

Annual General Meeting – Notice and Proxy Form

13 October 2021



Dear Shareholder,

Carnarvon Petroleum Limited (ABN 60 002 688 851) (**Company**) is convening its Annual General Meeting of shareholders to be held on Friday, 12 November 2021 at 10:30am (AWST) (**Meeting**) at Meeting Room 1 & 2, Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth WA 6000.

In accordance with section 253RA of the *Corporations Act 2001* (Cth) (as inserted by the *Treasury Laws Amendment (2021 Measures No. 1) Act 2021* (Cth), the Company will not be dispatching physical copies of the notice convening the Meeting (**Notice**). Instead, a copy of the Notice is available at <https://www.carnarvon.com.au/asx-announcements/> and the ASX Company's Announcement Platform at asx.com.au (ASX:CVN).

If you have elected to receive notices by email, the Company will provide a link via email to where the Notice and other materials relating to the Meeting can be viewed or downloaded. If you have not elected to receive notices from the Company by email, a copy of your personalised proxy form will be posted to you, together with this letter, for your convenience.

If for any reason you are unable to download a copy of the Notice, a hard copy can be obtained by contacting the Company Secretaries, Alex Doering and Thomson Naude, on (+618) 9321 2665.

The Board has made the decision that, based on the current circumstances in Western Australia, it will hold a physical Meeting (as opposed to holding the Meeting using electronic means) with the appropriate social gathering and physical distancing measures in place to comply with the Federal Government's and State Government's current restrictions on physical gatherings. All shareholders will need to ensure they also comply with protocols. Having regard for the health and safety of shareholders, staff and advisers, the Company will have in place a number of measures including social distancing requirements and a larger room than has been used in previous years to facilitate this.

Circumstances relating to COVID-19 are changing rapidly. The Company will update shareholders if changing circumstances impact the arrangements for the Meeting by way of an ASX announcement. The details will also be made available on our website at <https://www.carnarvon.com.au/asx-announcements/>.

A copy of your Proxy Form is enclosed for convenience. Proxy appointments may be lodged by any of the below methods:

- (i) By post:
Carnarvon Petroleum Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia
- (ii) By facsimile:
(+612) 9287 0309 (from overseas)
(02) 9287 0309 (from Australia)
- (iii) By delivery:
Link Market Services Limited

Level 12
680 George Street
Sydney NSW 2000

- (iv) Online:
www.linkmarketservices.com.au.

If lodging your proxy online, select 'Investor Login' and enter Carnarvon Petroleum Limited or the ASX code (CVN) in the Issuer name field, your Security Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on your proxy form), complete the security validation process, tick the box to confirm you have read the terms & conditions and click 'Login'. Select the 'Voting' tab and then follow the prompts to lodge your proxy. You will be taken to have signed your proxy form if you lodge it in accordance with the instructions given on the website.

The Notice (including the accompanying Explanatory Statement) sets out important details regarding the resolutions that will be put to Shareholders at the 2021 Annual General Meeting of Carnarvon Petroleum Limited. You should read the Notice and all accompanying materials carefully and in their entirety.

If you are in doubt as to how you should vote, you should seek independent advice from your accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss the matters in the Notice, please do not hesitate to contact the Company Secretaries, Mr Alex Doering or Mr Thomson Naude, on (+618) 9321 2665.

Sincerely,



Mr Alex Doering
Joint Company Secretary

CARNARVON PETROLEUM LIMITED

ABN 60 002 688 851

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10.30am (AWST)

DATE: Friday, 12 November 2021

PLACE: Meeting Room 1 & 2
Perth Convention and Exhibition Centre
21 Mounts Bay Road
Perth WA 6000

This Notice of Meeting and the accompanying Explanatory Statement set out important details regarding the resolutions that will be put to Shareholders at the 2021 Annual General Meeting of Carnarvon Petroleum Limited. You should read all of the documents carefully.

If you are in doubt as to how you should vote, you should seek independent advice from your accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretaries, Mr Alex Doering or Mr Thomson Naude on (+618) 9321 2665.

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HOW TO VOTE

MEETING DOCUMENTS

This Notice of Meeting and the accompanying Explanatory Statement set out important details regarding the resolutions that will be put to Shareholders at the AGM. You should read all of the documents carefully.

ENTITLEMENT TO VOTE

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), Shareholders eligible to vote at the AGM will be those persons who are registered Shareholders of the Company at 4.00pm (AWST) on Wednesday, 10 November 2021.

YOUR VOTE IS IMPORTANT

The business of the AGM affects your shareholding and your vote is important. If you are in doubt as to how you should vote, you should seek independent advice from your accountant, solicitor or other professional adviser prior to voting.

HOW TO VOTE

You may vote by attending the AGM in person, by proxy or attorney, or by an authorised representative (if you are a body corporate).

VOTING IN PERSON

To vote in person, attend the AGM on the date and at the place set out on the front page of this Notice.

VOTING BY PROXY

A Shareholder has the right to appoint a proxy (who need not be a Shareholder). A proxy can be an individual or a body corporate.

If you are entitled to cast two or more votes at the AGM, you may appoint up to two proxies and you may specify the proportion or number of votes each proxy may exercise. Where two proxies are appointed, a separate form should be used for each.

You are requested to show on the form a specified proportion of your voting rights which a proxy may exercise. If you appoint two proxies and the appointment does not specify the number or proportion of votes each proxy may exercise, each proxy may exercise half the votes.

A Shareholder can direct its proxy to vote for or against, or to abstain from voting on, each Resolution by marking the appropriate box in the voting directions section of the proxy form. If a proxy holder votes, they must cast all votes as directed. Any directed proxies that are not voted will automatically default to the Chairman, who must vote the proxies as directed.

If the Chairman is to act as your proxy (whether by appointment or by default) and you have not given directions on how to vote in the voting directions section of the proxy form for Resolutions 2, 3, 5 and/or 6, the proxy form expressly directs and authorises the Chairman to cast your votes **FOR** Resolutions 2, 3 and 5 and **AGAINST** Resolution 6 (if that Resolution is required to be considered at the AGM). This express authorisation is included because without it the Chairman would be precluded from casting your votes as these resolutions are connected with the remuneration of Key Management Personnel. Subject to any voting prohibitions that may apply to the Chairman in respect of Resolutions 2, 3, 5 and 6 to restrict the Chairman from voting undirected proxies, the Chairman intends to vote all undirected proxies **FOR** Resolutions 1 to 5 and **AGAINST** Resolution 6 (if that Resolution is required to be considered at the AGM).

To vote by proxy, please complete and sign the enclosed proxy form and return it (together with the original of any power of attorney or other authority, if any, or a certified copy of that power of attorney or other authority under which the proxy form is signed) in accordance with the instructions below.

