

# Investor Presentation June 2008



**CARNARVON**  
PETROLEUM LTD



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# Investment Highlights

- **Rapidly growing Thailand oil production**
  - **Currently 3,000 bopd net sales, an increase of 1,000% over last 12 months**
  - **Targeting 6,000 bopd net sales by end 2008**
- **Rapidly growing Thailand oil reserves**
  - **11.4mmbo 2P net reserves - increase of over 300% over the last 12 months**
  - **45.7mmbo 3P net reserves**
- **2 rigs under long term contract and currently operating in Thailand by Joint Venture**
  - **3<sup>rd</sup> rig likely to start August 2008**
  - **16-20 wells targeted for remainder 2008**
- **2008 drill programme targeting a mix of development, appraisal and exploration wells to ensure continued strong production and reserve growth**
- **Proven management supported by a strong technical team with a track record of delivering shareholder value**
- **\$23 million net cash at end of March 2008, debt and oil hedge free and strong, growing cashflow to underpin new business opportunities**
- **Reviewing new venture projects to ensure strong project pipeline and further upside opportunities**



# Corporate Snapshot

## Capital Structure

Ordinary Shares	672 million
Options (ex @ 10c)	11 million
Fully Diluted Market Cap @ 65c	\$445 million
Cash on hand	\$23 million (31 March 08)
Debt	Nil
Top 20	~30%
Directors and Management	~17.5%

## Directors and Management

### Non Executive Chairman: Peter Leonhardt (FCA)

- Chartered Accountant (previous Managing Partner of Coopers and Lybrand, Perth)

### Managing Director: Ted Jacobson (Geologist/Geophysicist)

- 37 yrs oil experience, co-founder of Discovery Petroleum, co-founder and former technical director of Tap Oil

### Non Exec Directors: Neil Fearis (Lawyer) & Ken Judge (International Director)

### Company Secretary & CFO: Bob Anderson (CA)

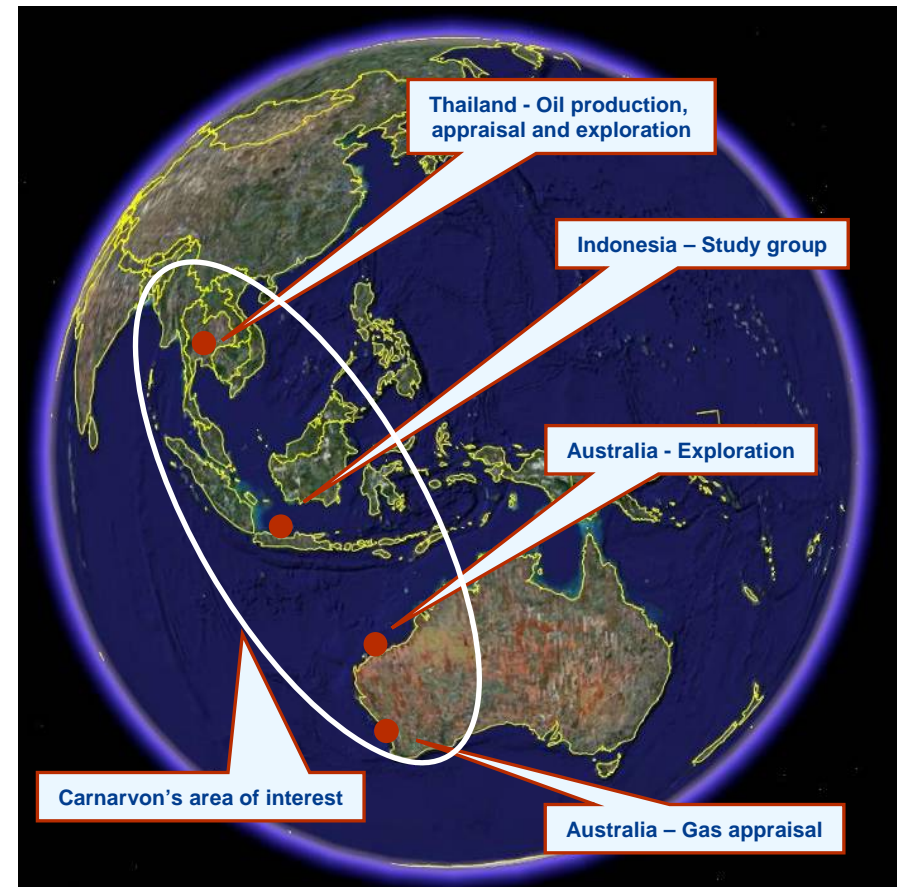
### COO: Philip Huizenga (Petroleum Engineer)





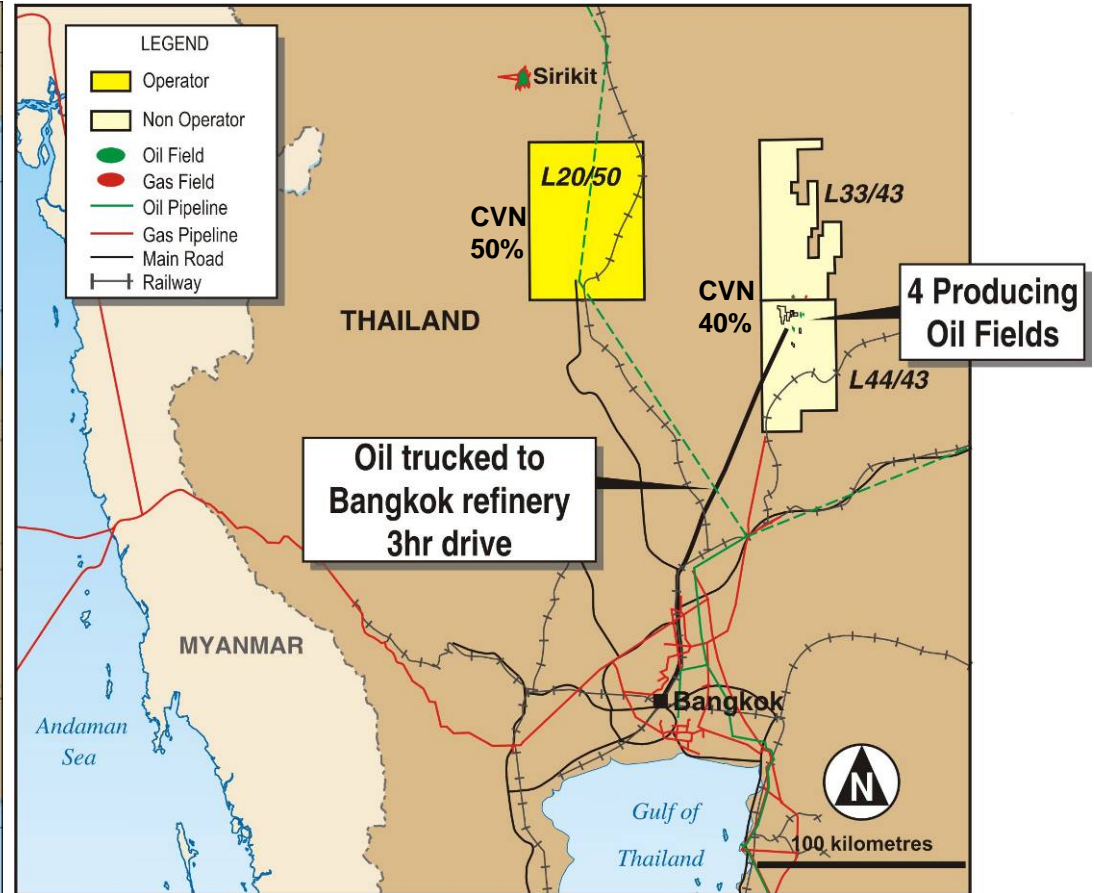
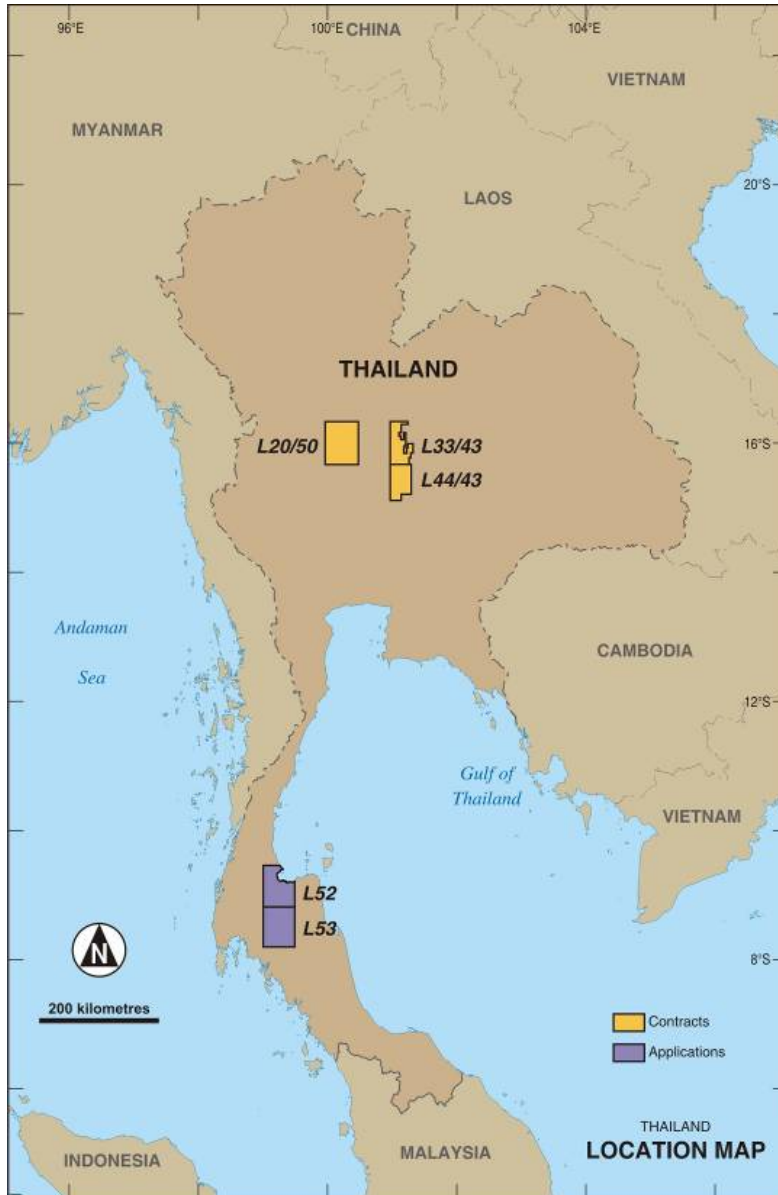
# Project Areas

