

30 July 2009

Company Announcements Office
Australian Stock Exchange Limited

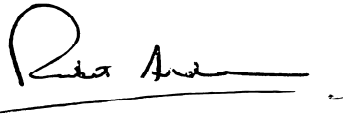
Via ASX Online

Dear Sirs,

QUARTERLY REPORT FOR JUNE 2009

Please find attached Carnarvon Petroleum Limited's Quarterly Activities Report for the quarter ended 30 June 2009.

Yours faithfully,
Carnarvon Petroleum Limited



RA Anderson
Company Secretary

REPORT FOR THE JUNE 2009 QUARTER

SUMMARY

THAILAND L33, L44 and SW1A

- ✓ New oil field and oil pool discoveries
 - L44-W flows on test at 1,220 bopd (12 May)
 - Significant new oil field discovery across L44 and L33 boundary
 - Appraisal well L44-W2 drilling ahead
 - NSE-H3 flows on test at 840 bopd (27 May)
 - NSE-I1 flows on test at 75 bopd (30 June)
- ✓ Exploration focus – minimal development wells completed
 - NSE-E2ST1 tested at 1,350 bopd (29 April)
- ✓ Continuous drilling programme with 2 rigs in use
 - NSE J1 and J2 development wells being tested
 - Bo Rang-2 exploration / appraisal well being tested
 - L44-VD2 appraisal well drilling ahead

THAILAND L20/50

- ✓ Seismic acquisition commenced on L20/50
 - 500 km 2D seismic acquisition onshore Thailand commenced late June
 - Anticipated completion September 2009

AUSTRALIA

- ✓ Successful application block WA-435-P Offshore West Australia
 - Carnarvon 100% and Operator
 - Three wells previously drilled – two potentially gas bearing
 - Minimal work programme

CORPORATE

- ✓ Oil Revenue for March quarter A\$19.4 million(net to Carnarvon)
 - Carnarvon benefiting from increased oil prices
- ✓ Cash in bank A\$34 million
 - A\$38 million tax paid during quarter
 - Development, appraisal and exploration drilling fully funded

OIL PRODUCTION AND REVENUE

Carnarvon's oil sales revenue for the June quarter was A\$19.4 million, with an average price of A\$66.39 per barrel.

Oil sales and revenues net to Carnarvon for the past two quarters are as follows:

	Jun 09 quarter	Mar 09 quarter	Qtrly % Change	Comments
Net sales volumes – (bbls)	292,150	369,880	- 21 %	Focus on reserves adds; production decline
Net sales revenue – (A\$ 000)	19,396	21,435	- 10 %	Increased US\$ oil price, production decline
Average sale price achieved – (A\$/bbl)	66.39	58.00	+ 14 %	Increased US\$ oil price
Net average daily - (bopd)	3,210	4,110	- 21 %	

Development of oil reserves from the fractured volcanic reservoirs at Na Sanun East and adjacent oil fields requires comprehensive understanding due to the severe heterogeneity in this type of reservoir.

The geological setting of these volcanic oil reservoirs is very complex, featuring rapid changes of lithofacies and thicknesses, distributions of fractures and pores/vugs and different oil well productivities with neighbouring wells.

Cumulative production per well varies greatly from a few thousand bbls to around 1.5 million bbls, and although expected ultimate recovery (EUR) per well is anticipated to be around half a million bbls, a typical well production / depletion profile is difficult to construct.

While a significant number of wells have been drilled, and a comprehensive 3D geological model has been completed, a comprehensive development plan is still in the course of development by the joint venture.

At this stage of field development these combined factors have necessitated a drilling focussed oil depletion process, whereby wells initially are tested at significant rates but varied decline leads to the need for quick replacement. In addition the well testing regime required by the Thai Department of Mineral Fuels requires wells to be shut-in for periods and short term water handling constraints limit production of wells with increasing water cuts.

Oil production for the second quarter of 2009, net to Carnarvon, is estimated to be 3,210 barrels per day. The decrease from the previous quarter was a result of wells coming off flush production, and the drilling program for the quarter focusing on exploration targets versus development opportunities.