Proxy forms should be returned to the Company's Share Registry Link Market Services Limited in accordance with the instructions on the enclosed proxy form by 10.30am (AWST) on Wednesday, 10 November 2021.

Proxy forms received later than the time specified above will be invalid.

The following methods of delivery for proxies are specified:

By post: Carnarvon Petroleum Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

Online: www.linkmarketservices.com.au.
Select 'Investor Login' and enter Carnarvon Petroleum Limited or the ASX code (CVN) in the Issuer name field, your Security Reference Number (SRN) or Holder Identification Number (HIN) (which is shown on your proxy form), complete the security validation process, tick the box to confirm you have read the terms & conditions and click 'Login'. Select the 'Voting' tab and then follow the prompts to lodge your proxy. You will be taken to have signed your proxy form if you lodge it in accordance with the instructions given on the website.

By facsimile: (+612) 9287 0309 (from overseas)
(02) 9287 0309 (from Australia)

By delivery: Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000

VOTING BY CORPORATE REPRESENTATIVE

A body corporate which is a Shareholder, or which has been appointed as a proxy, is entitled to appoint an individual to act as its representative at the AGM in accordance with section 250D of the Corporations Act.

To appoint a corporate representative, a body corporate must provide the Company with a letter or certificate executed in accordance with the Corporations Act authorising that person to act as the corporate Shareholder's representative at the Meeting. The certificate of appointment of a corporate representative must be lodged with the Company and/or the Share Registrar, Link Market Services Limited, before the AGM or at the registration desk on the day of the AGM. Certificates of appointment of corporate representatives are available on request by contacting Link Market Services Limited on telephone number +61 1300 554 474 or Shareholders can download and fill out the 'Appointment of Corporate Representation' form from the website of the share registry of the Company at www.linkmarketservices.com.au (select the "Resources" tab and click on "Forms").

KEY DATES

Event	Date
Deadline for lodgement of proxy forms	10.30am (AWST) on Wednesday, 10 November 2021
Determination of voting eligibility	4.00pm (AWST) on Wednesday, 10 November 2021
AGM	10.30am (AWST) on Friday, 12 November 2021

ENQUIRIES

Shareholders are asked to contact the Company Secretaries, Mr Alex Doering or Mr Thomson Naude, on (+618) 9321 2665 if they have any queries in respect of the matters set out in this Notice of Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that an Annual General Meeting of Shareholders will be held at 10.30am (AWST) on Friday, 12 November 2021 at Meeting Room 1 & 2, Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the AGM. The Explanatory Statement forms part of this Notice of Meeting.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

ANNUAL FINANCIAL STATEMENTS AND REPORTS

To consider the Annual Financial Report, the Directors' Report and the Auditor's Report of Carnarvon Petroleum Limited for the financial year ended 30 June 2021.

RESOLUTION 1 – RE-ELECTION OF MR GAVIN RYAN AS A DIRECTOR

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

"That Mr Gavin Ryan, who retires by rotation in accordance with rule 35(c) of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."

RESOLUTION 2 – GRANT OF LONG TERM PERFORMANCE RIGHTS TO MR ADRIAN COOK, MANAGING DIRECTOR

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

"For the purposes of ASX Listing Rule 10.14, Chapter 2E of the Corporations Act and for all other purposes, the Company approves the grant to the Managing Director, Mr Adrian Cook, or his nominee, of 2,179,724 Long Term Performance Rights under the Company's Performance Rights Plan in respect of the financial year ending 30 June 2021 on the terms and conditions set out in the Explanatory Statement accompanying the Notice of Meeting."

Voting Prohibitions

As required by section 224 of the Corporations Act, a vote on Resolution 2 must not be cast (in any capacity) by or on behalf of Mr Cook or any of his associates. However, this prohibition does not apply if:

- a) the vote is cast by a person as proxy and the proxy form specifies how the proxy is to vote on Resolution 2; and
- b) the vote is not cast on behalf of Mr Cook, his associates or any related party of Mr Cook.

Further, a vote on Resolution 2 must not be cast by a person appointed as a proxy if:

- a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of a member of the Key Management Personnel; and
- b) the appointment does not specify the way the proxy is to vote on the Resolution.

However, the above prohibition does not apply if:

- a) the proxy is the Chairman of the AGM; and
- b) the appointment expressly authorises the Chairman to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

You should be aware that if the Chairman of the AGM is a person who is precluded from voting on Resolution 2 in accordance with section 224 of the Corporations Act, the Chairman will only be able to cast a vote as proxy for a person who is entitled to vote if the Chairman is appointed as proxy in writing and the proxy form specifies how the proxy is to vote on Resolution 2.

Voting Exclusion

The Company will disregard any votes cast in favour of Resolution 2 by or on behalf of:

- a) a person referred to in ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Performance Rights Plan; or
- b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 2 by:

- c) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- d) the Chairman of the AGM as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman decides; or
- e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

RESOLUTION 3 – GRANT OF SHORT TERM PERFORMANCE RIGHTS TO MR ADRIAN COOK, MANAGING DIRECTOR

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

"For the purposes of ASX Listing Rule 10.14, Chapter 2E of the Corporations Act and for all other purposes, the Company approves the grant to the Managing Director, Mr Adrian Cook, or his nominee, of 544,931 Short Term Performance Rights under the Company's Performance Rights Plan in respect of the financial year ending 30 June 2021 on the terms and conditions set out in the Explanatory Statement accompanying the Notice of Meeting."

Voting Prohibitions

As required by section 224 of the Corporations Act, a vote on Resolution 3 must not be cast (in any capacity) by or on behalf of Mr Cook or any of his associates. However, this prohibition does not apply if:

- c) the vote is cast by a person as proxy and the proxy form specifies how the proxy is to vote on Resolution 3; and
- d) the vote is not cast on behalf of Mr Cook, his associates or any related party of Mr Cook.

Further, a vote on Resolution 3 must not be cast by a person appointed as a proxy if:

- c) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of a member of the Key Management Personnel; and
- d) the appointment does not specify the way the proxy is to vote on the Resolution.

However, the above prohibition does not apply if:

- c) the proxy is the Chairman of the AGM; and
- d) the appointment expressly authorises the Chairman to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

You should be aware that if the Chairman of the AGM is a person who is precluded from voting on Resolution 3 in accordance with section 224 of the Corporations Act, the Chairman will only be able to cast a vote as proxy for a person who is entitled to vote if the Chairman is appointed as proxy in writing and the proxy form specifies how the proxy is to vote on Resolution 3.

