

Reserves Update

26 August 2013



Summary

- Independent third party consultants confirm the significant potential of the oil reserves in Thailand
- Current production, from one and half million barrels of developed reserves net to Carnarvon, is producing positive cash flows
- Significant undeveloped proved and probable reserves (over ten million barrels net to Carnarvon) requires definitive development plans and drilling
- Possible upside of up to 21 million barrels

Carnarvon Petroleum Limited ("Carnarvon") (ASX:CVN) provides the following update on its reserves position following the release of a Reserve and Economic Evaluation undertaken by independent expert Chapman Petroleum Engineering Ltd ("Chapman"). Oil reserves in Thailand at 31 December 2012 have been assigned to Carnarvon's three on-shore concessions in Thailand, being Concession SW1, Concession L44/43, and Concession L33/43 where it has a 40% working interest. Eco Orient Energy (Thailand) Ltd ("Eco"), the Operator of the Phetchabun Basin producing assets since mid-2012, commissioned Chapman to undertake a third party independent appraisal for financial planning purposes.

Following is a summary of Chapman's assessment:

1. Developed Producing Reserves of 1.5 million barrels (net to CVN)

- There are 3.8 million bbls gross of developed producing reserves (a combination of Proved and Probable) comprising:
 - 2.4 million bbls gross of developed producing sandstone reserves; and
 - 1.4 million bbls gross of developed producing igneous reserves.

2. Proved Undeveloped Reserves of 2.4 million barrels (net to CVN)

- There are 6.1 million bbls of undeveloped proven reserves (gross) comprising:
 - 0.8 million bbls of undeveloped proven sandstone reserves (gross). To develop these reserves requires an additional 9 wells at an approximate capital expenditure of \$13 million (gross); and
 - 5.3 million bbls of undeveloped proven igneous reserves (gross). To develop these reserves requires an additional 24 wells at an approximate capital expenditure of \$36 million (gross).

3. Probable Undeveloped Reserves of 8.3 million barrels (net to CVN)

- There are 20.7 million bbls of undeveloped probable reserves (gross) comprising:
 - 5.5 million bbls of undeveloped probable sandstone reserves (gross). To develop these reserves requires an additional 27 wells at an approximate capital expenditure of \$38 million (gross); and

- 15.2 million bbls of undeveloped probable igneous reserves (gross). To develop these reserves requires an additional 56 wells at an approximate capital expenditure of \$84 million (gross).

4. Possible Undeveloped Reserves of 21.3 million barrels (net to CVN)

- There are 53.1 million bbls of undeveloped possible reserves (gross) comprising:
 - 18.6 million bbls of undeveloped possible sandstone reserves (gross). To develop these reserves requires an additional 38 wells at an approximate capital expenditure of \$53 million (gross); and
 - 34.6 million bbls of undeveloped possible igneous reserves (gross). To develop these reserves requires an additional 101 wells at an approximate capital expenditure of \$151 million (gross).

A detailed breakdown of Reserves is shown in *Appendix A*.

The timing of the reserves development is dependent on several factors, including environmental approvals, joint venture and government approvals, and availability of equipment such as drilling rigs.

Eco as Operator continues to evaluate future development options on behalf of the joint venture.

Carnarvon's Managing Director, Adrian Cook commented: *"We are pleased to provide this update on the results from Chapman, an independent third party consultant. These results support the current level of production and demonstrate the opportunity ahead of us. We continue to work closely with the operator to unlock the value in these concessions and expect this work to be advanced in the next drilling program planned for later this year."*

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Yours faithfully



Adrian Cook
Managing Director
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This news release contains forward-looking information. Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "anticipate" and "potential" or other similar wording. Forward-looking information in this news release includes, but is not limited to, references to: well drilling programs and drilling plans, estimates of reserves and potentially recoverable resources, and information on future production and project start-ups. By their very nature, the forward-looking statements contained in this news release require Carnarvon and its management to make assumptions that may not materialize or that may not be accurate. The forward-looking information contained in this news release is subject to known and unknown risks and uncertainties and other factors, which could cause actual results, expectations, achievements or performance to differ materially, including without limitation: imprecision of reserve estimates and estimates of recoverable quantities of oil, changes in project schedules, operating and reservoir performance, the effects of weather and climate change, the results of exploration and development drilling and related activities, demand for oil and gas, commercial negotiations, other technical and economic factors or revisions and other factors, many of which are beyond the control of Carnarvon. Although Carnarvon believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurances that the expectations of any forward-looking statements will prove to be correct.

