

Investor Update

September 2010



www.carnarvon.com.au

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Introduction / Latest News

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Strategic Position



Current Asset Position



Carnarvon's growth plans are focused on adding assets that create a quality portfolio

	Thailand	Australia	Indonesia	New Zealand
Exploration	6 onshore permits	5 offshore permits	1 onshore permit	1 offshore permit
Appraisal	3 onshore permits			
Production	6 onshore licences			



People



Peter Leonhardt – Chairman
FCA, FAICD (Life)
Independent non-executive director
Finance, accounting, business management, governance



Edward (Ted) Jacobson – Chief Executive Officer
B.Sc (Hons) Geology
Executive director
Company founder, geologist, corporate strategy



Neil Fearis – Chairman of the Audit & Remuneration Committees
LL.B (Hons), MAICD, F.Fin
Independent non-executive director
Commercial, legal, governance



William Foster
BE Chemical
Independent non-executive director
Technical, operations, commercial

Key Metrics *(as at August 2010)*

Production (net)	3,000 bopd
Market capitalisation	A\$275m
2P reserves (net)	24.5 mmbbls
3P reserves (net)	57.0 mmbbls
Reserve life	25 years
EV / 2P reserves	A\$11.25 / bbl
EBIT / bbl produced	A\$43.25 / bbl
NPAT / bbl produced	A\$16.60 / bbl



1H, 2010 CY Highlights

- 48% reserves upgrade in L44/43 permit (Thailand)
- New discovery in volcanics at Wichian Buri produces >2,500 bopd from first well (Thailand)
- New discovery in L33/43 Concession to be appraised & developed under new production licence (Thailand)
- New venture - Tuatara-1 well tested 80 – 100 mmbbl potential (New Zealand) with oil & gas shows but not commercial



Upcoming Activities

- L33/43 (Thailand) drilling appraisal and development wells in Q4, 2010 & Q1, 2011
- Phoenix (Australia) seismic acquisition program Q3/Q4, 2010 with farmout program commencing Q2, 2011
- Rangkas PSC (Indonesia) seismic acquisition Q3/Q4, 2010
- L20/50 (Thailand) drilling one firm and two contingent exploration wells in Q4, 2010





Operations - Thailand

Operations - Thailand

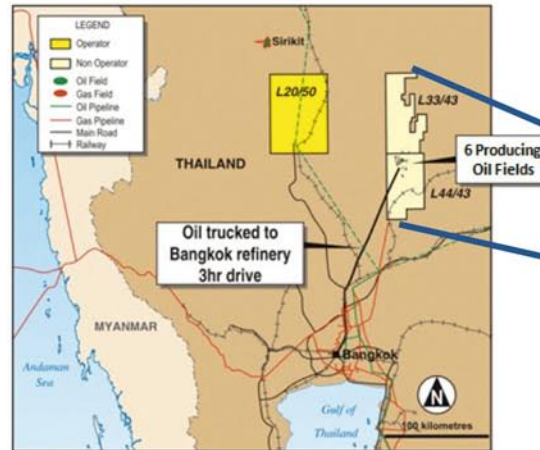
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L44 & SW1A Overview



L44 & SW1A Overview

High margin
production with
exploration upside

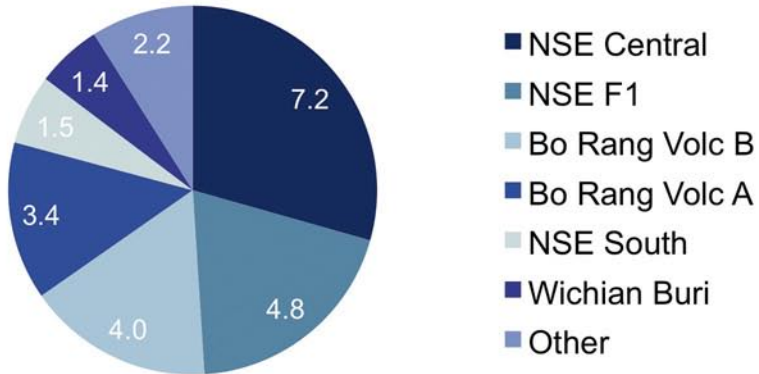


- Onshore close to quality infrastructure
- Opex & trucking ~US\$10.80/bbl
- Depreciation / amortisation ~US\$7.20/bbl (*)
(*) Based on current accounting policy and estimates
- Production ~1.0 mmbbls p.a. net
- 2P reserves of 24.5 mmbbls net

Carnarvon 40% POE Operator

L44 & SW1A Field Overview

2P Reserves by Field (mmbbls)

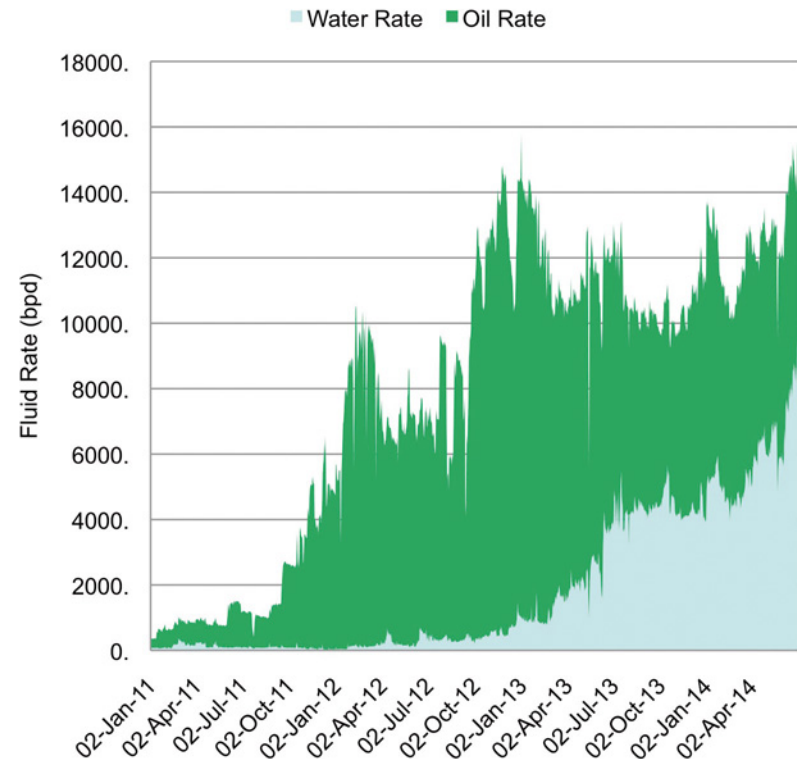


- Reserves spread across several oil fields - notably Bo Rang A & B, NSE-F1 & NSE Central
- Six production licences
 - 20 year life
 - optional 10 year extension period
- 38 producing wells currently in operation
- Gaffney Cline & Associates audit the reserves at December each year
- At 31 December 2009 Gaffney Cline & Associates estimated 2P reserves of 24.5 mmbbls net to CVN.

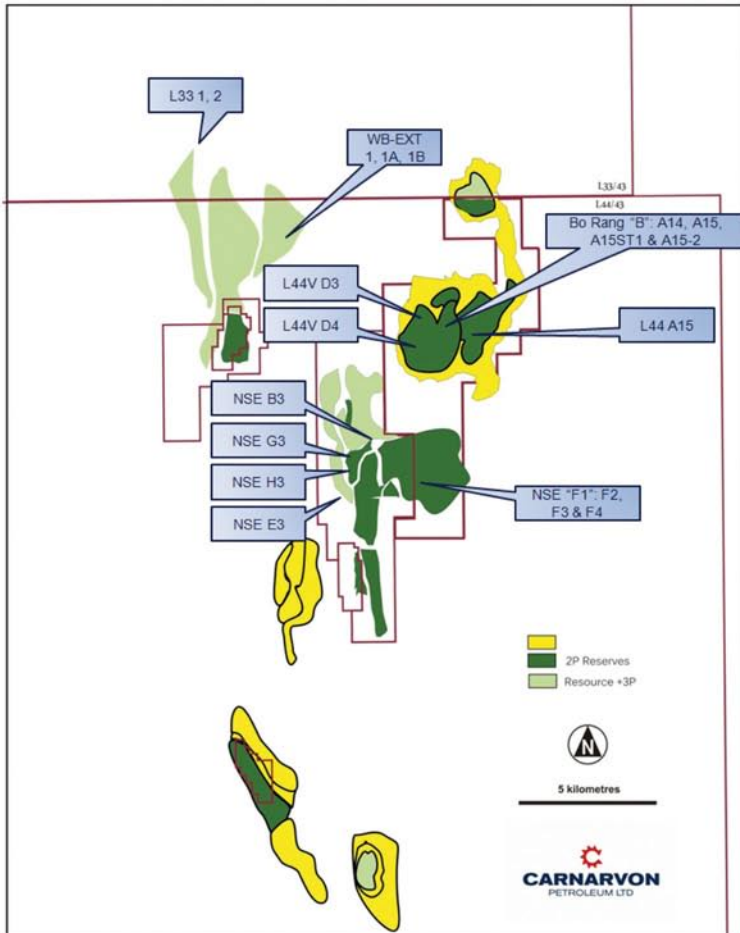
L44 & SW1A Production Overview

- Production predominantly from fractured reservoirs (*differs from sandstone reservoirs, refer slides 17 & 18*)
- Production levels driven by:
 - number of wells on flush production in a given period;
 - number of production wells in a given period;
 - decline rates, which vary from well to well.
- Water cut is currently at a manageable 63%, within field capability

