

30 April 2009

Company Announcements Office
Australian Stock Exchange Limited

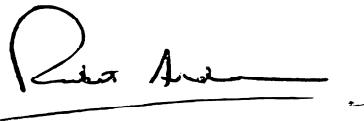
Via ASX Online

Dear Sirs,

QUARTERLY REPORT FOR MARCH 2009

Please find attached Carnarvon Petroleum Limited's Quarterly Activities Report for the quarter ended 31 March 2009.

Yours faithfully,
Carnarvon Petroleum Limited



RA Anderson
Company Secretary

REPORT FOR THE MARCH 2009 QUARTER

“Successful exploration and appraisal drilling through 2008 resulted in Carnarvon reporting a 46% increase in 2P reserves to a net 16.6 million barrels of recoverable oil.

Development drilling in Carnarvon’s 40% NSE oil field recommenced late in the quarter with initial success at NSE-H1 and testing commenced at NSE-H2.

Carnarvon continues to enjoy the benefits of its tremendous growth gained during 2008 in terms of oil production, funds flow from operations, net income and reserve additions. Carnarvon is fully funded to progress its ongoing development, appraisal and exploration programme and is well placed in terms of acquisition opportunities.”

SUMMARY

- ✓ Full field development of NSE recommenced
 - NSE-H1 flows on test at 630 bopd (01 April)
 - NSE-D2ST2 flows on test at 140 bopd (01 April)
 - NSE-E2ST1 flows on test at 1,350 bopd (29 April)
 - NSE-H2 flows on test at 420 bopd (29 April)

- ✓ Ongoing appraisal and exploration drilling complements full field development
 - NSE-F1 potential new oil discovery – high API oil
 - NSE-G1 encouraging oil shows – up dip potential from new zone
 - L44-W encouraging testing of up to 1,200 bfpd – workover required
 - NSE-E2 sub-commercial flows below main reservoir

- ✓ 46% increase to 2P reserves reported
 - Net Carnarvon 2P reserves of 16.6 million barrels
 - Significant undrilled resources to be targeted
 - Continuous drilling with 2 rigs

- ✓ Oil Revenue for March quarter A\$21.4 million(net to Carnarvon)
 - High margin oil production with significant cash flows

- ✓ Cash in bank A\$77.4 million
 - Tax provision of approx A\$40 million due at end May 2009
 - Nil debt and strong cashflow building a significant cash position
 - Development, appraisal and exploration drilling fully funded
 - Strong position established to capitalise on growth opportunities

- ✓ Carnarvon Petroleum added to the S&P/ASX 200 index

OIL PRODUCTION AND REVENUE

Carnarvon's oil sales revenue for the March quarter was A\$21.4 million, with an average price of A\$58.00 per barrel. Oil sales and revenues net to Carnarvon for the past two quarters are as follows:

	Mar 09 quarter	Dec 08 quarter	Qtrly % Change	Comments
Net sales volumes – (bbls)	369,880	428,212	- 13 %	Focus on reserves adds; production decline
Net sales revenue – (A\$ 000)	21,435	28,925	- 25 %	Decreased US\$ oil price, production decline
Average sale price achieved – (A\$/bbl)	58.00	67.55	- 14 %	Decreased US\$ oil price
Net average daily - (bopd)	4,110	4,654	- 13 %	

Oil production for the first quarter of 2009, net to Carnarvon, is estimated to be 4,110 barrels per day. The decrease from the previous quarter was a result of wells coming off flush production, and drilling programs for the quarter focusing on exploration targets versus development opportunities.

