

**ASX APPENDIX 4D
RESULTS FOR ANNOUNCEMENT TO THE MARKET
LISTING RULE 4.2A.3
HALF YEAR FINANCIAL REPORT TO 31 DECEMBER 2011**

| | 6 months to 31 December 2011 | 6 months to 31 December 2010 | % change |
|---|---------------------------------|---------------------------------|----------|
| | \$000 | \$000 | |
| Sales revenue | 17,287 | 35,948 | (51.9%) |
| Net (loss) / profit for the period | (2,479) | 4,792 | (151.7%) |
| Net (loss) / profit attributable to members | (2,479) | 4,792 | (151.7%) |

Explanation of results

An explanation of the Group's results is contained in the Director's Report within the attached Interim Financial Report and in the Interim Financial Report Presentation.

Dividends

| | 6 months to 31 December 2011 | 6 months to 31 December 2010 |
|----------------------------|---------------------------------|---------------------------------|
| Interim dividend per share | Nil | Nil |
| Franked amount per share | Not applicable | Not applicable |

Net tangible assets per share

| | As at 31 December 2011 | As at 31 December 2010 |
|---|---------------------------|---------------------------|
| Net tangible assets per share (cents per share) | 2.0 | 3.6 |

Details of associates and joint venture assets

| <i>Joint venture</i> | <i>Principal activities</i> | <i>31 December 2011 Ownership interest %</i> | <i>31 December 2010 Ownership interest %</i> | <i>31 December 2011 Net profit \$000</i> | <i>31 December 2010 Net profit \$000</i> |
|--|---|--|--|--|--|
| <i>Thailand</i> | | | | | |
| Phetchabun Basin Concession, Exploration Blocks L44/43 and L33/43, 3/2546/60 and 5/2546/62 Concessions | Exploration, development and production of hydrocarbons | 40% | 40% | 3,290 | 14,890 |
| Exploration Block L20/50, 7/2551/98 Concession | Exploration for hydrocarbons | 55% | 50% | - | - |
| Exploration Blocks L52/50 and L53/50 3/2553/105 concession | Exploration for hydrocarbons | 50% | 50% | - | - |
| <i>Western Australia</i> | | | | | |
| WA-399-P, Carnarvon Basin | Exploration for hydrocarbons | 13% | 13% | - | - |
| WA-435-P, WA-436-P, WA-437-P, WA 438-P, Roebuck Basin | Exploration for hydrocarbons | 50% | 50% | - | - |
| WA-443-P, Roebuck Basin | Exploration for hydrocarbons | 100% | 100% | - | - |
| <i>Indonesia</i> | | | | | |
| Rangkas, West Java Basin | Exploration for hydrocarbons | 33% | 25% | - | - |

**CARNARVON PETROLEUM LIMITED
ABN 60 002 688 851
AND CONTROLLED ENTITIES**

**INTERIM FINANCIAL REPORT
31 DECEMBER 2011**

CORPORATE DIRECTORY

Directors

PJ Leonhardt (Chairman)
AC Cook (Chief Executive Officer)
EP Jacobson (Non-Executive Director)
NC Fearis (Non-Executive Director)
W Foster (Non-Executive Director)

Company Secretary

G Smith (Appointed 21 November 2011)
R Anderson (Retired 21 November 2011)

Auditors

Crowe Horwath Perth

Bankers

Australia and New Zealand Banking Group Limited
National Australia Bank Limited
HSBC (Thailand)

Registered Office

Ground Floor
1322 Hay Street
West Perth WA 6005
Telephone: +61 8 9321 2665
Facsimile: +61 3 9321 8867
Email: admin@cvn.com.au
Website: www.carnarvonpetroleum.com.au

Share Registry

Link Market Services Limited
Ground Floor
178 St Georges Terrace
Perth, WA 6000 Australia

Investor Enquiries: 1300 554 474 (within Australia)
Investor Enquiries: +61 2 8280 7111 (outside Australia)
Facsimile: +61 2 9287 0303

Stock Exchange Listing

Securities of Carnarvon Petroleum Limited are listed on the Australian Securities Exchange.
ASX Code: CVN - Ordinary shares

