

30 April 2010

Company Announcements Office
Australian Stock Exchange Limited

Via ASX Online

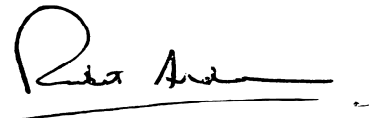
Dear Sirs,

QUARTERLY REPORT FOR MARCH 2010

Please find attached Carnarvon Petroleum Limited's Quarterly Activities Report for the quarter ended 31 March 2010.

Yours faithfully,

Carnarvon Petroleum Limited



RA Anderson
Company Secretary

HIGHLIGHTS

THAILAND L33/43, L44/43 and SW1A

- ✓ Reserves – Significant 2P and 3P Reserves increase
 - 24.5 million barrels net 2P at 31 Dec 2009
 - 48% increase over the previous period
 - 57.0 million barrels net 3P at 31 Dec 2009
 - 55% increase over the previous period
- ✓ Production – drilling to focus on production wells in 2010
 - Net average daily production for the quarter was 2,544 bopd, up 13% on the previous quarter
 - Joint Venture planning eight new production wells in June 2010 quarter
 - Rig move to L44-A15 (multi pad location) at completion of NSE-B3
- ✓ Appraisal - wells continue to test positively
 - L44V-D3 (Bo Rang “B”) tested at 650 bopd
 - L44V-D4 (Bo Rang “B”) tested at 800 bopd
 - NSE-E3 (Bo Rang “B”) tested at 700 bopd
 - NSE-H3 completed with hole problems – requires re-entry with service rig
 - NSE-B3 nearing completion
- ✓ Exploration – large prospect inventory
 - NSE-G3 suspended above target for re-entry at completion of development drilling
 - Large prospect inventory being high graded for drilling at the completion of the production drilling campaign

THAILAND L20/50

- ✓ Well planning in progress
 - Large prospect inventory containing multiple play types with meaningful volumes interpreted (5-30 million bbl gross recoverable per prospect)
 - Planning commenced for drilling 1-3 wells beginning 4th Qtr 2010

THAILAND L52/50 and L53/50

- ✓ The formal award of the L52 and L53 blocks in Thailand completed in Feb 2010
- ✓ Large onshore blocks on trend with offshore oil field

AUSTRALIA

- ✓ Acquisition of 1,100 km² of 3D and 410 km of 2D seismic data is expected to commence in the second quarter of 2010 on the Phoenix blocks in Western Australia
- ✓ Awarded a new permit WA-443-P offshore Western Australia

INDONESIA

- ✓ Acquisition of up to 500 km of 2D planned for 3rd Qtr 2010 on the Rangkas block

REPORT FOR THE MARCH 2010 QUARTER

OIL PRODUCTION AND REVENUE

Carnarvon's oil sales revenue for the March 2010 quarter was A\$17.4 million, with an average price of A\$76.16 per barrel.

Oil sales and revenues net to Carnarvon for the past two quarters are as follows:

| | Mar 10 Quarter | Dec 09 Quarter | Qrtly % Changes | Comments |
|--|-------------------|-------------------|--------------------|---|
| Net sales volumes - (bbls) | 228,934 | 206,672 | 11% | Production drilling commenced |
| Net sales revenue - (A\$000) | 17,435 | 15,228 | 14% | Increase in sales volume and oil price |
| Average sale price achieved - (A\$/bbl) | 76.16 | 73.68 | 3% | Strengthening oil price |
| Net average daily - (bopd) | 2,544 | 2,246 | 13% | |

The average production for the March quarter was 6,349 bopd gross (2,544 bopd net to Carnarvon). This rate was within guidance given in the December Quarterly (2,400 to 3,200 bopd net to Carnarvon). Achieving higher rates depended primarily upon a successful outcome at the NSE-G3 exploration well which was suspended without testing. The basis for suspending the well is outlined in more detail in this report. However, upon completion of the development drilling program currently underway, the well will be re-entered and sidetracked in order to test this deep volcanic objective in an optimal position.