Daily Production



L44, 1H, 2010 CY Drilling Results



- 1H, 2010 CY wells tested 2P perimeters
- Drilling efficiently with ~3 wells per month being drilled
- New discoveries in L33/43 & WBEXT1 flowed strongly on test

L44, 1H, 2010 CY Drilling Results

Well	Permit	Status
NSE-G3	L44/43	Suspended exploration well
L44V-D3	L44/43	On production at 650 bopd / currently 348 bopd
L44V-D4	L44/43	On production at 800 bopd / currently 834 bopd
NSE-E3-ST1	L44/43	Testing commenced at around 700 bopd / currently 318 bopd
NSE-H3RD-ST1	L44/43	Tested at 10 bopd plus significant gas / currently shut-in
NSE-B3	L44/43	Unstabilised testing at 100 bopd / currently 105 bopd
L44W-A15	L44/43	Pilot hole – sidetracked for production
L44W-A15-ST1	L44/43	Oil production well – tested 200 bopd / currently 37 bopd
L44W-A15-2	L44/43	Oil production well – tested 200 bopd / currently 257 bopd
NSE-F2	L44/43	Pilot hole – tested 20 bopd / currently 42 bopd
L44W-A14	L44/43	Sub commercial well
NSE-F3	L44/43	Tested significant gas and minimal liquids
NSE-F4	L44/43	Tested with minimal in flow – workover candidate
L33-1 *	L33/43	New discovery in the L33 concession tested at up to 1,100 bopd – currently shut-in waiting on production licence
WBEXT-1 *	L44/43	New discovery in the volcanic section tested up to 2,500 bopd
L33-2 *	L33/43	Appraisal well to the L33-1 new field discovery – tested at an average rate of 2,370 bopd

* L33-1, WBEXT1, and L33-2 wells were drilled after 30 June 2010

L33 Drilling Results



L33/43 in different SRB jurisdiction to L44/43 enhancing value per bbl

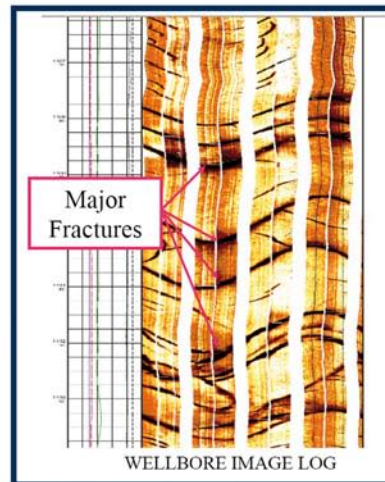
L33 Drilling Results

- L33-1 exploration well flow tested at 1,100 bopd gross
- L33-2 appraisal well flow tested at 2,370 bopd gross
- Application for Production Licence being prepared with production expected to commence ~ Feb 2011
- Further infield appraisal wells being planned and considering 3D seismic to better assess geology



Fractured Reservoirs in L33, L44 & SW1A

- L33, L44 & SW1A contain multi-layered fractured reservoirs
- Heterogenous nature of fracturing means individual well performance varies:
 - 100,000 bbls to 1.5 million bbls per well
 - Potential for infill locations
- Fracturing also results in varying water cut



Bo Rang ~ 250 - 450m

L44-W ~ 550 - 650 m

NSE main ~ 700 - 950 m

NSE Deep ~ 1000m +

Fractured Reservoirs in Other Regions

Example from fractured reservoir of Austin Chalk:-

- Well production rate is dependent on number of fractures intersected
- Wells that penetrate heavily fractured areas adjacent to fault outperform wells that miss fracture network by as little as 30m
- To increase success rate – 3D seismic data used to identify fractured areas

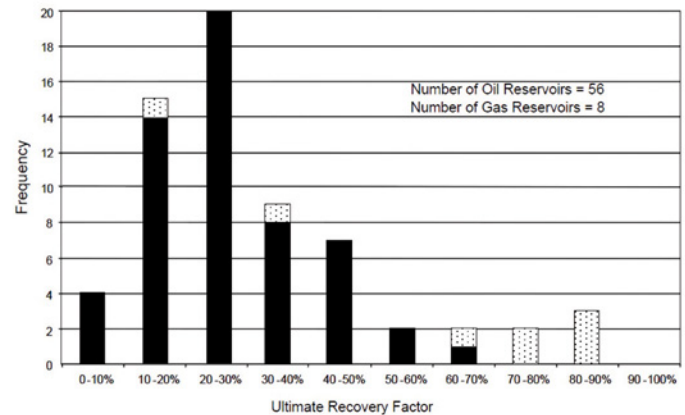
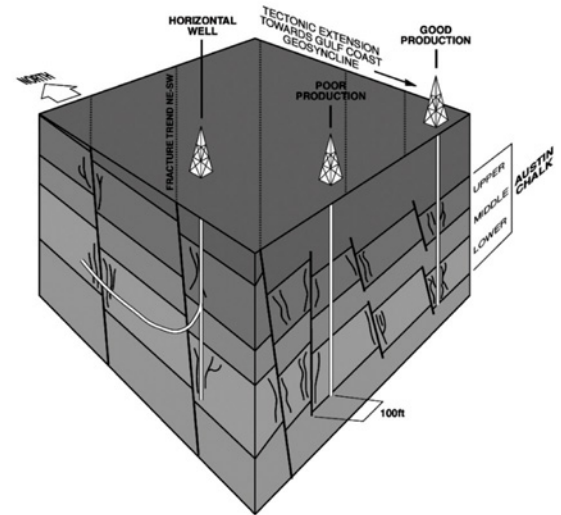
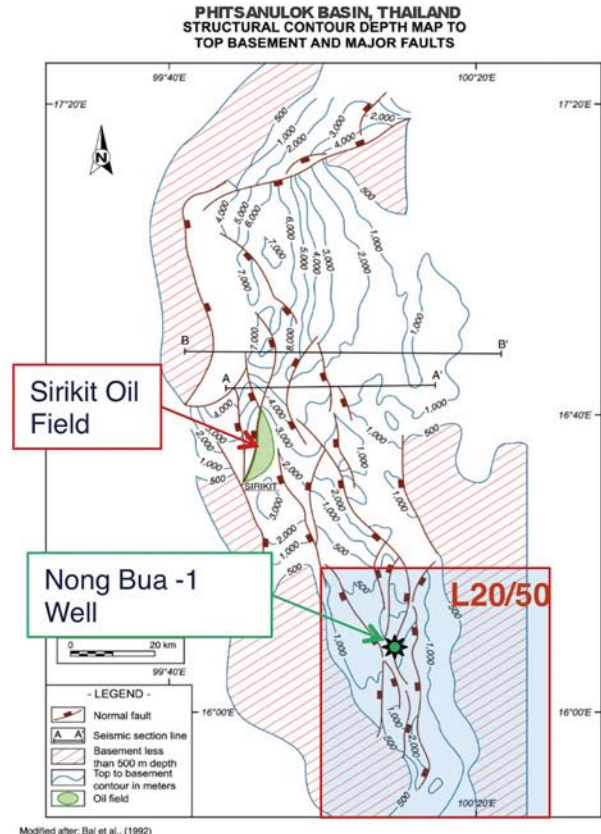


Figure 1. Distribution of ultimate recovery factor for fractured reservoirs of all types (Types I, II, III and IV).

