

Thailand Operations Update

18 August 2011



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

Carnarvon's partner in these assets and the Operator of the concessions, Pan Orient Energy (TSX:POE), have released their second quarter 2011 financial and operating results and the following are highlights from this report.

Drilling Results

The **POR-6A** appraisal well is currently on production from a sandstone zone at a stabilized rate of 80 BOPD and **NS-2A** is currently on production from a sandstone zone at 145 BOPD.

The **NSW-A** exploration well encountered a tight primary volcanic objective with oil shows being encountered in sands below the volcanic zone. Well bore conditions did not allow wire line logging despite repeated attempts to acquire the data. This well has been suspended and the deeper sandstone potential is being evaluated to determine if a sidetrack of the well is justified.

WBEXT-1DST2 appraisal well is currently drilling ahead just above the primary WBV1 volcanic objective within the WBEXT field limits. The well is anticipated to reach its total depth within the next few days. Upon the completion of WBEXT-1DST2, the rig will commence drilling the first appraisal well of the NSE North volcanic discovery made in August 2007.

The primary drilling rig used by the Joint Venture has exhibited superior performance over the past year and the drilling rig company that owns the rig has indicated that a second rig may be available around October 2011, if required.

Forward Plan

The remaining 2011 drill program anticipates approximately 14 development wells and up to five exploration wells. The development well program includes five wells targeting the WBEXT "E" sands once the first of two batches of environmental approvals are in place (anticipated September, 2011). The development program also includes an additional well into the POE-6 "G" sand, two wells targeting the "F" and "G" sands at the Wichian Buri field, two additional development wells targeting other sandstone zones yet to be selected and four development wells targeting volcanic reservoirs. Generally, the sandstone target wells are shallow and are expected to take around five days of drilling rig time versus around nine days of drilling rig time on the deeper volcanic target wells. As indicated earlier, a second rig may also be introduced in October, 2011 if required.

Production

Production in July 2011 averaged 2,788 BOPD gross (1,115 BOPD net to Carnarvon) compared to an average of 2,816 BOPD gross (1,126 BOPD net to Carnarvon) for the first half of 2011.

The Joint Venture anticipates the drilling of approximately 14 development wells between now and the calendar year end with one active drilling rig, with each well expected to produce at an average rate of 150 BOPD gross.

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Thailand 2011 Drilling – Concessions L33/43 & L44/43