During April 2010, gross production was in the range of 6,500 to 7,500 bopd gross (2,600 to 3,000 bopd net) with increases anticipated in the short term as drilling moves from appraisal to development activities.

Appraisal drilling through the quarter has been successful with additional commercial production at L44V-D3, L44V-D4 and NSE-E3. At the completion of the current appraisal well NSE-B3, the drilling rig will move to pad location L44-A15 and commence development/production drilling. This first site has four well slots currently available, with two additions if required, and it is anticipated that wells can be completed in 10-12 days each. Further surface pads for development drilling of the Bo Rang A, Bo Rang B, L44-W and NSE-F1 fields are completed or near completion. The planned development program for the remainder of 2010 involves an additional 20-25 wells to be drilled on primarily production targets.

The Joint Venture maintains an average gross production target in Thailand of 9,000 barrels of oil per day for the 2010 calendar year (3,600 bopd net), which is approximately 20% above 2009 average production levels of 7,500 bopd gross (3,000 bopd net).

Production for the June Quarter 2010 is expected to be in the range of 7,000 to 9,000 bopd gross (2,800 to 3,600 bopd net to CVN). Achieving the higher end of the range will depend on early testing success of the upcoming L44W-A15 development wells.

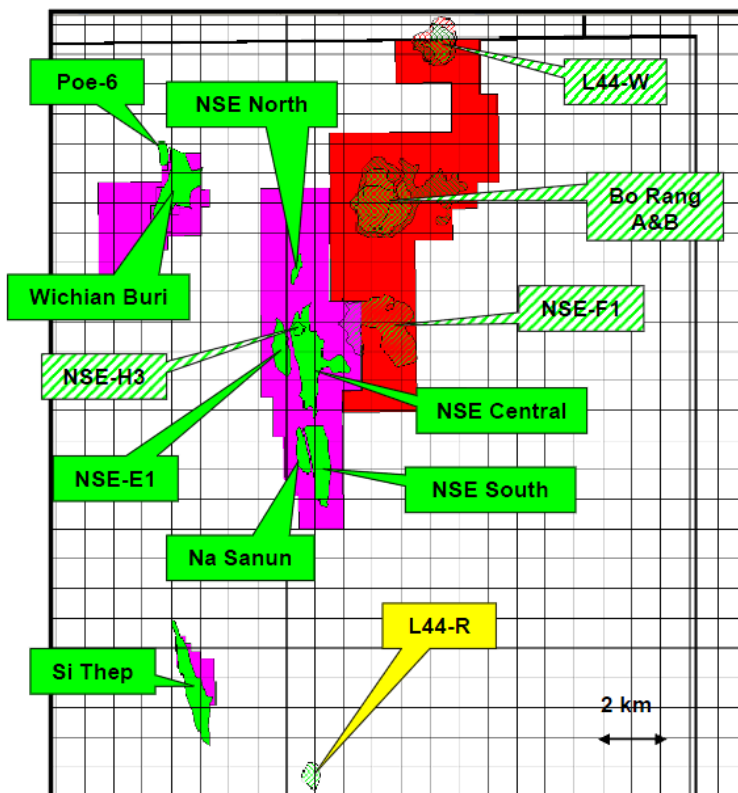
The current political situation in Thailand has not affected Carnarvon or the Joint Venture operations in any way to date and is believed by management to be unlikely to affect operations in the future. Any change to this assessment will be immediately communicated to shareholders.