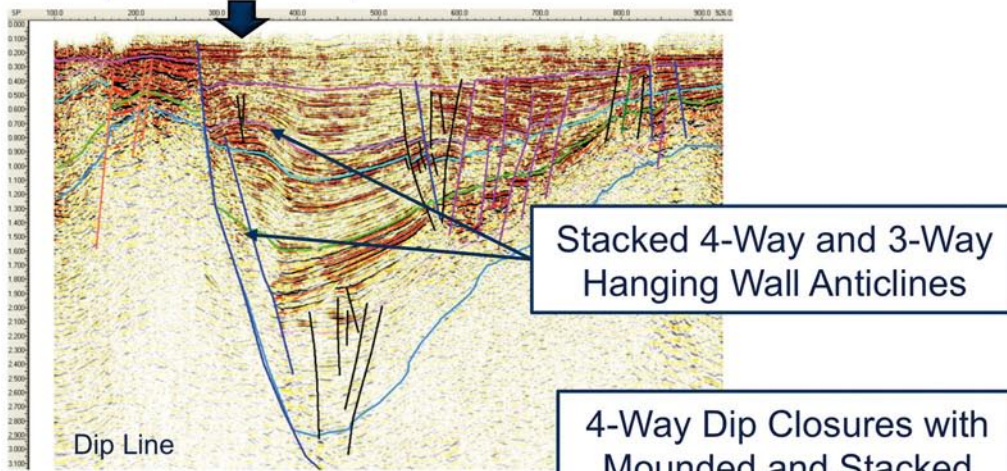
L20/50

- On trend with 200 million barrel Sirikit Oil Field located ~50 km to NW (now producing ~20,000 bopd; over 150 mmbbls produced)
- Basin modelling and oil shows in Nong Bua -1 well indicate significant oil potential in concession L20/50
- Interpretation of ~1,000 km of 1980s vintage 2D seismic and 550 km of new 2D data (acquired in 2009) is complete
- Government, environmental and local permitting work is complete
- In final stages of securing drilling rig, contractors and personnel

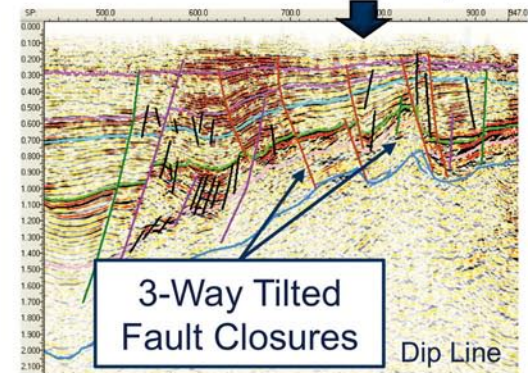


Carnarvon 50% & Operator

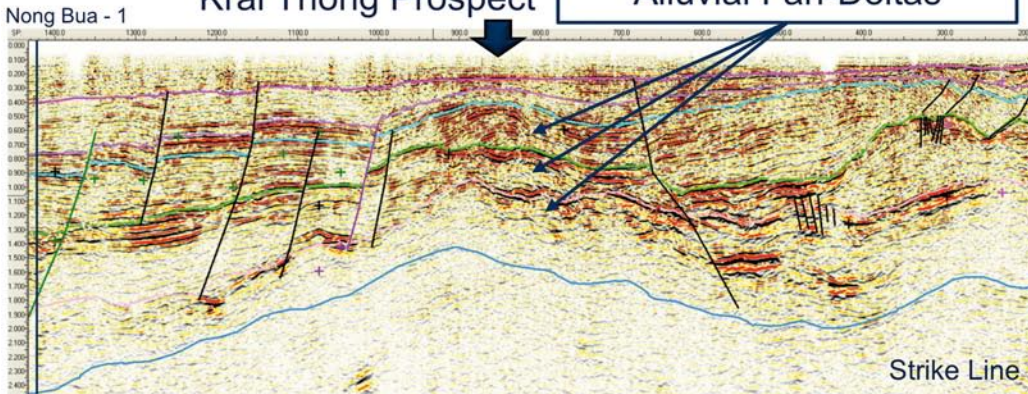
Tapao Kaew Prospect



Chalawan Prospect



Krai Thong Prospect



- Interpretation reveals a deep basin and multiple plays, prospects & leads
- Three (3) independent prospects ready to drill

L52/50 & L53/50

- Exploration concession formally granted February 2010
- The combined area of the two blocks is large, comprising approximately 6,950 km²
- Both permits are lightly explored, with only two deep wells and limited seismic data available
- On trend, and in a similar basin, to an offshore development that flowed up to 10,000 bopd from one well



Photo of signing ceremony on 25 Feb 2010

Carnarvon 50%
Pearl Oil Operator

L52/50 & L53/50

Commitments – 1st Three Year Obligation

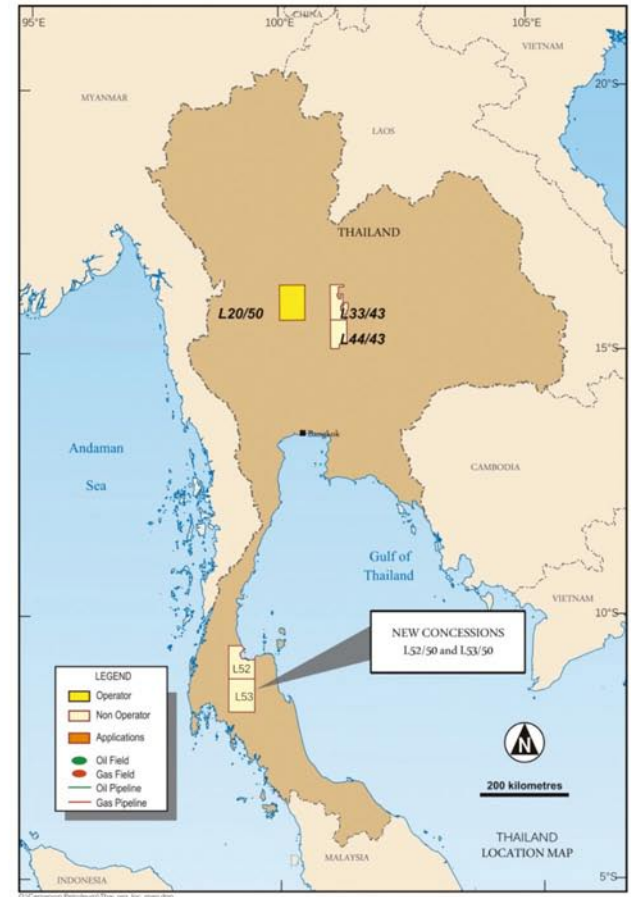
- geological studies;
- geophysical data acquisition; and
- two wells

Total expenditure of around US\$2.6 million gross (US\$ 1.3 million net to Carnarvon).

Work Program - 2010 & 2011

- geological surface mapping; and
- shallow geophysical data acquisition

Before detailed 2D seismic acquisition in the second year.





Operations – Other Regions

Operations – Other Regions

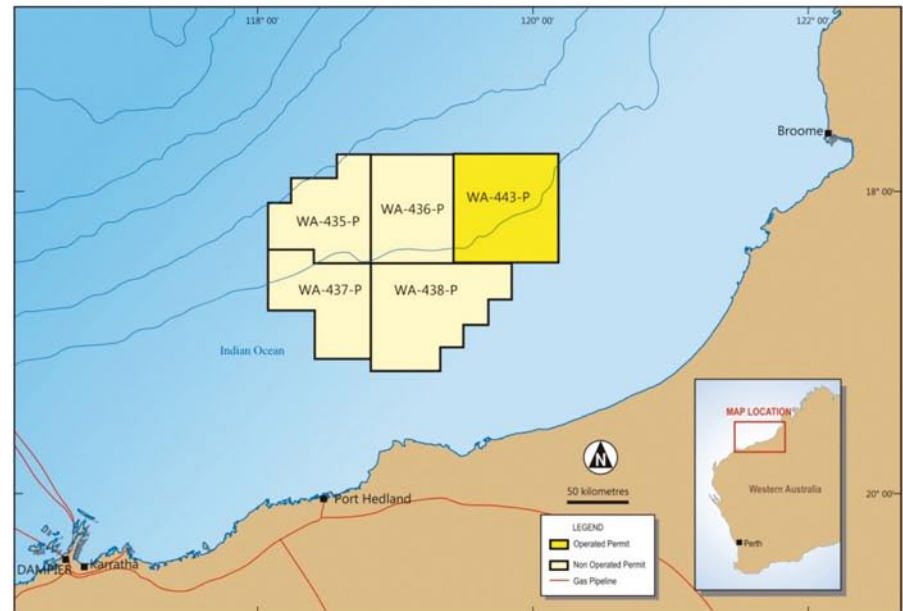
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Phoenix Blocks (*)

(*) Blocks comprise WA-435-P, WA-436-P, WA-437-P, WA-438P & WA-443-P

- Permits acquired when most of the industry was distracted with GFC issues
- 28,300 km² area in relatively shallow water close to WA shoreline
- Partnership with Finder Exploration, which has a history of successful farm-out negotiations
- Acquired for minimal commitments in first three year obligation period