- Focus on Thailand production, development and appraisal with significant exploration upside
- Recent awards and applications for new permits in Thailand provide additional exploration upside
- Exploration opportunities in Australia and South East Asia
- Seeking further project and new business opportunities in the Indian Ocean Rim





# Thailand





# Thailand Oil Industry

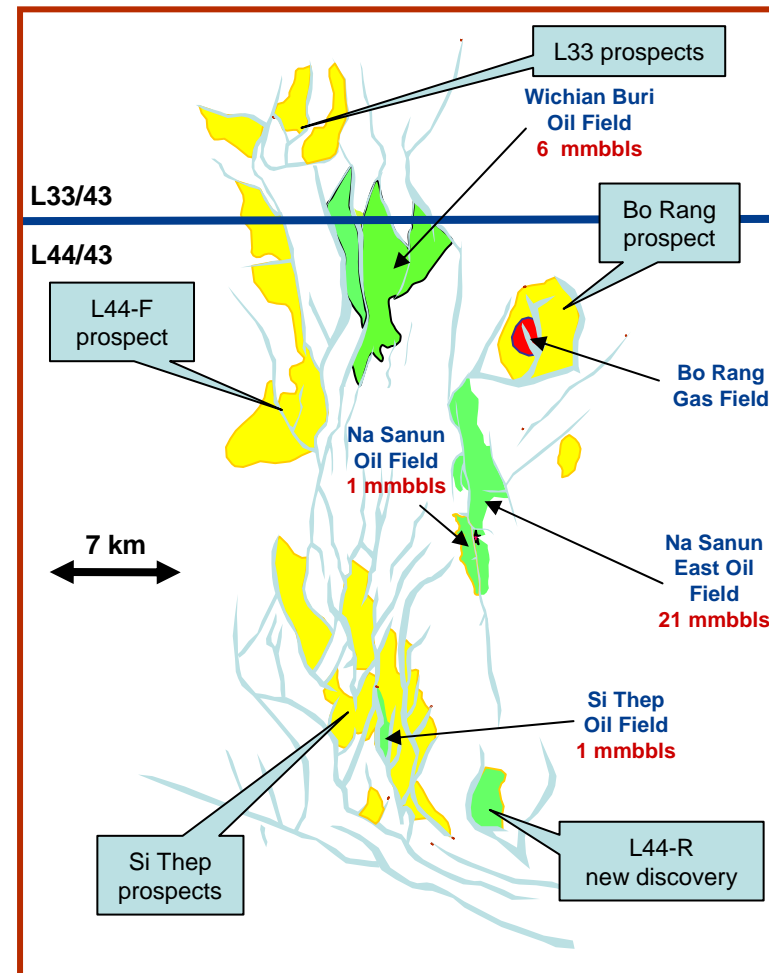
- Net importer of ~600,000 bopd
- New Thai Government goal to substantially increase oil production from 200,000 to 250,000 bopd by 2011
- Five oil refineries with a combined capacity of ~700,000 bopd.
- Carnarvon is fast becoming a significant Thai oil producer and is building its presence in the region





# L33/43 & L44/43 - Overview

- Carnarvon 40% - Pan Orient (TSX) 60% and operator
- 2 rigs under long term contact and operating
  - 3<sup>rd</sup> rig under review and likely commence August 2008
- Significant production and growing rapidly
- Significant reserves and growing rapidly
- Targeting 16-20 wells for remainder 2008
- Development, appraisal and exploration wells to be drilled over a number of project areas to increase production and reserves
- Excellent infrastructure in place
- Many large prospects with significant oil potential
- Some prospects have old wells with fractured volcanics not tested