RESERVES UPDATE

**L33/43, L44/43 and SW1A Onshore Thailand
 (Carnarvon 40% and Non-Operator)**

Carnarvon’s net 2P oil reserves were 24.5 million barrels as at 31 December 2009, an increase of 48% over the Dec 2008 estimate. The annual reserves audit was conducted by Gaffney, Cline & Associates (Consultants) Pte. Ltd. of Singapore (“GCA”) and was prepared in accordance with the Operator’s requirement for National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.

| Net Carnarvon Reserves | | | |
|------------------------|----------------------|----------------------|------------------------------|
| | Proved | Proved + Probable | Proved + Probable + Possible |
| | 1P (million bbls) | 2P (million bbls) | 3P (million bbls) |
| GCA 31 Dec 2009 | 6.4 | 24.5 | 57.0 |
| 12 Month % Increase | 73% | 48% | 55% |



The reserves are evenly spread over a number of oil fields either under development or about to be developed as outlined in the table below.

| Net Carnarvon Reserves | |
|-------------------------------|---------------------|
| Oil Field | 2P Reserves mm bbls |
| NSE Central | 7.2 |
| NSE-F1 | 4.81 |
| Bo Rang "B" | 3.98 |
| Bo Rang "A" | 3.45 |
| Wichian Buri | 1.45 |
| NSE South | 0.95 |
| L44-W | 0.71 |
| NSE-E1 | 0.53 |
| Si Thep | 0.48 |
| Na Sanun | 0.34 |
| NSE-H3 | 0.27 |
| POE-6 | 0.06 |
| NSE North | 0.05 |
| NSE-J1 | 0.05 |
| Total | 24.5* |

** Note total may not add due to rounding .*

Information regarding the preparation of this reserves statement:

The information in this Reserves Statement has been compiled by Philip Huizenga, a full-time employee of Carnarvon Petroleum Ltd. Philip Huizenga is qualified in accordance with ASX listing rule 5.11 and has consented to the form and context in which this statement appears.

DRILLING AND EXPLORATION

L33/43, L44/43 and SW1A Onshore Thailand (Carnarvon 40% and non-operator)

Wells drilled and/or completed during quarter or subsequent to quarter:

| Well | Permit | Status |
|-------------|--------|--|
| NSE-G3 | L44/43 | Suspended exploration well |
| L44V-D3 | L44/43 | On production at 650 bopd |
| L44V-D4 | L44/43 | On production at 800 bopd |
| NSE-E3 | L44/43 | Testing commenced at around 700 bopd |
| NSE-H3RDST1 | L44/43 | Hole collapsed – to be reopened and deepened |

The NSE-G3 exploration well is currently suspended at the casing shoe just below the base of the main NSE central producing volcanic. The deeper volcanic objective in the well was penetrated approximately 175 meters (true vertical depth) deeper than originally anticipated due to a large fault not imaged by 3D seismic data over the prospect as a result of interference from the shallower volcanic objective. Upon completion of the development drilling program currently underway, the well will be re-entered and sidetracked in order to test this deep volcanic objective in an optimal position.

The **L44V-D3** horizontal production into the Bo Rang “B” structure has been placed on production at a stable rate of around 650 bopd gross (260 bopd net).

The **L44V-D4** horizontal production into the Bo Rang “B” structure has been placed on production at a stable rate of around 800 bopd gross (320 bopd net).

Significantly the **L44V-D3** and **L44V-D4** wells were drilled and completed in around 10-12 days using the new drilling rig, and rig moves were completed in 1-2 days.

The **NSE-E3** horizontal well has been drilled on the NSE-E1 structure and testing recently commenced at a rate of around 700 bopd gross (280 bopd net).

The **NSE-H3RDST1** appraisal well was targeting a shallow (around 550 m TVD) volcanic above the main producing zone at NSE Central. This well was problematic and took 18 days longer than initially planned due to the hole continually packing off (collapsing due to the highly fractured overlying shales). The well was completed but subsequently collapsed around the reservoir level. The well will be re-opened and deepened with a workover rig (in order to maintain consistent development drilling with the main drilling rig) and re-tested at a later date.

