

Thailand Asset Sale Completion

1 May 2014



Summary:

- Sale completed for half of Carnarvon's 40% in the L44/43, L33/43 and SW1 Concessions
- Carnarvon's balance sheet strengthened by the US\$33m consideration
- Carnarvon's cash is ~A\$50m after completion and payment of transaction costs
- Independently assessed Thailand oil field reserves revised following sale:
 - Proved reserves of 1.6 million barrels net to Carnarvon
 - Proved and probable reserves of 5.9 million barrels net to Carnarvon

Carnarvon Petroleum Limited ("Carnarvon") (ASX:CVN) is pleased to advise that the sale of half of its 40% interest in the L44/43, L33/43 and SW1 Concessions in Thailand has been completed, under the terms of the Sale and Purchase Agreement ("SPA") announced to the market on 3 March 2014.

The cash consideration of US\$33 million has been received and Carnarvon will receive up to US\$32 million in future payments based on 12% of the buyer's future field revenues, to a limit of US\$10 million per annum.

As a result of the completion of the sale and payment of associated transaction costs, Carnarvon's cash is approximately A\$50 million.

Carnarvon's Managing Director and Chief Executive Officer, Mr Adrian Cook said, "We are pleased to welcome Loyz Energy Limited to the joint venture and look forward to building on our relationship even further. The completion of this transaction bolsters our strong balance sheet and enables Carnarvon to focus on the spudding of the Phoenix 1- South well in the North West Shelf, which is anticipated in late May or June this year. Carnarvon retains plenty of upside exposure to the success in our Thailand production assets by virtue of our remaining 20% interest in the asset and the revenue stream from future payments as a result of this sale."

Equity interests in L44/43, L33/43 and SW1

	Before transaction	After Transaction
ECO Orient (Operator)	60%	60%
Carnarvon Petroleum Limited	40%	20%
Loyz Oil Thailand Pte Ltd	-	20%

Reserves Revision

A summary of the assessed reserves, as at 31 December 2013, are contained in the following tables and have been updated to reflect the completion of the sale and the change in Carnarvon's interest in the assets.

- Table 1 - Gross reserves for the field (100% interest);
- Table 2 - Reserves net to Carnarvon's current 20% working interest following the sale.

Table 1: Thailand Asset Reserves as at December 31st 2013

Date	Reserves Gross (100%) Field Volumes		
	1P Proved Reserves MM bbls	2P Proved and Probable Reserves MM bbls	3P Proved and Probable and Possible Reserves MM bbls
L33	0.29	0.81	7.62
L44	6.30	25.05	67.51
SW1	1.36	3.75	7.37
Total	7.95	29.60	82.49

Table 2: Thailand Asset Reserves as at December 31st 2013 – Carnarvon Petroleum's share following sale to Loyz Oil Thailand Pte Ltd

Date	Reserves Net (20%) Field Volumes		
	1P Proved Reserves MM bbls	2P Proved and Probable Reserves MM bbls	3P Proved and Probable and Possible Reserves MM bbls
L33	0.06	0.16	1.52
L44	1.26	5.01	13.50
SW1	0.27	0.75	1.47
Total	1.59	5.92	16.50

Reserves Assessment

On 31 March 2014 the Company advised proved reserves were 3.2 million barrels net to Carnarvon and that proved and probable reserves were 11.8 million barrels net to Carnarvon as at 31 December 2013, based on Carnarvon's 40% interest in the assets at that time.

The reserves information contained in this report concerning the SW1, L33/43 and L44/43 fields are summaries of the reports filed by the Company on the ASX on 31 March 2014 which was released on the relevant date with the written consent of Mr C Chapman, President of Chapman Petroleum Engineering Ltd. Mr Chapman has a Bachelor of Science Degree, is a member of the Australian Mining and Metallurgy and has more than 25 years relevant experience. The Company is not aware of any new information (other than Carnarvon's reduced interest in the assets) or data that materially affects the information included in the relevant market announcements and confirms that all of the material assumptions and technical parameters underpinning the estimates in the relevant announcements continue to apply and have not materially changed.

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.

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Yours faithfully



Adrian Cook

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Carnarvon Petroleum

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.