

L20/50 Drilling Update

14 December 2010



Thailand L20/50 Concession

Site Preparations

Carnarvon Petroleum, as operator of the L20/50 permit, advises that construction of road works and well sites is now well advanced for the drilling of up to three wells in the permit. Drilling operations are expected to commence in January 2011 based on the progress of site works to date.

Drill Rigs

Asia Drilling Pte Ltd's AD-1 drilling rig has now been contracted to drill up to three wells on the L20/50 Concession. This rig has been operating in the region for some time and is capable of drilling to depths around 3,300m.

The rig is expected to comfortably manage the three wells planned by Carnarvon Petroleum, the deepest of which has a target depth of around 1,750m.

Pan Orient Energy Corporation, the operator of the L44/43 Concession, has also contracted a second rig for drilling on its 100% held L53/48 Concession with some additional drilling operations also being considered on the L44/43 Concession.

Once the AD-1 rig has completed drilling on the L20/50 Concession it will be released by Carnarvon and will be available for other operations.



SUMMARY

January 2011
Expected spud date

Drilling rig confirmed

2 firm wells &
1 contingent well to
be drilled 1st Quarter
2011

Registered Office

Ground Floor
1322 Hay Street
West Perth WA 6005

PO Box 99
West Perth WA 6872

Telephone: 08 9321 2665
Fax: 08 9321 8867
Email: admin@cvn.com.au

ASX Code: CVN

www.carnarvon.com.au

Drilling programme

The objective of this first drilling programme of up to three wells is to establish the presence of a potentially commercial petroleum system in this sub-basin of the Phitsanulok Basin. If the results of drilling are sufficiently encouraging, this will be followed up with a targeted 3D seismic programme later in 2011 to better define prospects for further drilling.

The environmental impact assessment for the three prospect locations chosen by the Joint Venture has been approved by the Thai government authority. Furthermore, the joint venture has now agreed to drill two firm wells on the Tapao Kaew and Krai Thong prospects and one contingent well on the Chalawan prospect in the current drilling programme. Drilling is targeted to commence January 2011 dependent on weather conditions and time for site construction. Each well will take approximately two to three weeks to drill and evaluate.



Prospects

Whilst the drilling of these prospects is highly exploratory, due to the paucity of previous exploration drilling information and broad 2D seismic grid on which the prospect interpretation is based, mapped prospect sizes are substantial ranging from a gross mid-case recoverable oil volume estimate, if successful, of 21 mmbbls for Tapao Kaew, 37 mmbbls for Krai Thong and 32 mmbbls for Chalawan.

The three wells will evaluate three different prospect styles. The first well planned to be at Tapao Kaew will evaluate a potential stacked reservoir, hanging wall anticlinal closure on the western edge of the basin, immediately adjacent to the interpreted hydrocarbon kitchen. The well will be drilled to a planned total depth of 1,715 metres.