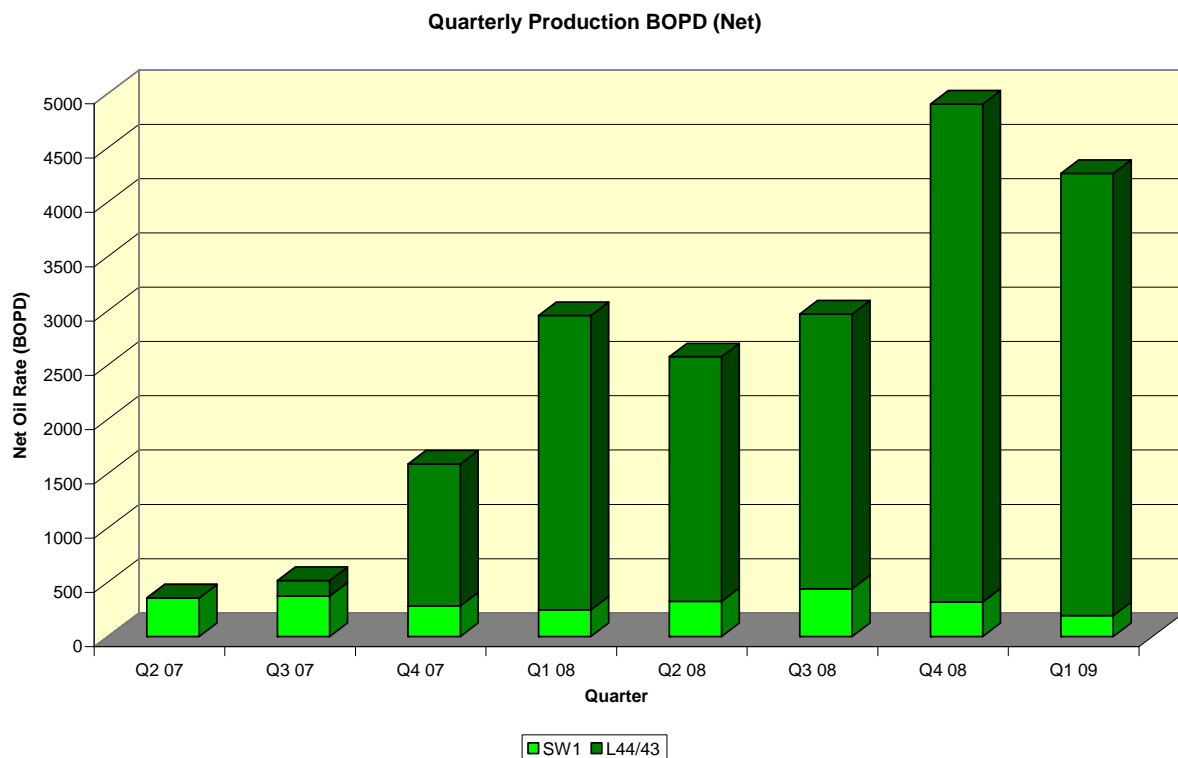


Figure 1: Carnarvon net quarterly production for Q2 2007 to Q1 2009

DEVELOPMENT AND APPRAISAL ACTIVITY

- Development of the NSE oil field recommenced late in the quarter with the successful well NSE-H1 on-line at rates of around 630 bopd.
- Subsequent to quarter, two new development wells on-line: NSE-E2ST1 at 1,350 bopd and NSE-H2 at 420 bopd
- A further 15 development locations are ready for drilling
- The JV is aiming to reach and hold field production rates between 12,000 and 15,000 bopd (4,800 and 6,000 bopd net) by 3Q 2009
- Complementary appraisal drilling is targeting further reserves additions by year end
- A comprehensive geological study has been completed, with a 3D geological reservoir model being populated.
- A reservoir simulation model is being concurrently developed.
- The results from the geological and engineering studies will aid in defining reserves, recovery factor and the development plan. This will assist in the optimum placement of further development and appraisal wells.

2008 YEAR END RESERVES UPGRADE *

- Carnarvon's 2008 year end drilling focus on reserves was successful with new discoveries at NSE-E1 and NSE-C1 and appraisal success at a number of locations
- The 2008 year end audit of Carnarvon's Thailand oil fields, was completed during the Quarter by independent consulting firm Gaffney Cline and Associates, and resulted in a net increase of 46% of Proved and Probable (2P) reserves to 16.6 million barrels of oil
- 3P reserves were assessed at 36.8 million barrels of oil net to Carnarvon
- Additional contingent resources net to Carnarvon are still estimated at around 30 million barrels

** The information in this document, that relates to oil exploration results and reserves, is based on information compiled by the Company's Chief Operating Officer, Mr Philip Huizenga, who is a full-time employee of the Company. Mr Huizenga consents to the inclusion of the reserves and resource statements in the form and context in which they appear.*