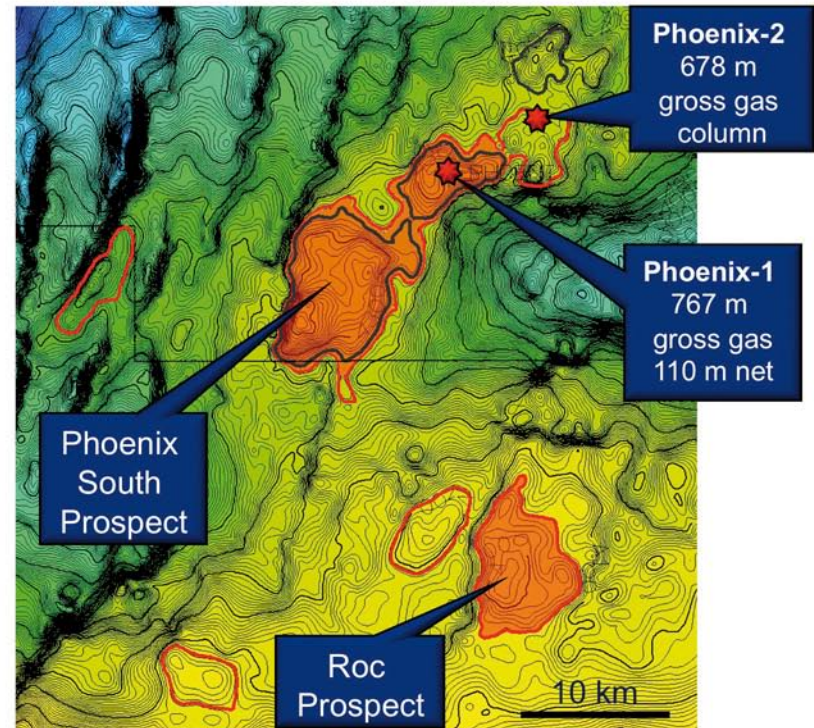
Permits secured through gazettal process



Carnarvon 50% (except WA-443-P which Carnarvon operates 100%)
Finder Exploration Operator

Phoenix Blocks

- WA-435-P contains the Phoenix gas discoveries
 - Phoenix-1: ~110 metre net gas-bearing section
- Key targets in ~100 m water depth with multi-Tcf recoverable resource potential
- New 2D and 3D data will mature prospects to drillable status

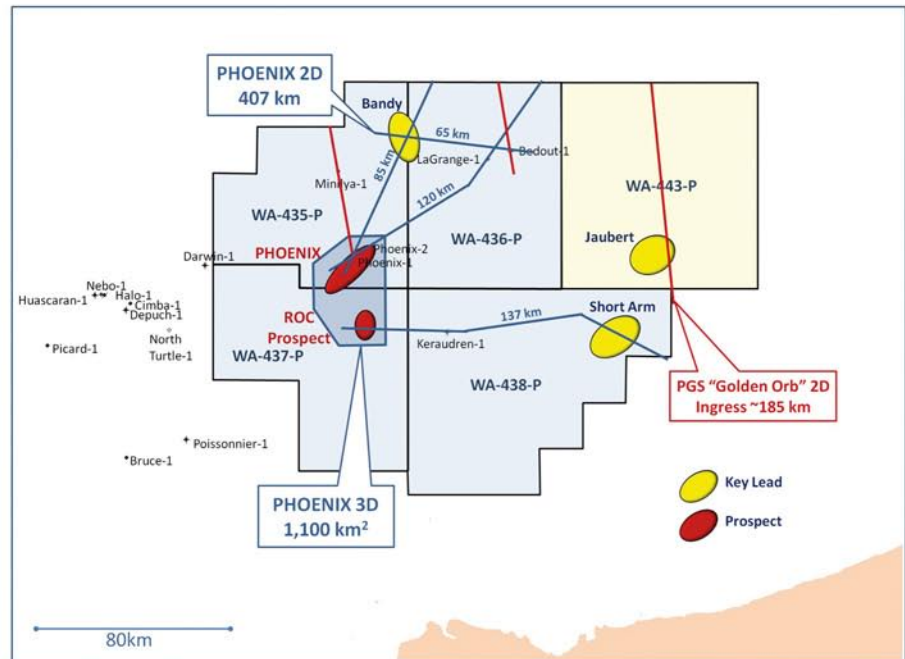


Depth Structure Map of Near Mid Triassic Gas Sand Level

Phoenix Blocks

- Acquisition of 1,100 km² of **3D** data scheduled for September 2010
- Acquisition of 407 km of **2D** data scheduled for September 2010
- Acquisition of 15,847 km² of **aeromagnetic** data completed May 2010
- 2010 budget of A\$3 million net to Carnarvon

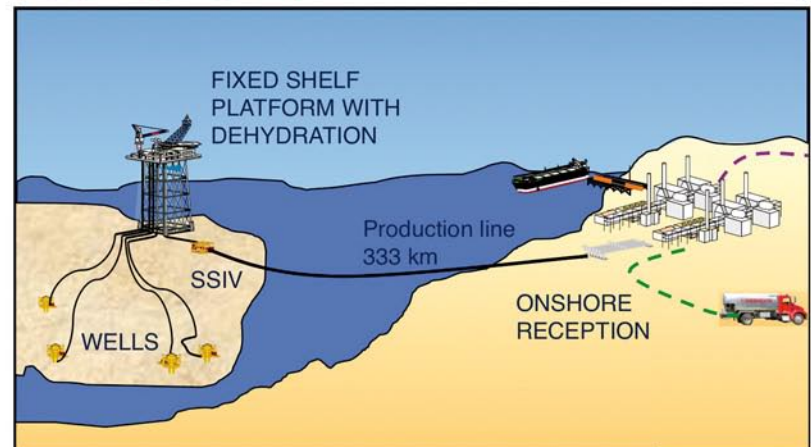
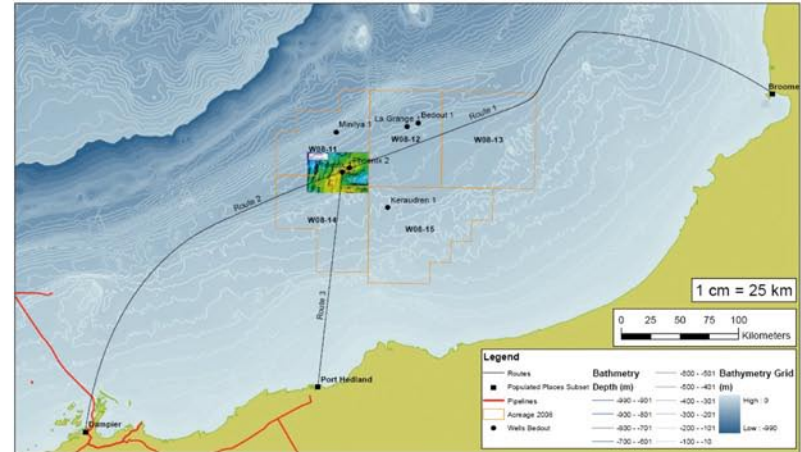
Year one data acquisition underway



Accelerated year one work program will fulfil the first three years of the permit's work commitments

Phoenix Blocks

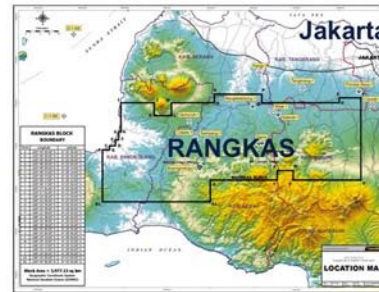
- Gas discoveries in shallow water (~100 m)
- Field is within ~250 km of current and proposed onshore LNG plants
- The Joint Venture has a window of several years in which to realise value from the asset
- The Joint Venture intends to seek a farm-in partner prior to drilling a well or wells



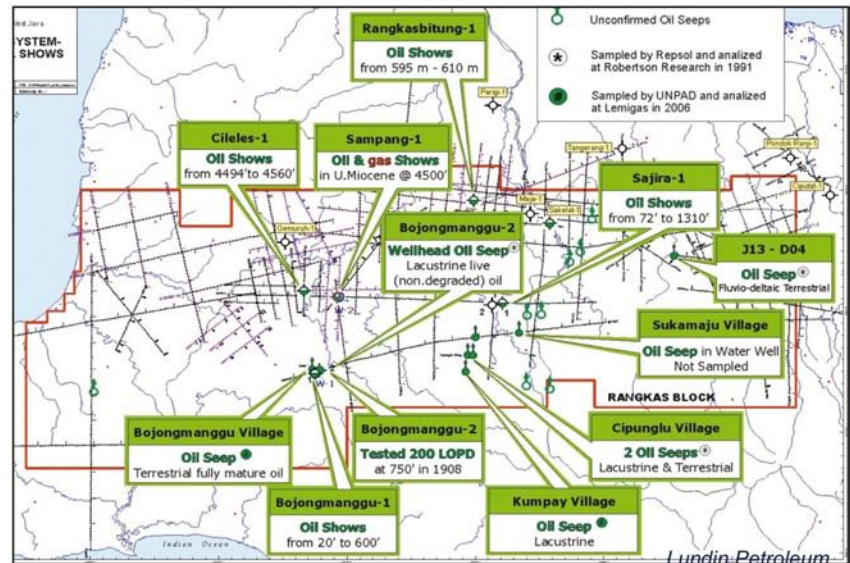
Granherne Concept Study

Rangkas PSC

- Carnarvon farmed into the permit in September 2009
- Large permit located onshore West Java, close to Jakarta
 - Previous wells (last in 1991) targeted shallow Neogene carbonates; deeper Paleogene clastic play is untested
 - Direct evidence of live oil from seeps and previous exploration in block
 - Pertamina discoveries (2007-2010) in nearby West Java block tested from 80-3000 bopd and 3.5-15 MMscfg/d from fractured basematu play
 - Gas discoveries can be commercialised
- Drilling expected 2011 / 2012

