

30 April 2008

Company Announcements Office
Australian Stock Exchange Limited

Via ASX Online

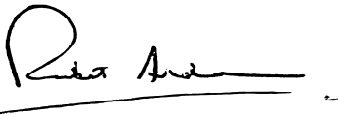
Dear Sirs,

QUARTERLY REPORT FOR MARCH 2008

Please find attached Carnarvon Petroleum Limited's Mining Exploration Entity Quarterly Report for the quarter ended 31 March 2008 incorporating:

- Report on activities for the March 2008 quarter; and
- Appendix 5B.

Yours faithfully,
Carnarvon Petroleum Limited



RA Anderson
Company Secretary

REPORT FOR THE MARCH 2008 QUARTER

“The continuing rapid development of Carnarvon’s production interests in Thailand together with the certification of significant new reserves confirms the company’s transition to a leading mid tier Australian oil and gas company, with a current market capitalisation of over \$400 million”

SUMMARY

- New Oil Discovery in L44/43 block with positive test results at L44-R
- Carnarvon (50% and Operator) and Sun Resources awarded concession L20/50 central onshore Thailand to the west of Carnarvon’s producing Wichian Buri and Na Sanun assets and in close proximity to the large Sirikit oil and gas fields.
- Carnarvon (50% and Non-Operator) applied for a further two exploration blocks onshore Thailand, L52/50 and L53/50, adjacent to the prolific Gulf of Thailand, with current offshore Thailand operator Pearl Oil (50% and Operator).
- Strong growth in gross oil sales during the quarter to average around 7,700 bopd (3,000 bopd net to Carnarvon).
- Revenue net to Carnarvon up from A\$11.8 million in December 07 quarter to A\$23 million in March 08 quarter
- Over 300% increase in 2P Reserves as at Dec 31, 2007 as reviewed by independent consulting firm.
- Five wells were drilled during the quarter, three wells completed resulted in one positive test (L44-R), one failed test (WB-1 (Deep)) and one well failed to intersect the fractured reservoir (NS1-D1). After maintenance for significant periods early in the quarter, the two exploration/appraisal rigs and one work-over rig are now operating continuously.
- Carnarvon’s share of the planned June 2008 quarter production, exploration, evaluation and development expenditure is currently estimated at around A\$4 million, primarily consisting of ongoing drilling and testing operations in Thailand. Ongoing costs are being funded from oil proceeds.
- Growing cash flows with consolidated cash balance at quarter end of A\$23.4 million

EXPLORATION, DEVELOPMENT AND OPERATIONAL ACTIVITIES

Phetchabun Basin Joint Venture – Thailand

(Carnarvon Petroleum 40% / Pan Orient Energy 60% and Operator)

SALES SUMMARY

Net oil production sales and revenues for the past two quarters:

	Mar 08 quarter	Dec 07 quarter	Qtrly % Change	Comments
Net Sales Volumes – (bbls)	279,319	142,239	+96%	Full quarter from high production wells
Net Sales Revenue – (A\$ 000)	23,026	11,794	+95%	Full quarter from high production wells
Average sale price achieved – (A\$/bbl)	82.43	82.92	-1 %	A\$ oil price remained constant during the quarter
Net Average Daily (bopd)	3,070	1,546	+99%	

Oil sales for the quarter doubled primarily due to the contribution from L44H-D1.

Carnarvon remains unhedged on oil price, however due to the composition of the oil receives a discount to known markers such as WTI.

