

12 May 2009

Company Announcements Office
ASX Limited

Via ASX Online

Dear Sirs,

SIGNIFICANT NEW OIL DISCOVERY

L44-W FLOWING at 1,220 BOPD

L44-W EXPLORATION WELL (Carnarvon 40%)

Carnarvon is pleased to announce that testing of the L44-W exploration well has confirmed the discovery of a potentially significant new oil field straddling concessions L44/43 and L33/43 onshore Thailand. The L44-W well is currently producing 27 to 32 degree API oil through an electrical submersible pump (ESP) at a stabilised, restricted rate of approximately 1,220 barrels of oil per day with a water cut of less than 0.5%.

An oil column of approximately 86 metres is inferred by the results of this test with 3D seismic mapping indicating a maximum structural spill point an additional 35 metres deeper below the base of the 36 metre thick oil bearing volcanic reservoir that would correspond to a maximum case structural closure of approximately 13.7 square kilometres in areal extent. Additional drilling will be required to fully define the extent and reservoir quality of this oil discovery.

The L44-W structure straddles the boundary between L44/43 and L33/43 with approximately 1/3 of the most likely mapped structural closure in L33/43 and 2/3 in L44/43. Confirmation of commerciality in the L33/43 portion of the structure by future appraisal drilling would mark the first production from this concession and be subject to very favourable tax & royalty treatment. Additional exploration upside located in the area immediately north of L44-W in concession L33/43 (past the edge of 3D seismic acquired by POE in 2007) is poorly defined by a loose grid of fair quality 2D seismic data acquired in the late 1980's. This will be an area of future focus.

The results of the L44-W well have established commercial production approximately 9.5 kilometres northeast of the NSE-F1 oil discovery (announced in March 2009) and 10.7 kilometres north east of the NSE central field producer NSE-C1, highlighting the potential of a large fairway north east of the main NSE central field that includes the deeper oil leg potential of the Bo Rang gas discovery (Bo Rang-1 was drilled in the 1980's by a former joint venture of the concession).

Near term plans are:

- Twin the previously drilled Bo Rang-1 well targeting an untested 50 metre thick volcanic reservoir that correlates to the L44-W oil zone and sits immediately below a 25 metre thick volcanic reservoir that tested 5.5MMcf/d in the 1980's. This location is already built with two cellars and ready to go when rig #14 has completed the drilling of the NSE-I1 exploration/appraisal well in approximately 14 days.

- Drill a second well on the L44-W drill pad vertically looking for the field oil water contact (and side tracking if encountered) upon expiry of the 90 day production test period under petroleum regulations. Simultaneous drilling and testing operations are not possible at this location due to the limited size of the drill pad.
- Complete and submit to the DMF, an application for a new production license (PL). This is anticipated to take approximately 45 days for completion/submission and an additional 90 days for approval.
- Simultaneously complete EIA's on at least 7 surface locations from which multiple wells will be drilled. This is anticipated to take 45 days for completion/submission and an additional 90 days (minimum) for approval.

CARNARVON CEO COMMENT

Ted Jacobson, Carnarvon's CEO, commented: "L44-W is an important new discovery. Not only has a new oil discovery been made, which will result in additional production and reserves, the structure has been mapped by the operator to extend into the northern exploration permit L33/43. This will encourage further exploration drilling within this northern permit which has no established production yet. In addition it has increased the potential to find an oil leg in the area around the previously drilled Bo Rang-1 well to the south. The results of this well plus that of the recently drilled NSE-F1 well has significantly extended the area for oil potential outside of the producing Na Sanun East Field."

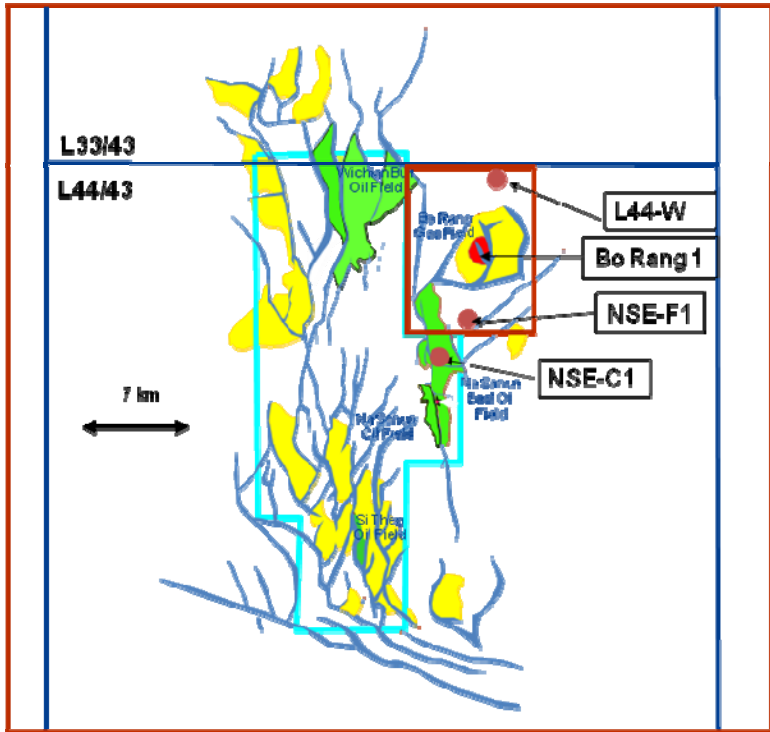
Permit Holders

Pan Orient Energy (Operator)	60%
Carnarvon Petroleum	40%

Yours faithfully,
Carnarvon Petroleum Limited



Ted Jacobson
Chief Executive Officer



- Oil Field
- Prospects
- 2006 3D Seismic - 240 km²
- 2007 3D Seismic - 120 km²