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-E2 (Appraisal)	L44/43	Sub-commercial flow – sidetrack for production
NSE-D2ST2 (Appraisal)	L44/43	Production at 140 bopd
L44-R2 (Appraisal/Exp)	L44/43	Reservoir tight – fracture stimulation option
NSE-F1 (Appraisal/Exp)	L44/43	Testing at 60 bopd – higher API oil
NSE-G1 (Appraisal)	L44/43	Encouraging oil shows – up dip potential
L44-VD1 (Exploration)	L44/43	Oil and gas shows – tight reservoir
L44-W (Exploration)	L44/43	Oil tested – workover planned
NSE-H1 (9P) (Appraisal)	L44/43	Production at 630 bopd
NSE-H2(9P) (Appraisal)	L44/43	Production at 420 bopd

Wells drilled and/or completed subsequent to quarter:

Well	Permit	Status
NSE-E2ST1 (Appraisal)	L44/43	Sidetrack successful – tested at 1,350 bopd

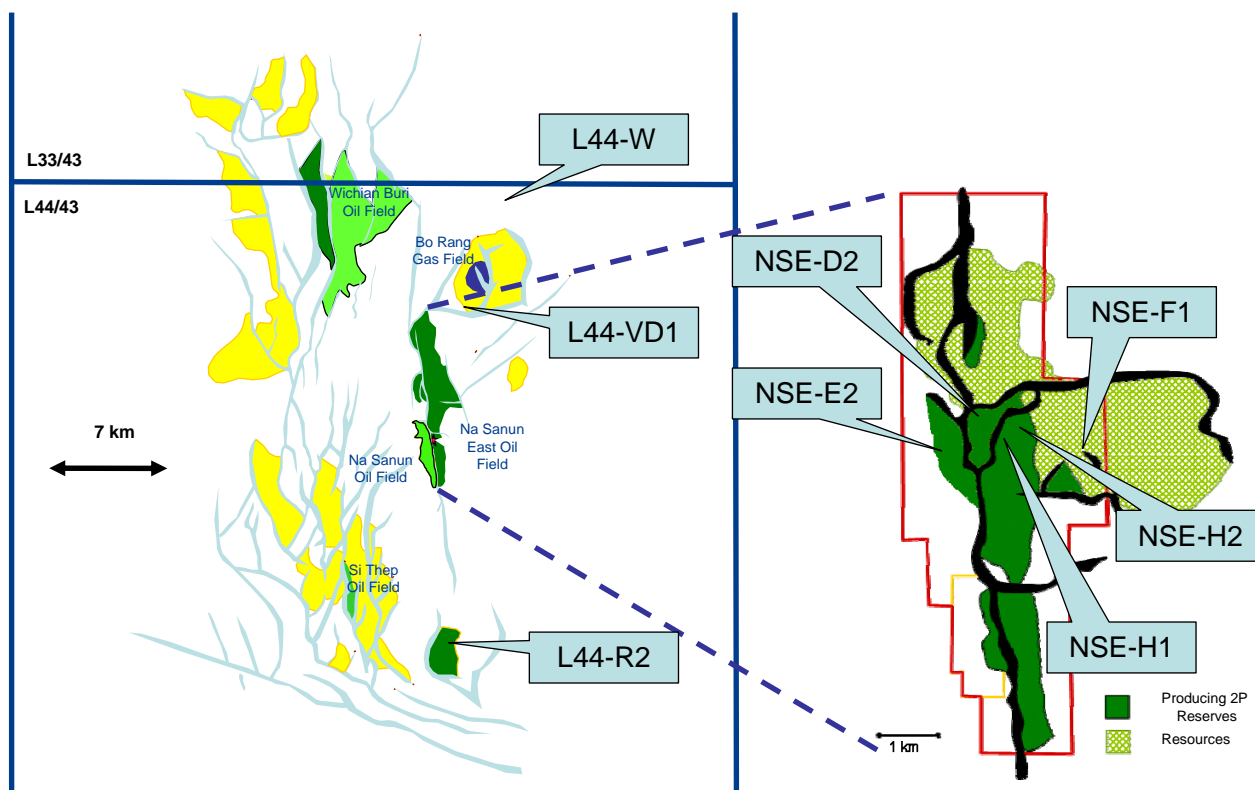


Figure 2: Phetchabun Basin license location map (CVN 40%) showing indicative position of wells drilled.