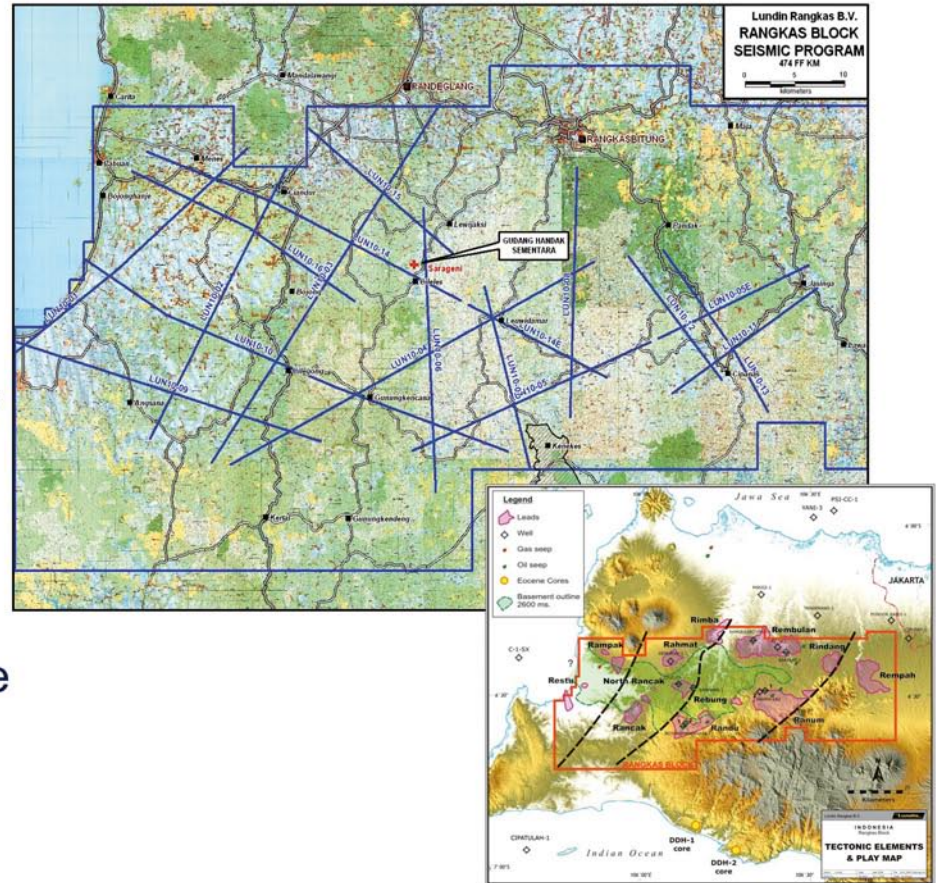


Carnarvon 25%
Lundin Petroleum Operator



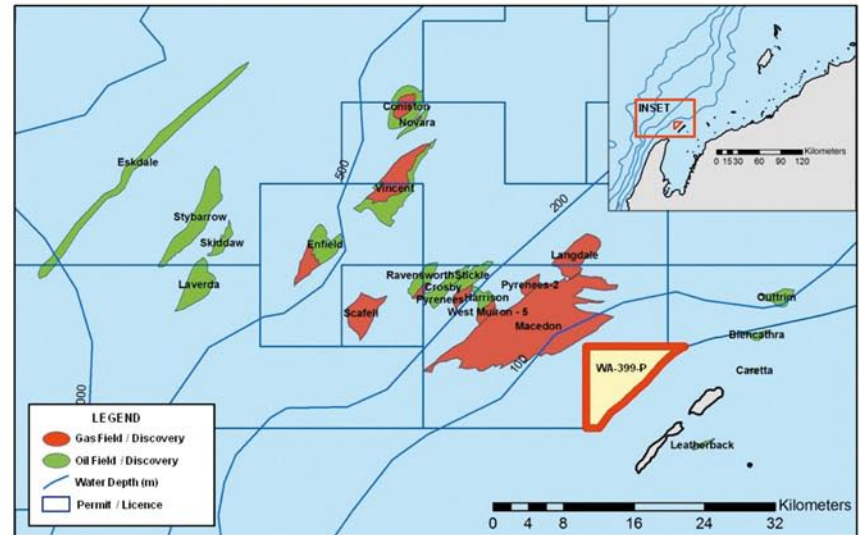
Rangkas PSC

- Acquisition of 474 km of **2D** seismic data scheduled for September 2010
- Data will refine geophysical mapping which reveals over 12 significant leads
- Environmental baseline study complete
- Reprocessing of 1000 km of existing 2D data complete
- Core/reservoir study complete
- Petrophysics and basin modelling studies underway



WA-399-P

- Apache farmed into the permit in July 2010
- 3D acquisition in planning stage, will be funded by Apache
- Multiple play types expected to be better assessed with the 3D seismic data
- Nearby and on trend with large oil and gas fields
- Acreage located in the Exmouth Sub-basin, ~30km NNE of Exmouth



Carnarvon 13%
Apache Operator

Tuatara (New Zealand)

- Well drilled August 2010
- Exploration well commitment was ~US \$3.2m (net to CVN)
- Target prospect 80-100 mmbbl
- Result: Intermittent gas and oil shows
- Next Phase: Joint venture to undertake technical assessment of well results before assessing additional prospects



