

11 February 2009

Company Announcements Office  
ASX Limited

Via ASX Online

Dear Sirs,

### **THAILAND OPERATIONS UPDATE**

Carnarvon Petroleum and its onshore Thailand joint venture partner Pan Orient Energy Limited (“POE”) have continued with the recent reserves focused drilling programme, targeting high risk and high reward exploration and appraisal wells outside of the recognised 2P Reserves Area. Carnarvon anticipates a return to development drilling early next quarter.

#### **NSE-F1 Appraisal Well (CVN 40% working interest and non-operator) Evaluation of Contingent Resource Area**

The NSE-F1 appraisal well is located within a large area of contingent resource potential that has been mapped on 3D seismic beyond the current reserve envelope of the NSE central fault compartment as defined in the 2007 year end reserve report. The well has the potential to substantially increase reserves, if successful. The well is currently drilling ahead horizontally within the main volcanic reservoir target at a location 850 metres northwest of the producing NSE-C1 well.

#### **NSE-G1 Appraisal Well (CVN 40% working interest and non-operator)**

The NSE-G1 appraisal well is located 538 metres northwest of the NSE-D drill pad and is targeting the main volcanic reservoir along the boundary of the central and northern fault compartments. The well has the potential to extend the production limits of the NSE central fault compartment, if successful. Casing is currently being set just above the main target zone with drilling anticipated to be completed within the next 10 days. Testing, if justified will follow after the completion of drilling operations.

#### **NSE-E2 Appraisal Well (CVN 40% working interest and non-operator)**

The NSE-E2 well is an appraisal of the NSE Central B location as discovered by the NSE-E1 well. NSE-E1 discovered a new oil pool of approximately 1 square kilometer, in a structural closure located on the down thrown side of the main NSE field central fault compartment called NSE Central B. The NSE-E2 well was drilled to appraise the extent of this discovery. Previously there had been no reserves, of any category, assigned to the NSE Central B prospect in the year end 2007 reserves report.

As previously reported, the NSE-E2 appraisal well, which was targeting potential volcanic reservoirs approximately 365 metres south east of the NSE-E1 discovery well, failed to encounter the main volcanic objective, which had been faulted out at this location. The NSE-E1 well also encountered a deeper, oil stained volcanic target approximately 25 metres thick.

Subsequent testing of the deeper volcanic reservoir resulted in the recovery of approximately 15 barrels of oil and no water. From seismic data it is interpreted that the deviated well bore crossed the main NSE bounding fault and encountered this deeper volcanic zone below the main producing volcanic zone of the NSE central fault compartment. Although the oil rate from this new reservoir is sub commercial at this particular location, the results are encouraging and this deeper volcanic zone will be evaluated by future drilling.

A side track is now being planned to be drilled from the existing NSE-E2 well bore targeting the main volcanic zone that is currently producing at approximately 800 bopd in the NSE-E1 discovery well to evaluate the extent of these new reserves.

#### **NSE-D2ST1 Appraisal Well (CVN 40% working interest and non-operator)**

The second sidetrack of this well, NSE-D2ST2, has now encountered the oil leg of the main volcanic reservoir and will be put on electrical submersible pump within the next seven days to determine oil production flow rates.

#### **L44-V Exploration Well (CVN 40% working interest and non-operator) Bo Rang structure**

The L44-V appraisal well was drilled from a surface location approximately 1.3 kilometres south west of the Bo Rang-1 gas discovery. L44-V targeted a potential down dip oil leg within a volcanic reservoir that previously tested 5.5MMcfg/d at the structurally higher Bo Rang-1 well. The main volcanic objective was encountered at a TVD of approximately 720 metres and penetrated an approximately 55 metre thick volcanic section with oil shows and very high mud gas spikes of up to 33%, exhibiting both heavy (C5) and light (C1) hydrocarbons. A shallower secondary volcanic objective was also encountered at a depth of approximately 500 metres TVD with mud losses while drilling of approximately 100 bbls in combination with a minor gas kick.

Testing of the lower and upper volcanic targets has been completed with no recovery of oil, gas or water (possibly indicating no permeability) despite the encouraging oil shows and mud gas readings observed while drilling. A follow up location is currently being constructed that will twin the original Bo Rang-1 well and test the oil potential of a 50 metre thick volcanic section that was penetrated below the original 25 metre thick gas bearing volcanic. It is this targeted deeper section that exhibited oil shows and elevated mud gas readings during the drilling of L44-V.

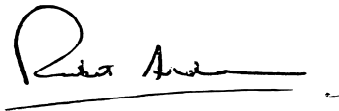
#### **L44-CD1 Exploration Well (CVN 40% working interest and non-operator) Wichian Buri Deep Volcanic**

L44C-D1 was drilled to target depth and encountered a heavily fractured volcanic section with heavy lost circulation. Subsequent testing resulted in the recovery of 100% water. Future drilling will continue to target this excellent volcanic reservoir underlying the Wichian Buri oilfield further up dip towards the L44/L33 concession boundary at a location currently under construction 3.2 kms to the northeast.

## **Production**

Production has been steady at around 12,500 bopd. Recent successes with downhole Electrical Submersible Pumps (“ESP’s”) has enabled production rates to be held relatively constant. Individual well performances have improved with the change from natural flow and/or surface pump to ESP. Currently only a few wells have ESP’s installed, however new well candidates are being identified for workover and further equipment is being sought.

Yours faithfully  
Carnarvon Petroleum Limited

A handwritten signature in black ink, appearing to read "RA Anderson", written over a horizontal line.

RA Anderson  
Company Secretary