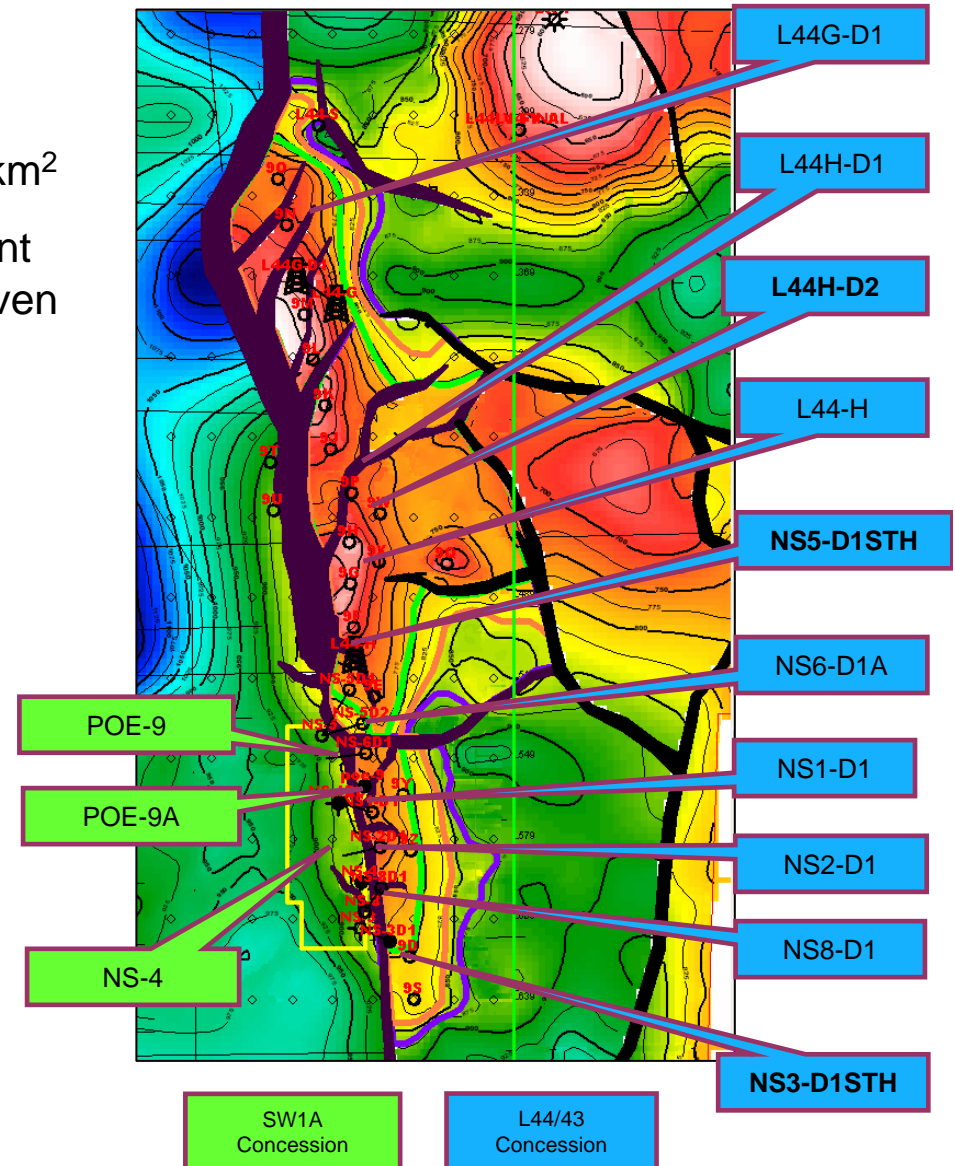






# Na Sanun and Na Sanun East

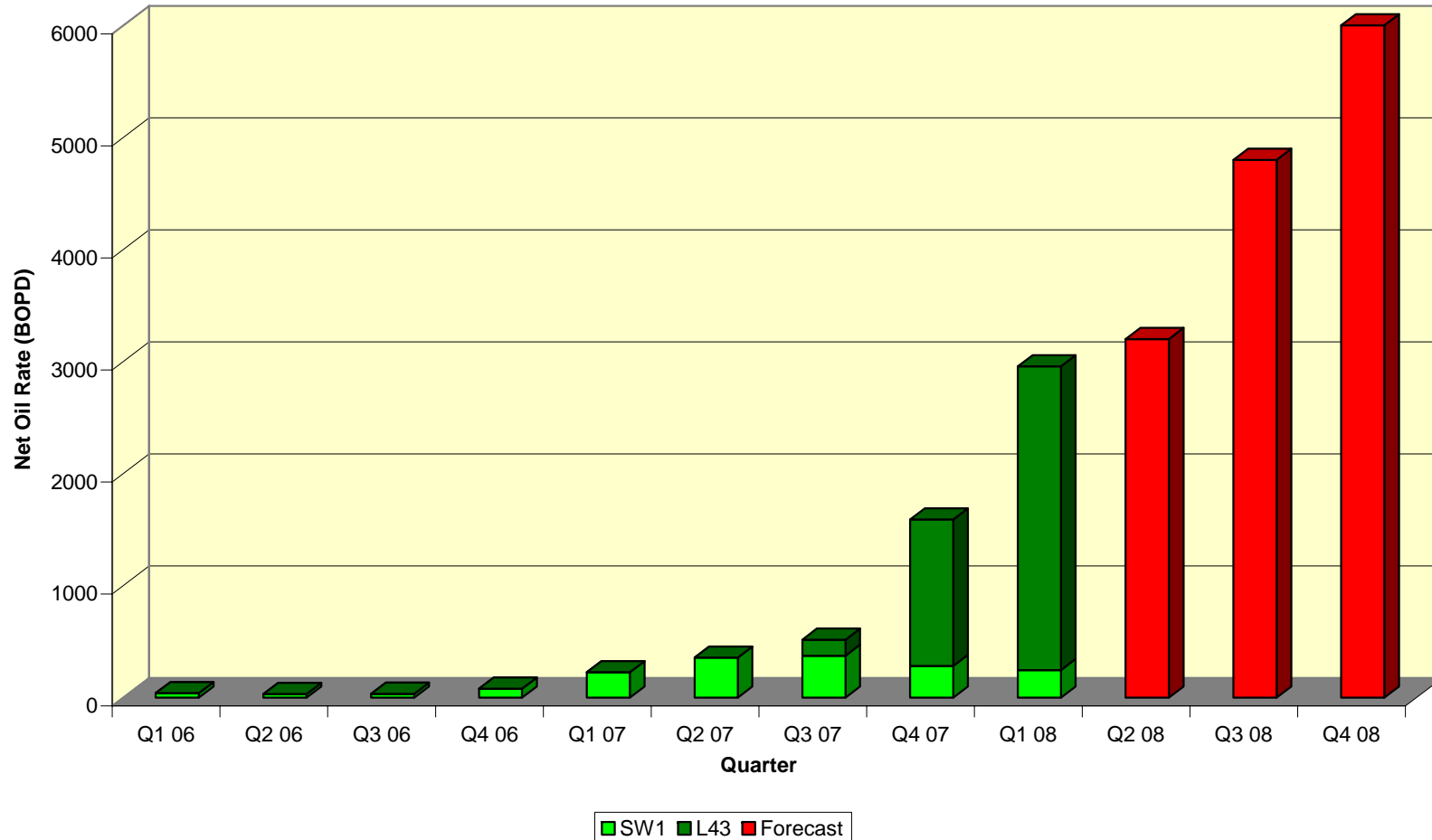
- Na Sanun East comprises of three separate compartments upthrown on east of bounding fault, each with proven production – total 16.5km<sup>2</sup>
- Na Sanun comprises a single fault compartment downthrown to west of bounding fault with proven production
- Reservoir comprises fractured volcanic with matrix porosity
  - Matrix porosity 7% - 13%
  - Recovery factor 10% - 30%
  - Substantial reservoir study in progress
- Flow rates depend on degree of fracturing & well bore exposed
  - L44H-D1 is highest producing onshore well in Thailand ~ 4,000 bopd on test





# L44/43 - Production

Quarterly Production BOPD (Net)



