

Thailand Operations Update

25 March 2013



Carnarvon Petroleum Limited provides the following update on the Company's recent and planned operations.

Highlights

- Carnarvon and Towngas, the Operator of the L44/43 concession, agree to work collaboratively to complete the sandstone development program.
- In relation to Carnarvon, its technical team will focus on the subsurface works necessary to assist the Operator to commence water injection activities as quickly as possible.
- Towngas is in ongoing discussions with ALRO to recommence production from the remaining six wells that were shut in in May 2012.
- Towngas has engaged Schlumberger to review and recommend a well work-over program aimed at improving flow rates from a number of existing wells.
- New 3D seismic data has been acquired by Towngas to provide opportunities for drilling new oil pools in the L33/43 concession in late 2013 and early 2014.
- Carnarvon is progressing plans to drill the Tha Chana prospect in the L52/50 concession, with mean recoverable prospective oil of 80 million barrels. Drilling is expected to commence in early 2014 following the acquisition of new data in 2013 to refine the drilling target location.

L44/43, L33/43 and SW1A Concessions (Carnarvon 40%)

WBEXT 1B fault block sandstone development

Following recent meetings, Carnarvon and Towngas have agreed to work collaboratively on completing this water-flood development.

Carnarvon's technical team will focus on finalizing the subsurface work that includes the sandstone reservoir connectivity assessment and the field production plan. Hardware procurement will follow and equipment installation is anticipated to be completed within eight weeks.

The initial water flood project in the WBEXT 1B fault block will involve six wells with a central water injector and five surrounding oil production wells. The average sand thickness for these wells is approximately 28m. There is no material capital expenditure anticipated as these wells have all been drilled and perforated.

While Carnarvon and Towngas maintain that the fault block is capable of oil production rates of up to 800 bopd, as previously articulated to the market, Carnarvon expects to be able to more accurately predict the volume and timing of these oil flows following completion of the subsurface work.

Agricultural Land Reform Office (ALRO) shut in wells

In May 2012 ALRO required 10 producing wells in the Bo Rang area to be shut in pending resolution of rights to produce oil on designated ALRO lands. At that time the wells were producing around 465 bopd in aggregate (gross).

In December 2012 four of the 10 wells were brought back on production and, following the initial predicted flush flow rates, returned to their previous production profile.

The remaining six wells, producing around 200 bopd in aggregate (gross) at the time of the shut-in, remain shut in whilst meetings continue with ALRO on the matter.

New 3D seismic data

Late in 2012, Towngas acquired 100 km² of new 3D seismic data in the southern part of the L33/43 permit, adjacent to the WBEXT oil fields. This data is now in the processing phase and expected to be available in mid to late April 2013.

Carnarvon and Towngas have agreed to work collaboratively on data interpretation and prospect identification, which should enable drilling to commence in this area in the fourth quarter of 2013.

Drilling program for 2013

Towngas and Carnarvon have agreed in principle to two separate drilling programs for the remainder of 2013, details of which will be provided in subsequent announcements once well targets are finalised. Towngas and Carnarvon expect drilling operations will be funded from operating cash flows from the field. The drilling rig is expected to return to the field in May 2013 to commence the first of the drilling programs.

Well work-overs

Towngas recently engaged Schlumberger to review opportunities to work over a number of existing wells that will include re-perforating to access bypassed oil behind casing, improving reservoir exposure through enhanced penetrations into the surrounding reservoir, and removing wax build up in well bores. Carnarvon is assisting the Operator in the technical review and prioritising of these opportunities.

Production

Cumulative production for the quarter up to 21 March 2013 was 114,200 barrels gross, or an average 1,446 bopd gross.

L52/50 and L53/50 Concessions (Carnarvon 100%)

3D seismic data

Carnarvon recently sought approval from the Department of Mineral Fuels in Thailand to exchange one well commitment for the acquisition of around 80 km² of 3D seismic data in the L52/50 concession. The 3D data is expected to improve the delineation of the Tha Chana prospect identified on 2D seismic data. The prospect has an internally assessed mean potential of 80 million barrels of recoverable oil.

Drilling program

Drilling of the Tha Chana prospect is expected to commence in the first quarter of 2014 and the well is projected to cost around \$3 million.

Other

Carnarvon is currently in discussions with a number of parties regarding a potential farm-out of a portion of its interest in this concession in exchange for an incoming party contributing to the cost of the above works.

Further details on the Tha Chana prospect can be found on Carnarvon's website in the recently released technical presentation.

Further information on Carnarvon Petroleum Limited is available at: www.carnarvon.com.au

For all enquiries please contact:

Adrian Cook
Managing Director - Carnarvon Petroleum
08 9321 2665
Email: admin@cvn.com.au

Yours faithfully



Adrian Cook
Managing Director
Carnarvon Petroleum