During the June 2010 quarter, the Joint Venture is planning to drill eight wells across the following locations:

| Locations | Permit | Well Type | Status |
|---------------|--------|----------------------------------|------------------------------|
| NSE-B3 | L44/43 | Exploration/Appraisal | Nearing Completion |
| L44-A15 (4-6) | L44/43 | Development of Bo Rang “A” & “B” | Site construction complete |
| 2009-B (4-6) | L44/43 | Development of NSE-F1 | Site construction complete |
| L44-W | L33/43 | Appraisal in L33 concession | Construction near completion |
| Na Sanun West | L44/43 | Exploration - NFW | Site construction complete |

** Final well numbers, locations and order of drilling are subject to ongoing Joint Venture discussion and Thai Department of Mineral Fuels Approvals.*

For the March 2010 quarter the Joint Venture drilled five wells. Two horizontal development wells were drilled at Bo Rang "B" (L44V-D3 and L44V-D4) and are on production. The NSE-E3 horizontal well was drilled on the NSE-E1 structure and is also on production. The NSE-G3 exploration well drilled in the first quarter is currently suspended and will be re-entered and sidetracked in order to test a deeper volcanic objective after completion of the current development drilling program. The NSE-H3 was problematic and caused a slight delay in the drilling program. This well requires reopening and deepening which is capable of being achieved with the service rig, freeing up the main rig to continue drilling.

In 2009 the Joint Venture employed two drilling rigs for its Thailand operations but changed in early 2010 to a single, newer rig with superior equipment and performance. This rig had been operating successfully and reliably in Thailand with another operator for a number of years. The performance of the new rig has been as anticipated and is capable of drilling approximately two to three development wells per month from wells on the same pad, matching last year's performance using two rigs and with estimated drilling cost savings of approximately 20 to 25% per well.

NSE-B3 is an appraisal/development well in the central block of the Na Sanun East oil field, targeting the main volcanics in an updip location from previously drilled NSE-B1 well. The well is located in a structurally high position on a three way dip closed feature. Current operations comprise logging over the main volcanic section ahead of completing the well for testing.

Full scale development of the Bo Rang "A", Bo Rang "B", L44-W and NSE-F1 discoveries made in 2009 will commence at the completion of the NSE-B3 well. The first surface pad location, L44-A15, is ready for drilling to commence. The wells from this surface pad are capable of targeting the Bo Rang "A" and Bo Rang "B" sub surface targets. Drill pads are also complete for drilling into the L44-W field and the NSE-F1 field. Further drilling pads, capable of handling three or more wells per pad, are completed or in the final stage of completion, including a location to drill the L44-W structure from the L33/43 concession. This drilling is part of the development well program planned for the remainder of 2010 with up to 27 wells utilizing a single drilling rig. Consideration is being given to contracting a second rig to target the significant exploration potential that is currently undrilled in Concession L44 and L33.