CONTENTS

| | |
|--|-------|
| Directors' Report | 3-4 |
| Auditors' Independence Declaration | 5 |
| Consolidated Income Statement | 6 |
| Consolidated Statement of Comprehensive Income | 7 |
| Consolidated Statement of Financial Position | 8 |
| Consolidated Statement of Changes in Equity | 9 |
| Consolidated Statement of Cash Flows | 10 |
| Notes to the Consolidated Financial Statements | 11-14 |
| Directors' Declaration | 15 |
| Independent Auditor's Review Report | 16 |

DIRECTORS' REPORT

The directors present their report together with the consolidated financial report for the half-year ended 31 December 2011, and the independent review report thereon.

Directors

The directors of the Company in office at any time during or since the end of the half-year are as follows. Directors were in office for this entire period unless otherwise stated.

Peter Leonhardt
Adrian Cook
Edward (Ted) Jacobson
Neil Fearis
William (Bill) Foster

Review of operations

The Group's primary assets are the producing oil fields in central Thailand (at Wichian Buri, Na Sanun, Si Thep, Na Sanun East, Bo Rang, L44-W, L33-1, L33-2 and WBEXT) which, together with associated exploration and appraisal opportunities, make up the Phetchabun Basin Joint Venture ("Joint Venture"). Carnarvon has a 40%, non-operator, interest in these assets which are located in the production licenses arising from the SW1A, L33/43 and L44/43 exploration permits.

The Joint Venture's drilling activities were focused on the appraisal and development of existing fields. Particular attention was focused on the NSE-F field after NSE-F6 was commissioned at 1,000 bopd (400 bopd net to Carnarvon). The Joint Venture embarked upon a trial of inflow control devices during the period. The technology was first installed in BR-1RDST1 and resulted in incremental oil being produced. The technology has since been implemented in another three wells with all wells realising increases in oil production rates.

Over the period production was affected by natural decline and water ingress in wells producing from volcanic reservoirs. Results from the exploration and appraisal WBEXT volcanic reservoirs, in an attempt to replicate the success of the WBEXT-1, WBEXT-1A and WBEXT-1C wells did not replicate the achievements in the earlier wells. The Joint Venture aims to increase production by developing the reserves in WBEXT sandstone reservoirs, beginning with a ten well drilling campaign in early 2012 upon environmental approval being given to proceed.

Gross Joint Venture oil sales during the half-year were 449,120 bbls (2010: 1,219,858 bbls).

The Group's share of revenue from oil sales was \$17,287,000 (2010: \$35,948,000). The decrease from the previous corresponding period was the result of the decrease in the volume of oil sold offset by a higher average sale price achieved of \$96.22/bbl (2010: \$73.67/bbl).

The Group's loss after tax from continuing operations for the half year ending 31 December 2011 was \$2,479,000 (2010 profit: \$4,792,000). The loss includes costs of \$3,361,000 (2010: \$3,391,000) in relation to the write off of the exploration costs for the Rangkas PSC in Indonesia.

The income tax expense of \$1,326,000 (2010: \$5,291,000) pertains to Thailand taxes and is incurred in relation to profits in the Thailand operations. Expenses incurred in Australia are not deductible for Thailand income tax purposes. However these costs are retained and form tax losses available for use against future Australian sourced income.

With the increase in development costs carried forward, there has been an increase in deferred tax liabilities recognised in the financial statements. These liabilities are due to temporary differences between income tax deductions and amortisation with respect to the Company's oil & gas assets in Thailand. The deferred tax component of the income tax expense of \$5,453,000 (2010: \$1,740,000) does not incur any cash obligation to the Thai tax authorities in the current period.

Amortisation of oil & gas assets during the half year was \$1,631,000 (2010: \$3,656,000). The decrease in the amortisation expense was due to the decrease in production volumes.

CARNARVON PETROLEUM LIMITED
31 DECEMBER 2011 INTERIM FINANCIAL REPORT

It is the Company's policy to naturally hedge financial commitments which are expected to be in Thai Baht and US Dollars.

Carnarvon completed 3D seismic acquisition and interpretation programmes in the Phoenix blocks in Western Australia and the farm-out process for the blocks containing the Phoenix South and Roc prospects commenced in December 2011. The 2D seismic data acquisition in the Company's L52/50 and L53/50 joint venture in Thailand was also completed during the December 2011 half year and processing and interpretation of this data has commenced.