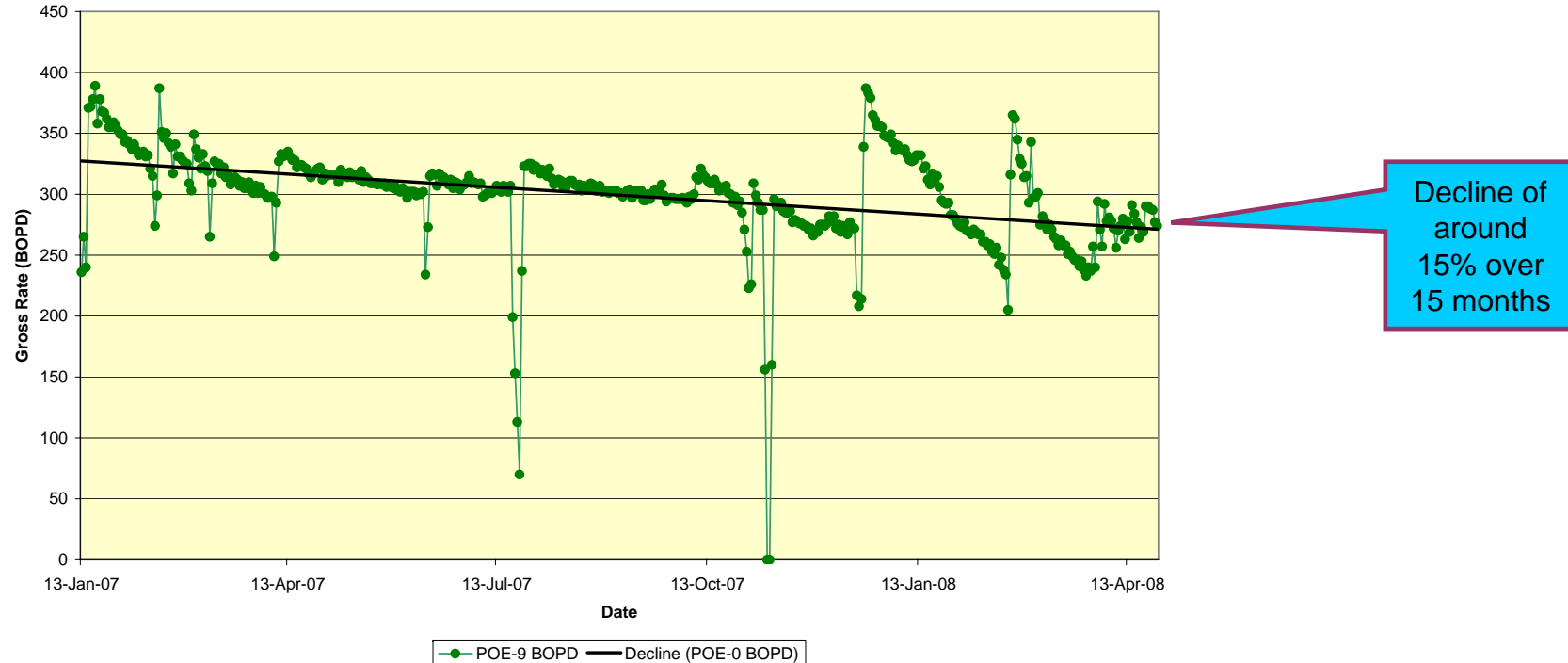
- Current production of ~3,000 bopd net Carnarvon and growing
- Targeting 6,000 bopd sales by Q4 2008



# L44/43 - Production

- Discovery well POE-9 gives longest production history – 15 months
- Some early decline as oil produced from fractures
- Longer term lower decline indicates production from matrix
- Minimal overall production decline (~12% p.a.) suggests possible long field life
- Production has not been impacted by other wells brought onto production until recent POE-9A

POE-9 Production Chart





# L44/43 - Cashflow

## Operating Cashflow

- Crude sale price ~75 - 85% of WTI
- Operating costs per barrel decreasing with rising production rates
  - ~US\$1.60 per barrel plus US\$ 2.43 trucking costs for 1Q 2008

## Capital

- Very good infrastructure in place with a multi lane highway running through permits
- Infrastructure capital required to increase sales to 8,000 bopd net Carnarvon is less than US\$5 million net

## Drilling

- Two rigs under long term contract, third rig likely to commence August 2008
- Approx US\$0.8mm per well, 20 days drilling
- Very fast payback (at average flow rates - between 1 week and 1 month)

## Fiscal Regime

- Royalty tax - 5 – 15% sliding scale on monthly production levels (2008 estimate ~8%)
- SRB tax - 0 -75% of profits once capital recovered (2008 estimate ~50%)
- Company tax - 50% on net profit after royalty and SRB
- Based on Gaffney Cline's report, company take equates to approx 30% future net revenue after taxes and costs



# L44/43 - Reserves

- Reviewed as at 31 December 2007 by independent consulting firm Gaffney Cline & Associates Ltd
- Over 300% increase in 2P reserves over 2007
- Drilling programme of up to 20 development, appraisal and exploration wells likely to add further significant reserve increase in 2008

OIL FIELD	Proved	Proved + Probable	Proved + Probable + Possible	Reservoir type
	1P	2P	3P	
Na Sanun East	2.2	8.3	32.0	Fractured Volcanic
Na Sanun	0.1	0.3	1.0	Fractured Volcanic
Wichian Buri	0.3	2.5	9.8	Sandstone
Si Thep	0.1	0.2	3.0	Sandstone
<b>Total Net Carnarvon</b>	<b>2.6 mmbbls</b>	<b>11.4 mmbbls</b>	<b>45.7 mmbbls</b>	

Does not include recent oil discovery L44-R



# L33/43 & L44/43 - Appraisal Upside

## Na Sanun East Development

- Development Licence granted
- Environmental approvals granted
- Development drilling to commence shortly

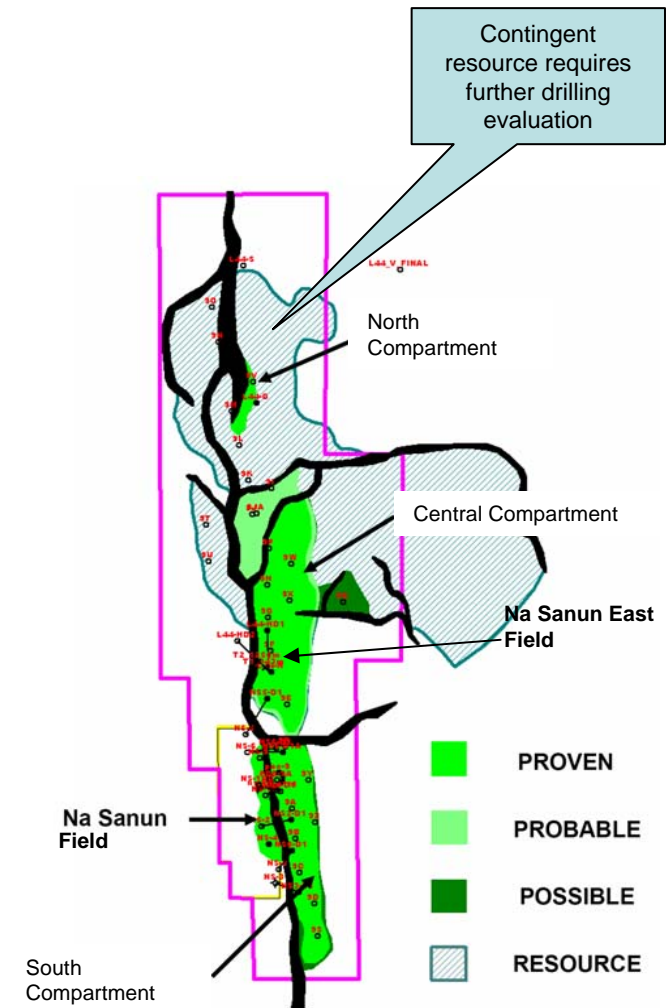
## Na Sanun East Deeper Reservoirs

- Currently producing from only one of 4+ potential volcanic reservoirs – significant reserve and production upside exists
- This potential is currently being evaluated with POE-9A (recently testing) and L44H-D2 (currently testing)

## Na Sanun East Contingent Resource

- Contingent resource requires further drilling appraisal to be added to reserves

OIL FIELD	Low Case	Mid Case	High Case
	1C	2C	3C
<b>Total Net Carnarvon</b>	<b>9 mmbbls</b>	<b>14 mmbbls</b>	<b>46 mmbbls</b>