Voting Exclusion

The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of:

- a) a person referred to in ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Performance Rights Plan; or
- b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 3 by:

- For personal use only
- c) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
 - d) the Chairman of the AGM as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman decides; or
 - e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

RESOLUTION 4 – APPROVAL OF CHANGE OF COMPANY NAME

To consider and, if thought fit, to pass the following resolution as a **special** resolution:

"That, for the purposes of section 157(1) of the Corporations Act and for all other purposes, approval be given for the name of the Company to be changed from "Carnarvon Petroleum Limited" to "Carnarvon Energy Limited"."

RESOLUTION 5 – ADOPTION OF THE REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2021

To consider and, if thought fit, to pass the following resolution as a **non-binding** resolution:

"To adopt the Remuneration Report as contained in the Directors' Report of the Company for the financial year ended 30 June 2021 for the purposes of section 250R(2) of the Corporations Act and for all other purposes."

Note: Section 250R(3) of the Corporations Act provides that the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition

In accordance with the Corporations Act, the Company will disregard any votes cast on Resolution 5:

- a) by or on behalf of a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or their Closely Related Parties, regardless of the capacity in which the votes are cast; or
- b) by a person who is a member of the Key Management Personnel at the date of the AGM, or their Closely Related Parties, as a proxy.

However, votes will not be disregarded if they are cast as a proxy for a person entitled to vote on Resolution 5:

- c) in accordance with a direction as to how to vote on the proxy; or
- d) by the Chairman pursuant to an express authorisation to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of the Key Management Personnel.

RESOLUTION 6 – CONDITIONAL SPILL RESOLUTION

Condition for Resolution 6: Resolution 6 will be considered at the AGM subject to, and conditional on, at least 25% of the votes cast on Resolution 5 being cast against adoption of the 2021 Remuneration Report. The Explanatory Statement accompanying this Notice further explains the circumstances in which Resolution 6 will be put to the AGM.

If the condition (described above) is satisfied, to consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

"That, as required by the Corporations Act:

- (a) a meeting of the Company's members be held within 90 days of the date of the AGM (the **spill meeting**);*
- (b) all of the directors of the Company who:*
 - (i) were directors when the resolution to approve the Directors' Report for the year ended 30 June 2021 was passed; and*
 - (ii) are not a managing director of the Company who may, in accordance with the ASX Listing Rules, continue to hold office indefinitely without being re-elected to the office, cease to hold office immediately before the end of the spill meeting; and*
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the spill meeting be put to the vote at the spill meeting."*

Voting Prohibition

In accordance with the Corporations Act, the Company will disregard any votes cast on Resolution 6:

- a) by or on behalf of a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or their Closely Related Parties, regardless of the capacity in which the votes are cast; or
- b) by a person who is a member of the Key Management Personnel at the date of the AGM, or their Closely Related Parties, as a proxy.

However, votes will not be disregarded if they are cast as a proxy for a person entitled to vote on Resolution 6:

- a) in accordance with a direction as to how to vote on the proxy; or
- b) by the Chairman pursuant to an express authorisation to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of the Key Management Personnel.

Dated: 22 September 2021

By order of the Board



Mr Alex Doering

Joint Company Secretary

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in respect of the AGM.

The purpose of this Explanatory Statement is to provide information that the Board believes to be material to Shareholders in deciding whether or not to approve the Resolutions in the Notice of Meeting.

ANNUAL FINANCIAL STATEMENTS AND REPORTS

The Corporations Act requires the Annual Financial Report, the Directors' Report, and the Auditor's Report (**Annual Report**) to be received and considered at the AGM. The Corporations Act does not require Shareholders to vote on the Annual Report. However, Shareholders attending the AGM will be given a reasonable opportunity to ask questions about, or make comments on, the financial statements and reports contained within the Annual Report which can be downloaded from the Company's website at www.carnarvon.com.au.

The Company's auditor, Ernst & Young, will be present at the AGM and Shareholders will have the opportunity to ask the auditor questions in relation to the conduct of the audit, the Auditor's Report, the Company's accounting policies, and the independence of the auditor.

RESOLUTION 1 – RE-ELECTION OF MR GAVIN RYAN AS A DIRECTOR

2.1 Background

In accordance with rule 35(c) of the Company's Constitution, Mr Gavin Ryan retires by rotation and, being eligible, offers himself for re-election as a Director.

Details of Mr Ryan's experience and qualifications are set out below.

Term of office: First appointed as a Director in July 2018 and re-elected as a Director in November 2018.

Qualifications: LLB (Hons), MAICD

Skills and experience: Mr Ryan is a lawyer with over thirty years' experience, gained primarily in the oil & gas sector. He has also held commercial, external affairs and government relations roles in his extensive industry career.

Mr Ryan has worked on projects in some thirty countries as in-house counsel for international energy companies including BP, BHP Petroleum and Shell. His time at Shell included being head of Shell Australia's upstream legal team, and five years as Associate General Counsel, Global Businesses, in The Hague where he led the legal team advising Shell's global LNG trading business. His most recent in-house role was as General Counsel for PTTEP Australasia, a subsidiary of the Thai national energy company with substantial operated interests in Australia.

Mr Ryan has his own legal and consultancy practice advising clients in the petroleum, resources, power, engineering and

logistics sectors, and is also an external Consultant with Gilbert & Tobin's energy and resources group in Perth. He holds a number of other directorships for unlisted and not-for-profit corporations.

2.2 Recommendation

The Board (other than Mr Gavin Ryan) unanimously recommends that Shareholders vote in favour of Resolution 1.

The Chairman intends to vote all available proxies in favour of this Resolution.

RESOLUTIONS 2 AND 3 – GRANT OF PERFORMANCE RIGHTS TO MR ADRIAN COOK, MANAGING DIRECTOR

3.1 Background

The Board wishes to align the interest of the Company's Managing Director, Mr Adrian Cook, with those of the Company and its Shareholders. The Directors believe that the future success of the Company will depend in large measure on the skills and motivation of the people engaged in and overseeing the management of the Company's operations. It is therefore important that the Company is able to attract and retain people of the highest calibre.

The Directors consider that the most appropriate means of achieving this is to provide Mr Cook with an opportunity to participate in the Company's future growth and give him an incentive to contribute to that growth. The issue of performance rights as part of the remuneration packages of executive directors is a well-established practice of publicly listed companies and, in the case of the Company, has the benefit of conserving cash whilst properly incentivising Mr Cook.

To this end, the Company proposes to grant Mr Cook (or his nominee):

- 2,179,724 Performance Rights (**LTI Performance Rights**) under the Company's Performance Rights Plan (**Plan**) in respect of the financial year ending 30 June 2021 (Resolution 2); and
- 544,931 Performance Rights (**STI Performance Rights**) under the Plan in respect of the financial year ending 30 June 2021 to Mr Adrian Cook (Resolution 3).