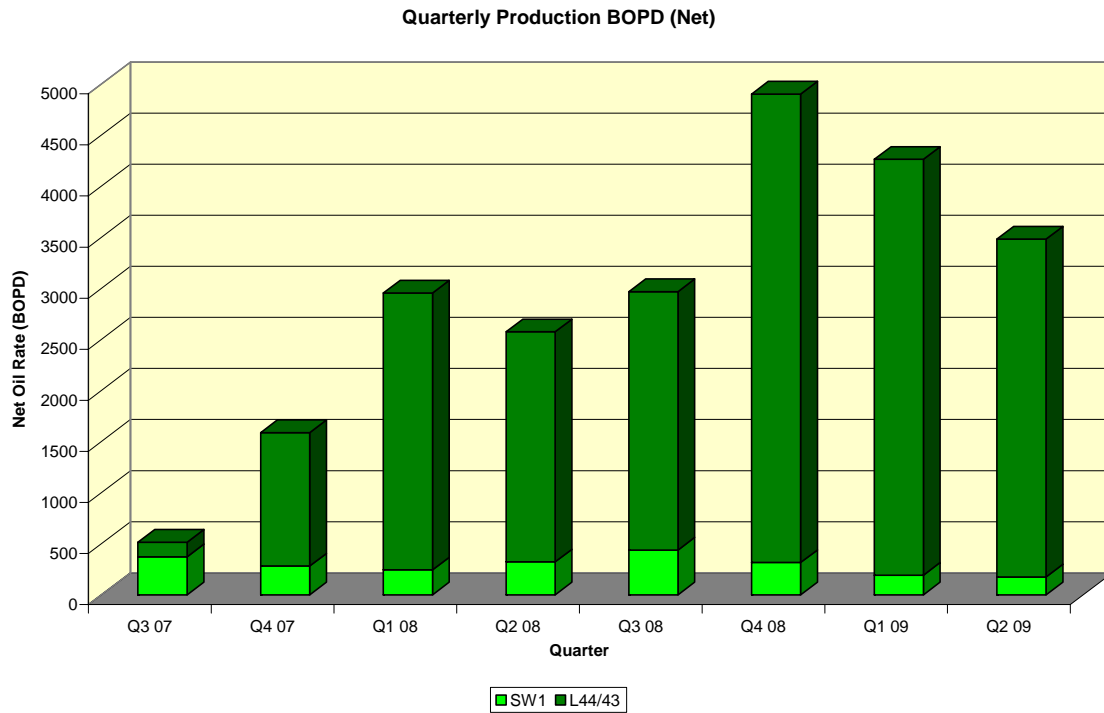


Figure 1: Carnarvon net quarterly production for Q3 2007 to Q2 2009

DRILLING AND EXPLORATION

L33/43, L44/33 and SW1A Onshore Thailand (Carnarvon 40% and non-operator)

Wells drilled and/or completed during quarter:

Well	Permit	Status
NSE-E2ST1 (Appraisal)	L44/43	Sidetrack successful – tested at 1,350 bopd
L44-W (Exploration)	L44/43	New oil field– tested at 1,220 bopd
NSE-H3 (Appraisal)	L44/43	New oil pool – tested at 840 bopd
NSE-I1 (Appraisal)	L44/43	New oil pool – tested at 75 bopd
Bo Rang-1 RD (Exploration)	L44/43	Sub-commercial flows – excellent oil shows

Wells spudded, drilled and/or completed subsequent to quarter:

Well	Permit	Status
NSE-J1 (Development)	L44/43	Testing
NSE-J2 (Development)	L44/43	Testing
Bo Rang-2 (Exploration)	L44/43	Testing
L44-W2 (Appraisal)	L44/43	Drilling
L44-VD2 (Appraisal)	L44/43	Drilling

