

Krai Thong Drilling Update

1 March 2011



Thailand L20/50 Concession

Carnarvon Petroleum provides the following update on the Krai Thong exploration well, onshore Thailand.

Location / Proposed depth

Krai Thong is located onshore central Thailand in the Phitsanulok basin, around 350 km northwest of Bangkok and 60km south of the Sirikit oil field. The proposed depth for this well is around 1,425 metres.

Progress

Krai Thong has drilled surface hole down to 132 m and as at 6:00 am on 1 March is currently running 13 3/8" casing according to plan.

Forward Plan

Operations for the next 5-7 days will be setting 13 3/8" casing, drilling intermediate hole down to around 600 m, and setting the 9 5/8" casing.

The well is planned to intersect the target objectives within the next 9-12 days. The well is planned to reach total depth (TD) within the next two weeks.

Further updates will be issued as the well progresses.

L20/50 Concession Permit Holders

Carnarvon Petroleum Ltd (Operator)	50%
Sun Resources NL	42.5%
Peak Oil & Gas Limited	7.5%

SUMMARY

Krai Thong exploration well onshore Thailand spudded 28th February 2011

Current operations setting 13 3/8" casing

Anticipated time to completion around three weeks

Resource potential of Krai Thong prospect 37 million bbls of oil gross

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Target

The Krai Thong well location is located in the L20/50 Concession in Central Thailand. The approximate location of the concession and prospect is shown in Figure 1.

The Krai Thong location is situated proximal to the main western basin bounding fault which defines the Nong Bua Graben, at the southern end of the Phitsanulok Basin in Central Thailand. The Nong Bua Graben lies approximately 50km to the south of the Sirikit Oil Field. Basin modelling suggests