Each LTI Performance Right and STI Performance Right is a right to subscribe for one Share for nil consideration, subject to satisfaction of the applicable vesting conditions described below, and otherwise on the terms and conditions set out in the Plan. The material terms and conditions of the Plan are summarised in Annexure A.

3.2 LTI Performance Rights

The LTI Performance Rights are intended to incentivise Mr Cook to work towards, and to reward him for, generating a return on investment for Shareholders over the longer term. For this reason, the LTI Performance Rights will be granted subject to performance or vesting conditions that are directly linked to Shareholder returns over a three-year period and which must be satisfied before the LTI Performance Rights can be exercised and converted into Shares.

The vesting criteria for the LTI Performance Rights is set out in the table below and will be assessed at the end of the three-year period commencing on 1 July 2021 (**Performance Period**).

Measure	Weighting	Hurdles	Vesting Percentage
Relative TSR Performance	50%	Less than 50 th percentile	0%
		Equal to or more than 50 th and less than 75 th percentile	Pro rata between 50% and 100%
		75 th percentile or better	100%
Absolute TSR Performance	50%	9.99% or lower per annum return	Nil
		10% per annum return	33%
		Between 10% and 20% per annum return	Pro rata between 33% and 100%
		Equal to or above 20% per annum	100%

The number of LTI Performance Rights that will vest and become convertible to Shares will depend on the rate of return achieved during the Performance Period, with:

- 50% of the LTI Performance Rights weighted on the Company's rate of return relative to the rate of return achieved by a comparative group of 13 ASX-listed Australian exploration and production companies with varying market capitalisations (**Relative TSR Performance**); and
- 50% of the Performance Rights weighted on achievement of Company specific hurdle rates of return (**Absolute TSR Performance**).

The Relative TSR Performance and Absolute TSR Performance will be calculated using the closing price of Shares on the ASX on 30 June 2021, being \$0.25.

For the purposes of assessing the Relative TSR Performance, the comparative group currently comprises:

88 Energy Limited	Empire Energy Group Limited	Senex Energy Limited
Buru Energy Limited	Galilee Energy Limited	Strike Energy Limited
Central Petroleum Limited	Helios Energy Ltd	Warrego Energy Limited
Cooper Energy Limited	Horizon Oil Limited	
Elixir Energy Limited	Karoo Energy Ltd	

The peer group will be reviewed for relevance and amended annually, as appropriate.

In addition to the performance conditions outlined above, the vesting conditions attaching to the LTI Performance Rights require that Mr Cook remains an employee of the Company during, and as at the end of, the Performance Period.

3.3 STI Performance Rights

The STI Performance Rights will be issued to Mr Cook for achieving short term incentive hurdles set by the Board in respect of the financial year ending 30 June 2021. The short term incentive hurdles related to the Buffalo project farm out and the commitment to drill to the Buffalo-10 well, progression of the Dorado development, commitments to drill the Pavo-1 and Apus-1 exploration wells in the Company's Bedout acreage, and other key

performance indicators determined by the Board.

Mr Cook's short term incentive award for the financial year ending 30 June 2021 was paid 50% in cash and 50% in deferred equity, with the STI Performance Rights representing the 50% deferred equity award.

The vesting conditions attaching to the STI Performance Rights require that Mr Cook remains an employee of the Company as at 30 June 2022.

3.4 Other conditions

All LTI Performance Rights and STI Performance Rights that have vested must be exercised within 90 days from the date of vesting, otherwise they will lapse.

The Board retains the absolute discretion to determine that some or all of any LTI Performance Rights or STI Performance Rights that have not vested should vest.

Subject to applicable law and the ASX Listing Rules, if Mr Cook's employment with the Company ceases, some or all of the LTI Performance Rights and STI Performance Rights then on issue may be automatically exercised.

If Mr Cook's employment with the Company ceases because of death, retirement, total and permanent disability, or redundancy, he will be deemed a "Good Leaver". If Mr Cook ceases employment for any other reason, he will be deemed a "Bad Leaver" unless the Board determines otherwise.

If Mr Cook is a Good Leaver and, as at the date of cessation of his employment, he holds:

- LTI Performance Rights or STI Performance Rights which have not vested, those Performance Rights will immediately lapse; and/or
- LTI Performance Rights or STI Performance Rights which have vested, all of those Performance Rights will be automatically exercised and either Shares will be delivered to Mr Cook, or the "Cash Equivalent Value" will be paid to Mr Cook (if the Board determines in its absolute discretion that the Cash Equivalent Value will be paid to Mr Cook in lieu of Shares being delivered). Refer to item 5 of Annexure A for an explanation of the concept of "Cash Equivalent Value".

If Mr Cook is a Bad Leaver, any LTI Performance Rights or STI Performance Rights (whether those rights have vested or not) will immediately lapse.

3.5 Requirement for Shareholder approval

Shareholder approval is required under the provisions of ASX Listing Rule 10.14 in respect of all securities to be issued to directors (or their associates) under an employee incentive scheme.

Further, Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the company without prior shareholder approval, unless the benefit falls within one of various exceptions to that prohibition contained in the Corporations Act. 'Related party' is widely defined and includes all directors of a public company. 'Financial benefit' has a wide meaning and includes the issue of securities by a public company. Resolutions 2 and 3, if passed, will confer a financial benefit on a Director of the Company.

While the Board believes the offer of the LTI and STI Performance Rights to Mr Cook is reasonable in the context of Mr Cook's overall remuneration, the Board considers it prudent to obtain Shareholder approval for the purposes of Chapter 2E of the Corporations Act.

Resolutions 2 and 3 seek Shareholder approval for the proposed issue of 2,179,724 LTI Performance Rights (Resolution 2) and 544,931 STI Performance Rights (Resolution 3) to Mr Adrian Cook (or his nominee) under the Performance Rights Plan, for the purposes of both Chapter 2E of the Corporations Act and ASX Listing Rule 10.14.

3.6 Chapter 2E of the Corporations Act

For the purposes of Chapter 2E of the Corporations Act (and for all other purposes), the following information is provided to Shareholders:

- (a) Subject to Resolutions 2 and 3 being passed, the financial benefit would be given to the Company's Managing Director, Mr Adrian Cook (or his nominee).
- (b) The nature of the financial benefit is the grant of 2,179,724 LTI Performance Rights and 544,931 STI Performance Rights (and the consequent delivery of Shares upon conversion of the Performance Rights into Shares) for nil consideration under the Performance Rights Plan. The material terms and conditions of the Plan are summarised in Annexure A.
- (c) The Directors (other than Mr Cook) have carefully considered the proposed issue of the LTI Performance Rights and the STI Performance Rights to Mr Cook, as well as Mr Cook's remuneration package generally, and consider the issue to be an important component of his remuneration package in that it:
 - provides a competitive remuneration package, relative to the Company's peers;
 - provides a strategic and value-based reward for Mr Cook;
 - preserves the Company's cash resources;
 - aligns Mr Cook's interests with the interests of Shareholders; and
 - incentivises Mr Cook over the longer term so as to derive value from those Performance Rights, in particular the LTI Performance Rights.