- The **NSE-E2** appraisal well was located approximately 365 meters south east of the currently producing NSE-E1 discovery well. The well failed to encounter the main volcanic objective, which had been faulted out at this location, but encountered a deeper, oil stained volcanic target approximately 25 meters thick. Testing of this deeper potential volcanic reservoir resulted in the recovery of approximately 15 barrels of oil and no water. Subsequent seismic interpretation suggests the deviated well bore crossed the main NSE bounding fault and encountered this deeper volcanic below the main producing zone of the NSE central fault compartment. Although the oil rate is sub commercial at this particular location, this deeper volcanic zone will be evaluated by future drilling elsewhere on the structure. The main volcanic zone will be drilled from a side track from the existing NSE-E2 well bore, NSE-E2ST1. The deeper volcanic zone is yet to be appraised.
- The **NSE-E2ST1** sidetrack appraisal well, drilled subsequent to quarter end, has been successful and is currently producing 32 degree API oil at a stabilized rate of 1,350 barrels per day.
- The **NSE-D2ST2** sidetrack well is currently on production at a rate of approximately 143 bopd. A plan to increase production using an electrical submersible pump installation (ESP) was unsuccessful due to the high gas cut in this well. The original NSE-D2 appraisal well, located approximately 330 metres north of the NSE-D1 well, encountered around 34 metres of highly fractured volcanic reservoir. The well was put on test, flowing mainly gas with some oil, suggesting close proximity to an interpreted gas/oil contact. A first side track (NSE-D2ST1) encountered the main volcanic reservoir approximately 30 metres structurally lower than in the original well bore and was therefore believed to be below the gas/oil contact. However, subsequent testing confirmed that the volcanic reservoir encountered at NSE-D2ST1 is also above the gas/oil contact. The second sidetrack of this well, NSE-D2ST2, successfully encountered the oil leg of the main volcanic reservoir.
- **L44-R2** was drilled approximately 700 metres north of the L44-R discovery. Testing of the main volcanic reservoir objective resulted in no recovery as the zone was tight. The operator is currently investigating the application of fracture stimulating this reservoir as a means of upgrading the 6.4 million barrels (100%) of mid case contingent resources, as evaluated by Gaffney Cline & Associates, into reserves.
- The **NSE-F1** well initially tested 43-47 degree API oil (versus 36 degree API oil in the Na Sanun East Field) at approximately 60 bopd with a water cut of approximately 15%. This different oil type is interpreted by Carnarvon to possibly indicate a different source and separate reservoir compartment to the main NSE oil reservoir. This discovery is located approximately 1 kilometre northeast of the nearest NSE central field producer, NSE-C1, and demonstrates further commercial production potential in the Na Sanun East field. In addition, this NSE-F1 discovery upgrades the potential of a large fairway due east of the main NSE central field and south of the Bo Rang gas discovery.
- The **NSE-G1** appraisal well was drilled to a subsurface location northwest of the NSE-D drill pad and targeting the main volcanic reservoir along the boundary of the central and north fault compartments. Approximately 12 metres of the main volcanic reservoir was encountered. A deeper volcanic zone was also penetrated, around 100 metre in total thickness, where total drilling fluid losses and strong oil shows were encountered. Although testing of the deeper volcanic recovered only water, subsequent interpretation of the data provided by this well indicates a large area up dip that will be tested in a future side track from the existing well bore.

