

# Letter to shareholders

## 2 November 2020



Dear Fellow Shareholder,

By now you should have received an Addendum to the Notice of the 2020 Annual General Meeting of Carnarvon Petroleum Limited ("Carnarvon" or the "Company") (ASX:CVN) to add an additional resolution for consideration by shareholders at that meeting.

The resolution relates to the nomination by Nero Resource Fund ("Nero"), a 2.2% shareholder of the Company, of Mr Douglas Jendry for election as a director of the Company.

The Company acknowledges the right of all shareholders to submit their own nominations for election as a director of the Company. Our role as members of the Board is to consider the appropriateness of each nominee and make a recommendation to shareholders, incorporating many factors, including the composition and skills of the existing members and the candidate's capability to make decisions for the benefit of all shareholders, so as to ensure that the Board is appropriately structured to add value to the Company.

As you may be aware, the Board has considered Nero's nomination of Mr Jendry for election as a director and has unanimously recommended that shareholders vote against that resolution at the Company's upcoming Annual General Meeting.

The key reasons for this unanimous recommendation are as follows:

- **The nominee is not independent due to his position as technical director with the shareholder making the nomination;**
- **The skills and experience which Mr Jendry may be able to provide are already being met by the existing Board;**
- **The shareholders making the nomination hold a combined total of 8.79% of the Company, which is insufficient to warrant a Board position.**

This unanimous recommendation follows an initial period of engagement with Nero regarding whether an amicable agreed position might be achievable and thereby avoid the need for conflict or potential corporate instability. However it was made clear during that engagement that the nomination of Mr Jendry came with a condition that recently appointed Board member Ms Debra Bakker must also stand down at the upcoming AGM.

After extensive Board deliberations and given the Company has just completed a thorough recruitment process of approximately six months to appoint Ms Bakker, it was apparent the Board and Nero have fundamentally differing views on Board composition.

In addition, the Board found the skills and experience that were presented of Mr Doug Jendry were already being met by the existing members of the Board. Biographies of Carnarvon's existing Directors are available on the Carnarvon website.

Neither Nero nor Mr Jendry has offered any further justification for the nomination from the perspective of his contribution to the Board or the Company's business.

The Board therefore ultimately resolved to continue to strongly support the election of Ms Bakker and recommend against the election of Nero's nominee Mr Jendry.

The Board believes the structured and deliberate process it has undertaken to recruit a director with the skills and experience that best suit the Company's requirements is the most appropriate manner for appointing new Directors to the board.

I trust this provides you with further insight regarding the Board's deliberations in relation to this matter.

Looking forward, Carnarvon's commercial outlook remains very exciting as the Company continues its transformation into a significant producer and explorer and the work of the Carnarvon team has us well set up for an active 2021.

As I am retiring as Chairman of the Company at the upcoming Annual General Meeting, I very much look forward to closely following the next chapter to Dorado's first oil as a fellow shareholder.

Authorised for release by

A handwritten signature in black ink, appearing to read "P. Leonhardt".

**Peter Leonhardt**

Chairman

Carnarvon Petroleum Limited