The Company will not receive any proceeds on the issue of the LTI Performance Rights or the STI Performance Rights. Mr Cook will only be able to realise value from the grant of the LTI Performance Rights or the STI Performance Rights if the securities vest. The number of LTI Performance Rights and STI Performance Rights proposed to be issued to Mr Cook was determined having regard to these matters and the Directors (other than Mr Cook) consider the value of the LTI Performance Rights and STI Performance Rights (see paragraph (g) below) to be reasonable in light of these matters.

- (d) The highest and lowest closing prices of Shares on the ASX in the 12 months ending on the last practicable date prior to finalising the Notice (**Last Practicable Date**), being 21 September 2021, were \$0.325 on 11 January 2021 and \$0.19 on 22 July 2020, respectively.
- (e) The closing price of Shares on the ASX on the Last Practicable Date was \$0.25.
- (f) As at the Last Practicable Date, the Company has the following equity securities on issue:

Type of security	Number on issue
Shares	1,565,379,917
Performance Rights	3,119,670 (exercisable into 3,119,670 Shares)

If Resolution 2 is approved and the LTI Performance Rights are granted (without taking into account the grant of any STI Performance Rights), the Company will have an additional 2,179,724 Performance Rights on issue.

If Resolution 3 is approved and the STI Performance Rights are granted (without taking into account the grant of any LTI Performance Rights), the Company will have an additional 544,931 Performance Rights on issue.

If any of the LTI Performance Rights or STI Performance Rights are converted into Shares, the effect would be to dilute the shareholding of existing Shareholders.

As at the Last Practicable Date, on a fully diluted basis (i.e. assuming all of the existing Performance Rights on issue are exercised and no other securities are issued), the Company has an equivalent of a maximum of 1,568,499,587 Shares on issue. The issue of the Performance Rights would result in dilution (expressed as a percentage of the Company's fully diluted Share capital as at the Last Practicable Date, assuming both the LTI and STI Performance Rights are approved, granted and exercised into Shares, but assuming no other securities are issued) of approximately:

- in the case the LTI Performance Rights, 0.14%; and
- in the case of the STI Performance Rights, 0.035%.

- (g) The indicative fair value of the LTI Performance Rights to be granted to Mr Cook (or his nominee) has been determined using a Monte Carlo simulation. The following key assumptions were adopted in estimating the value of the LTI Performance Rights: risk free interest rate, share volatility and the market value of Shares.

The table below provides an estimate of the value of the LTI Performance Rights on the basis of a market price of Shares of \$0.265 (being the closing price of Shares on ASX on 1 July 2021), a risk-free interest rate of 0.10%, and a share volatility measure of 50.3%.

Market Price of Shares	Value per LTI Performance Right	Accounting Value of Total LTI Performance Rights
\$0.265	\$0.16	\$348,756

Shareholders should be aware that the indicative value of the LTI Performance Rights that are proposed to be granted to Mr Cook (or his nominee), as set out above, is considered to represent the theoretical value for the LTI Performance Rights given the inherent limitations of the Monte Carlo simulation. Any change in the variables applied in the Monte Carlo simulation between the date of valuation and the date of issue of the LTI Performance Rights may have a material impact on the value of the LTI Performance Rights.

The fair value of the STI Performance Rights that are proposed to be granted to

Mr Cook (or his nominee) is assessed as \$136,233 and is calculated as 50% of the short-term incentive the Board had determined to grant to Mr Cook (being \$272,466).

- (h) The remuneration paid or payable to Mr Cook for the 12 months ending 30 June 2021 is as follows:

Director	Salary and fees	Share based payments	Superannuation	Bonus	Leave Benefits	Total
Adrian Cook	\$606,288	-	\$35,381	\$124,414	\$(20,043)	\$746,040

- (i) Mr Cook, as an Executive Director, is currently entitled to an annual salary of \$596,700 (including superannuation) (**Annual Salary**). In addition to fixed remuneration, Mr Cook is eligible to participate in the Company's short- and long-term incentive plans up to 100% of his fixed remuneration, as outlined in the Remuneration Report for the financial year ending 30 June 2021.

The difference between the Annual Salary and the salary and fees paid in the financial year ending 30 June 2021, as indicated in the 2nd column in the table in paragraph (h) above, is due to a 10% reduction in Key Management Personnel fixed remuneration during the period. This reduction took effect from January 2021. The short-term bonus indicated in the 5th column of the table in paragraph (h) above is net of superannuation.

- (j) The equity securities in the Company currently held directly and indirectly by Mr Cook as at the Last Practicable Date are set out below.

Director	Shares	Other Securities	Percentage of Share capital on a fully diluted basis
Mr Adrian Cook	15,938,797	Nil	0.83%

- (k) There will be an immediate effect on the Company's earnings following the grant of the LTI Performance Rights and STI Performance Rights in that the Company will likely recognise a share-based payment expense in the Company's profit and loss statement of approximately:

- in the case of the LTI Performance Rights, \$348,756 over a 3-year period; and
- in the case of the STI Performance Rights, \$136,233 over a 1-year period.

- (l) The Board does not consider that there are any significant opportunity costs or taxation consequences (such as fringe benefits tax) or benefits foregone by the Company in issuing the LTI Performance Rights or the STI Performance Rights to Mr Cook (or his nominee) on the terms proposed.

- (m) Mr Cook has a material personal interest in the outcome of Resolutions 2 and 3 since he (or his nominee) will receive LTI Performance Rights and STI Performance Rights under the Performance Rights Plan if the Resolutions are approved by Shareholders.

- (n) Other than Mr Cook, the Directors do not have any interests in the outcome of Resolutions 2 or 3 for the purposes of section 219(1)(d) of the Corporations Act, other than in their capacity as Shareholders. Mr Cook did not vote at the meeting of the Board to approve the offer of LTI and STI Performance Rights to him and Mr Cook is prohibited from voting at the AGM in respect of Resolutions 2 and 3.
- (o) The Board and the Company are not aware of any other information (other than the information set out or referred to in this Explanatory Statement) that would be reasonably required by Shareholders to allow them to make a decision as to whether it is in the best interests of the Company to pass Resolutions 2 and 3.