# L33/43 & L44/43 - Appraisal Upside

## Bo Rang

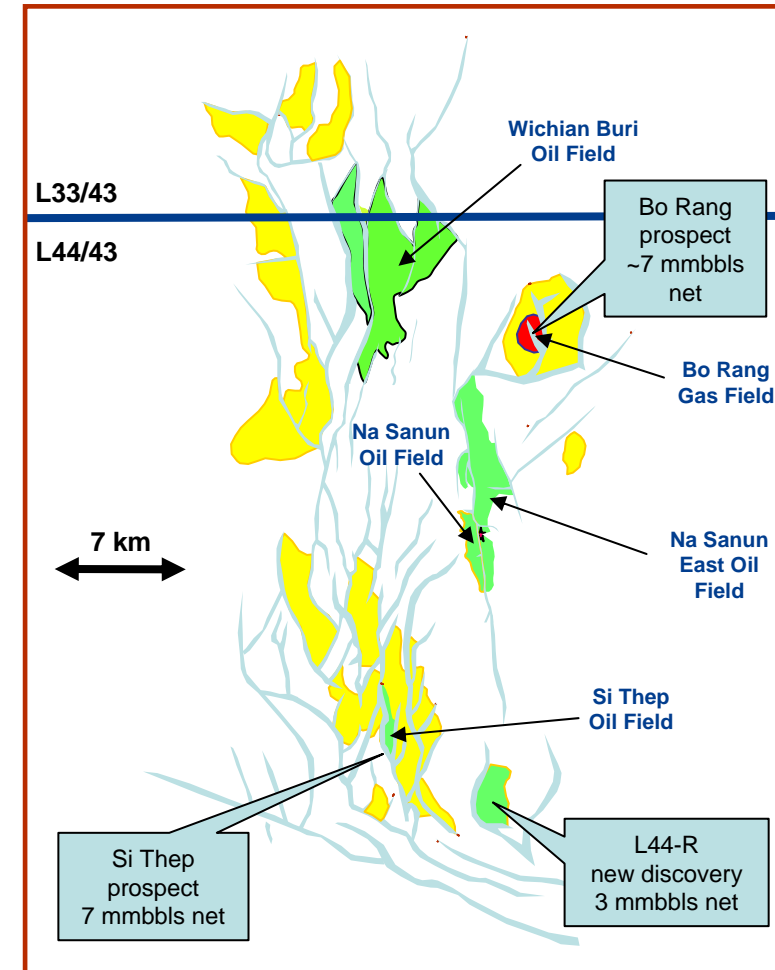
- Bo Rang-1 intersected 6 fractured volcanic zones – only upper zone tested
- Flowed gas @ 5.6 mmcf/d from upper volcanic interval
- Potential oil resource from only one deeper volcanic reservoir not previously tested of **7mmbbls (2C) net recoverable**

## Si Thep

- Si Thep-1 intersected 4 fractured volcanic zones – not tested
- Currently producing from sandstone reservoir ~ 10 bopd
- Complex faulting possibly indicates good fractured reservoirs
- Potential oil resource estimate of **7 mmbbls (2C) net recoverable**

## L44-R

- L44-R is a new volcanic reservoir discovery drilled by the Joint Venture in March 2008, 10 kms south and separate structure from Na Sanun – located on 2D seismic
- Flowed 29 bopd from volcanic reservoir
- New reserves additions yet to be determined
- Reservoir not fractured in wellbore – oil flow potentially from volcanic matrix
- Hopeful further wells may intersect fracturing
- Potential oil resource estimate of **3 mmbbls (2C) net recoverable**





# L33/43 & L44/43 - Exploration Upside

## Wichian Buri Deep

- WB Deep-1 targeted volcanics beneath Wichian Buri Oil Field
- WB Deep-1 flowed water at ~ 750 bwpd
- Indicates good fractured volcanic reservoir
- Well planned updip to look for oil in 2008/2009

## L44-F

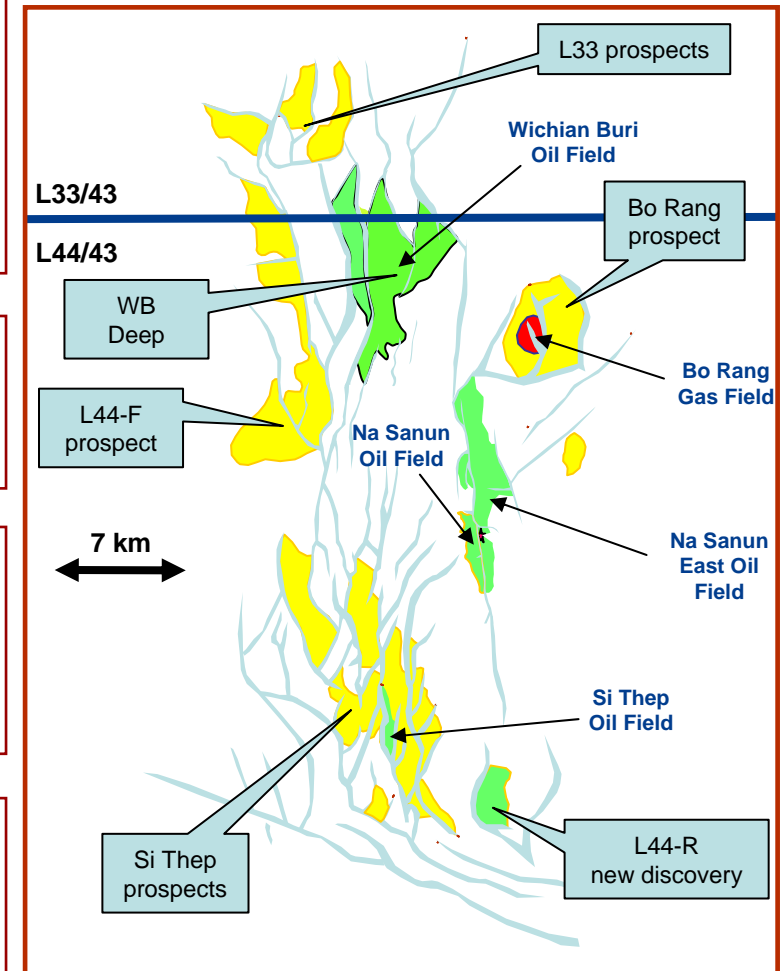
- Exploration potential
- Many structural compartments

## L33/43

- Mapped on existing 2D seismic
- Several prospects mapped
- 3 wells planned for 2008 and one currently drilling

## Well Planning

- 21 new well sites currently being prepared/under construction
- Continuous well programme throughout 2008 into 2009 with two rigs contracted