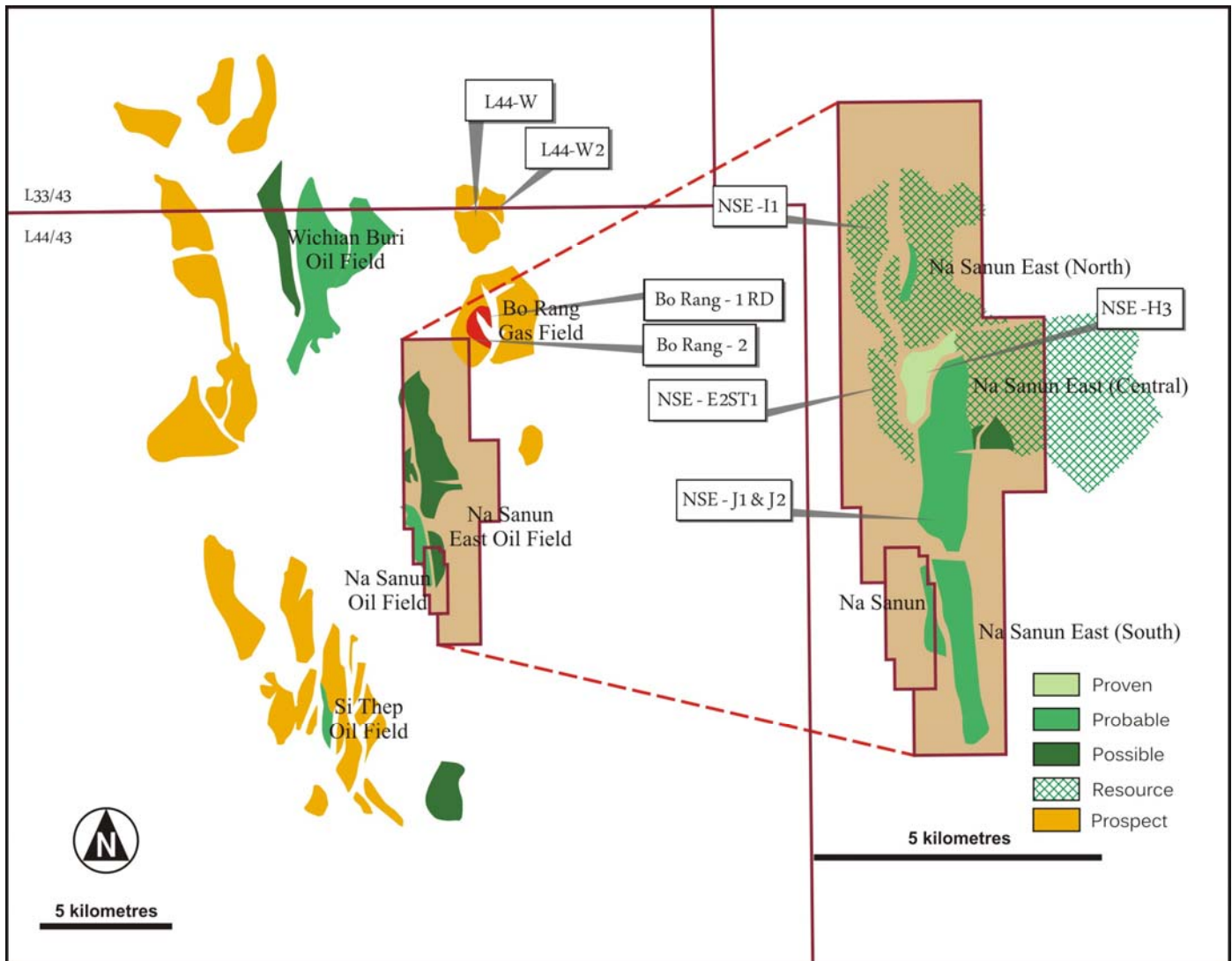


Figure 2: Phetchabun Basin license location map (CVN 40%) showing indicative position of wells drilled.

- The **NSE-E2ST1** sidetrack appraisal well was successfully tested and initially produced 32 degree API oil at a stabilized rate of 1,350 barrels per day. This well is a sidetrack of the earlier drilled NSE-E2 where the main reservoir target was faulted-out but 15 barrels of oil was recovered from a different volcanic zone located in a separate fault compartment from the NSE-E1 structure. That volcanic zone is yet to be appraised.
- The **L44-W** exploration well has confirmed the discovery of a potentially significant new oil field straddling concessions L44/43 and L33/43 onshore Thailand. The L44-W well was initially tested through an electrical submersible pump (ESP) at a rate of approximately 1,220 barrels of oil per day with a water cut of less than 0.5%. The quality of the oil was in the range of 27 to 32 degree API.
- The **NSE-H3** appraisal well has confirmed the discovery of commercial hydrocarbons in a previously untested volcanic reservoir approximately 45 meters in thickness at 610

meters true vertical depth (TVD). The well was initially tested at a stabilized rate of 840 bopd. At year end 2008, there were no reserves of any category attributed to this shallow volcanic zone. Pressure data and the slightly lower gravity of the crude oil (32 API vs 36 API), confirms this is a distinctly separate pool from the underlying main volcanic reservoir at NSE.