3.7 ASX Listing Rule 10.14

ASX Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- a director of the company (ASX Listing Rule 10.14.1);
- an associate of a director of the company (ASX Listing Rule 10.14.1); or
- a person whose relationship with the company or a person referred to in ASX Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders (ASX Listing Rule 10.14.3),

unless it obtains the approval of its shareholders.

The proposed issue of the LTI Performance Rights and STI Performance Rights to Mr Cook (or his nominee) falls within ASX Listing Rule 10.14.1 and therefore requires the approval of Shareholders under ASX Listing Rule 10.14.

Resolutions 2 and 3 seek the required Shareholder approval to the issue under, and for the purposes of, ASX Listing Rule 10.14.

If Resolutions 2 and 3 are passed, the Company will be able to proceed with the issue of the LTI Performance Rights and STI Performance Rights in accordance with their terms. Approval of an issue of these securities under ASX Listing Rule 10.14 will also mean the securities are not counted for the purposes of the Company's issue capacity under ASX Listing Rule 7.1.

If Resolutions 2 and 3 are not passed, the Company will not be able to proceed with the issue of the LTI Performance Rights and STI Performance Rights and the Board will need to consider alternative remuneration arrangements which may include cash payments.

In accordance with the requirements of ASX Listing Rule 10.15, the following information is provided for the purposes of Resolutions 2 and 3:

- the LTI Performance Rights (Resolution 2) and STI Performance Rights (Resolution 2) are proposed to be issued to Mr Adrian Cook (or his nominee);
- Mr Cook is the Company's Managing Director and Chief Executive Officer and hence the proposed issue of the LTI Performance Rights and STI Performance Rights falls within the scope of ASX Listing Rule 10.14.1;
- the Company proposes to issue 2,179,724 LTI Performance Rights (Resolution 2) and 544,931 STI Performance Rights (Resolution 3) to Mr Cook (or his nominee);

- Mr Cook, as an Executive Director, is currently entitled to an annual salary of \$596,700 (including superannuation). In addition to fixed remuneration, Mr Cook is eligible to participate in the Company's short- and long-term incentive plans up to 100% of his fixed remuneration, as outlined in the Remuneration Report for the financial year ending 30 June 2021;
- no securities have previously been issued to Mr Cook (or his nominee) pursuant to the Plan;
- the material terms attaching to the LTI Performance Rights and STI Performance Rights are summarised in sections 2.1, 2.2 and 2.3 above;
- an explanation of why the Company proposes to issue the LTI Performance Rights and STI Performance Rights is set out in paragraph (c) of section 2.6 above;
- the Company attributes a value of \$348,756 to the LTI Performance Rights and \$136,233 to the STI Performance Rights on the basis set out in paragraph (g) of section 2.6 above;
- the LTI Performance Rights and STI Performance Rights will be issued to Mr Cook (or his nominee) as soon as practicable following Shareholder approval, but no later than 3 years after the date of the AGM;
- the LTI Performance Rights and STI Performance Rights will be granted to Mr Cook (or his nominee) for nil cash consideration and no amount will be payable by Mr Cook (or his nominee) for any Shares provided on any of those Performance Rights vesting and being exercised;
- the material terms and conditions of the Plan are summarised in Annexure A;
- there is no loan proposed in relation to the grant of the Performance Rights to Mr Cook (or his nominee);
- details of any securities issued under the Plan will be published in the Company's annual report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14;
- any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the Plan after Resolution 2 and 3 are approved and who were not named in the Notice will not participate until approval is obtained under that rule; and
- voting exclusion statements in respect of Resolutions 2 and 3 are included in the Notice.

3.8 Director's recommendation

Having considered the matters set out in paragraph (c) of section 2.6 above, and the alternatives to an issue of LTI Performance Rights and STI Performance Rights to Mr Cook (such as a higher cash-based component of remuneration), the Directors (other than Mr Cook) believe that the issue of those Performance Rights to Mr Cook is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of Resolutions 2 and 3.

Mr Cook makes no recommendation to Shareholders in relation to Resolutions 2 or 3 because he has an interest in the outcome of those Resolutions.

To the extent permitted by law, the Chairman intends to vote all undirected proxies in

favour of Resolutions 2 and 3.

RESOLUTION 4 – APPROVAL OF CHANGE OF COMPANY NAME

4.1 Background

In accordance with section 157(1) of the Corporations Act, a company may change its name by special resolution. Resolution 4 seeks shareholder approval for the Company to change its name to “Carnarvon Energy Limited”.

Carnarvon has committed to achieving net zero emissions by 2050, if not earlier. Whilst the business focus remains on delivering value to Shareholders through the Company's current projects, the Company is cognisant of external developments and the transition towards a lower carbon economy. The direction the Company will take to achieve this will evolve over time and likely utilise a variety of technologies.

In line with this commitment, the Company has formed a joint venture to produce renewable diesel and other sustainable products. This investment provides the Company with a pathway to minimise its future emissions intensity.

The Board believes that the proposed name better reflects the Company's stated business objectives, and its strategic direction.

If this special resolution is approved by Shareholders, the proposed name change of the Company will be lodged with the Australian Securities and Investments Commission for approval. The change of name will take effect when ASIC alters the details of the Company's registration.

The proposed name has been reserved by the Company and the Company will lodge a copy of the special resolution with ASIC following the AGM in order to effect the change.

There is no change required to the Company's ASX listing code.

For Resolution 4 to be passed, it must be approved by a special resolution, requiring approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

4.2 Director's recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 4.

The Chairman intends to vote all available proxies in favour of this Resolution.

RESOLUTION 5 – ADOPTION OF THE REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2021

5.1 Background

The Directors' Report for the financial year ended 30 June 2021 (**2021 Directors' Report**) contains a Remuneration Report which sets out:

- the Board's policy for the remuneration of Directors and executive officers; and
- the remuneration details of each Director and each executive officer (being Key Management Personnel) named in the Remuneration Report.

In accordance with section 250R of the Corporations Act, the Company submits the Remuneration Report for the year ended 30 June 2021 to Shareholders for consideration and adoption by way of a non-binding resolution.

The Corporations Act provides that the vote on this Resolution is advisory only and does not bind the Board or the Company, nor does it affect the remuneration paid or payable to the Board or executives. However, the Board will take the outcome of the Resolution into account when considering future remuneration policy.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the remuneration report at two consecutive annual general meetings, a resolution (**Spill Resolution**) must be put to Shareholders at the second of those meetings to determine whether the directors who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

If the Spill Resolution is passed by the requisite majority (being an ordinary resolution), then the Company must convene a Spill Meeting within 90 days of the second annual general meeting, at which all of the relevant directors will cease to hold office but may offer themselves for re-election. This is referred to as the '2 strikes rule'.