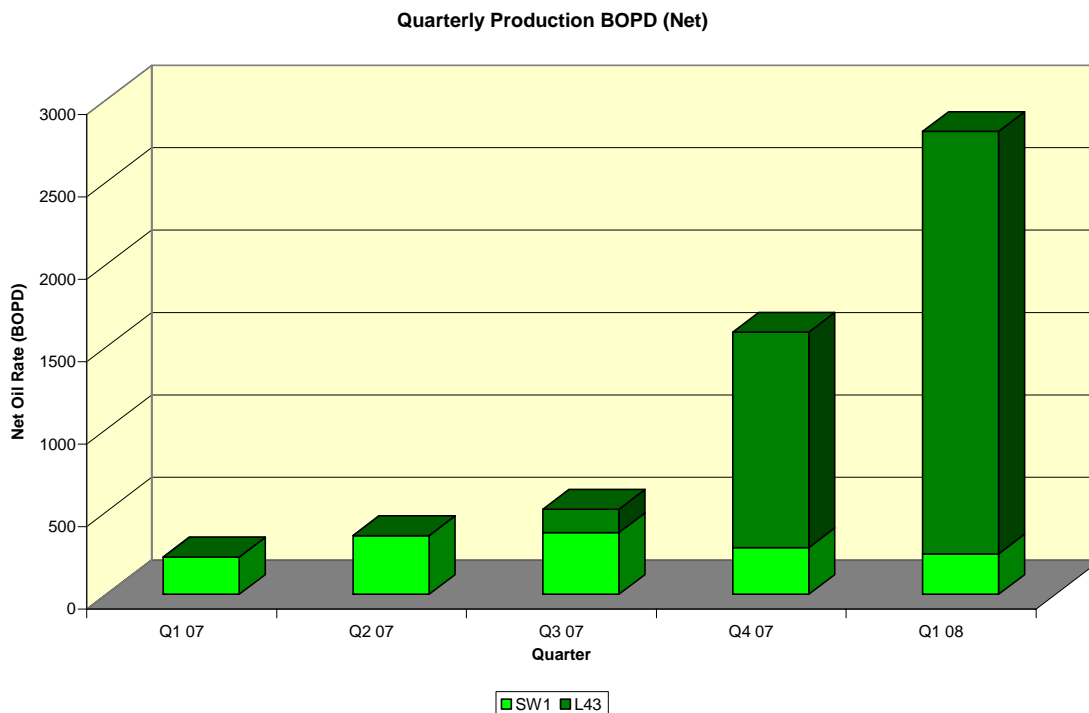


Figure 1: Carnarvon net quarterly production for Jan 2007 to March 2008

DEVELOPMENT ACTIVITY

- Thailand’s Department of Mineral Fuels granted the Carnarvon/Pan Orient Joint Venture a 27.8 square km Production License over its Na Sanun East (“NSE”) oilfield discovery in early 2008. Environmental approvals for drilling were granted subsequent to the quarter, allowing the planned NSE full field development program to commence in earnest. The operator, Pan Orient, is planning to drill up to 12 wells on the NSE production licence during 2008 / 2009 and has commenced drill pad site construction.
- The Operator of the Phetchabun Basin Joint Venture, Pan Orient Energy (“POE”), has proposed re-entering several of the NSE exploration wells to more optimally place horizontal production wells. This is primarily due to the experience gained from comparing the performance of the L44H-D1 well (currently producing at around 3,500 bopd) compared to the original exploration well and structurally lower L-44H (producing at around 1,000 bopd). The first of these re-entry wells, NS3-D1STH, has commenced drilling.
- A substantial reservoir study has commenced and will further help refine a development plan and expected recoveries from the field.

DRILLING AND EXPLORATION

(a) Wells drilled and/or completed:

Well	Permit	Status
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During Quarter

WB-1 (Deep)	SW-1A	Completed – unsuccessful test
L44-R	L44/43	Successful oil field discovery
NS1-D1	L44/43	Unsuccessful – failed to intersect fractures
POE-9A	L44/43	Completed – testing commenced
L44-HD2	L44/43	Drilling ahead

Subsequent to Quarter

NS3-D1STH	L44/43	Well spudded
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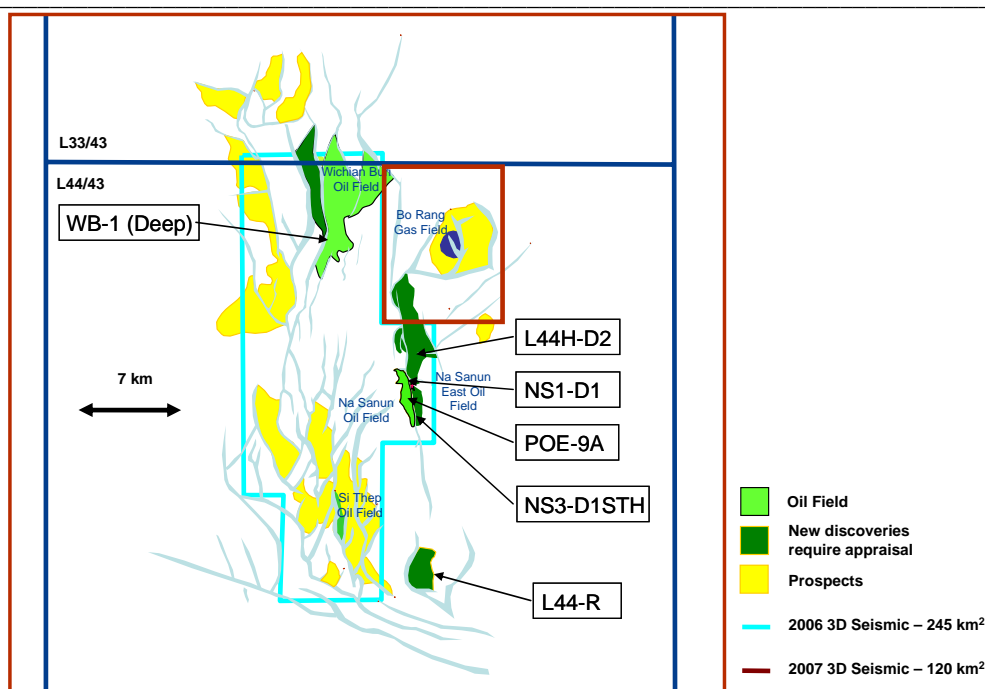


