

Thailand Operations Update

14 July 2011



Carnarvon Petroleum Limited ("Carnarvon") (ASX:CVN) is pleased to provide the following operations update covering its 40% interest in the SW1A, L33/43 and L44/43 exploration Concessions (within which the existing production licences reside), onshore Thailand.

Highlights

- WBEXT-1F NEW POOL DISCOVERY
- WBEXT-2BST1 ON PRODUCTION AT 1,100 BOPD (GROSS)

Thailand Concession L44

WBEXT-1F Exploration Well

Carnarvon is pleased to announce the discovery of two new sandstone reservoir pools at WBEXT-1F in a fault compartment due east of the existing WBEXT field for which no proved or probable reserves were assigned in the December 31, 2010 evaluation. The "E" sand tested at approximately 0.6 million cubic feet per day of natural gas (gross) and the shallower D sand at 100 BOPD (gross) with no water. As observed in every example to date, the Company expects oil down dip of the gas encountered in the "E" sand. Upon the completion of testing in the new reserve area "E" and "D" sands, the well was plugged back and put on production from the "D" sand (misidentified as the "E" sand in the May 27, 2011 update) at a stabilised rate of approximately 83 BOPD (gross). A follow up appraisal program targeting the "E" and "D" sands in the new fault compartment is currently being defined.

WBEXT-2B Appraisal Well

The WBEXT-2BST1 well, a step out appraisal of the 2010 WBEXT WBV2 volcanic reservoir oil discovery is currently on production at a restricted rate of approximately 1,100 BOPD (gross) with a water cut of approximately 28% as the well cleans up after approximately 1,800 barrels of fluid losses incurred while drilling the highly fractured volcanic reservoir interval. There remains potential upside to this encouraging step out appraisal well with up to four additional locations on the Concession L44 side of the structure, excluding the portion of the structure that extends to the north into Concession L33.

We anticipate the next well targeting the WBEXT WBV2 reservoir to commence drilling in approximately five days, upon the completion of the POE-6A well that is currently drilling.

POE-6A Appraisal Well

The POE-6A is the first appraisal of the 2006 POE-6 oil discovery well and flowed at approximately 46 BOPD (gross). The well has showed a very low decline rate and water cut despite being drilled in close proximity to the field oil water contact. POE-6A encountered the top of the “G” sand target approximately 70 meters high to the POE-6 discovery well with approximately 20 meters of net sand with good oil shows and elevated mud gas readings, and is interpreted to be oil bearing on wireline logs. The overlying “F” sand, approximately 13 meters thick, is also interpreted to be hydrocarbon bearing in this well. Logging over the “F” and “G” sands, and casing of the well to intermediate depth, has been completed. The plan is to now continue drilling deeper to evaluate the relatively unknown older sedimentary section in this region of the concession. Upon the completion of the drilling of this well, the rig will be moving on to a planned WBEXT WBV2 appraisal well.

Thailand Concession SW1

NS-2A Appraisal Well

The NS-2A appraisal well drilled within the Na Sanun Production License area encountered the main Na Sanun volcanic reservoir at a depth approximately four meters higher than the original NS-1 discovery well, and is highly fractured based on the approximately 400 barrels per hour of drilling fluid losses observed while drilling through the zone. It is anticipated that testing will commence within two days.

Na Sanun West-1 Exploration well

The Na Sanun West-1 (“NSW-1”) exploration well is targeting a separate structural closure at the same volcanic target level as the Na Sanun Field located approximately 3.3 kilometers to the east. Drilling is anticipated to commence within the next two days and take approximately eight to days to reach total depth.

Thailand Production

Thailand production is currently 3,365 BOPD of which 1,346 BOPD is net to Carnarvon. Further detail on production and revenue results for the June 2011 quarter will be covered in the Company’s quarterly report.

Near term production additions are anticipated from the POE-6A development well that has indicated sandstone pay in the F/G sands and the NS-2A Na Sanun appraisal well which is about to commence testing. Two drilling rigs are now fully operational on concession L44.

Of particular note, over the past few months, the historic 11% differential for the realized price of our Thailand crude oil compared to the WTI reference price has been narrowing and most recently our realized price is approximately 2% lower than the WTI reference price. This is expected to continue as long as the WTI and Brent spreads continue at their historically high differential.

This update and further information on the Company are available on Carnarvon's website at: www.carnarvon.com.au.

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