- The **NSE-II** appraisal well has confirmed the discovery of commercial hydrocarbons in a previously untested volcanic reservoir approximately 20 meters in thickness at 637 meters true vertical depth (TVD). The well tested 34 degree API oil at a stabilized rate of 75 bopd with approximately 200 barrels per day of water. At year end 2008, there were no reserves of any category attributed to this shallow volcanic zone. These modest test results have confirmed oil in a shallow volcanic reservoir in the down thrown fault compartment adjacent to the NSE north compartment.
- The Bo Rang-1 RD (**BR-1RD**) exploration well was drilled vertically to a depth of 757 meters approximately 80 meters west of the original Bo Rang-1 (BR-1) gas. Two volcanic objectives were encountered, the first 22 meters thick at a depth of 633 meters (tested 5.5MM cubic feet per day in the original well bore) and the second, 49 meters thick at a depth 25 meters below the base of the first zone. There were no drilling fluid losses (which are an indicator of good permeability) observed while drilling either volcanic zone. Upon the completion of drilling of the deeper volcanic objective, significant quantities of 34 degree API oil were observed at surface and in the drill string while tripping out of the hole. Subsequent testing resulted in the recovery of minor quantities of oil, gas and load fluid, indicating low permeability.
- Though commercial oil rates were not achieved in BR-1RD, excellent reservoir is inferred to exist only 80 meters away on the basis of the massive drilling fluid losses observed in the original BR-1 well while drilling through the objective zone. In addition, there is strong evidence that the primary volcanic objective is oil bearing based on the free oil observed at surface while drilling through this zone. On this basis, Bo Rang-2 (**BR-2**) was drilled and is currently being prepared for testing.
- The **NSE-J1** and **NSE-J2** development wells have been drilled to total depth within the main volcanic objective from the same surface pad location in the east-central portion of the NSE Central fault compartment. Both wells experienced significant drilling fluid losses (an indicator of good permeability) while drilling within the target zones. At this particular drill pad, testing and drilling were not possible due to the limited size of the drill pad. Testing of both wells has commenced.
- **L44-W2**, the first appraisal well to the L44-W oil discovery has commenced drilling to a subsurface target 500 meters north east of the original discovery.
- The **L44-VD2** appraisal well is designed to evaluate the Bo Rang structure approximately 40 meters structurally downdip from the Bo Rang-1 location to ascertain whether producible hydrocarbons exist within the Upper Volcanic reservoir.

L33/43, L44/33 and SW1A Onshore Thailand (Carnarvon 40% and non-operator)

Status of near term exploration / appraisal / development programme (Q3 – Q4 2009)*

Well	Permit	Well Type	Status
L44-W	L44 & L33	Appraisal Wells – New Oil Field Discovery	Various – one site ready
NSE Central	L44/43	Ongoing Development	Site construction complete
NSE-F2	L44/43	Appraisal NSE-F1 Oil Discovery	Site construction complete
NSE-L1	L44/43	Appraisal - NSE North “B”	Site construction complete
NSE South	L44/43	Infill Development Wells	Site construction complete
Si Thep (Deep)	SW1A	Volcanic Exploration	Awaiting approvals
L44-K	L44/43	Si Thep SST Appraisal / Exploration	Location being finalised
L44-CD2	L44/43	Wichian Buri SST / Volcanic Appraisal	Site construction complete

* Final well numbers, locations and order of drilling are subject to ongoing Joint Venture discussion and Thai Dept of Mineral Fuels Approvals.

- Two rigs are currently under long term contract and being used full-time and will likely continue through 2009. A smaller workover rig is also being utilised to minimise appraisal and development rig costs.
- Early March 2009 quarter drilling concentrated on further exploration and / or appraisal wells targeting reserves additions.
- The balance of the 2009 drilling programme will target both production and reserves adds with the goal to reach and hold field production rates between 12,000 and 15,000 bopd (4,800 and 6,000 bopd net to Carnarvon) by third quarter 2009
- Development drilling has re-commenced in the Na Sanun East oil field with NSE-H1 & H2 wells (630 bopd production and testing commenced respectively) with at least a further 15 development locations ready
- NSE-F2 will be appraising the recent NSE-F1 oil discovery of high API oil to the east of the producing wells
- NSE-I1 and NSE-L1 are appraising contingent oil resources outside of the current mapped closure of the NSE oil field. These wells have a high confidence of success due to the recent successes of NSE-F1, NSE-E1 and NSE-C1.
- Further infill wells are being planned to fully develop the southern lobe of the NSE oil field.
- L44-C2 is a planned appraisal of the sandstones extending from the Wichian Buri field in the area of the POE-6 discovery well.
- Si Thep (Deep) is an appraisal of the volcanics below the producing Si Thep oil field. During drilling of the Si Thep-1 oil discovery well by the previous JV, severe losses

were experienced in the volcanics however these were not tested and the well was completed in the sandstone reservoir at a shallower depth.