Figure 2: Phetchabun Basin well location map

- The WB-1 (Deep) exploration well was abandoned after testing small amounts of natural gas with approximately 750 barrels of water per day from an open hole volcanic interval between approximately 1,500 to 1,590 metres. A second, shallower, 10metre thick volcanic section at approximately 1,200 metres, that had oil shows whilst drilling but no lost circulation, was perforated and found not to contain moveable hydrocarbons. WB-1 (Deep) was completed as a future water disposal well.
- The L44-R exploration well, located around 10 km south of the Na Sanun East oil field, is currently suspended after successfully proving a separate structure with moveable hydrocarbons (“L44-R Oil Discovery”). Three separate reservoirs were encountered and testing resulted in rates of up to 29 bopd of 27° API oil from non-fractured volcanics. The Operator, is reviewing options to optimise production.
- The NS1-D1 well bore failed to intersect the major fracture network within the volcanic section. The well will be re-entered at a later date and sidetracked north as a deviated / horizontal well to a location mid way between POE-9 and NS2-D1.
- The POE-9A vertical appraisal well, located approximately 130 metres south of the NSE discovery well POE-9, was completed for testing subsequent to the quarter end. Several lost circulation zones within the main volcanic interval were encountered during drilling of the intermediate section at a depth between 849 and 881 metres. After setting intermediate casing, drilling continued to a total depth of 1,171 metres. Drilling fluid losses were encountered at 1,158 metres within a previously untested, new volcanic objective, the top of which was penetrated at 1,143 metres. Oil shows and elevated mud gas readings in combination with the losses noted above resulted in the decision to terminate drilling and prepare to open hole test this new volcanic zone. Free oil was observed over the shale

shakers at surface while circulating the well with the drill bit located near the top of the new volcanic zone.

- The L44H-D2 deviated appraisal well was spudded at the end of the quarter and subsequent to quarter end was drilling. The intermediate casing was set at 1,043 metres TVD, just below the base of an unexpectedly thick (180 metres) main volcanic zone. Lost circulation was encountered in the main volcanic and FMI well bore image logs indicated extensive fracturing in the upper 120 metres of the 180 metre thick volcanic interval. Good oil shows and free oil at surface were observed while drilling this zone. Two deeper, never before tested volcanic intervals have been encountered at 1,072 and 1,410 metres TVD with thicknesses of 20 and 28 metres respectively and exhibiting oil shows. Drilling is anticipated to encounter a number of additional volcanic targets between the current depth and the planned total depth of 1,800 metres that will be reached at a subsurface location approximately 640 metres northwest of the L44-H producing well.
- The NS3-D1STH well, spudded subsequent to the quarter end, will deviate horizontally north of the original NS3-D1 well bore that penetrated the main volcanic reservoir at the down dip, southernmost extent of the NSE South fault compartment. As part of this operation, the original NS3-D1 well bore will be abandoned and replaced by this new, horizontal side track.

(b) Status of near term exploration / appraisal programme (for Q2 2008)*

Well	Permit	Well Type	Status
L44-V	L44/43	Exploration - Bo Rang Area	Site construction complete
L44-W	L44/43	Exploration - Bo Rang Area	Site construction complete
L33-1	L33/43	Exploration – Northern Block L33	Site construction complete
L33-2	L33/43	Exploration – Northern Block L33	Site construction complete
L33-3	L33/43	Exploration – Northern Block L33	Site construction in progress
Si Thep-2	L44/43	Exploration / Appraisal Si Thep Area	Site construction to begin
NSE	L44/43	Development – Na Sanun East	Site locations finalised

* Final well numbers, locations and order of drilling subject to ongoing joint venture discussion.