AWE (operator)	60%
Roc Oil	20%
Kea	10%
CVN	10%

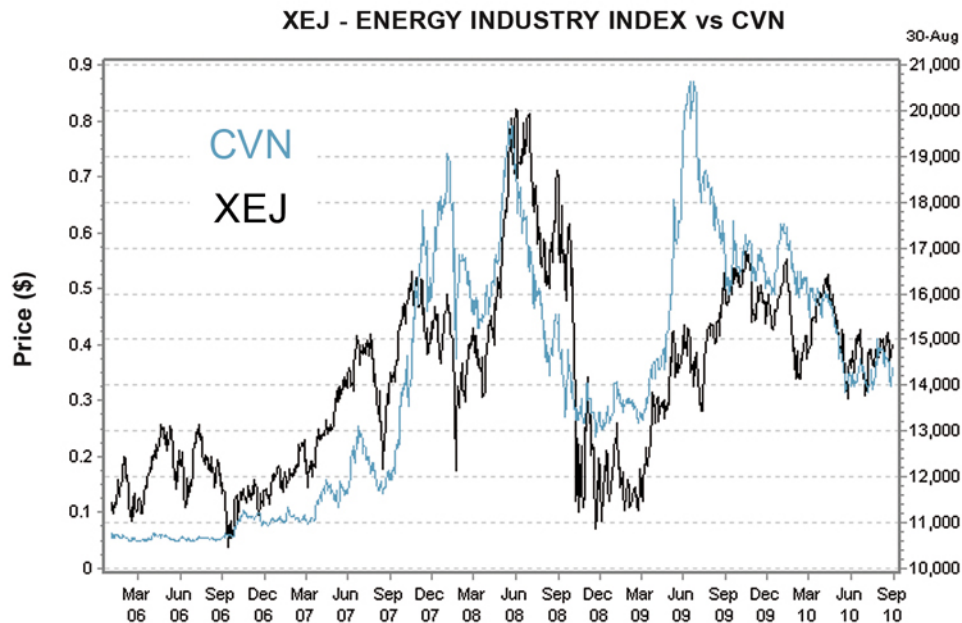


Corporate / Finance

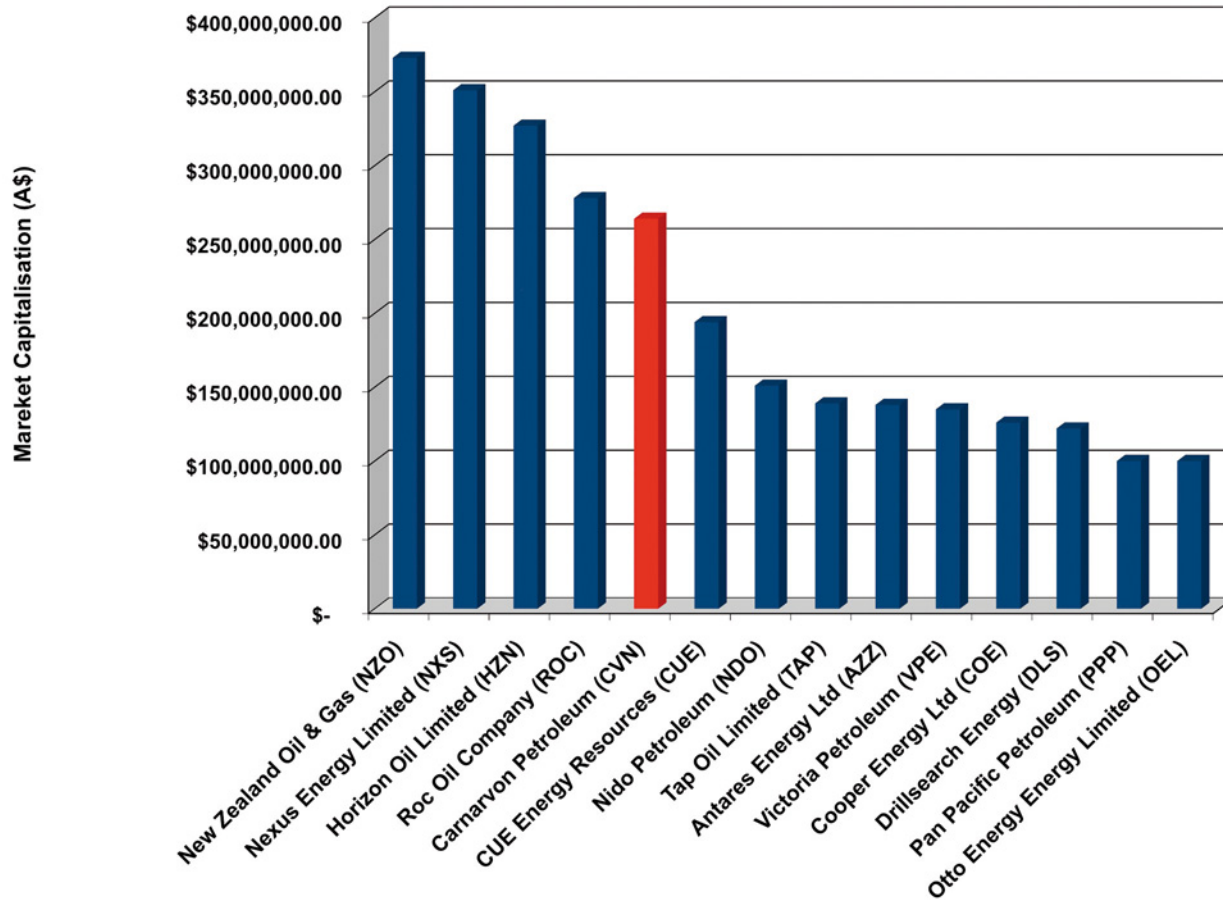
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Capital Structure

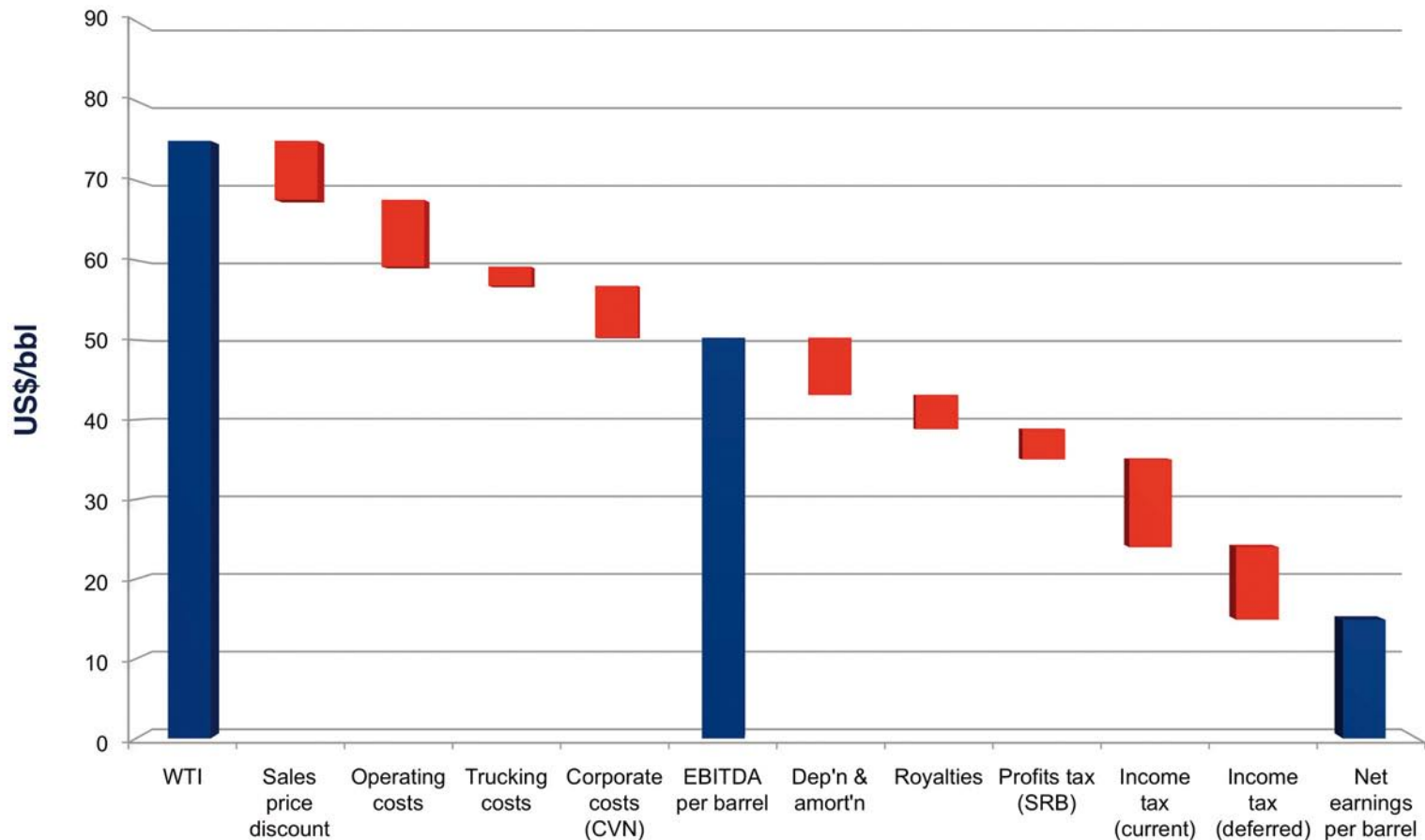
• Issued shares	687m	<u>Significant Shareholdings (12 Aug 2010)</u>	
• Options	nil	Currently there are no significant	
• Share price (as at 4 Aug 2010)	<u>\$0.40</u>	shareholders	
• Market capitalisation	\$275m	Directors & staff hold	9.0%



