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Company Announcements Office
ASX Limited

Via ASX Online

Dear Sirs

L44H-D1 RECORD PRODUCTION AT 3,940 BOPD

L44H-D1 (Carnarvon 40%)

The deviated well L44H-D1 is now flowing at a sustained, stabilised rate of approximately 3,940 barrels per day of 35.5 degree API oil with a minimal water cut of 0.05%. The well is free flowing through casing and tubing with a restricted choke setting of 38/64" and 26/64" respectively. Flowing wellhead pressures on casing and tubing remain high at 280-285 psi indicating the well has a flow capability greater than the current choked rate. Load out of oil tankers from the well location is the determining factor in not taking production higher at this stage.

Thailand Department of Mineral Fuels has commented that this is the highest flow rate ever achieved by any oil well drilled onshore Thailand.

The L44H-D1 well reached a total measured depth ("MD") of 1,217 meters, 866 meters true vertical depth ("TVD"), at a subsurface location approximately 700 meters north of the oil producing well L44-H located within the central fault compartment of the Na Sanun East Oil Field ("NSE"). The top of the main volcanic reservoir was penetrated at a depth of approximately 1,016 meters MD (755 meters TVD) with over 200 meters measured thickness (111 meters true vertical thickness) of the target volcanic reservoir penetrated. The drill bit was still drilling within the main target volcanic reservoir when the decision was made that sufficient reservoir had been penetrated and to call total depth on the well. L44H-D1 is the structurally highest volcanic reservoir penetration within the NSE field encountered to date. Total drilling fluid losses of 9,385 bbls at rates of 100 to 260 bbls/hr were observed while drilling through the main target. Wiper trips at 1,155 meters MD and 1,217 meters MD had resulted in oil to surface. This was the third well drilled into NSE's central fault compartment.

These test results at L44H-D1 confirm an oil column at NSE of a minimum of 150 meters.

Looking forward, the implications of this well on NSE field development are significant. L44H-D1 was a highly deviated well (approximately 51 degrees) at the top of the main volcanic objective. Based on these results, consideration is being given to full NSE field development utilising up to 12 horizontal wells. The potential advantages of horizontal drilling being: 1) maximum reservoir thickness penetration 2) improved access to the

extensive fracture network 3) less drawdown at higher rates, and 4) greater distance between the well bore and the oil/water contact, likely reducing the time to water breakthrough.

NS6-D1A SIDETRACK (Carnarvon 40%)

Sidetracked well, NS6-D1A is free flowing 35.5 API oil at a stabilized pre-cleanup rate of 615 bopd with choke setting of 18/64" on both casing and tubing. Flowing wellhead pressures are between 150 and 120 psi and water cut is low at approximately 0.05%.

NS6-D1A is located within the south fault compartment of the NSE structural closure approximately 400 meters north of the original POE-9 discovery well. The well penetrated approximately 23 meters of the main volcanic target with mud losses at rates of 20 bbl/hr. This was the fifth well drilled into NSE's southern fault compartment.

WICHIAN BURI-1 (DEEP) (Carnarvon 40%)

The Aztec #14 rig is drilling ahead at a depth of 900 meters after setting 9 5/8" casing at 362 metres. Drilling is anticipated to take approximately 8 days to reach total depth.

WB-1 (Deep) is targeting an approximately 220 metre thick volcanic section at a depth of 1,503 meters. This interval was penetrated by the original WB-1 well in 1988, resulting in severe lost circulation with approximately 20,000 bbls of drilling fluid losses associated with very high mud gas readings. Subsequent sidewall cores taken over this interval indicated oil staining. The previous operator did not evaluate this deeper volcanic zone in WB-1 but completed the shallower conventional F sandstone reservoir which tested oil at 500 bopd and is still producing oil 19 years on.

PRODUCTION OUTLOOK

Current field production capacity is now greater than 10,000 bopd gross (4,000 bopd net to Carnarvon) with average deliveries to the refinery of between 5,500-6,000 bopd gross (2,200-2,400 bopd net), limited by the capacity of the tanker fleet. Delivery is anticipated to increase to 7,000 bopd gross (2,800 bopd net) in late December 2007. The use of a new loading bay at the existing refinery has been negotiated, bringing the refinery capacity up to approximately 10,000 bopd gross. Upon approval of the NSE production license by the Thailand Department of Mineral Fuels, a second refinery contract is anticipated to be signed, bringing the total refinery unloading capacity to over 20,000 bopd gross.

A number of options are being evaluated to reduce the trucking capacity bottleneck as quickly as possible. This is a short term issue caused by the rapid success of high well deliverabilities far in excess of initial expectations.

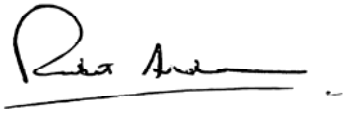
CEO COMMENT

The Carnarvon CEO Ted Jacobson commented: "Once again the Na Sanun East Field has delivered a pleasant surprise with the L44H-D1 well flowing at a record rate of near on 4,000 bopd. Although sales of oil is currently restricted to between 5,500 to 6,000 bopd by infrastructure limitations, the operator Pan Orient is working hard to significantly upgrade production facilities over the coming months with significant results already being achieved.

Located around 10-15 kms to the northwest, the Wichian Buri structure is separate to the Na Sanun and Na Sanun East structures. The WB-1 (Deep) well, currently being drilled on the Wichian Buri structure, is an evaluation of a volcanic reservoir drilled in 1988 by a previous joint venture. The degree of mud losses and oil staining in the previously drilled well WB-1 is encouraging for possible good flow rates in this new well WB-1 (Deep).

This has certainly been an exciting year with production deliverability increasing from 300 bopd in January to current estimate of around 10,000 bopd. Carnarvon is anticipating continued activity through 2008 with between 20 to 30 more wells to be drilled over the next 12 months."

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