- Around 20 wells are planned for 2008 incorporating a mixture of exploration, appraisal and development.
- Two rigs are currently being used full-time, Aztec Rig #7 (also used in 2006) and Aztec Rig #14 (commenced for the Joint Venture in late July 2007). A smaller workover rig is also being utilised.
- To accelerate some drill locations and allow the joint venture to complete the planned 2008 drill programme, the Operator (POE) is contemplating contracting a third drilling rig for some portion of 2008.

Carnarvon Petroleum Limited ASX Release
March 2008 Quarterly Report

- L44-V and L44-W are exploration wells designed to test the potential of the Bo Rang area. Surface locations for these wells are not yet complete as locations were altered following new information from well penetrations in the vicinity and fine tuning the 3D interpretation.
- L33-1, 2 & 3 are planned exploration wells further north in the L33/43 concession. These wells will target 2D seismic amplitude anomalies.
- Si-Thep-2 (and others to follow) is a planned appraisal of the producing Si-Thep oil field within the sandstone reservoir. The well will also explore the deeper volcanic potential as a secondary target.
- With the granting of the NSE production licence and environmental approvals, construction can commence on a number of drilling sites within the license in order to drill development wells.

RESERVES

- A comprehensive review of SW1 and L44/43 reserves as at 31 December 2007 was undertaken by independent consulting firm Gaffney Cline and Associates Ltd (GCA) resulting in a 300% increase in 2P reserves over the 31 December 2006 review.
- Carnarvon has additional resources associated with Na Sanun East, Wichian Buri, Bo Rang, Si Thep and L44-R Oil Discovery.

OIL FIELD	Proved	Proved + Probable	Proved + Probable + Possible	Reservoir type
	1P	2P	3P	
Na Sanun East	2.2	8.3	32.0	Fractured Volcanic
Na Sanun	0.1	0.3	1.0	Fractured Volcanic
Wichian Buri	0.3	2.5	9.8	Sandstone
Si Thep	0.1	0.2	3.0	Sandstone
Total Net Carnarvon	2.6 mmbbls	11.4 mmbbls	45.7 mmbbls	

Net Carnarvon Reserves as at 31 December 2007

EXPLORATION BLOCKS



Figure 3: Thailand concessions – location map

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

In early January 2008, Carnarvon was officially awarded Petroleum Concession No. 7/2551/98 Onshore Block No. L20/50, as Operator, together with 50% joint venture partner Sun Resources NL (“Sun”).

The L20/50 concession is situated approximately 30 kms to the southeast and on trend with the largest onshore oil field in Thailand at Sirikit. Previous work has demonstrated that oil has been generated within the L20/50 concession. One previously drilled well at Nong Bua-1 in 1982 intersected significant oil shows which Carnarvon believes were not fully tested. Over the next 12 months Carnarvon will reprocess all seismic data within the permit and record a high resolution aeromagnetic survey which, together, will provide a 3 dimensional view of the subsurface. This will enable the recording of new seismic in the most prospective part of the concession and the drilling of at least one well within the first three year obligation period .

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. The minimum guaranteed work programme (Years 1 -3) comprises Geotechnical Studies and 315km new 2D seismic data.

Carnarvon has completed the reprocessing of all available seismic over the permit (550 km²).

EP 424 / EP 110 - Australia Offshore NW Shelf

(Carnarvon Petroleum 35%, Strike Oil 40% and operator, Pancontinental 25%)

Within EP 424, further detailed seismic amplitude analysis is continuing by the operator over the Baniyas prospect, which is a top Barrow Group prospect situated on the downthrown side of the Flinders Fault. Bright seismic amplitudes on the crest of the structure are similar to those observed on other prospects drilled along the Flinders Fault which encountered a gas cap on an oil leg. A large prospect has been identified at Baniyas with the bright seismic amplitudes covering a considerable area. Discussions with potential farminees took place during the quarter.