At the Company's 2020 AGM, 28.20% of the votes cast on the resolution to adopt the Company's 2020 Remuneration Report voted against its adoption. This 'against vote' of at least 25% constituted what is referred to as a 'first strike'. If a 'second strike' is received at the 2021 AGM in relation to the adoption of the 2021 Remuneration Report, Resolution 6 (Conditional Spill Resolution) will be put to a vote in accordance with the Corporations Act. The operation and consequences of a Spill Resolution are set out in section 6 below.

The Chairman will give Shareholders a reasonable opportunity to ask questions about or to make comments on the 2021 Remuneration Report.

5.2 Response to the first strike

At the 2020 AGM, whilst over 63% of Shareholders voted in favour of the 2020 Remuneration Report, 28.20% of votes were cast against the adoption of the 2020 Remuneration Report which resulted in the Company receiving a 'first strike'.

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.

In arriving at the overall remuneration outcomes for Key Management Personnel in the financial year ending 30 June 2021, the Board has sought to balance and take into account both the wider industry and economic conditions, and the outcomes achieved by senior management during the year.

More specifically, the Board adopted the following key principles for Key Management Personnel earnings:

- earnings were re-weighted, with a greater portion being 'at risk' income, and a greater focus on alignment with Shareholder interests. As an example, the Managing Director and

chief Executive Officer's remuneration now comprises one third in fixed remuneration and two thirds 'at risk' remuneration (previously half was 'at risk');

- Key Management Personnel fixed remuneration was reduced by 10% from levels in the financial year ending 30 June 2020;
- short term incentives now have a performance milestone that requires the Share price to exceed the energy index before targets can be considered, and (subject to performance) are awarded 50% as cash and 50% as performance rights; and
- long term equity security-based incentives are now linked directly to absolute and relative Share price performance.

The Company will continue to review its remuneration framework in accordance with market conditions and wider Shareholder expectations.

5.3 Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 5.

The Board acknowledges that the Directors have a personal interest in some aspects of the Remuneration Report.

To the extent permitted by law, the Chairman intends to vote all undirected proxies in favour of Resolution 5.

RESOLUTION 6 – CONDITIONAL SPILL RESOLUTION

6.1 Background

Resolution 6 is a conditional resolution. It will be put to the AGM only if 25% or more of the votes validly cast on the adoption of the 2021 Remuneration Report (Resolution 5) are against the adoption of the Remuneration Report (i.e. if a 'second strike' is received). A 'first strike' was received in relation to the adoption of the 2020 Remuneration Report, with a 28.20% vote against the adoption of that Report.

If less than 25% of the votes cast on Resolution 5 are against adopting the 2021 Remuneration Report, then there will be no 'second strike' and Resolution 6 will not be put to the vote at the AGM.

If Resolution 6 is put to the vote at the AGM and passed, then it will be necessary for the Board to convene a meeting within 90 days of the AGM (**Spill Meeting**). At the Spill Meeting, all the directors of the Company who were in office when the Board resolution to approve the Company's 2021 Directors' Report was passed, other than the Company's Managing Director (Mr Cook) will automatically vacate office immediately before the conclusion of the Spill Meeting unless they stand for re-election and are re-elected at the Spill Meeting.

The Directors who were in office when the Board resolution to approve the 2021 Directors' Report was passed (other than Mr Cook) are:

- Mr William Foster;
- Dr Peter Moore;

- Mr Gavin Ryan; and
- Ms Debra Bakker.

If Resolution 6 is put to, and passed at, the AGM, Mr Ryan will need to (if he elects to do so) stand for re-election at the Spill Meeting, even if he has been re-elected at that AGM.

6.2 Reasons why the Board recommends that Shareholders vote against Resolution 6 if it is put to the AGM

The Board notes, and re-states for the purposes of Resolution 6, the matters set out under section 5.2 above which detail the comprehensive steps taken by the Board to address the concerns expressed by Shareholders in relation to remuneration issues.

In addition, the Board notes:

- each of the Directors listed under section 6.1 above has previously been elected as a director with the strong support of Shareholders;
- the Company is undergoing a significant transformation as it transitions from an exploration focus to development and production. Maintaining an experienced Board with a diverse skill set and depth of corporate knowledge is critical to guiding the Company through this transition smoothly; and
- convening a Spill Meeting would cause significant disruption, uncertainty and cost to the Company, which the Board does not consider would be in the best interests of the Company or its Shareholders.

6.3 Directors' Recommendation

The Board does not consider the proposed resolution to be in the best interests of the Company and its Shareholders, and unanimously recommends that Shareholders vote **against** Resolution 6.

The Board acknowledges that the Directors have a personal interest in some aspects of the Remuneration Report.

To the extent permitted by law, the Chairman intends to vote all undirected proxies **against** Resolution 6.

ENQUIRIES

Shareholders are asked to contact the Company Secretaries, Mr Alex Doering or Mr Thomson Naude, on (+618) 9321 2665 if they have any queries in respect of the matters set out in these documents.

Annexure A – Summary of the Carnarvon Petroleum Limited Performance Rights Plan

The material terms and conditions of Carnarvon Petroleum Limited's Performance Rights Plan are summarised in the table below.

1. Eligibility	Participation in the Plan is available to an employee or consultant of the Company (or any of its subsidiaries) who is invited by the Board to participate (Eligible Person).
2. Invitations	<p>The Board may at any time, in its absolute discretion, make an invitation to an Eligible Person to participate in the Plan (Invitation). The Invitation must specify, amongst other matters:</p> <ul style="list-style-type: none"> • the number of performance rights that may be applied for (Performance Rights); • any exercise price payable in connection with the Performance Rights; • any vesting conditions and exercise restrictions attaching to the Performance Rights; • any period within which the Performance Rights must be exercised; • the method of exercise and any disposal restrictions; • the expiration date and the invitation lapse date; and • any other specific terms and conditions that apply to the Performance Rights. <p>Each Performance Right comprises the right to be delivered, upon exercise, one fully paid ordinary share in the capital of the Company.</p>
3. Rights attaching to Performance Rights	The Performance Rights do not confer any rights on the holder either as a member or creditor of the Company, will not be listed, are not transferable (except with the approval of the Board), and must not be sold, assigned or otherwise disposed of or encumbered.
4. Vesting	<p>The Performance Rights will vest subject to any applicable vesting conditions being met.</p> <p>However, the Board will retain a discretion to permit vesting of all or some of the unvested Performance Rights at any time.</p> <p>Performance Rights that have not vested prior to end of the applicable vesting period will lapse.</p> <p>If any Performance Rights have vested but have not been exercised by the applicable expiration date, those Performance Rights will also lapse.</p>
5. Cash settlement	<p>Provided such discretion was stated in the Invitation, Performance Rights that have vested may be satisfied (at the absolute discretion of the Company) in cash (by the Company paying the "Cash Equivalent Value" of the Performance Rights to the Eligible Person) rather than through the delivery of Shares.</p> <p>The "Cash Equivalent Value" means, for each Performance Right, a cash amount equal to the market value of the Share that would</p>

