

Thailand Operations Update

30 April 2014



Summary

- **Successful new production from recently completed drilling program**
- **Field production expected to be choked back (reduced) to ~4,000 bopd gross**
- **Sale & Purchase Agreement expected to be completed shortly**

Carnarvon Petroleum Limited ("Carnarvon") (ASX:CVN) is pleased to provide the following operations update in the three on-shore concessions in Thailand, being Concession SW1, Concession L44/43, and Concession L33/43, in which Carnarvon retains a 40% interest.

Drilling Results

The WBEXT-3D well in the L44/43 Concession was recently brought into production and is a follow-up to the WBEXT-3C well in the same fault block, but interpreted to intersect the igneous V1 reservoir around 20m updip.

The WBEXT-3D well is currently being tested and is expected to be choked back (namely the oil flow rate will be deliberately reduced) over the coming weeks to reduce the chance of early water incursion due to water coning.

Production

Gross oil production from the field between 1 and 17 April 2014 (when the WBEXT-3D well commenced testing) was over 50,000 barrels, or an average of around 3,000 barrels of oil per day.

Once the WBEXT-3D well is choked back the gross daily field production rate is expected to be around 4,000 barrels of oil per day.

Previous wells in this region, in similar reservoir, have produced at similar rates for one to three months before water ingress resulting in significant declines in production rates.

Divestment Agreement

As announced on 3 March 2014, Carnarvon entered into a Sale and Purchase Agreement (SPA) to divest half of its 40% interest in the Thailand concessions for a total consideration of US\$33 million cash and US\$32 million in future payments based on a percentage of field revenues (total consideration of up to ~A\$72 million).

The SPA contained a number of standard industry conditions to be satisfied prior to the transaction completing. The parties are currently working on the relevant conditions and expect the transaction to be completed shortly.

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Yours faithfully



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