- L44-K is an appraisal of the sandstones surrounding the Si Thep producing reservoir. Si Thep-1 is producing at a nominal rate of around 10 bopd from poorly developed sandstone that appears to improve away from the well as interpreted by modern 3D seismic technology. Several wells are planned in the vicinity of the production well.

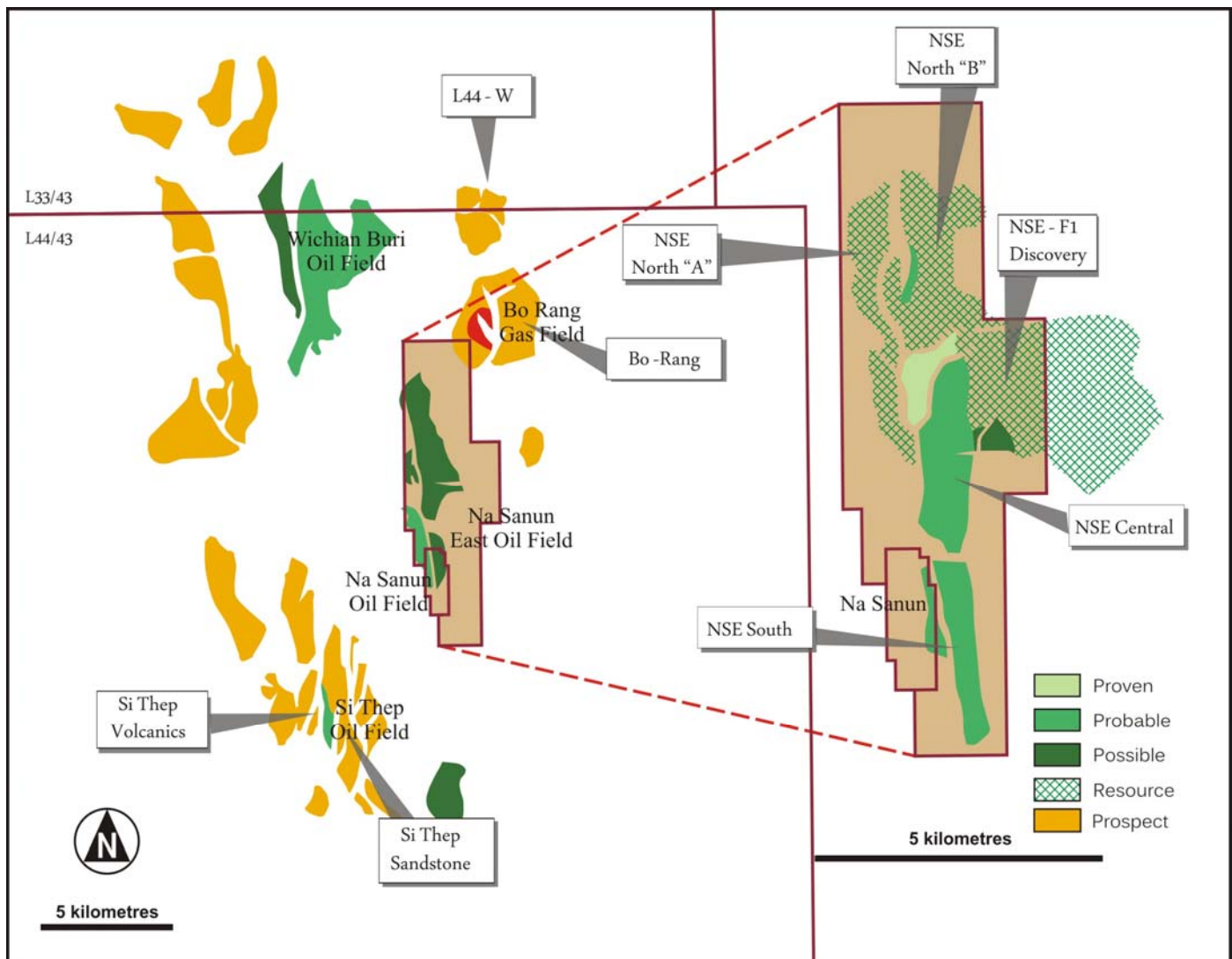


Figure 3: Indicative appraisal and development locations around NSE oil field.