Appendix A – Phetchabun Basin Reserves Update

Table 1: Year on year reserve changes

	Developed MM bbls	1P MM bbls	2P MM bbls	3P MM bbls
Dec 31 2011 (Gaffney Cline)	3.33	9.59	30.34	56.68
Change in reserves ^	0.43	(1.03)	0.22	27.06
Dec 31 2012 (Chapman)	3.76	8.56	30.56	83.74

^ including 2012 calendar year production of 570,000 barrels of oil

Table 2: Gross reserves as per Chapman report, for each category

	Developed Producing MM bbls	Proven Undeveloped MM bbls	Probable Undeveloped MM bbls	Possible Undeveloped MM bbls
SW1 Sandstones	0.70	0.75	1.89	3.35
L33 Igneous	0.30	0.31	0.61	7.36
L44/43 Sandstone	1.66	-	3.63	15.24
Igneous	1.11	5.02	14.60	27.22
Total Sandstone	2.36	0.75	5.52	18.60
Igneous	1.41	5.32	15.21	34.58
Total	3.76	6.07	20.73	53.18
Net CVN	1.50	2.43	8.29	21.27

Table 3: Gross reserves as per Chapman report, for 1P, 2P and 3P

	1P MM bbls	2P MM bbls	3P MM bbls
SW1 Sandstone	1.23	3.34	6.69
L33 Igneous	0.45	1.21	8.58
L44/43 Sandstone	1.08	5.29	20.53
Igneous	5.80	20.72	47.94
Total Sandstone	2.31	8.62	27.22
Igneous	6.25	21.94	56.52
Total	8.56	30.56	83.74
Net CVN	3.42	12.22	33.49

*Note totals may not add due to rounding.

Independent Reserves Assessment

Chapman has prepared a third party independent appraisal of the oil reserves for Eco covering the SW1A, L44/43 and L33/43 Concessions in the Phetchabun Basin as of end 31st December 2012. The reserves categorization is consistent with the definitions for reserves set out in the Petroleum Resources Management System approved by the Society of Petroleum Engineers.

The Reserve estimates outlined in this announcement have been compiled by the Company's Chief Operating Officer, Mr Philip Huizenga, who is a full-time employee of the Company. Mr Huizenga is qualified in accordance with ASX Listing Rule 5.11 and has consented to the form and context in which this statement appears.

There are numerous uncertainties inherent in estimating reserves and resources, and in projecting future production, development expenditures, operating expenses and cash flows. Oil and gas reserve engineering and resource assessment must be recognised as a subjective process of estimating subsurface accumulations of oil and gas that cannot be measured in an exact way, and this is particularly so for the volcanic reservoirs encountered in this area.

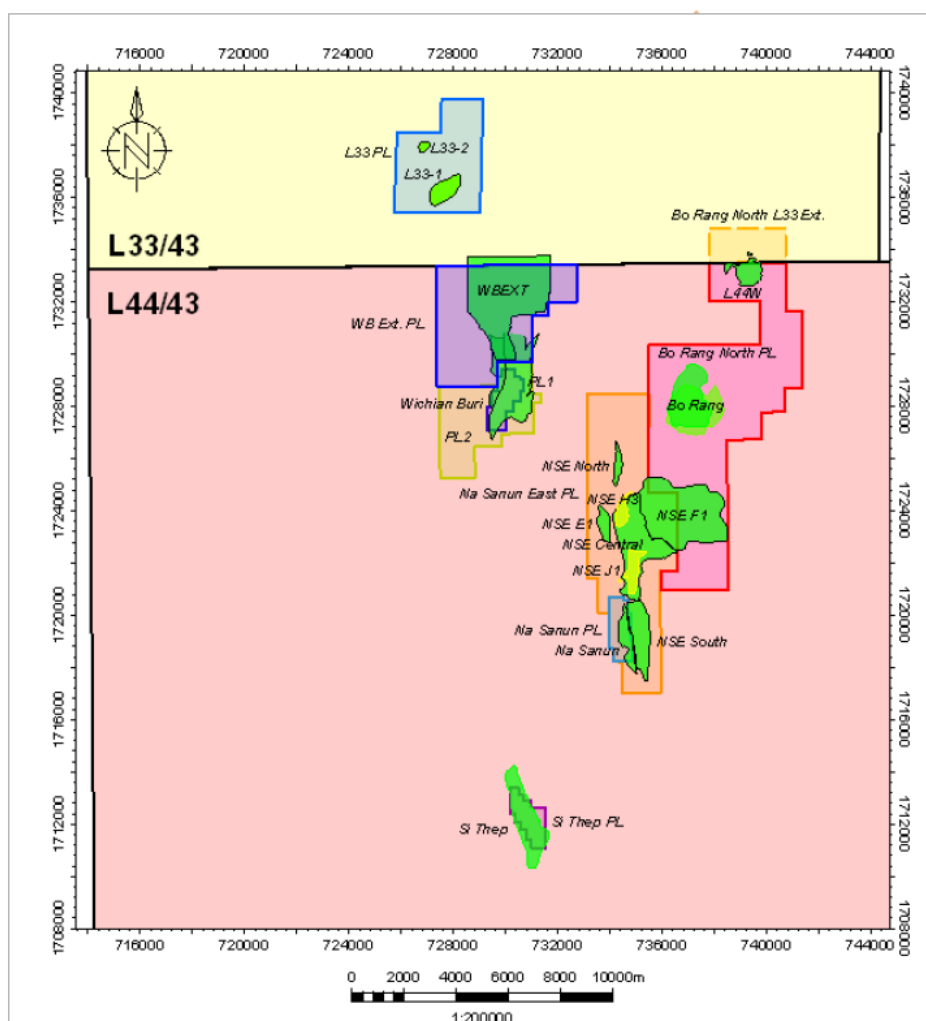


Figure 1: Phetchabun Concessions, Licences and Major Fields