



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

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Company Announcements Office
Australian Stock Exchange Limited

Via ASX Online

Dear Sirs,

OPERATIONS UPDATE THAILAND

EXPLORATION PERMIT L44/43

L44-G APPRAISAL WELL

L44-G is a key appraisal of the northernmost extent of the Na Sanun East Oil Field, located an ambitious 7.3 kms north of the POE-9 oil discovery which was brought onto production in January 2007. L44-G is currently drilling ahead in volcanics at a depth of 991 metres, with the top of the primary volcanic target (productive interval at POE-9) intersected at a depth of 855 metres and a minimum 105 metres thick. Drilling is currently continuing within this zone. Significant oil and gas shows have been reported throughout the entire well. Of particular note, free oil was observed over the shale shakers while drilling through the primary volcanic objective at 896 and 910 metres. Lost circulation of 132 bbls per hour, similar to that encountered while drilling the productive volcanic zones at POE-9 and NS-4, was encountered while drilling within the same primary target volcanic at 960 metres.

Drilling will continue through the primary target zone and one more predicted deeper volcanic interval, to a total depth of approximately 1,300 metres, which is anticipated to be completed within the next 7 days. Upon completion of the drilling of L44-G, the Aztec #14 rig will immediately be skidded 3 metres to an adjacent well cellar and start the drilling of L44G-D1, a directional well with a sub surface volcanic target approximately 500 metres north west and 120 metres up structure from the L44-G location. Upon the completion of L44G-D1, testing will commence on both wells as the distance between concrete well cellars does not allow room for a service rig, required for testing, while simultaneously drilling an adjacent location.

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NS3-D1 APPRAISAL WELL

The NS3-D1 deviated well has reached a true vertical depth of 920 metres after penetrating 33 metres (true vertical thickness) of the primary volcanic objective at a subsurface location 1.5 kilometres south of the POE-9 discovery well. Elevated mud gas readings and good oil shows were observed in the well after penetrating the top of the volcanic target at approximately 887 metres TVD and prior to encountering significant mud losses (lost circulation) of 50 bbls/hr and 138 bbls/hr over two separate intervals within this primary zone.

NS3-D1 is the first of five deviated wells that will be drilled eastwards from the adjacent Na Sanun production licence into the Na Sanun East structure to intersect the target volcanic section on the high side of the fault. This, and the other planned deviated wells, will appraise and develop the Na Sanun East Oil Field in the vicinity of the POE-9 discovery well with the objective of significantly increasing oil production.

The NS3-D1 well is currently circulating, prior to logging, with testing anticipated to commence within the next 7 days.

L44-H APPRAISAL WELL

The next well to be drilled by the Aztec #7 rig is L44-H, located 1.5 kilometers north of the POE-9 discovery, across a large fault in what is interpreted on 3D seismic to be a large, structurally higher fault compartment. Success at L44-H has the potential, like L44-G, to prove up a large area outside of the immediate POE-9 discovery fault block. Drilling is expected to commence within the next six days as soon as logging operations on NS3-D1 are completed and the Aztec #7 can be moved and rigged up on location. With success at the vertical L44-H well, an additional two deviated wells will be drilled at this location from concrete well cellars already constructed on this well pad.

EXPLORATION PERMIT L33/43

L33-D EXPLORATION WELL

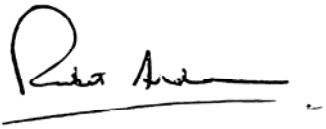
L33-D has been plugged and abandoned due to lack of reservoir development. Whilst this is disappointing, oil shows were observed while drilling indicating that a petroleum system is active this far north, encouraging further work within the new permit L33/43.

Ted Jacobson, the Carnarvon CEO commented:

“We are particularly pleased to see the severe mud losses (lost circulation) in both L44-G and NS3-D1. Whilst these wells are yet to be tested to see if they will produce oil, the mud losses are certainly some of the most severe we have seen in any of wells drilled to date. This is a good sign that highly fractured reservoir may well be present over substantial intervals in both wells. This encouragement has led us to change the drill programme once more, to drill a further well from the same surface location at L44-G to intersect a bottom hole location approximately 500 metres to the northwest to appraise the updip part of the structure 120 metres higher.”

Yours faithfully,

Carnarvon Petroleum Limited

A handwritten signature in black ink, appearing to read 'RA Anderson', is written over a horizontal line. The signature is cursive and somewhat stylized.

RA Anderson
Company Secretary