EXPLORATION BLOCKS - THAILAND

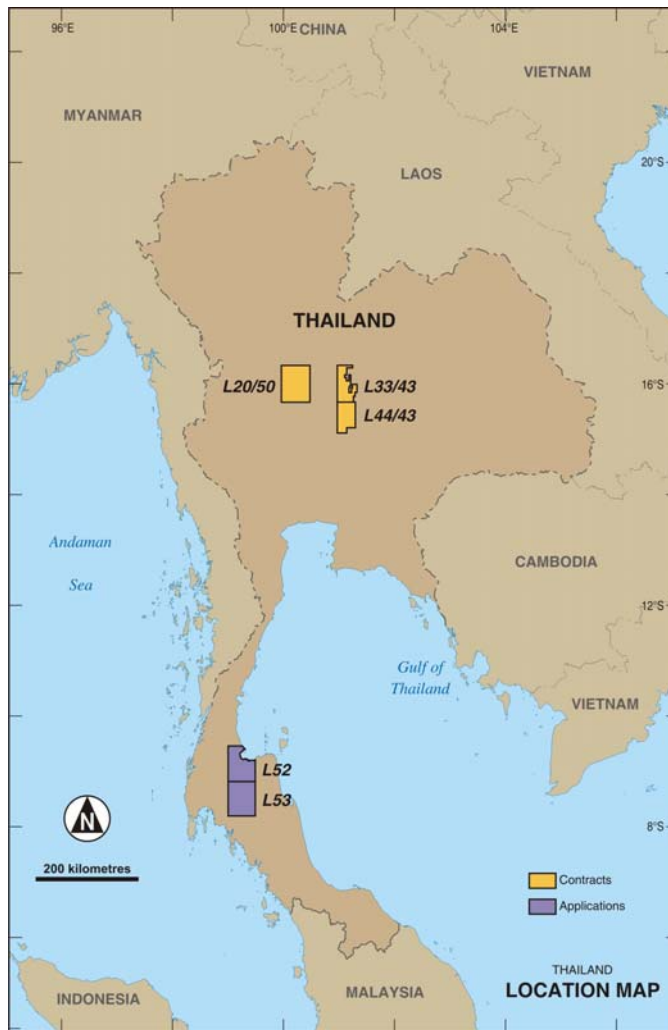


Figure 4: Thailand concessions – location map

(a) L20/50 Concession - Thailand (Carnarvon Petroleum 50% and Operator & Sun Resources 50%)

The L20/50 concession is situated approximately 30 kilometres to the southeast and on trend with the largest onshore oil field in Thailand at Sirikit. Previous drilling has demonstrated that oil has been generated within the L20/50 concession.

Interpretation and mapping of the existing 2D seismic has been completed based on reprocessed data. Mapping of several horizons has resulted in a promising set of maps being generated with a number of large leads identified for further analysis.

A comprehensive 500km 2D seismic survey has commenced. Environmental approval was obtained, and operations began in June with contractor BGP. The survey is half way through operations and is expected to be completed prior to the beginning of September, 2009. Processing and interpretation of the data is anticipated to be completed by year end.

(b) L52/50 & L53/50 Concession Applications - Thailand
(Carnarvon Petroleum 50% / Pearl 50% and Operator)

The Company has applied to the Department of Mineral Fuels in Thailand for concession rights in petroleum exploration and production for two areas described as Blocks L52/50 and L53/50 onshore Thailand within the Surat-Khiensa Basin. Carnarvon and Pearl were together the sole bidders for this block. The awarding of this, and other outstanding blocks in the 20th Thailand Bid Round, is still delayed however Carnarvon anticipates the block being formally awarded in 2009.