The December 2011 half year has been an active yet difficult period for the Company. The Company is working to improve the production volumes and cash flows from Thailand production through the WBEXT sandstone development program and realise value through its attractive portfolio of exploration assets.

Subsequent events

No matter or circumstance has arisen since 31 December 2011 that in the opinion of the directors has significantly affected, or may significantly affect in future financial years:

- (i) the Group's operations, or
- (ii) the results of those operations, or
- (iii) the Group's state of affairs

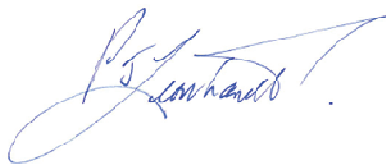
Rounding of amounts

The company is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission. Amounts in the Directors' Report and the interim financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order unless otherwise indicated.

Auditors' Independence Declaration

The lead auditors' Independence Declaration, as required under section 307C of the Corporations Act 2001, is set out on page 5 and forms part of this directors' report for the half-year ended 31 December 2011.

Signed in accordance with a resolution of the directors.



PJ Leonhardt
Director

Perth
28 February 2012



AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Carnarvon Petroleum Limited for the half year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink that reads "Crowe Horwath Perth".

CROWE HORWATH PERTH

A handwritten signature in blue ink, appearing to be "Cyrus Patell".

CYRUS PATELL
Partner

Signed at Perth, 28 February 2012

CARNARVON PETROLEUM LIMITED
31 DECEMBER 2011 INTERIM FINANCIAL REPORT

CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

| | Half-year 31 December 2011 \$000 | Half-year 31 December 2010 \$000 |
|--|---|---|
| Continuing operations | | |
| Revenue | 17,287 | 35,948 |
| Cost of sales | (7,218) | (11,771) |
| Gross profit | 10,069 | 24,177 |
| Administrative expenses | (688) | (792) |
| Employee benefits expense | (653) | (1,072) |
| Directors' fees | (146) | (107) |
| Unrealised foreign exchange gain / (loss) | 304 | (3,916) |
| Travel related costs | (80) | (101) |
| Share based payments | (381) | (207) |
| New venture expenditure written off | (794) | (410) |
| Exploration expenditure written off | (3,361) | (3,391) |
| Results from operating activities | 4,270 | 14,181 |
| Finance income | 30 | 47 |
| Net finance income | 30 | 47 |
| Profit before taxes | 4,300 | 14,228 |
| Taxes | | |
| Deferred income tax expense | (5,453) | (1,740) |
| Income tax expense | (1,326) | (5,291) |
| | (6,779) | (7,031) |
| Special remuneratory benefit tax | - | (2,405) |
| Total taxes | (6,779) | (9,436) |
| Net (loss) / profit for the period from continuing operations attributable to members of the entity | (2,479) | 4,792 |
| Basic (loss) / earnings per share from continuing operations (cents per share) | (0.4) | 0.7 |
| Diluted (loss) / earnings per share from continuing operations (cents per share) | (0.4) | 0.7 |

The consolidated income statement should be read in conjunction with the notes to the consolidated interim financial report.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

| | Half-year 31 December 2011 \$000 | Half-year 31 December 2010 \$000 |
|---|---|---|
| Net (loss) / profit for the period from continuing operations | <u>(2,479)</u> | <u>4,792</u> |
| Other comprehensive income | | |
| Exchange differences arising in translation of foreign operations | 3,125 | (9,763) |
| Total other comprehensive income / (loss) net of taxes | <u>3,125</u> | <u>(9,763)</u> |
| Total comprehensive income / (loss) for the period attributable to members of the entity | <u>646</u> | <u>(4,971)</u> |

The consolidated statement of comprehensive income should be read in conjunction with the notes to the consolidated interim financial report.