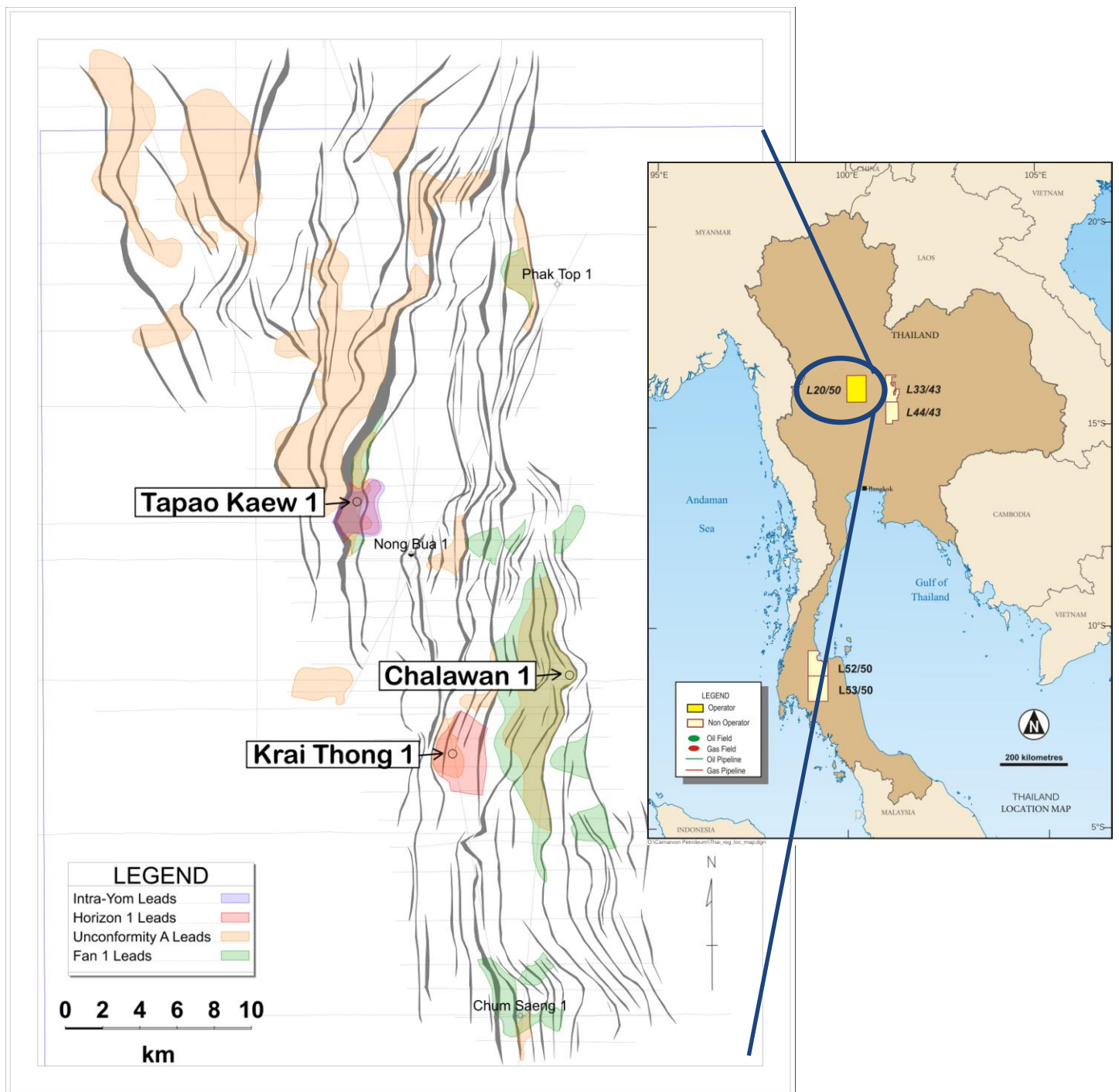


Figure 1: Approximate location of L20/50 prospects, onshore Thailand

that there is good potential for hydrocarbons to be generated in the basin. The Krai Thong well is designed to test a structural closure, defined from geophysical mapping of all of the available seismic data. These data include new 2D seismic data acquired by Carnarvon Thailand in June-August 2009, as well as vintage data acquired by Thai Shell in the early 1980's.

This is a structural prospect, with closure mapped at three different stratigraphic levels. Depth maps of two levels of interest, namely Horizon 1 and Unconformity A, are provided as Figure 2. A seismic line intersecting the prospect is included as Figure 3. The aim of the well is to determine the presence of reservoir quality sands in an interpreted fan-type deposit, as well as to establish if hydrocarbons have been generated in the Nong Bua Graben.

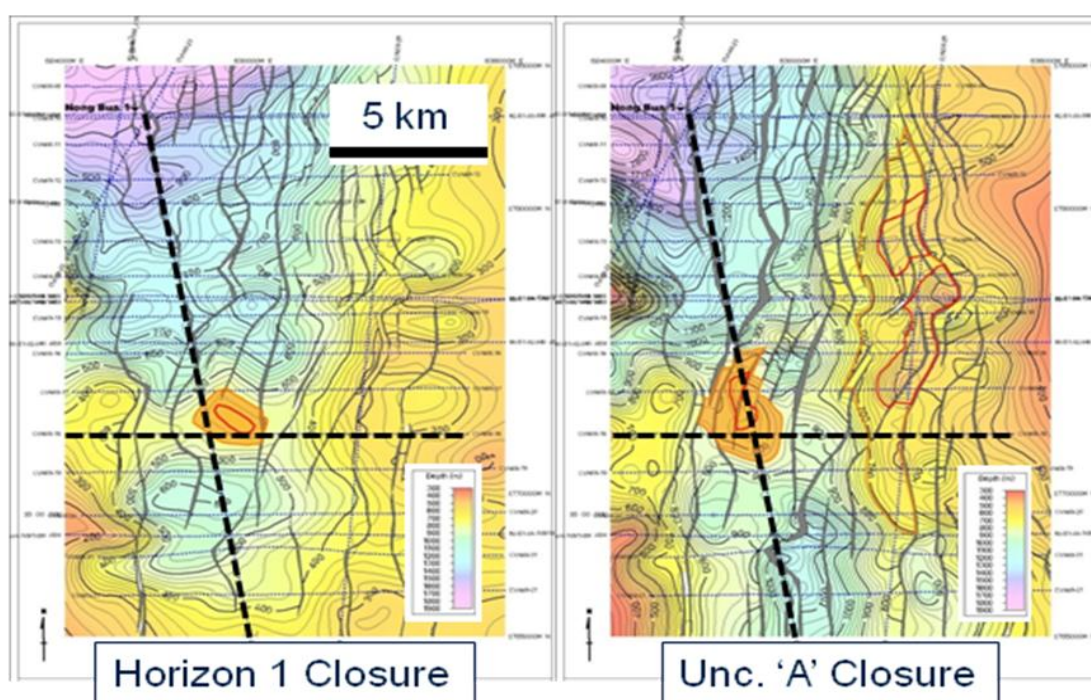


Figure 2: Closures at two levels in the Krai Thong prospect.

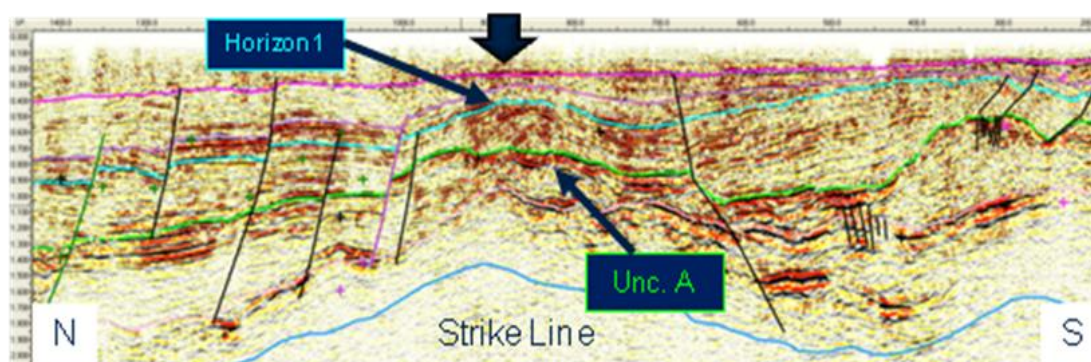


Figure 3: Arbitrary seismic line through Krai Thong prospect