Peer Comparison

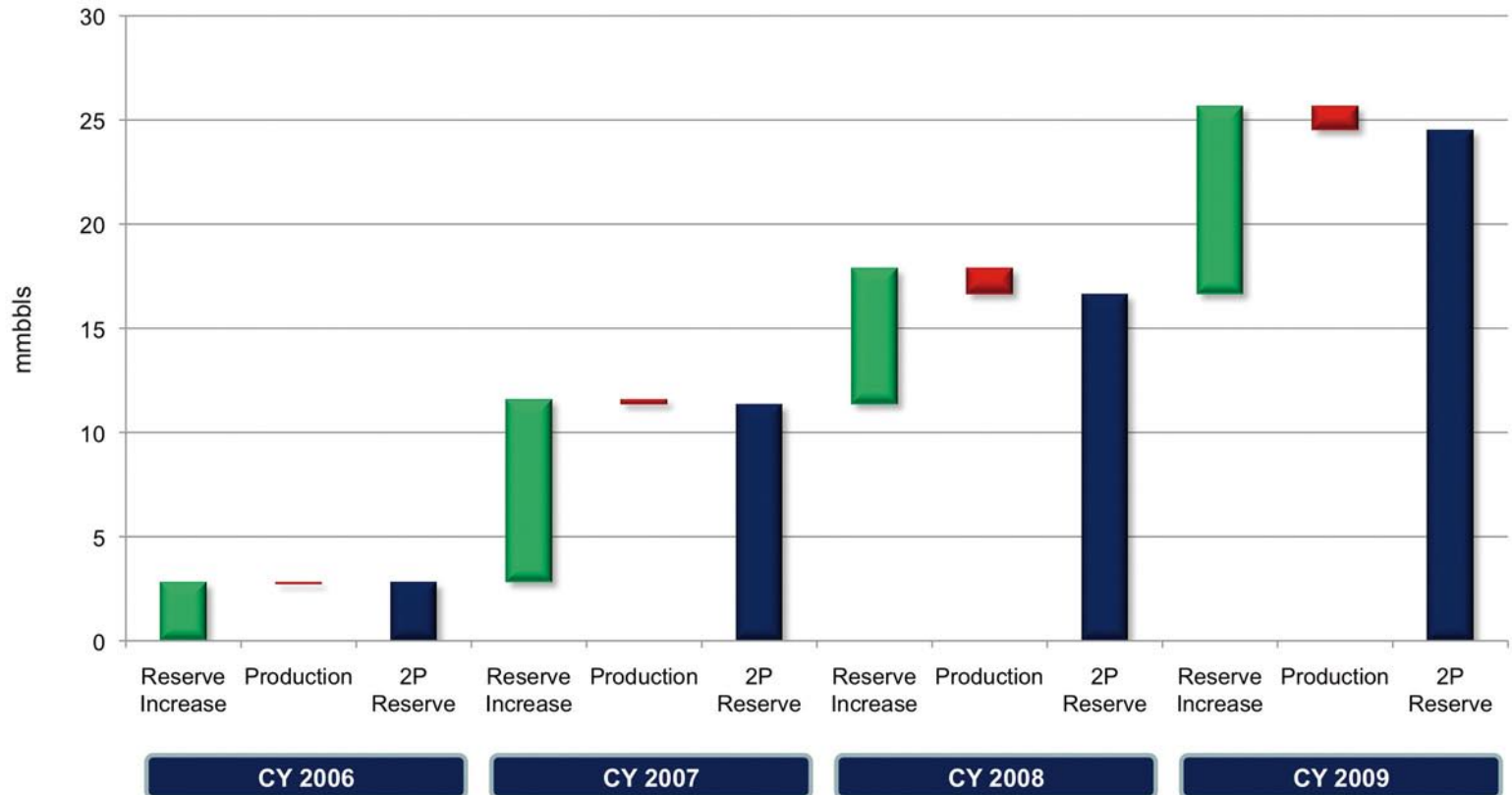


Earnings Analysis



Strong financial position from low operating cost base

Reserves (net to CVN)



Strong base for further reserve growth with 57mmbbls in 3P reserves

Broker Reports

CARNARVON PETROLEUM LTD



December 2009 Half Yearly Result

Investment Highlights

- CVN met profit of A\$7.4m down 64% on 2008 Dec half year. CVN's revenue of US\$1.6m was down 47% on the 2008 figure due to a lower sales price US\$44/500 (2008: 49/50) and a stronger AUD (0.70 vs 0.67) but mostly due to a lower production volume. No oil sales fell to 1.0mbarrel due to 1.7mbarrel due to a focus on exploration and insufficient development drilling. However, CVN finished the period with no debt and \$23.6m in cash.
- Improved rates forecast. In previous guidance the 2 targeted average rate of 3,000bopd for CV2010, support rate will be above 10,000bopd by the year end. Due to the volcanic nature of the assets, there is difficulty in production rates as these depend on the results of rigs which have been largely unpredictable to date.
- Forward drilling plan. CVN has budgeted A\$25.7m for 30 wells over 2010 with the next 3 months to complete development and appraisal drilling of its Bo Rang and La to be completed to 2H reserves.
- Significant reserves upgrade likely in March. Full of a production license, a significant proportion of the of contingent reserves booked across Bo-Rang and La4 to be converted to 2H reserves.
- Expansion beyond existing assets. CVN's project and high margin operation, set to benefit from development. Exploration and is regularly undertaken. In addition CVN is to effectively utilize the cash flow from business above and beyond the current operations. The challenge with reserves growth to date and exploration of commence in L20/50 in 2010. However further growth is
- We maintain our BUY recommendation and price \$0.77/ah. Increased production reserves growth operations into L20/50, and long term potential from the Bo-Rang, Indonesia and other opportunities will drive growth

Year End June 30	2008A	2009A	10E10P	2010E
Reported NPAT (\$m)	16.5	36.4	20.4	2
Reported NPAT (\$m)	16.5	36.4	20.4	2
Reported EPS (cents)	2.3	5.3	3.0	0
EPS Growth (%)	na	132.1	(44.4)	9
PER (x)	15.4	8.9	16.1	
PEG	na	0.1	na	
EBITDA (\$m)	30.0	82.2	47.3	8
EV/EBITDA (x)	2.8	2.8	4.2	2
Free Cashflow	22.0	(2.4)	4.2	2
FCFV (cents)	3.3	(0.4)	0.6	
DFC (x)	14.3	(134.8)	78.7	1
EPS (cents)	0.0	0.0	0.0	
Yield (%)	0.0	0.0	0.0	
Paying (%)	0.0	0.0	0.0	

RESEARCH NOTE - PATERSON'S SECURITIES LIMITED

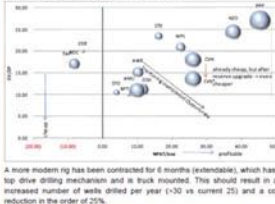
1 March 2010	12month Rating	BUY
Price	A\$	0.47
Target Price	A\$	0.77
12m Total Return	%	61.2
RIC: CVN:ASX	880: CVN:ASX	
Share size	m	68.0
Dividend	%	300.0



CARNARVON PETROLEUM LTD

Positives Overshadowed by Stagnant Production

The Good - Continued Appraisal Success, Production License Granted, Reserves Upgrades in March, Drilling Capacity Increased
 Carnarvon Petroleum Limited ("Carnarvon", "CVN", "Company") reported strong flow rates, averaging 775 barrels of oil per day (vs expectation of 500 barrels of oil per day) from four appraisal wells at its recently discovered L44 and Bo Rang B oil fields during the quarter. Up to 9.7 million barrels will be converted to 2H reserves from these discoveries in March 2010. In December 2009, the Company was also awarded a production license over these discoveries and areas classified as contingent / prospective resources.
 CVN is trading on an EV/2P reserve ratio of ~17 per barrel, which will reduce to ~14 per barrel once the reserves are booked. (see their Comparisons) We view this as a significant catalyst for the share price.



A more modern rig has been contracted for 6 months (extendable), which has a top drive drilling mechanism and is truck mounted. This should result in an increased number of wells drilled per year (~30 vs current 20) and a cost reduction in the order of 25%.
 The Bad - Production Flat, Fewer Wells Drilled Than Expected
 Carnarvon reported an 8% drop in average production for the December 09 quarter, which came in at 2,146 barrels of oil per day (vs CVN target of 2,432 barrels of oil per day in the September quarter. Revenue was also off by the same percentage, at \$455m, on prices remained stable. The exit rate for the year was substantially higher and current net production is 2,640 barrels of oil per day. We have downgraded our production and profit by ~30% for FY10 in light of production performance to date and future production guidance.
 There is No Light, Only More Good
 The addition of the new rig and a focus on development should result in increased production over the remainder of the calendar year. Guidance for an average of 3,000 net barrels per day for CV2010 has been given by the Company, which we believe may be conservative.
 Whilst production is important, our investment thesis remains based on reserves growth through continued successful appraisal and exploration. We rate CVN as a BUY for both long-term growth and for the near term catalyst associated with the expected reserve upgrade in March. Price target: 78c.

Hartleys Limited ABN 124 148 587 (AFSL 230052) 141 St Georges Terrace, Perth, Western Australia, 6000



Carnarvon Petroleum (CVN)

En-thai-sing value

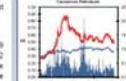
7 July 2010

Opinion Data	Buy
Recommendation	High
Risk Rating	\$6.32
Current share price	\$6.32
Target Price	\$6.32
12m Total Return	%

CVN ASX

CVN ASX	Buy
Price	A\$
Target Price	A\$
12m Total Return	%
RIC: CVN:ASX	880: CVN:ASX
Share size	m
Dividend	%

CVN ASX	Buy
Price	A\$
Target Price	A\$
12m Total Return	%
RIC: CVN:ASX	880: CVN:ASX
Share size	m
Dividend	%



Author: [Name]
 Date: [Date]
 Last New Issue: [Date]
 Price: [Price]
 Dividend: [Dividend]
 EV/2P: [EV/2P]

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Bell Potter SECURITIES LIMITED
Research
 Date of issue: **04.09.09**
Company Update

EUROZ SECURITIES LIMITED AUSTRALIAN RESEARCH
Weekly Informer
 3 February 2010
Analyst: Oliver Foster
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Carnarvon Petroleum Ltd (CVN \$0.51) Buy

