



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

12 June 2007

Australian Securities Exchange
Exchange Plaza
2 The Esplanade
Perth WA 6000

By facsimile: 9221 2020

Attention Jill Hewitt

Dear Jill

RE: PRICE QUERY

Further to your fax of today's date concerning the price change and increase in trading volume in the Company's shares from 8 June 2007, we advise the following:

1. The Company is not aware of any information concerning it which has not been announced.
2. Not applicable.
3. Other than the announcement made on 5 June 2007 concerning good oil flow at NS-4 and the re-drill of the earlier drilled well Na Sanun-1, currently in progress, the Company has no other explanation for the price change and increase in trading volume in its securities.
4. Carnarvon confirms that it is in compliance with the listing rules, and in particular listing rule 3.1.

Yours sincerely

Bob Anderson
Company Secretary

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Ground Floor
16 Ord Street
West Perth WA 6005
Australia

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e-mail: admin@carnarvonpetroleum.com



12 June 2007

Mr R Anderson
Company Secretary
Camarvon Petroleum Limited
PO Box 99
WEST PERTH WA 6872

Facsimile: 9321 8867

Dear Robert

PRICE AND VOLUME QUERY

We have noted a change in the price of the Company's securities from 15.5 cents on 8 June 2007 to an intra day high of 22.5 cents today. ASX also notes the higher volumes of securities being traded.

In light of the price and volume change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?
2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **1pm WST on Tuesday 12 June 2007**.

The response must be in a form suitable for release to the market. If you have any concern about release of a response, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

ASX Limited
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Level 9
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Perth WA 6000

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In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

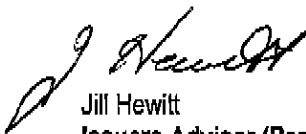
If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the company's securities. As set out in listing rule 17.1 and the guidance note titled "Trading halts" we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours faithfully,



Jill Hewitt
Issuers Adviser (Perth)