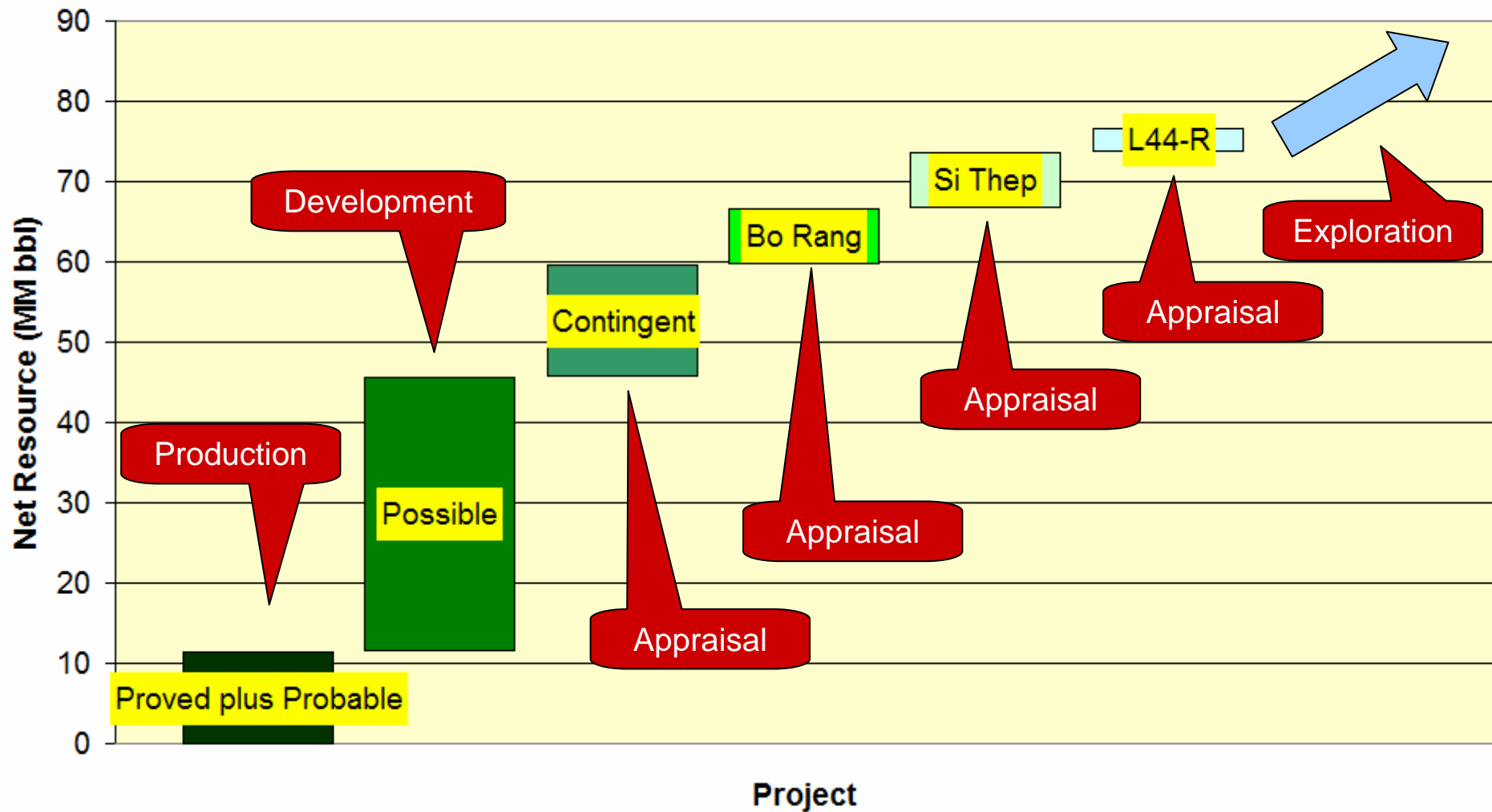






# L44/43 Possible Reserves Growth

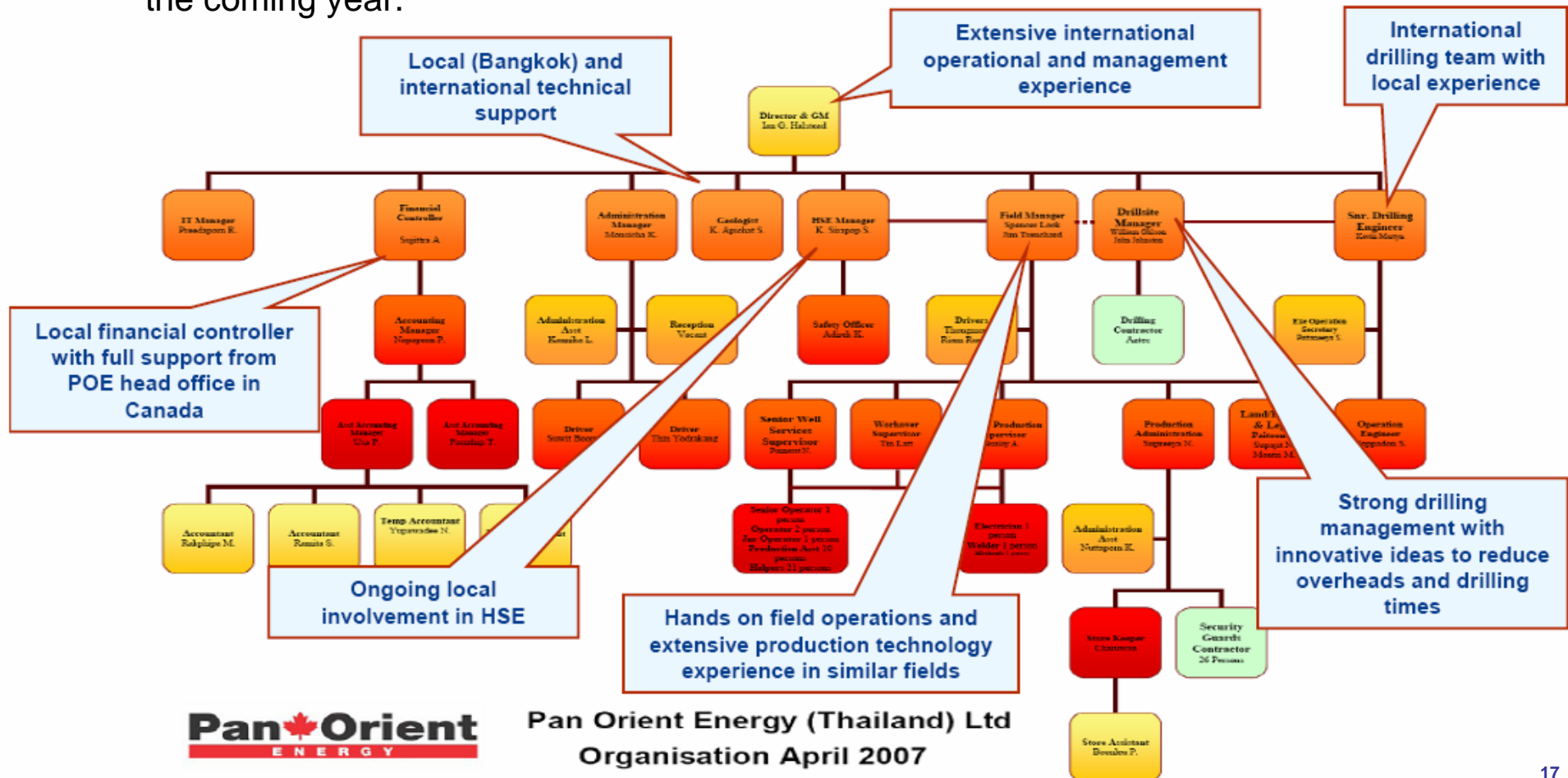
Net Carnarvon Resources





# L33/43 & L44/43 - Operator

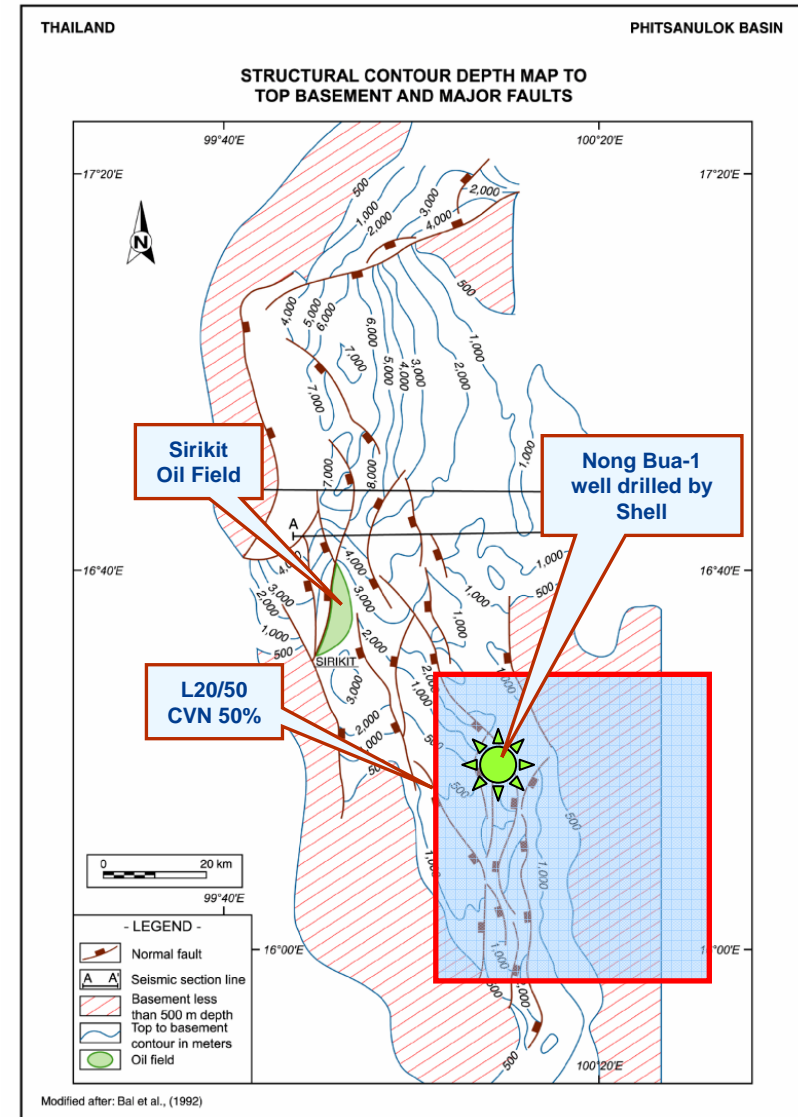
- **Pan Orient (JV operator)** has established a strong technical and operational team in Thailand with qualified expatriate staff managing a team of over 100 employees. This will underpin further growth in production and drilling activity over the coming year.





# New Permit L20/50

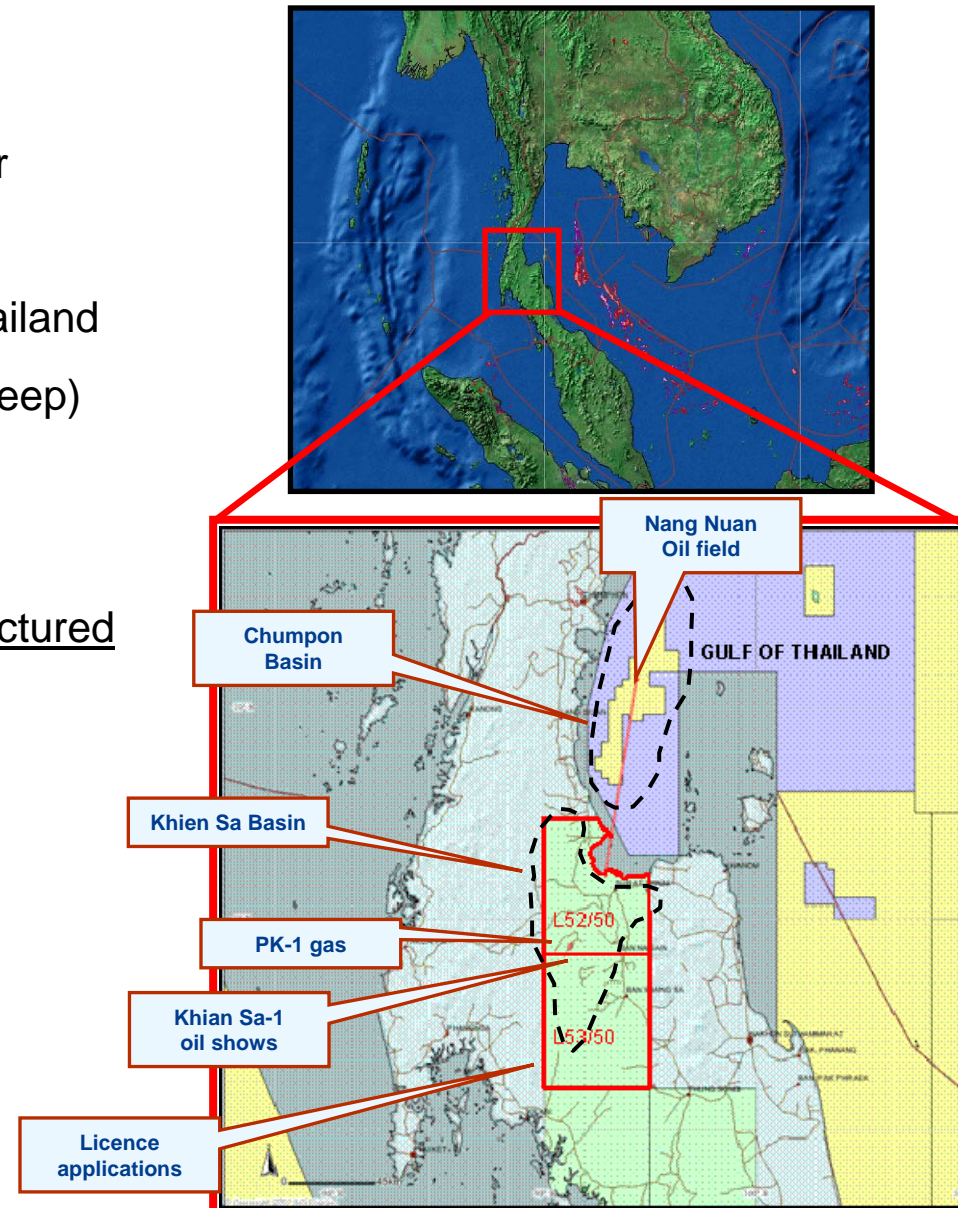
- Carnarvon 50% interest and operator, Sun Resources (ASX: SUR) 50%
- Southeast and on trend of large, 200 million barrel Sirikit Oil Field (produced over 150 mmbbls and still producing ~20,000bopd)
- ~1,000km 80's vintage 2D seismic to be reprocessed
- Nong Bua-1 drilled by Shell with excellent oil shows & potential oil column in sandstone
- Well test performed without pump
- Initial analysis suggests a simple pumping operation would likely have been commercial at current oil prices
- Existing infrastructure allows quick tie-in
- Analysis suggests potential for fractured volcanics similar to L44/43
- Aeromag survey to commence shortly
- Redrill of historic well targeted for late 2008
- Seismic early 2009





# L52 & L53 Applications

- Carnarvon 50% - Pearl Oil operator
- Carnarvon/Pearl Joint Venture only bidder
- 2 large onshore permits – 6,950 sq kms
- Onshore extension of offshore Gulf of Thailand
- 6 wells drilled (4 shallow for CBM and 1 deep)
- Oil shows in Khian Sa-1
- Small gas discovery at PK-1
- Nearby Nang Nuan oil field offshore in fractured carbonates
  - Approx 5 mmbbls recovered
  - Max flow 10,540 bopd from 1 well
- Licences award anticipated 2008
- Seismic planned for 2009