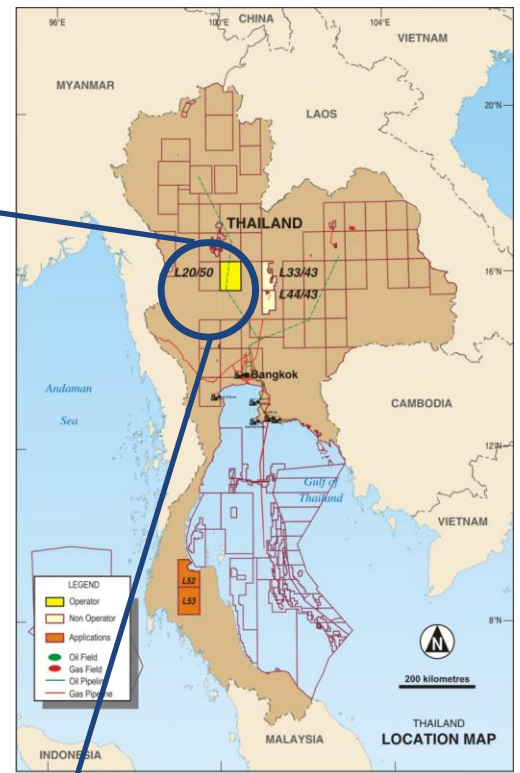
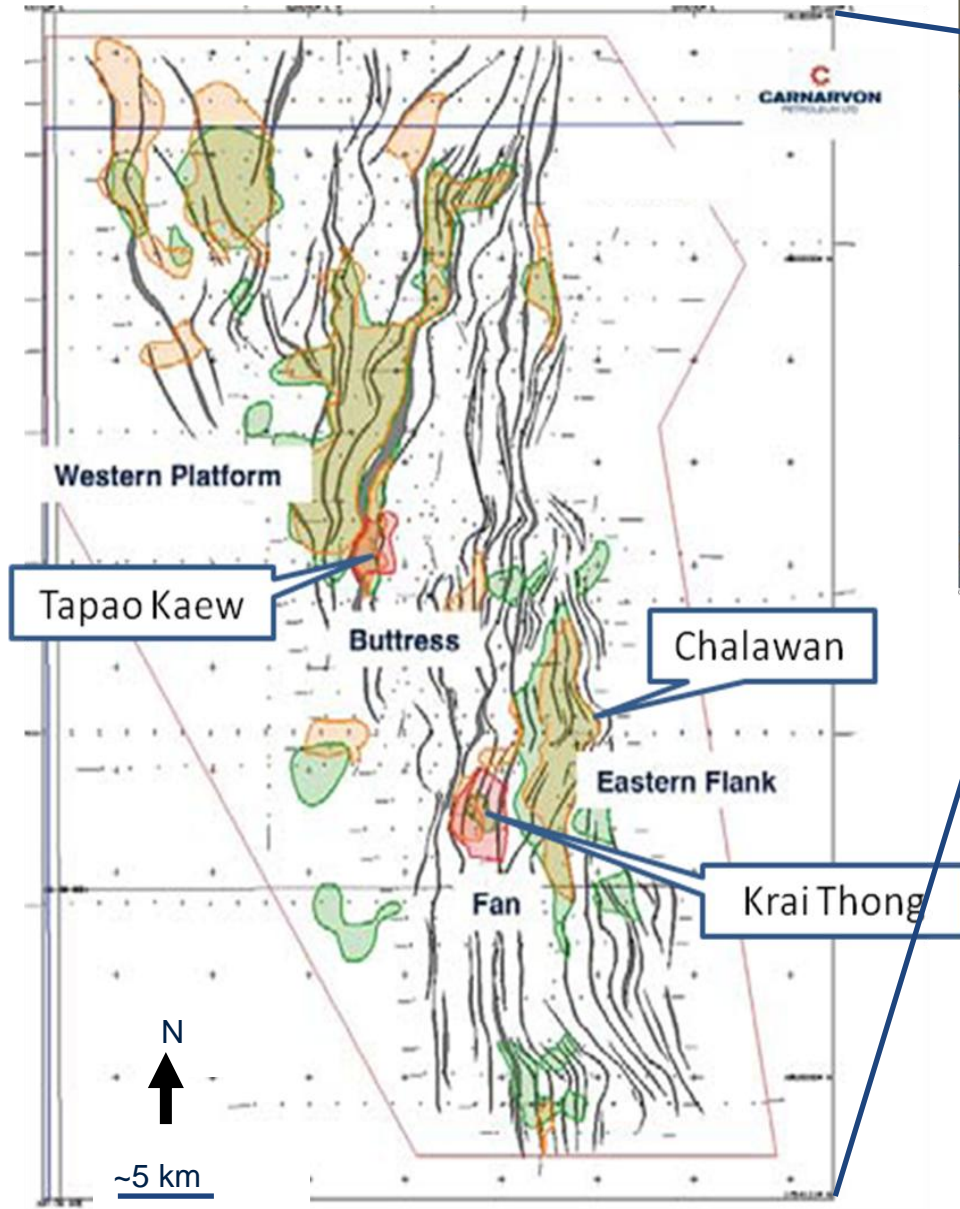
The second well at Krai Thong will evaluate interpreted four way dip closures with potential stacked and mounded alluvial fan deltas further to the south of the basin. The planned total depth of the well is 1450 metres.

If these two wells provide sufficient encouragement, a third well may be drilled at Chalawan. This structure comprises a series of tilted fault closures on the eastern edge of the basin. This is planned to be a shallow well to a depth of 950 metres.

L20/50 Concession Permit Holders

Carnarvon Petroleum Ltd (Operator)
Sun Oil NL

50%
 50%



Location of proposed three well programme