EXPLORATION BLOCKS – AUSTRALIA

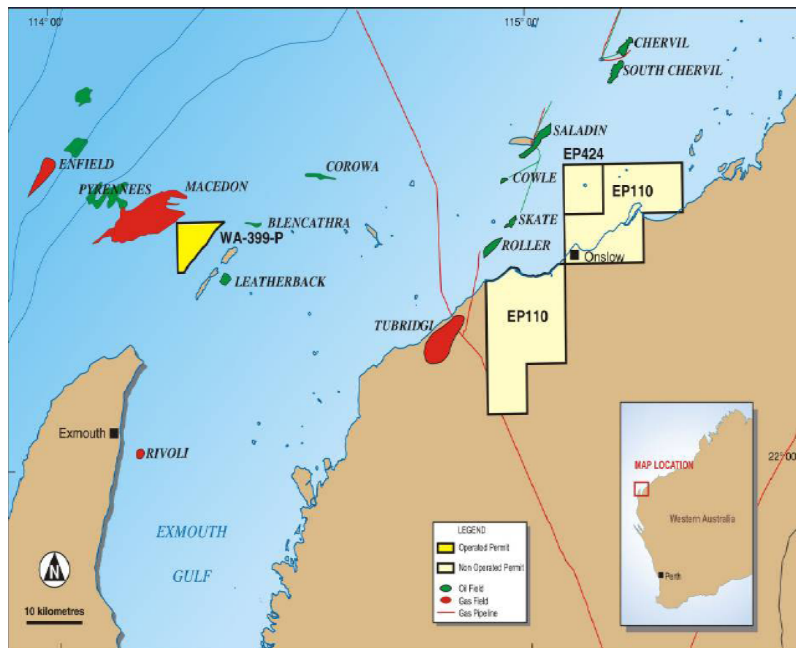


Figure 5: North West Shelf permits – location map

(a) WA 399 P – Australia Offshore NW Shelf
(Carnarvon Petroleum 50% and Operator / Rialto Energy 50%)

WA-399-P was awarded on 7 May 2007. The permit covers an area of 50km² located between the Pyrenees and Macedon oil and gas fields and the Leatherback oil accumulation. Carnarvon has completed the reprocessing of all available seismic over the permit (550 km²). The current work programme requires acquisition of 315km of new 2D seismic and Carnarvon is reviewing vessel availability and prices.

(b) EP 424 / EP 110 - Australia Offshore NW Shelf
(Carnarvon Petroleum 35%, Strike Oil 40% and operator, Pancontinental 25%)

A variation to the permit terms of EP 424 has been granted from the Department of Industry and Resources to alter the requirement for the drilling of one well by 13 April 2011.

APPLICATION BLOCKS – AUSTRALIA

(b) WA-435-P - Australia Offshore NW Shelf (Carnarvon Petroleum 100% and operator)

Carnarvon's application to the Australian Government to acquire 100% of a new offshore West Australian permit covering application block W08-11 (permit WA-435-P) has been successful.

WA-435-P is situated in the north-western part of the Bedout Sub-basin within the greater Roebuck Basin. The block lies in an under-explored area that has received little recent attention, adjacent to the prolific Carnarvon Basin hydrocarbon province to the south-west. The town of Port Hedland lies 180 kms to the south. Water depths range from 120 to 265 metres and the block covers an area of 4,955km².

Three wells have been drilled in the block to date. The two wells, Phoenix-1 and Phoenix-2, drilled on the large Phoenix structure both intersected extensive gas columns within low porosity mid Triassic reservoir. In particular, Phoenix-1 recorded 110 metres of net gas-bearing section, however further work is required to determine reservoir parameters and whether the discovery could flow at commercial rates. A second large undrilled structure lies to the south.

Carnarvon has agreed to a firm commitment to reprocess 2,500kms of seismic and carry out technical studies for the first three years estimated to cost \$500,000. Following the completion of this work, Carnarvon intends to acquire seismic and drill at least one well in the following three year indicative programme.

