



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

3 May 2007

Company Announcements Office
Australian Stock Exchange Limited

Via ASX Online

Dear Sirs,

**CARNARVON AWARDED PERMIT
CARNARVON BASIN**

Carnarvon Petroleum Limited (“Carnarvon”) is pleased to announce that it has accepted an offer from the Commonwealth-Western Australia Joint Authority awarding an exploration permit over the area known as W06-17 (‘the Permit’) in the Carnarvon Basin offshore Western Australia to a joint venture comprising Carnarvon and Rialto Energy Limited.

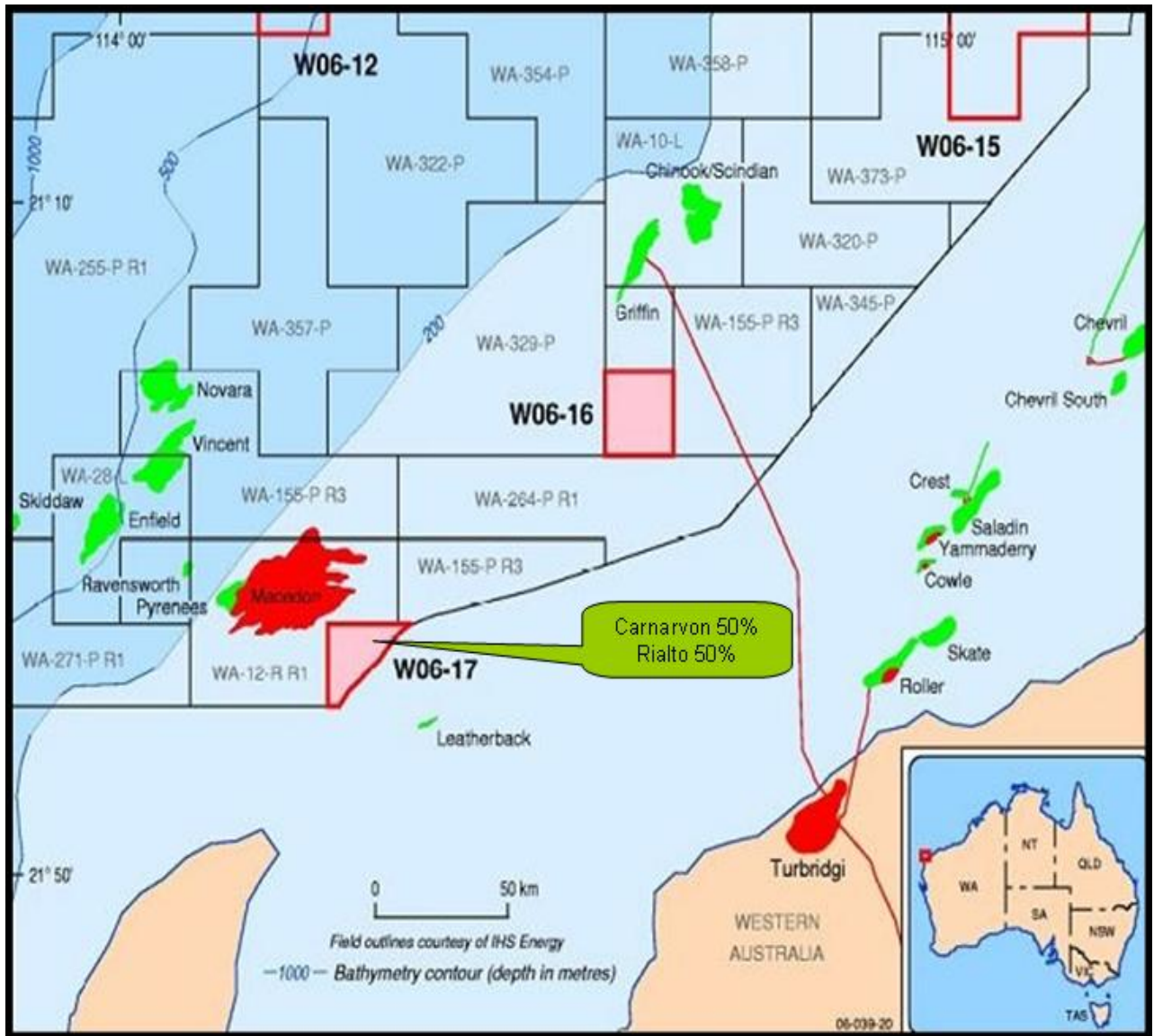
Carnarvon and Rialto will each have a 50% participating interest in the Permit. Carnarvon will be the Operator.

The Permit covers an area of 50km² located midway between the Pyrenees and Macedon oil and gas fields, 25 kilometres to the north-west, and the Leatherback oil accumulation, 30 kilometres to the south-east (refer attached map).

The Joint Venture has committed to a minimum work programme in the first 3 years of the Permit of geological and geophysical studies and the acquisition of 315km of 2D seismic. Following interpretation of the seismic data, the Joint Venture may elect to drill an exploration well in each of Years 4 and 5 of the Permit.

Carnarvon’s Managing Director, Mr Ted Jacobson, commented as follows:

“We are pleased to be awarded this acreage within the Carnarvon Basin. Our intention is to accelerate the work programme in order to mature drilling targets at the earliest opportunity. A discovery within the Permit may be able to be quickly developed given the proximity to infrastructure in the area.”



Yours faithfully,

Carnarvon Petroleum Limited

RA Anderson
Company Secretary