CARNARVON PETROLEUM LIMITED
31 DECEMBER 2011 INTERIM FINANCIAL REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

| | 31 December | 30 June |
|--------------------------------------|--------------------|----------------|
| | 2011 | 2011 |
| | \$000 | \$000 |
| Current assets | | |
| Cash and cash equivalents | 10,234 | 14,798 |
| Trade and other receivables | 5,032 | 5,444 |
| Inventories | 3,978 | 3,381 |
| Other assets | 333 | 287 |
| Total current assets | <u>19,577</u> | <u>23,910</u> |
| Non-current assets | | |
| Property, plant and equipment | 552 | 470 |
| Exploration and evaluation | 6,808 | 5,955 |
| Oil and gas assets | 81,833 | 71,682 |
| Total non-current assets | <u>89,193</u> | <u>78,107</u> |
| Total assets | <u>108,770</u> | <u>102,017</u> |
| Current liabilities | | |
| Trade and other payables | 5,131 | 4,895 |
| Employee benefits | 178 | 146 |
| Current tax | 880 | 875 |
| Total current liabilities | <u>6,189</u> | <u>5,916</u> |
| Non-current liabilities | | |
| Deferred tax | 34,255 | 28,802 |
| Total non-current liabilities | <u>34,255</u> | <u>28,802</u> |
| Total liabilities | <u>40,444</u> | <u>34,718</u> |
| Net assets | <u>68,326</u> | <u>67,299</u> |
| Equity | | |
| Issued capital | 68,240 | 68,240 |
| Reserves | (16,716) | (20,222) |
| Retained profits | 16,802 | 19,281 |
| Total equity | <u>68,326</u> | <u>67,299</u> |

The consolidated statement of financial position should be read in conjunction with the notes to the consolidated interim financial report.

CARNARVON PETROLEUM LIMITED
31 DECEMBER 2011 INTERIM FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

| | Issued capital \$000 | Retained profits \$000 | Translation reserve \$000 | Share based payments reserve \$000 | Total \$000 |
|---|-------------------------------------|---------------------------------------|--|---|------------------------|
| Balance at 1 July 2010 | 68,240 | 17,122 | (4,828) | 1,838 | 82,372 |
| Comprehensive income | | | | | |
| Profit for the period | - | 4,792 | - | - | 4,792 |
| Other comprehensive income | - | - | (9,763) | - | (9,763) |
| Total comprehensive income for the half year | - | 4,792 | (9,763) | - | (4,971) |
| Transactions with owners and other transfers | | | | | |
| Share based payments | - | - | - | 207 | 207 |
| Total transactions with owners and other transfers | - | - | - | 207 | 207 |
| Balance at 31 December 2010 | 68,240 | 21,914 | (14,591) | 2,045 | 77,608 |
| Balance at 1 July 2011 | 68,240 | 19,281 | (22,267) | 2,045 | 67,299 |
| Comprehensive income | | | | | |
| Loss for the period | - | (2,479) | - | - | (2,479) |
| Other comprehensive income | - | - | 3,125 | - | 3,125 |
| Total comprehensive income for the half year | - | (2,479) | 3,125 | - | 646 |
| Transactions with owners and other transfers | | | | | |
| Share based payments | - | - | - | 381 | 381 |
| Total transactions with owners and other transfers | - | - | - | 381 | 381 |
| Balance at 31 December 2011 | 68,240 | 16,802 | (19,142) | 2,426 | 68,326 |

The consolidated statement of changes in equity should be read in conjunction with the notes to the consolidated interim financial report.

CARNARVON PETROLEUM LIMITED
31 DECEMBER 2011 INTERIM FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

| | Half-year 31 December 2011 \$000 | Half-year 31 December 2010 \$000 |
|--|---|---|
| Cash flows from operating activities | | |
| Receipts from customers and GST recovered | 18,059 | 37,520 |
| Payments to suppliers and employees | (7,695) | (14,772) |
| Income and special remuneratory benefit taxes paid | (1,263) | (6,171) |
| Interest received | 30 | 50 |
| Net cash flows provided by operating activities | <u>9,131</u> | <u>16,627</u> |
| Cash flows from investing activities | | |
| Exploration, evaluation and development expenditure | (13,906) | (18,133) |
| Acquisition of property, plant and equipment | (222) | (123) |
| Net cash flows (used in) investing activities | <u>(14,128)</u> | <u>(18,256)</u> |
| Cash flows from financing activities | | |
| Sale of property, plant, and equipment | - | 149 |
| Proceeds from sale of exploration asset | - | 350 |
| Net cash flows provided by financing activities | <u>-</u> | <u>499</u> |
| Net (decrease) in cash and cash equivalents | (4,997) | (1,130) |
| Cash and cash equivalents at beginning of the half-year | 14,798 | 30,255 |
| Effects of exchange rate fluctuations on cash and cash equivalents | 433 | (618) |
| Cash and cash equivalents at end of the half-year (*) | <u>10,234</u> | <u>28,507</u> |