	otherwise have been delivered to the Eligible Person at the date of exercise, less any applicable exercise price. The Board retains the absolute discretion as to how the Cash Equivalent Value is determined for this purpose.
6. Lapse or clawback	Where, in the opinion of the Board, an Eligible Person has engaged in certain adverse behaviour (such as fraud or dishonest or gross misconduct), the Board can, subject to the terms of the Plan, make a determination to alter the rights of the Eligible Person to ensure that no unfair benefit is obtained by the Eligible Person.
7. Termination of employment	Where an Eligible Person terminates employment with the Company, the Performance Rights (and any Shares delivered to the Eligible Person following the exercise of any Performance Rights) will be treated in accordance with the terms of the Invitation.
8. New issues and reorganisation of capital	<p>A Performance Right does not confer on an Eligible Person the right to participate in new issues of Shares by the Company, including by way of bonus issue, rights issue or otherwise, without the Eligible Person first exercising that Performance Right.</p> <p>Unless an Invitation specifies otherwise, a Performance Right will not confer the right to a change in its exercise price, or a change to the number of underlying Shares over which it can be exercised, except if there is a bonus issue, in which case the number of Shares over which the Performance Right is exercisable may be increased by the number of Shares which the Eligible Person would have received if the Performance Right had been exercised before the applicable record date.</p> <p>The ASX Listing Rules that apply to a reorganisation of capital at the time of the reorganisation of the share capital of the Company apply to Performance Rights. Accordingly, the Company can alter the rights of any Eligible Person to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of any reorganisation.</p> <p>Subject to the above, the number of Performance Rights to which an Eligible Person is entitled may be adjusted in the manner determined by the Board, with it being intended that the Board would exercise this discretion to ensure that Eligible Persons do not enjoy a windfall gain and do not suffer a material detriment as a result of any corporate action.</p>
9. Change of control event	<p>If a "Change of Control Event" occurs prior to the vesting of Performance Rights, the Board may, at its absolute discretion:</p> <ul style="list-style-type: none"> • determine that some or all of the Performance Rights will vest based on the extent to which any applicable vesting conditions have been satisfied; • buy back or cancel some or all of the Performance Rights for consideration; • provide for the issue of new rights in substitution for some or all of the existing Performance Rights; • arrange for some or all of the Performance Rights to be acquired by a new holding entity (where applicable) for consideration; or

	<ul style="list-style-type: none">• take any combination of the above steps. <p>A “Change of Control Event” means, in respect of the Company:</p> <ul style="list-style-type: none">• the merger or consolidation of the Company into another company;• the acquisition of a minimum 50% ownership in the Company by a party or parties who are associated; or• any similar event that the Board determines at its absolute discretion.
10. Administration of the Plan	<p>The Board is responsible for the operation of the Plan.</p> <p>All decisions of the Board as to the interpretation, effect or application of the Plan and Invitations and all calculations and determinations made by the Board under the Plan and Invitations are final, conclusive and binding in the absence of manifest error and any dispute raised will be resolved by the Board at its absolute discretion.</p> <p>The Board may, at any time, amend all or any of the provisions of the Plan. However, any amendment must not materially alter the rights of any Eligible Person under the Plan prior to the date of the amendment, unless the amendment is introduced primarily:</p> <ul style="list-style-type: none">• to correct any manifest error or mistake;• in accordance with the Board's powers where it has determined that an Eligible Person has engaged in certain adverse behaviour; or• to enable the Plan or the Company to comply with applicable laws or rules of a regulatory body.

Glossary

AGM means the Company's 2021 annual general meeting convened by this Notice of Meeting.

ASX means ASX Limited, or as the context requires, the financial market operated by it.

ASX Listing Rules means the listing rules of ASX, as amended from time to time.

AWST means the time in Perth, Western Australia.

Board means the current board of Directors of the Company.

Chairman means the person acting as chairman of the AGM from time to time.

Closely Related Party of a member of the Key Management Personnel means:

- a) a spouse or child of the member; or
- b) a child of the member's spouse; or
- c) a dependent of the member or the member's spouse; or
- d) anyone else who is one of the member's family and may be expected to influence the member or be influenced by the member in the member's dealings with the Company; or
- e) a company the member controls; or
- f) a person prescribed by the *Corporations Regulations 2001* (Cth).

Company or **Carnarvon** means Carnarvon Petroleum Limited (ABN 60 002 688 851/ACN 002 688 851).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a current director of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

Key Management Personnel has the same meaning as in the accounting standards. Broadly speaking this includes those persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any directors of the Company.

Notice of Meeting or **Notice of Annual General Meeting** means this notice of Annual General Meeting including the Explanatory Statement.

Plan means the Company's Performance Rights Plan (as amended from time to time).

Remuneration Report means the Remuneration Report contained in the Directors' Report for the year ended 30 June 2021.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the Company.

Shareholder means a holder of a Share.

For personal use only

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

Carnarvon Petroleum Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Carnarvon Petroleum Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

☐ the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:30am (AWST) on Friday, 12 November 2021 at Meeting Room 1 & 2, Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 2, 3, 5 & 6: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 2, 3, 5 & 6, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairperson intends to vote undirected proxies on, and in favour of, all resolutions other than Resolution 6 where the Chair intends to vote against (if it is put to the Meeting).

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Re-election of Mr Gavin Ryan as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Adoption of the Remuneration Report for the Year Ended 30 June 2021	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Grant of Long Term Performance Rights to Mr Adrian Cook, Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		For	Against	Abstain*
3 Grant of Short Term Performance Rights to Mr Adrian Cook, Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Conditional Spill Resolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Note – Resolution 6 will only be put to the Meeting if at least 25% of votes cast on Resolution 5 (Adoption of Remuneration Report) are “against” that Resolution. If less than 25% of the votes cast on Resolution 5 are against that Resolution, then Resolution 6 will not be put to the Meeting.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

CVN PRX2101C

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:30am (AWST) on Wednesday, 10 November 2021**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Carnarvon Petroleum Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
Level 12
680 George Street
Sydney NSW 2000

*during business hours Monday to Friday (9:00am - 5:00pm)
and subject to public health orders and restrictions



COMMUNICATION PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**