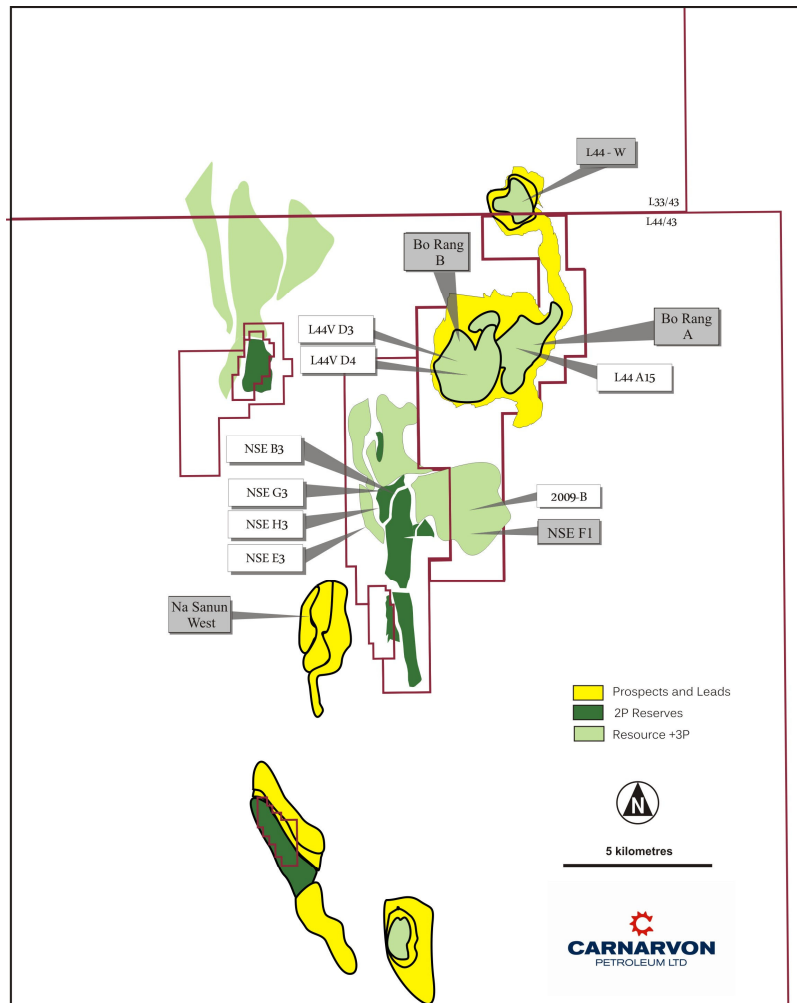


Figure 3: Indicative appraisal and development locations around NSE oil field.

EXPLORATION BLOCKS – THAILAND

(a) L20/50 Concession – Thailand

(Carnarvon Petroleum 50% and Operator, Sun Resources 50%)

Interpretation of all seismic data, combined with a geological assessment of the exploration concession, has been completed. Significant sedimentary section and structuring are evident in the new data, and reservoirs are likely to include Sirikit style fans, Wichian Buri style sandstones and Na Sanun style volcanics.

A seriatim of leads and prospects has been identified, with meaningful volumes per structure in the range of 5 to 30 million bbls recoverable per prospect. Re-processing of some of the seismic is currently underway to determine ideal drilling locations. At the completion of the re-processing, anticipated in very early May, a Joint Venture decision on the number and location of wells to drill will occur. Following the EIA process, drilling is scheduled to begin in Fourth quarter 2010.

(b) L52/50 & L53/50 Concession Applications - Thailand
(Carnarvon Petroleum 50%, Pearl Energy 50% and Operator)

During the quarter, executives of Carnarvon Petroleum attended an official signing with the Minister of Energy and Government officials for the newly awarded L52/50 and L53/50 concessions in the Surat Thani province, onshore on the Thailand peninsular.

The combined area of the two blocks is large, comprising approximately 6,950 km² however both are lightly explored, with only two deep wells and limited seismic data available.

In the first three year obligation period the Joint Venture has committed to a work program of geological studies, geophysical data acquisition and wells with a total expenditure of around US\$2.6 million gross (US\$ 1.3 million net to Carnarvon).

The Joint Venture plans to start work on the blocks shortly, and envisages geological surface mapping and shallow geophysical data acquisition being undertaken in the first year ahead of detailed 2D seismic acquisition in the second year.