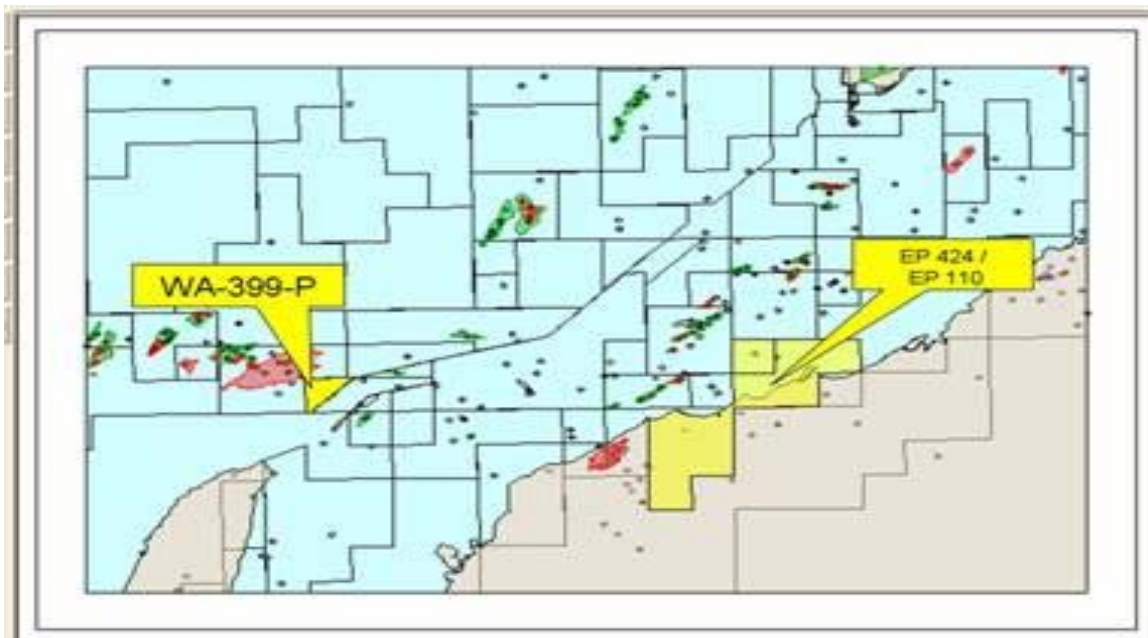


Figure 4: North West Shelf permits – location map

NEW VENTURES

L52 and L53 Application blocks - Thailand

The Company applied to the Department of Mineral Fuels (“DMF”) in Thailand for concession rights in petroleum exploration and production for two areas described as Blocks L52/50 and L53/50 (“the Concessions”) onshore Thailand in the Surat-Khiensa Basin.

Pearl Oil (Petroleum) Ltd (“Pearl”), an independent oil and gas company with exploration and production (E&P) activities focused exclusively in South East Asia, submitted the bid as operator on behalf of Pearl and Carnarvon, each company participating at a 50% equity level. No other applicants have applied for these blocks.

The combined area of the two blocks is large, comprising approximately 6,950 km² however both are lightly explored, with only two deep wells and limited seismic data available.

These represent longer term exploration potential complementing the near term potential and oil production from Carnarvon’s SW1A, L33/43 and L44/43 concessions in the onshore Phetchabun Basin and the mid term potential of recently awarded block L20/50 in the onshore Phitsanulok Basin.

There has been minimal exploration over the area and little public knowledge is available about the Surat-Khiensa Basin. However, work completed to date and Carnarvon’s regional knowledge suggests this is an area with good potential for hydrocarbon exploration.

Joint study licence - Indonesia

Following the October 2007 award of a Joint Study Licence to the ‘NW Natuna Joint Study Group’, jointly operated by Carnarvon and Enovation Resources, each with a 32.5% interest, a comprehensive review of the area has been completed. Final presentations have been made to BPMIGAS.

Other

Carnarvon maintains an active programme screening and evaluating growth opportunities where it can add value with its highly recognised technical strength but requiring minimal upfront expenditure in the initial stages of prospect evaluation.

In particular, Carnarvon is looking at several opportunities in Thailand using its knowledge of the area and where it has tax advantages out of production from the Wichian Buri and Na Sanun oil fields.

CORPORATE ACTIVITIES

Cash balance

The consolidated cash balance at quarter end was A\$23.4 million, compared to A\$4.3 million at the end of the previous quarter.

Carnarvon Petroleum Limited ASX Release
March 2008 Quarterly Report

Carnarvon's share of the planned June 2008 quarter production, exploration, evaluation and development expenditure is currently estimated at A\$4 million, primarily consisting of ongoing drilling and testing operations in Thailand. Ongoing costs are being funded from oil proceeds.