- The **L44-VD1** appraisal well was drilled from a surface location approximately 1.3 kilometres south west of the Bo Rang-1 gas discovery. The main volcanic objective was encountered at a TVD of approximately 720 metres and penetrated an approximately 55 metre thick volcanic section with oil shows and very high mud gas spikes. A shallower secondary volcanic objective was also encountered at a depth of approximately 500 metres TVD with mud losses while drilling in combination with a minor gas kick. Testing of the lower and upper volcanic targets has been completed with no recovery of oil, gas or water (possibly indicating no permeability) despite the encouraging oil shows and mud gas readings observed while drilling. A follow up location is currently being constructed that will twin the original Bo Rang-1 well and test the oil potential of a 50 metre thick volcanic section that was penetrated below the original 25 metre thick gas bearing volcanic. It is this targeted deeper section that exhibited oil shows and elevated mud gas readings during the drilling of L44-V.
- The **L44-W** exploration well is located 4.7 kilometres north of the Bo Rang-1 gas discovery and is targeting multiple volcanic objectives. Bo Rang-1 was drilled in 1988 by a previous operator and encountered 6 separate volcanic zones with severe lost circulation experienced while drilling, which is indicative of good reservoir development. L44-W encountered several volcanic zones at different levels and the well is currently shut-in while a cement plug is being run to isolate an upper 36 metre thick volcanic from a deeper 16 metre thick volcanic after testing carried out over both volcanics produced oil and water. The two volcanic zones are separated by 63 metres of intervening shale and thin volcanic stringers. Drilling fluid losses had been encountered in both volcanic zones while drilling. Testing of these combined zones was carried out in two periods. During test period #1 the well initially flowed at a maximum of 1,200 barrels of fluid per day (bfpd) with a 30% water cut that climbed to approximately 80% after approximately three hours. During test period #2 the flow rate was restricted to 540 bfpd initially and then further restricted to 250 bfpd with no water (all oil, approximately 32 degree API). After eight hours, the water cut increased immediately to 90% and the test was terminated 9 hours later. Interpretation of the test data combined with observations from well tests on prior wells suggests that the water is being sourced from the deeper 16 metre thick volcanic zone. This deeper zone is being isolated with a cement plug and testing of the 36 metre thick upper zone is expected to start thereafter.
- The **NSE-H1** well, located in the north east portion of the NSE central fault compartment, is currently on production at a rate of 630 bopd with a water cut of approximately 7%.
- Testing has commenced on the **NSE-H2** well and production is currently at approximately 420 barrels of oil per day with a 26% water cut as the well continues to clean up. This well was drilled approximately 350 metres northeast of the NSE-H1 well location and encountered the main volcanic objective in the northern portion of the NSE central fault compartment. Drilling fluid losses of 300 bbls/hr were encountered while drilling the target volcanic zone and oil was observed in the drilling mud. The NSE-H2 appraisal well is anticipated to clean up similar to the nearby NSE-H1 well (currently less than 1% water cut).

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

Status of near term exploration / appraisal / development programme (Q2 – Q3 2009)*

Well	Permit	Well Type	Status
NSE Central	L44/43	Ongoing Development	Site construction complete
NSE-F2	L44/43	Appraisal NSE-F1 Oil Discovery	Site construction complete
NSE-I1	L44/43	Appraisal - NSE North "A"	Construction commenced
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.

- 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.