(*) In addition, the Group has \$898,000 (June 2011: \$1,247,000) of restricted cash held as security and classified under trade and other receivables.

The consolidated statement of cash flows should be read in conjunction with the notes to the consolidated interim financial report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting entity

Carnarvon Petroleum Limited ("Carnarvon") is a company domiciled in Australia.

The consolidated interim financial report as at and for the six months ending 31 December 2011 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in jointly controlled assets.

The 31 December 2011 interim financial statements were authorised for issue by the board of directors on 28 February 2012.

2. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and any public announcements made during the half year.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2011 annual financial report for the financial year ended 30 June 2011, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods.

3. Contingent assets and liabilities

There have been no changes of a material nature in contingent liabilities or contingent assets since the last annual reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Property plant and equipment

Capital commitments

As at 31 December 2011 the Group had entered into capital commitments for \$592,000 (December 2010: \$429,000).

5. Equity securities issued

| | 31 December 2011 Shares | 31 December 2010 Shares |
|--|----------------------------|----------------------------|
| <i>Issue of ordinary shares during the half-year</i> | | |
| Shares issued under the Employee Share Plan | 5,500,000 | 1,061,000 |
| | <u>5,500,000</u> | <u>1,061,000</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Segment information

The Group reports one segment, oil and gas exploration, development and production, to the chief operating decision maker, being the Board of Carnarvon Petroleum Limited, in assessing performance and determining the allocation of resources. The financial information presented in the statement of cashflows is the same basis as that presented to chief operating decision maker.

Basis of accounting for purposes of reporting by operating segments

Unless otherwise stated, all amounts reported to the chief operating decision maker are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Revenue by geographical region

Revenue, including interest income, is disclosed below based on the location of the external customer:

| | Half-year ending 31 December 2011 \$000 | Half-year ending 31 December 2010 \$000 |
|-----------|--|--|
| Thailand | 17,310 | 35,962 |
| Australia | 7 | 33 |
| | <u>17,317</u> | <u>35,995</u> |

The Group derives 100% of its sales revenue from one customer in the oil and gas exploration, development and production segment.

Total assets by geographical region

The location of total segment assets is disclosed below by geographical location of the assets:

| | As at 31 December 2011 \$000 | As at 30 June 2011 \$000 |
|-----------|---|---|
| Thailand | 101,333 | 90,399 |
| Australia | 7,437 | 8,425 |
| Indonesia | - | 3,193 |
| | <u>108,770</u> | <u>102,017</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Subsequent events

No matter or circumstance has arisen since 31 December 2011 that in the opinion of the directors has significantly affected, or may significantly affect in future financial years:

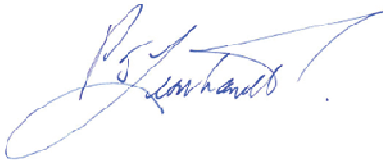
- (i) the Group's operations, or
- (ii) the results of those operations, or
- (iii) the Group's state of affairs

DIRECTORS' DECLARATION

The directors of the Carnarvon Petroleum Limited (the "Company") declare that:

1. The financial statements and notes, as set out on pages 6 to 14 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



PJ Leonhardt
Director

Perth
28 February 2012



**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF CARNARVON PETROLEUM LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Carnarvon Petroleum Limited and its controlled entities (the consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2011, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Carnarvon Petroleum Limited (the company) are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of Carnarvon Petroleum Limited and its controlled entities' financial position as at 31 December 2011 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Carnarvon Petroleum Limited and its controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Carnarvon Petroleum Limited and its controlled entities is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

CROWE HORWATH PERTH

CYRUS PATELL
Partner

Signed at Perth, 28 February 2012