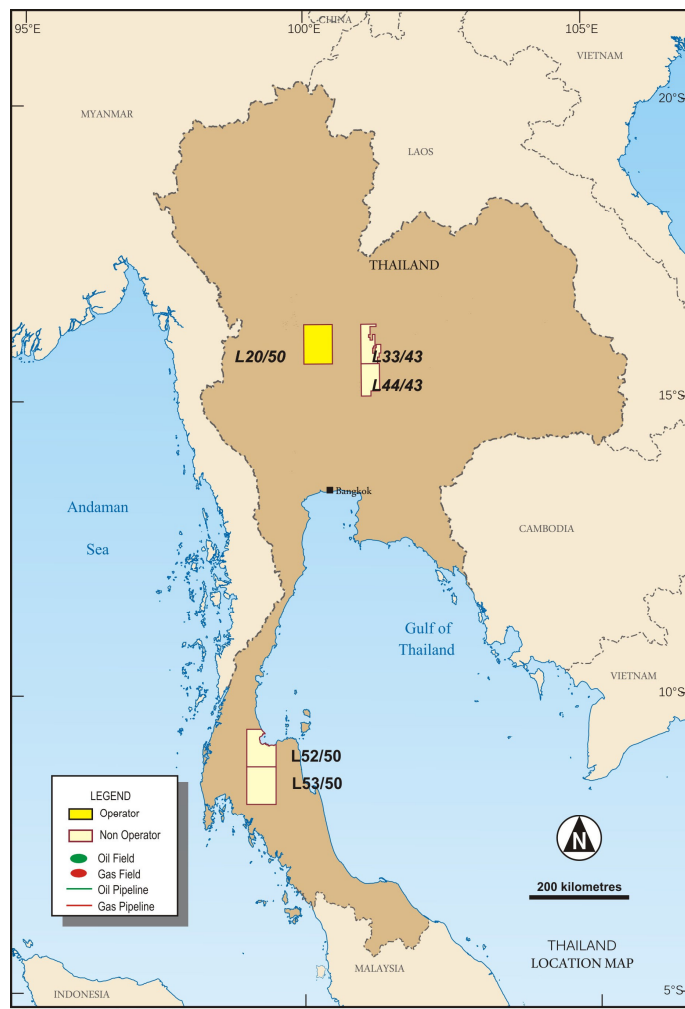


Figure 4: Thailand concessions – location map

EXPLORATION BLOCKS – AUSTRALIA

(a) WA-435-P, WA-436-P, WA-437-P and WA-438-P – Australia Offshore NW Shelf (Carnarvon Petroleum 50%, FINDER Exploration 50% and Operator)

Carnarvon has identified eight large leads and prospects with multi-Tcf potential of recoverable gas. The gas discovered in Phoenix-1 and -2 wells was never tested so it is unknown whether commercial flow rates can be obtained in that part of the permit. However, from regional well data (e.g. in Keraudren-1) reservoir quality is known to improve to the south of the Phoenix wells where there are several large undrilled structures.

An exploration programme comprising an 1,100 km² 3D seismic survey and a 430 km 2D seismic survey is expected to commence in July 2010, and a 15,850 km² aeromagnetic survey is expected to commence early next month. These new data will enable evaluation of the identified prospects and leads at a cost net to Carnarvon of approximately A\$3 million. Computer processing and interpretation of these data is expected to be completed during Q4 2010.

Once the interpretation is complete, Carnarvon intends to farm out a portion of its interests for a financial carry through an exploration drilling programme yet to be defined. Drilling will commence as soon as possible after this farm-out.

