

17 December 2009

Company Announcements Office
ASX Limited

Via ASX Online

Dear Sirs,

Thailand Update: Further appraisal success in Bo Rang

Outlined below is an update on drilling activities in Carnarvon's L44, L33 and SW1A oil field licences in Thailand. This update covers activities during the period since Carnarvon's last update on 13th November 2009.

Current production levels are approximately 6,950 bopd gross to the joint venture which is expected to result in an average 6,500 gross bopd for the December 2009 quarter. This is at the higher end of the guidance range provided by the Company via the September Quarterly on 29th October of between 5,500 and 6,800 bopd.

Production levels are currently being constrained by strategic decisions to focus drilling operations on exploration activities. These decisions are expected to result in an increase in Gaffney, Cline and Associates' audited reserves as at 31 December 2009, compared to their previously certified reserves at 31 December 2008 which included 2P reserves of 16.6 million barrels of oil net to Carnarvon. The Gaffney, Cline and Associates reserves audit report is expected to be available late March 2010 or early April 2010.

Based on information currently available and field plans for the March 2010 quarter, Carnarvon is expecting production levels to increase to between 6,750 bopd and 8,000 bopd gross to the joint venture. The increase above the current levels, quarter on quarter, is expected to arise from new production from the BR-2ST2, ST-2 and NSE-G2 wells, and reinstatement of L44-W well post the granting of the production license, exceeding natural field declines.

Drilling operations over the last month, which were carried out at Bo Rang, Si Thep and Na Sanun East oil fields, are summarised below.

Bo Rang "B" Field (upper volcanic zone)

BR-4D1 Horizontal Appraisal Well (40% working interest and non-operator)

The BR-4D1 horizontal well is currently on a 90 day production test at a rate of 900 barrels of 22 degree API oil per day and a water cut of 0.05%.

BR-2ST2 Horizontal Appraisal Well (40% working interest and non-operator)

The BR-2ST2 horizontal appraisal well has just completed the drilling of approximately 350 meters of horizontal section within the main volcanic reservoir objective. This is the third horizontal well to be drilled at Bo Rang "B" field and testing operations are anticipated to commence in the next three days.

Si Thep Field

ST-2 Exploration Well (40% working interest and non-operator)

The ST-2 exploration well was perforated over a deep sandstone reservoir resulting in flow rates of approximately 14 barrels of 27 degree API oil and 6 barrels of formation water per day. An additional three shallower sandstone reservoirs will be perforated and production testing commingled early in the New Year.

Na Sanun East Field

NSE-G2 Exploration Well (40% working interest and non-operator)

The NSE-G2 exploration well is located near the northern boundary of the NSE Central fault compartment and will commence drilling immediately after the rig has moved from BR-2ST2. The well will be targeting a 100 meter thick volcanic that sits approximately 400 meters below the main producing volcanic reservoir at NSE. This target zone was penetrated by the NSE-G1 exploration well and encountered oil shows throughout the entire 100 meter section and produced formation water at good rates from a highly fractured zone indicating permeable reservoir at the very base of the volcanic. NSE-G2 will be targeting the same 100 meter thick volcanic in a position approximately 120 meters structurally higher than the NSE-G1 well.

Production Update

Thailand production is currently at approximately 6,950 bopd (2,780 bopd net Carnarvon) with an additional approximately 500 bopd (200 bopd net Carnarvon) shut-in awaiting approval of the Bo Rang North production license application which is anticipated to be granted within the next 14 days. Additional production is also anticipated from the testing of BR-2ST2.

Yours faithfully,
Carnarvon Petroleum Limited



Ted Jacobson
Chief Executive Officer

Permit Holders L44/43

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

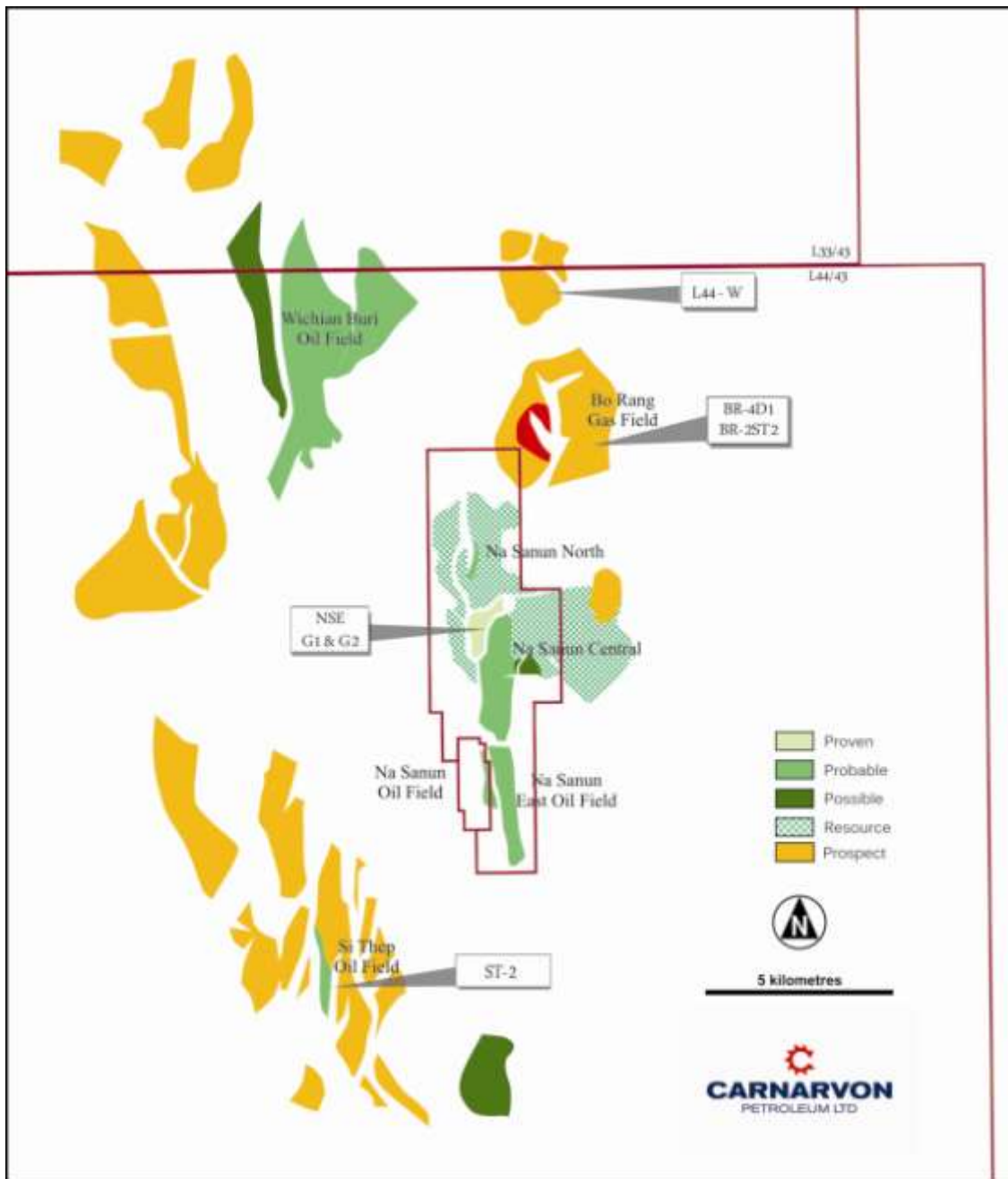


Figure 1: L44/43 Exploration Concession onshore Thailand showing approximate location of recent and near term drilling and testing activity.