# Australia

## WA-399-P

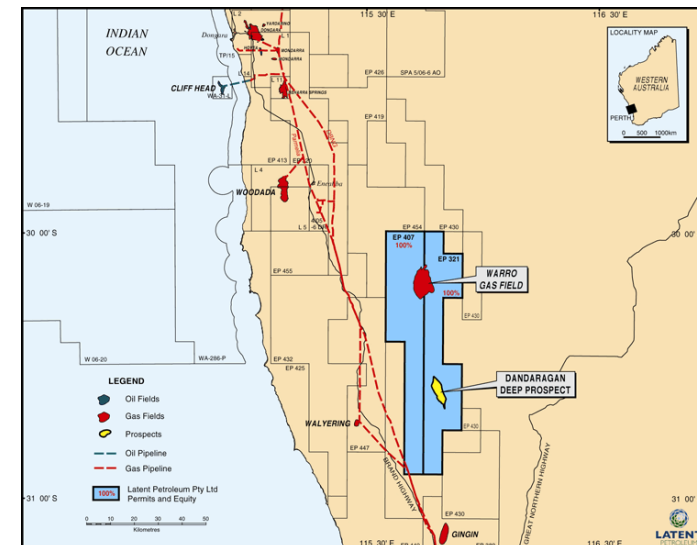
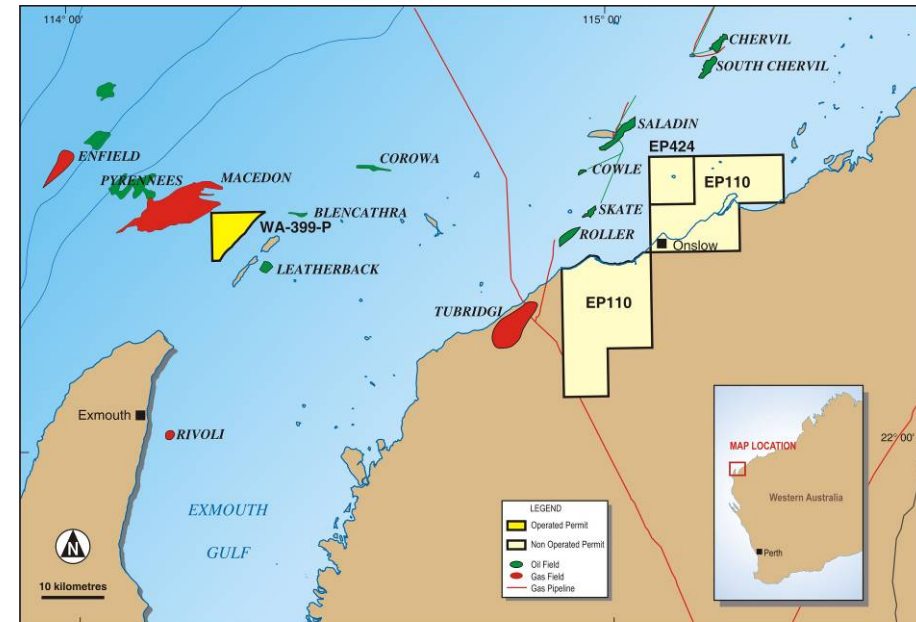
- Offshore Carnarvon Basin
- Carnarvon 50% and operator
- Seismic reprocessing just completed with 1 well to be drilled within next 12 months

## EP110 & EP 424

- Offshore Carnarvon Basin
- Carnarvon 35%
- Finalising seismic reprocessing

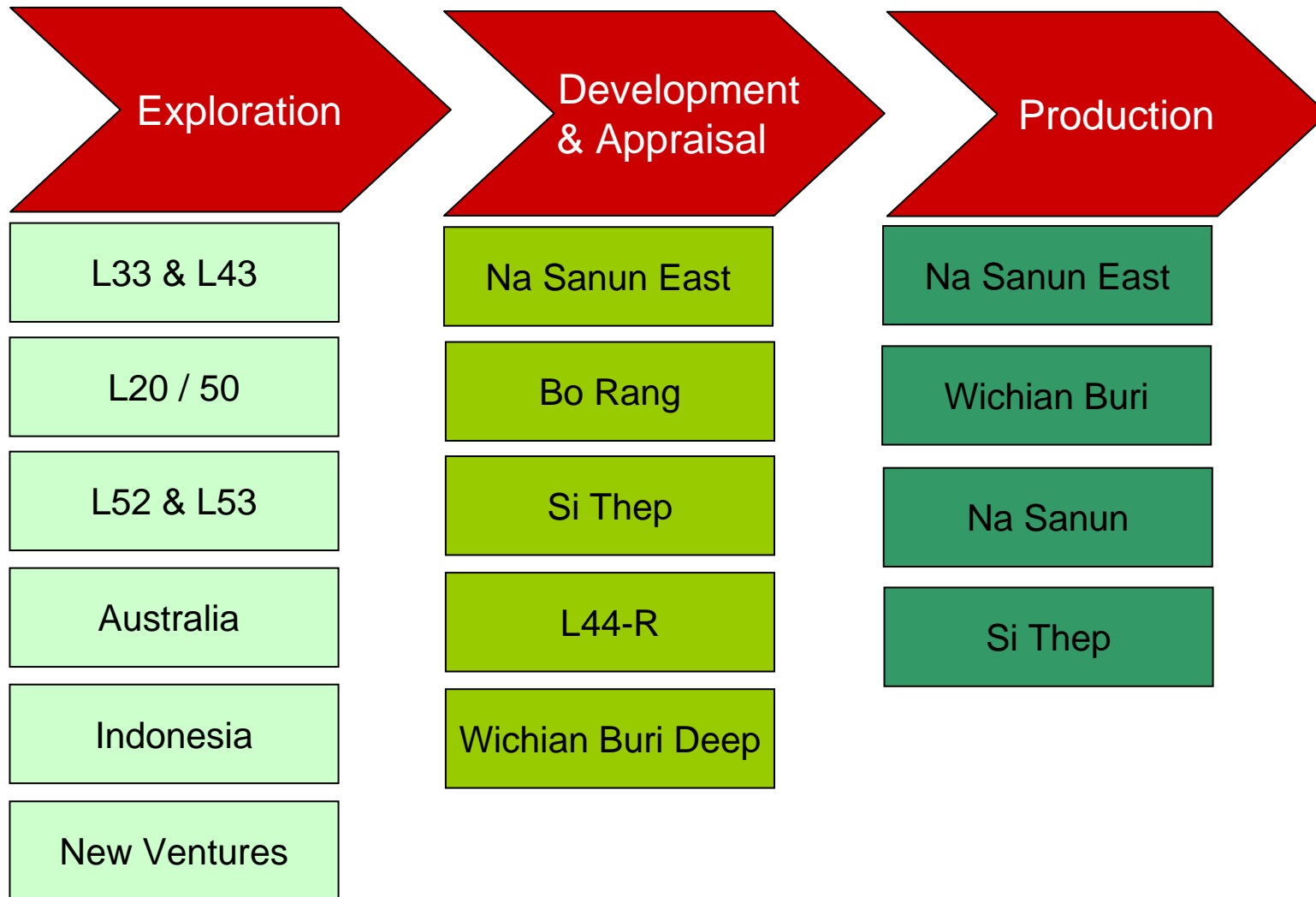
## EP 321, EP 407

- Perth Basin
- ORRI 2.5% net wellhead value at Warro Gas Field
  - ~ 7 Tcf in place
  - Latent Petroleum operator
  - Requires fracking of reservoir
  - If successful first gas planned for 2009
  - Initial rate 20 mmcf/d, increasing to 100 mmcf/d
  - Peak rate Value to Carnarvon of ~A\$5mm/year pre tax





# Project Pipeline





# A busy year ahead

- 2 rigs operating under long term contract, and 3<sup>rd</sup> rig likely August 2008.
- 16-20 wells planned for remainder 2008, targeting further significant reserve and production growth
- Mix of development, appraisal and exploration wells across a portfolio of projects
- \$23 million net cash and significant, growing cashflow ensure Carnarvon's current projects are fully funded for 2008 and beyond
- Current operations underpinning new growth opportunities



# Contact



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