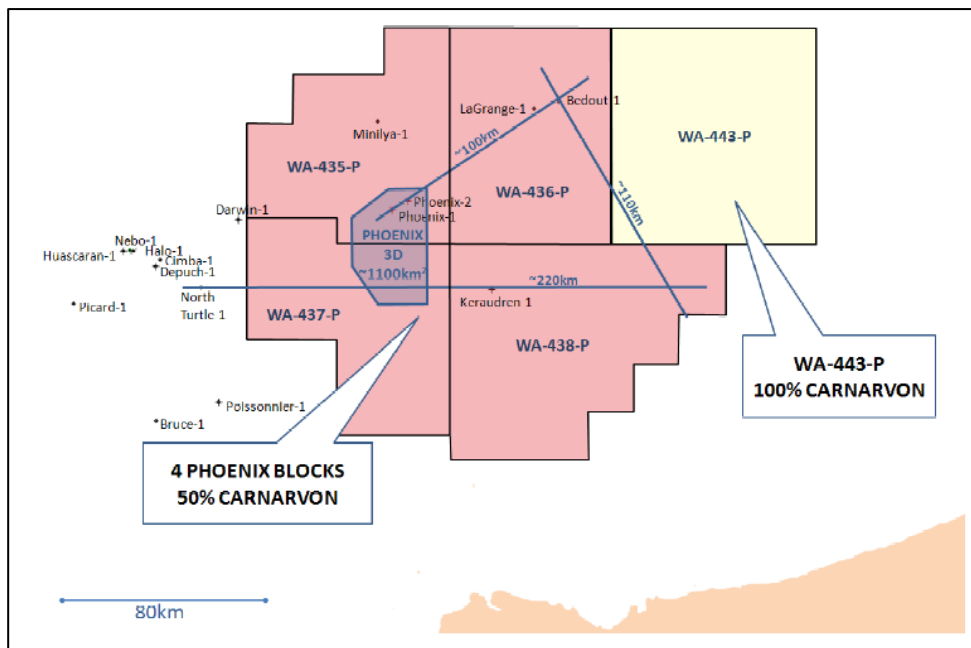


Figure 5: Relative location of Carnarvon's offshore NW Shelf Roebuck sub-basin blocks

(b) WA-443-P– Australia Offshore NW Shelf (Carnarvon Petroleum 100% and Operator)

Carnarvon was successful in its bid for 100% of a new permit gazetted by the Australian government, WA-443-P, offshore Western Australia. This new exploration permit is situated adjacent to Carnarvon's four existing permits WA-435-P, WA-436-P, WA-437-P and WA-438-P in which it holds a 50% interest, referred to as the Phoenix permits, within the Bedout Sub-Basin.

The Bedout Sub-Basin is situated to the north of the Carnarvon Basin. Exploration drilling over this area totals six wells drilled in two main phases in the early 1970's and early 1980's and a more recent seventh well drilled by Apache Energy in 1995. Drilling resulted in the discovery of significant gas intersections averaging approximately 700 metres in the two wells Phoenix-1 and -2.

No previous drilling has taken place in the WA-443-P block. One large Middle Triassic prospect has been interpreted, the Jaubert Prospect, which is a faulted anticlinal closure. The structural form and size of the prospect are comparable to the adjacent Phoenix group of potentially large gas accumulations. Carnarvon has secured this new permit with a firm programme over three years to reprocess and interpret 1,400 km of 2D seismic. Geological and geophysical studies will also be carried out in conjunction with similar work in the Phoenix permits.

(c) WA-399-P – Australia Offshore NW Shelf
(Carnarvon Petroleum 50% and Operator, Rialto Energy 50%)

Planning is underway for the acquisition of 315 kilometres of 2D seismic data in 2010 in accordance with the minimum commitment terms for the permit. The seismic acquisition is intended to provide additional geological information and to help further define the prospectivity beyond that achieved by the seismic reprocessing work previously undertaken by Carnarvon.

WA-399-P was awarded on 7 May 2007 covering an area of 50 km² between the Pyrenees and Macedon oil and gas fields, the Leatherback oil accumulation. Carnarvon completed the reprocessing of all available seismic over the permit (550 km²) in 2008.

EXPLORATION BLOCKS – INDONESIA

(a) Rangkas PSC – Onshore Indonesia
(Carnarvon Petroleum 25%, Tap Oil 24%, Lundin Petroleum 51% and Operator)

The Rangkas block is located onshore West Java, southwest of Jakarta, and covers an area of 3,977 km². Previous drilling in the block and surface oil seeps confirm an active petroleum system. Several prospects and leads are identified in the block based on reprocessed 2D seismic data.

A seismic survey of up to 500 km is in planning for acquisition in the third quarter of 2010. Based on the results of this seismic survey the joint venture may commit to additional seismic and drilling in 2011-2012.



Figure 7: Rangkas block location – onshore West Java

CORPORATE ACTIVITIES


Cash Balance

Carnarvon's consolidated cash balance at quarter end was A\$34.4 million, compared to A\$30.6 million at the end of the previous quarter (including cash held as security).

Cash balances are affected by fluctuations in working capital, the impact of changes in foreign exchange rates and the timing of tax payments.