- Price Target: \$0.81/ah
- Reason For Update: Dec Qtrly
- What we know:
- Oil production in the Dec Q trilled 207 kbbbls (vs 224 kbbbls in the Sep Q) from CVN's 40% owned onshore Thailand fields.
- Sales revenue was \$18.2m (vs \$16.5m).
- Exploration and appraisal wells dominated the drilling with most testing strongly (130-850 bopd).
- A large production license over the Bo Rang and L44 W discoveries was granted.
- Current gross production rates are ~4,600 bopd.
- CVN's cash balance stands at \$29m - in line with our estimate.
- What we think:
- The Qtrly production result was weak, as guided by CVN during the Q and on the last site visit in Nov/09. Revenues were slightly above our forecasts due to higher oil prices received.
- The grant of the new production license in late 2009 increases CVN's production footprint by more than 100% paving the way for more development wells (presumably increasing production) and a reserves upgrade in Mar/10. We expect CVN's 2P net recoverable reserves will increase by 25-50% to 20-25 mbarrel, which would be an excellent result.
- CVN has provided an average production guidance of 6,000 bopd gross for FY10 which is what we had assumed previously. If achieved, 9,000 bopd would be a 20% increase on CVN's - hopefully indicative of better geological knowledge/probation history and a trend moving forward.
- Upside exists (say up to 50%) to the 6,000 bopd forecast average gross production rate but depends largely on the ongoing drilling success rate at R02 and Bo Rang in particular.
- Upcoming exploration/appraisal wells to look out for are R02-G3 which is a deep test in the R02 Central fault compartment (currently drilling), L44-W wells in L13 concession, L44-B and S1 Thap wells. Development drilling will be a priority in the next couple of months before exploration wells commence.
- CVN's capex/exploration budget for Thailand this FY is \$26m - we have assumed \$30m which also incorporates expenses for other exploration and new ventures. Our cash flow forecast over the same period is \$45m (vs an average US\$8.5/8d and 0/1).
- Other activity in L20/50 (drilling expected from the Sept Q10), L20/50 & L30/50 and the offshore WA Phoenix blocks (at CVN 50%) should create less future reliance on CVN's core business over the course of this year. Large upside potential is possible from these positions but it is still early days.
- Our \$0.81/ah price target represents our valuation (NPV 10% nom) and an expectation of future success from the Bo Rang and S1 Thap projects.

Broker Valuations

**CVN share price
currently in the
range of
\$0.35 to \$0.40**

Company value range \$0.46 to \$0.80

Consensus \$0.63

Exploration and appraisal assets
value range \$0.11 to \$0.23

Consensus \$0.15

Production assets (reserves)
value range \$0.31 to \$0.54

Consensus \$0.45

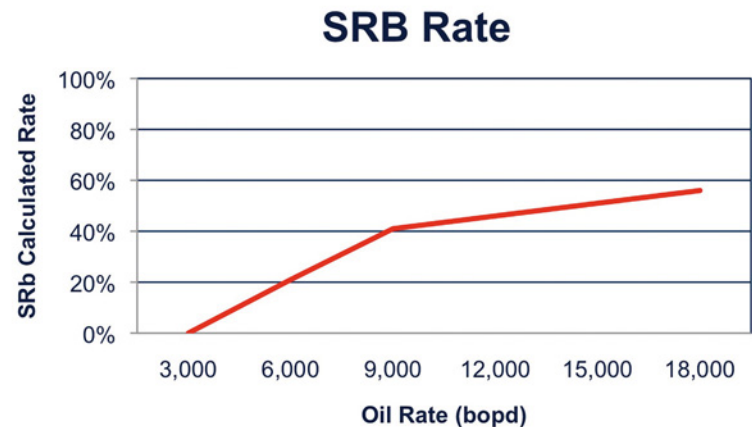
**Gaffney, Cline &
Associates valued CVN's
2P reserves at 31 Dec
2009 at \$0.48**

Thai SRB Explained

- Thailand III regime
- Designed to tax 'excessive profits'
- Applied to each concession area
- Paid annually
- Sliding scale from 0% to 75%
- Higher profit = higher SRB rate

Baht per metre (From)	Baht per metre (To)	Rate per baht metre	Effective SRB (from)	(to)
0	4,800	0	0	0
4,801	14,400	240	0	40%
14,401	33,600	960	40%	60%
>33,601		3840	60%	75%

Source: Hartley's, Department of Mineral Fuels, Thailand



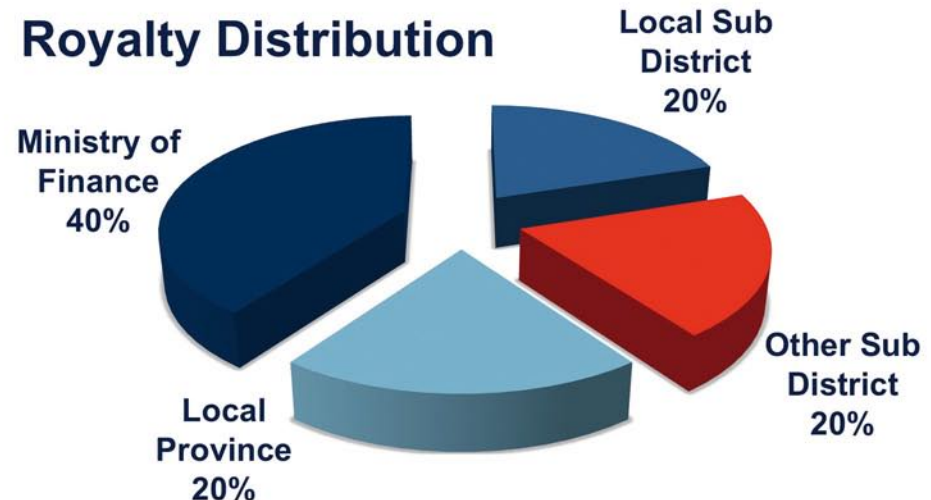
Thai Royalty Explained

- Thailand III regime
- Royalty is applied over each concession area
- Sliding scale from 5% to 15% based on production levels
- Paid on a monthly basis
- Deductible for SRB and corporate tax purposes

Barrels per Day (From)	Barrels per Day (To)	Tiered Royalty Rate	Effective Royalty Rate
0	2,000	0.0500	5
2,001	5,000	0.0625	5.0-5.8
5,001	10,000	0.1000	5.8-7.9
10,001	20,000	0.1250	7.9-10.2
>20,000		0.1500	10.2-15.0

Source: Hartleys, Department of Mineral Fuels, Thailand

Royalty Distribution






Upcoming Activities


Upcoming Activities

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2010 CY Work Programme

	Q1	Q2	Q3	Q4	Indicative 2011
Thailand L44 & L33 production	20 to 25 wells throughout the year				25 – 35 wells (possible 3D seismic)
Thailand L44 & L33 exploration	3 to 8 wells throughout the year				
Thailand L20/50 exploration				1 to 3 wells	Studies (possible 3D seismic follow up to wells)
Thailand L52/53 exploration					Geophysical data acq'n
Australia Phoenix exploration			~1,100km ² of 3D & ~410km of 2D seismic acq'n		Farmout (possible well)
Indonesia Rangkas exploration			~500km of 2D seismic acq'n		Seismic Interpretation
New Zealand Tuatara exploration			Tuatara-1 well		Studies

Growth Plan

	Thailand	Australia	Indonesia	New Zealand	New Regions
Exploration	Significant short term and medium term upside within the existing exploration asset portfolio				
Appraisal	Significant short term upside	<div style="border: 1px solid #ccc; border-radius: 15px; padding: 10px; background-color: #e0f0f8;"> <ul style="list-style-type: none"> Direct oil & gas asset holding Onshore / shallow offshore Concentrating on Australasia/SE Asia Compelling technical & economic fundamentals Experienced team, cash, cash flow and balance sheet </div>			
Production	Strong long life cash flows to support growth				



PHILIP HUIZENGA
General Manager (Operations)

1322 Hay Street, West Perth
Western Australia 6005
Telephone: +61 (8) 9321 2665
Fax: +61 (8) 9321 8867
Mobile: +61(0) 407 778 745
Email: phuizenga@cvn.com.au
www.carnarvon.com.au



ADRIAN COOK
General Manager (Corporate)

1322 Hay Street, West Perth
Western Australia 6005
Telephone: +61 (8) 9321 2665
Fax: +61 (8) 9321 8867
Mobile: +61(0) 438 912 476
Email: acook@cvn.com.au
www.carnarvon.com.au



TED JACOBSON
Chief Executive Officer

1322 Hay Street, West Perth
Western Australia 6005
Telephone: +61 (8) 9321 2665
Fax: +61 (8) 9321 8867
Email: tjacobson@cvn.com.au
www.carnarvon.com.au



Ground Floor
1322 Hay Street
West Perth WA 6005
Telephone: +61 (8) 9321 2665
Fax: +61 (8) 9321 8867
www.carnarvon.com.au