representatives from the Macquarie Capital and Brookfield Consortium, who recently announced their intention to acquire Apache's Australian oil and gas business (including Apache's interests in the Phoenix joint venture) and I was reassured that it will be "business as usual" once the sale is completed. I plan to provide a more detailed update for our shareholders on this matter and an update on the Phoenix acreage, once the acquisition is completed and the Apache Australia team and their assets are the under control of the Consortium.

APPEA is also the traditional conference where the release of new Australian exploration blocks is announced and our technical team is now reviewing this year's block release to determine whether any of the blocks meet the stringent geo-technical and financial criteria to warrant becoming part of our "pipeline" of exploration projects for the future.

In regards to our existing exploration pipeline, we're nearing the first anniversary of the award of our Cerberus blocks and we're very satisfied with the results of the technical work that's gone into those blocks. Our commitments in these blocks have mostly been satisfied for the initial three-year term and our challenge now is to progress these towards drilling and securing a partner to join us in that process.

I appreciate that market conditions are not ideal and investor sentiment towards junior resources companies in general is low. However I remain confident that our story is being recognised by investors. We recently saw some higher than normal trading volume in CVN shares as a number of investors sold their stock directly to a group of new investors. We were well aware of these trades and we understand the rationale of the sellers being more

about industry conditions than the Company's prospects. We also acknowledge the opportunity this provided for new investors to join our register and we look forward to them joining us in the exciting work that lies ahead.

As I mentioned in my keynote speech to the Australasian Oil & Gas Conference in March, I remain positive about oil prices and I feel comfortable that the current price range certainly justifies investment in oil and gas exploration. We can expect further short-term volatility as Middle East and US shale producers particularly rebalance their respective market share.

From Carnarvon's point of view, the current oil price range supports our exploration and development strategy in the North West Shelf and we're committed to pursuing significant growth opportunities with our current and future partners in this region.

Yours faithfully



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