Top 20 Shareholders

A top 20 shareholders list as at 28 April 2010 is attached below:

| | |  | | |
|--|---|---|--------------------|-------------------|
| CARNARVON PETROLEUM LTD | | ORDINARY SHARES (GROUPED) As of 28 Apr 2010 | | |
| Top Holders Snapshot - Ungrouped | | Composition : EMS, ORD | | |
| Rank | Name | Address | Units | % of Units |
| 1. | J P MORGAN NOMINEES AUSTRALIA LIMITED | LOCKED BAG 7, ROYAL EXCHANGE | 60,114,519 | 8.75 |
| 2. | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | GPO BOX 5302, SYDNEY NSW, 2001 | 41,822,291 | 6.09 |
| 3. | NATIONAL NOMINEES LIMITED | GPO BOX 1406, MELBOURNE VIC, | 38,918,792 | 5.67 |
| 4. | ANZ NOMINEES LIMITED <CASH INCOME A/C> | GPO BOX 2842AA, MELBOURNE VIC, 3001 | 17,941,419 | 2.61 |
| 5. | MR EDWARD PATRICK JACOBSON | PO BOX 172, WOODSIDE SA, 5244 | 12,917,903 | 1.88 |
| 6. | RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <PIPOOLED A/C> | GPO BOX 5430, SYDNEY NSW, 2000 | 12,265,237 | 1.79 |
| 7. | PENDOMER INVESTMENTS PTY LTD <LAW SETTLEMENTS FUND A/C> | PO BOX 424, WEST PERTH WA, 6872 | 8,400,000 | 1.22 |
| 8. | COGENT NOMINEES PTY LIMITED <SMP ACCOUNTS> | PO BOX R209, ROYAL EXCHANGE NSW, 1225 | 8,361,303 | 1.22 |
| 9. | JACOBSON GEOPHYSICAL SERVICES PTY LTD | APARTMENT 9, 12 ALTONA ST, WEST PERTH WA, 6005 | 8,000,000 | 1.16 |
| 10. | MR PETER JAMES LEONHARDT | 24 AGETT ROAD, CLAREMONT WA, | 7,700,000 | 1.12 |
| 11. | CITICORP NOMINEES PTY LIMITED | GPO BOX 764G, MELBOURNE VIC, | 6,941,952 | 1.01 |
| 12. | ARNE INVESTMENTS PTY LTD | LEVEL 2, 88 COLLINS STREET, | 6,710,493 | 0.98 |
| 13. | MACQUARIE BANK LIMITED <METALS & ENERGY CAP DIV A/C> | LEVEL 1, NO 1 MARTIN PLACE, SYDNEY NSW, 2000 | 6,111,421 | 0.89 |
| 14. | GEOLYN PTY LTD | 24 AGETT ROAD, CLAREMONT WA, | 6,000,000 | 0.87 |
| 15. | MR EDWARD PATRICK JACOBSON | 9/12 ALTONA ST, WEST PERTH WA, | 6,000,000 | 0.87 |
| 16. | MR GREGORY JOHN MUNYARD + MRS MARIA ANN MUNYARD + MISS CARMEN HELENE MUNYARD <RIVIERA SUPER FUND A/C> | 9 GIBNEY VISTA, WEST LEEDERVILLE WA, 6007 | 5,900,000 | 0.86 |
| 17. | ATHOL STEEL PTY LTD | 42 OXFORD ROAD, STRATHFIELD | 4,800,000 | 0.70 |
| 18. | ARNE INVESTMENTS PTY LTD | LEVEL 2, 88 COLLINS STREET, | 3,991,906 | 0.58 |
| 19. | CITICORP NOMINEES PTY LIMITED <CWLTH SMALL CO FD 9 A/C> | GPO BOX 764 G, MELBOURNE VIC, 3001 | 3,419,327 | 0.50 |
| 20. | LOG CREEK PTY LTD | LEVEL 2, 88 COLLINS STREET, | 3,400,000 | 0.50 |
| Totals: Top 20 holders of ORDINARY SHARES (GROUPED) | | | 269,716,563 | 39.27 |
| Total Remaining Holders Balance | | | 417,043,071 | 60.73 |