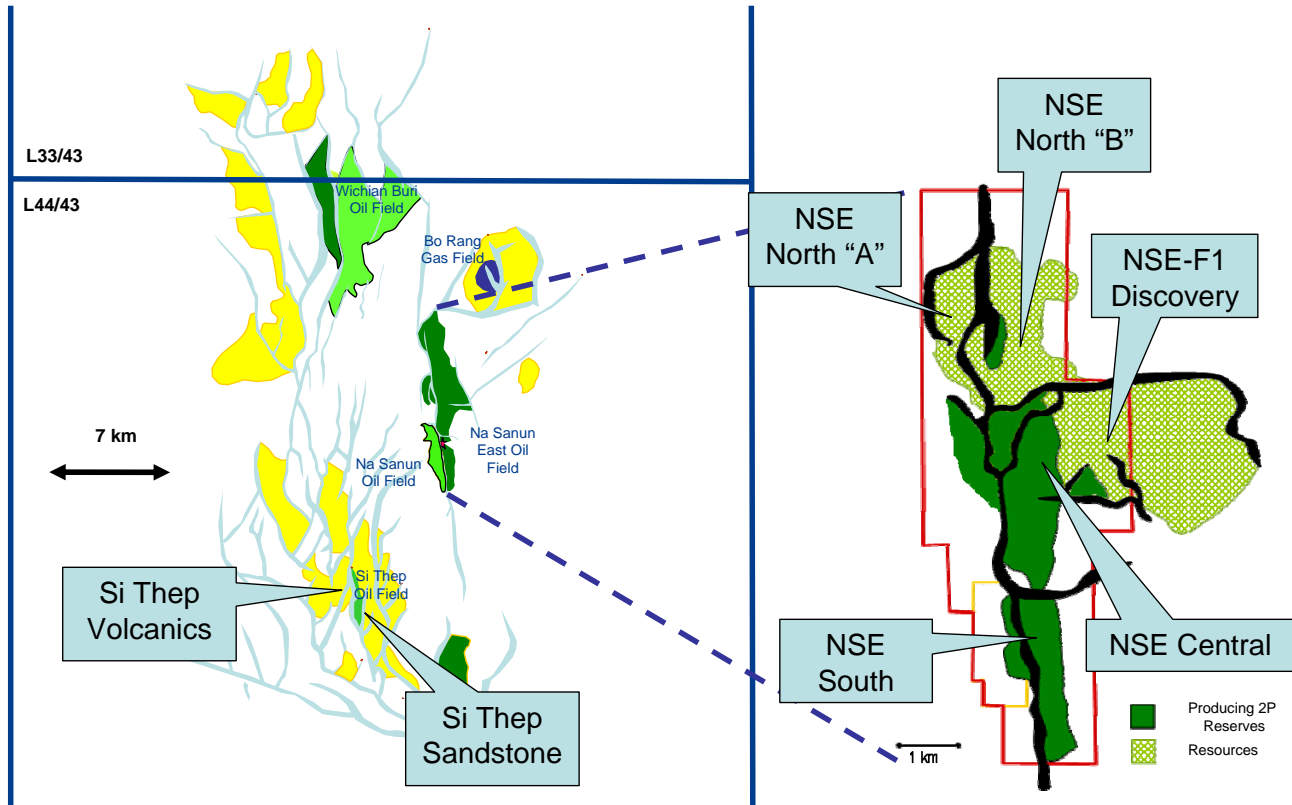


Figure 3: Indicative appraisal and development locations around NSE oil field.

EXPLORATION BLOCKS - THAILAND

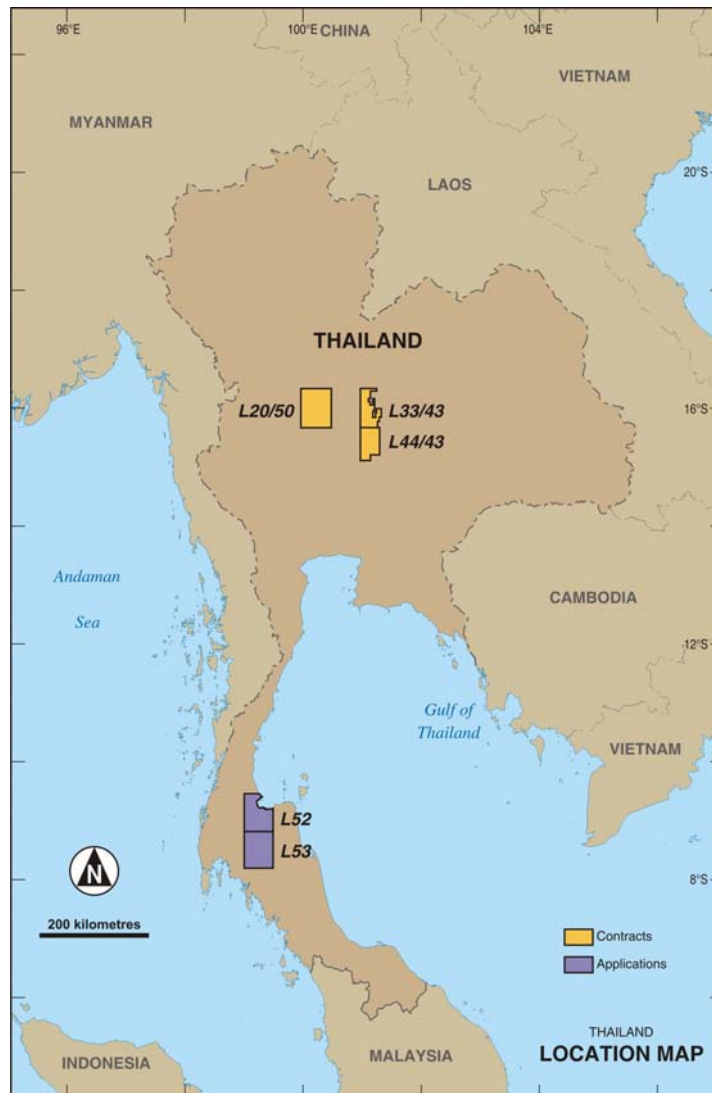


Figure 4: Thailand concessions – location map

(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. New petrophysical analysis results from a well previously drilled in the permit have been incorporated into the seismic interpretation.