Top 20 Shareholders

An updated top 20 shareholders list (as at 29 April 2008) is attached:

CARNARVON PETROLEUM LIMITED
TOP 20 SHAREHOLDERS
29 APRIL 2008

		Shares	%
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	38,763,977	5.77
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	29,868,228	4.45
3	ANZ NOMINEES LIMITED <CASH INCOME A/C>	26,311,709	3.92
4	MR EDWARD PATRICK JACOBSON	14,817,903	2.21
5	CITICORP NOMINEES PTY LIMITED	10,071,884	1.50
6	NATIONAL NOMINEES LIMITED	9,061,474	1.35
7	ARNE INVESTMENTS PTY LTD	8,916,906	1.33
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3	8,674,941	1.29
9	MR PETER JAMES LEONHARDT	7,700,000	1.15
10	ARNE INVESTMENTS PTY LTD	6,710,493	1.00
11	ATHOL STEEL PTY LTD	6,500,000	0.97
12	PENDOMER INVESTMENTS PTY LTD <LAW SETTLEMENTS FUND A/C>	6,316,186	0.94
13	MR EDWARD PATRICK JACOBSON	6,000,000	0.89
14	MR GREGORY JOHN MUNYARD + MRS MARIA ANN MUNYARD + MISS CARMEN HELENE MUNYARD <RIVIERA SUPER FUND A/C>	5,750,000	0.86
15	KAYMAC NOMINEES PTY LTD <MCMULLAN SUPER FUND A/C>	5,475,000	0.81
16	MR BRETT STEELE WILLIAMSON + MS NICOLE DEANNE ROCKLIFF	5,400,000	0.80
17	RBC DEXIA INVESTOR SERVICE AUSTRALIA NOMINEES PTY LTD <BKCUST A/C>	5,140,409	0.77
18	MR LAWRENCE ADDISON BROWN + MRS JILL BROWN	4,999,272	0.74
19	CITICORP NOMINEES PTY LIMITED <CWLTH BANK OFF SUPER A/C>	4,771,720	0.71
20	SWISSFIRST BANK (LIECHTENSTEIN) AG	4,333,333	0.64
	TOTAL	215,583,435	32.10

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

CARNARVON PETROLEUM LIMITED

ABN

60 002 688 851

Quarter ended ("current quarter")

31 MARCH 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	26,656	31,484
1.2 Payments for		
(a) exploration and evaluation	(334)	(1,065)
(b) development	(3,800)	(10,273)
(c) production	(3,362)	(5,328)
(d) administration	(641)	(1,363)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	14	186
1.5 Interest and other costs of finance paid	-	(2)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	18,533	13,639
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(71)	(177)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net investing cash flows	(71)	(177)
1.13 Total operating and investing cash flows (carried forward)	18,462	13,462

Line 1.2 (a) includes expenditure on new ventures

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	18,462	13,462
	Cash flows related to financing activities		
1.14	Net proceeds from issues of shares, options, etc.	630	1,126
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Repayment of Employee Share Plan loans	90	90
	Net financing cash flows	720	1,216
	Net increase in cash held	19,182	14,678
1.20	Cash at beginning of quarter/year to date	4,348	8,927
1.21	Exchange rate adjustments to item 1.20	(64)	(139)
1.22	Cash at end of quarter	23,466	23,466

Note: Line 1.22 includes A\$3,216,000 of restricted cash held as security for bank guarantees.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	247
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not applicable

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not applicable

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,000
4.2 Development	2,000
Total	4,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	18,936	870
5.2 Deposits at call	1,314	2,875
5.3 Bank overdraft	-	-
5.4 Other (restricted cash deposits)	3,216	603
Total: cash at end of quarter (item 1.22)	23,466	4,348

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Petroleum Concession 7/2551/98, onshore block L20/50 Thailand	Joint Venture partner	-	50%
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

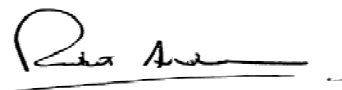
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	671,924,634	671,924,634		
7.4 Changes during quarter (a) Increases through issues	9,000,000	9,000,000	7 cents per share on exercise of options	7 cents per share on exercise of options
	387,500	387,500	70.1 cents per share pursuant to the Company's Employee Share Plan	70.1 cents per share
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases (b) Decreases				
7.7 Options <i>(description and conversion factor)</i>	11,000,000		<i>Exercise price</i> 10 cents	<i>Expiry date</i> 31 March 2009
7.8 Issued during quarter				
7.9 Exercised during quarter	9,000,000		<i>Exercise price</i> 7 cents	<i>Expiry date</i> 31 March 2008
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Print name: Robert A Anderson
COMPANY SECRETARY

Date: 30 April 2008

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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