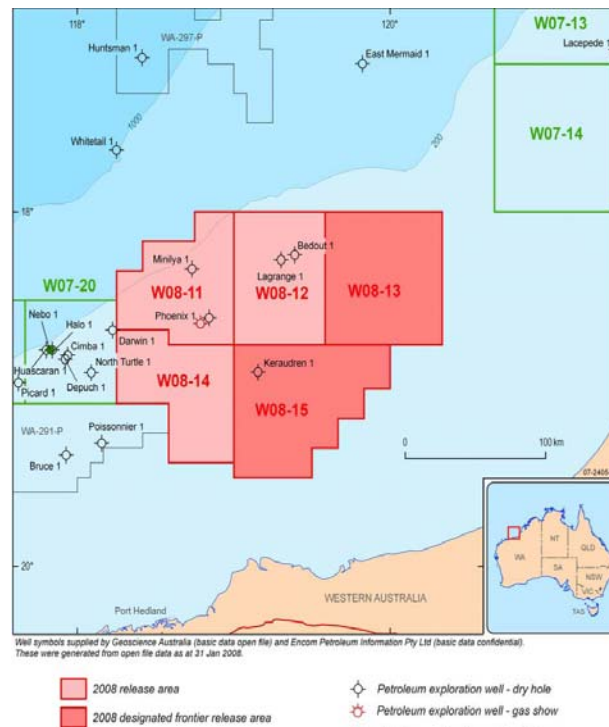


Figure 6: 2008 acreage release map outlining Carnarvon's successful W08-11 application block (now permit WA-435-P).

CORPORATE ACTIVITIES

Cash balance and treasury position

Carnarvon's consolidated cash balance is subject to working capital fluctuations and at quarter end was A\$34 million, compared to A\$77 million at the end of the previous quarter. The outstanding liability of A\$38 million for December 2008 Petroleum Income Tax and SRB was paid during the quarter. The A\$ value of cash balances has been significantly reduced by a strengthening in the A\$ to the THB and US\$ over the quarter. The majority of the Company's expenses are paid in Thai baht or US Dollars, notably Thai taxes and SRB's. As such, the majority of the Company's funds are maintained in those currencies therefore alleviating the potential of large foreign currency exchange gains or losses.

Carnarvon's net A\$34 million (equivalent) in cash comprises THB 767 million, US\$2.2 million and A\$3.4 million including A\$3 million in bank guarantees. Liabilities for Thai Petroleum income tax and SRB at 30 June 2009 are estimated at A\$6.7 million. The company's cash balances and short term deposits are held with major banks.

June quarter capital expenditure amounted to about A\$9 million equivalent comprising mainly of exploration and appraisal drilling in L44.

Carnarvon's planned September 2009 quarter exploration, evaluation and development expenditure is currently estimated at A\$12.6 million, primarily consisting of ongoing drilling and testing operations in Thailand in L44/43 (CVN 40%) and seismic acquisition in L20/50 (CVN 50%). This will be paid out of ongoing cash flow from operations.

Top 20 Shareholders

A top 20 shareholders list as at 29 July 2009 is attached below:

CARNARVON PETROLEUM LTD

ORDINARY SHARES as of 29 Jul 2009

Top Holders Snapshot - Ungrouped

Rank	Name	Units	% of Units
1.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	64,035,238	9.370
2.	J P MORGAN NOMINEES AUSTRALIA LIMITED	56,652,378	8.290
3.	NATIONAL NOMINEES LIMITED	53,433,084	7.820
4.	ANZ NOMINEES LIMITED <CASH INCOME A/C>	15,927,685	2.330
5.	MR EDWARD PATRICK JACOBSON	12,917,903	1.890
6.	CITICORP NOMINEES PTY LIMITED	9,091,039	1.330
7.	PENDOMER INVESTMENTS PTY LTD <LAW SETTLEMENTS FUND A/C>	8,400,000	1.230
8.	COGENT NOMINEES PTY LIMITED	8,271,884	1.210
9.	JACOBSON GEOPHYSICAL SERVICES PTY LTD	8,000,000	1.170
10.	MR PETER JAMES LEONHARDT	7,700,000	1.130
11.	ARNE INVESTMENTS PTY LTD	6,710,493	0.980
12.	COGENT NOMINEES PTY LIMITED <SMP ACCOUNTS>	6,354,899	0.930
13.	MR GREGORY JOHN MUNYARD + MRS MARIA ANN MUNYARD + MISS CARMEN HELENE MUNYARD <RIVIERA SUPER FUND A/C>	6,164,000	0.900
14.	GEOLYN PTY LTD	6,000,000	0.880
15.	MR EDWARD PATRICK JACOBSON	6,000,000	0.880
16.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	5,519,658	0.810
17.	QUEENSLAND INVESTMENT CORPORATION	4,105,911	0.600
18.	ATHOL STEEL PTY LTD	4,000,000	0.590
19.	ARNE INVESTMENTS PTY LTD	3,991,906	0.580
20.	AUSTRALIAN REWARD INVESTMENT ALLIANCE	3,861,274	0.560
Totals: Top 20 Holders of ORDINARY SHARES		297,137,352	43.462
Total Remaining Holders Balance		386,537,282	56.538