The initial results are very encouraging and a comprehensive 500km 2D seismic survey is currently in planning for acquisition by mid year. An Environmental Impact Assessment (EIA) over the proposed seismic area has commenced and approval anticipated early in Q2 2009 with seismic acquisition to commence shortly thereafter.

(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 (“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 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 still anticipates the block being formally awarded in 2009.

EXPLORATION BLOCKS – AUSTRALIA

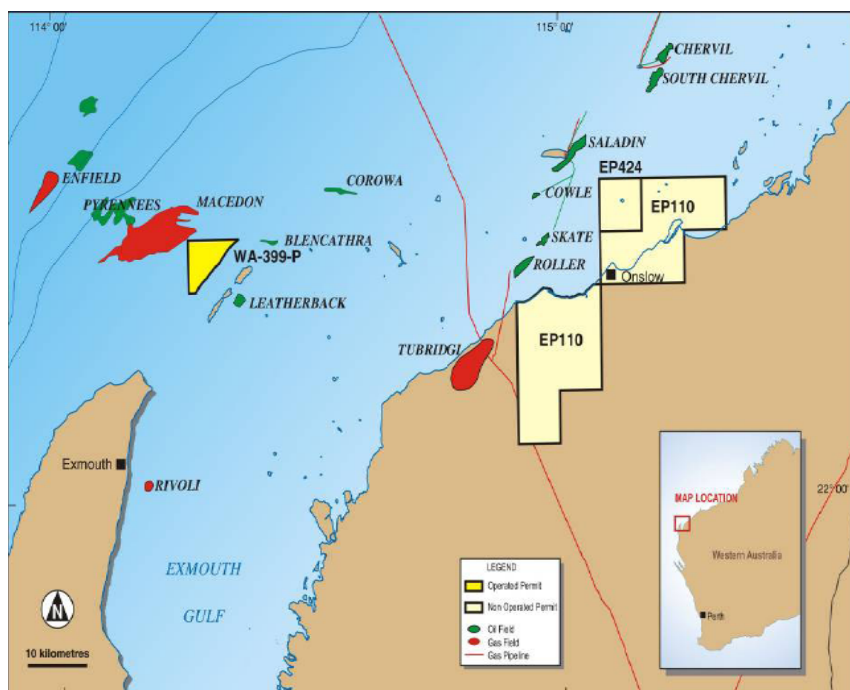


Figure 5: North West Shelf permits – location map

(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). Due to changing economic conditions, Carnarvon on behalf of the joint venture, has requested a change to the Government approved minimum work programme.

(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 requested from the Department of Industry and Resources to alter the requirement for the drilling of one well by 13 April 2009. The Operator, Strike Oil, is still waiting a formal response.

CORPORATE ACTIVITIES

Carnarvon added to S&P / ASX200

As at 30 April 2009, Carnarvon Petroleum Ltd was added to the Standard & Poor's / ASX 200 index. The S&P/ASX 200 index is recognised as the investable benchmark for the Australian equity market.

Cash balance and treasury position

The consolidated cash balance at quarter end was A\$77.3 million, compared to A\$71 million at the end of the previous quarter. The cash balance includes around A\$40 million payable in late May 2009 for the remaining 2008 Petroleum Income Tax and the SRB liabilities.

The March quarter included higher than anticipated development capital of A\$7.7 million equivalent and production costs of A\$4.6 million equivalent. These higher development costs are due to running a workover rig and a snubbing unit at the same time as the two drilling rigs to accomplish additional work on the L44-CD1 water disposal well, Na-Sanun-1 workover, installing Electrical Submersible Pumps (ESP) on NSE-B1, NSE-D2 and NSE-D3, as well as additional drilling time on sidetracks for NSE-F1 and L44-W. This has allowed the two drilling rigs to concentrate on appraisal and development drilling. The higher than anticipated production costs are due to temporary electrical generator rentals and associated fuel on recent successful production wells during initial testing operations.

Carnarvon's share of the planned June 2009 quarter production, exploration, evaluation and development expenditure is currently estimated at A\$9.0 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.

Carnarvon's net A\$77.3 million (equivalent) in cash comprises 1,699.8 million THB, 2.3 million USD and 4.4 million AUD and includes A\$ 2.9 million in bank guarantees.

The company's cash balances and short term deposits are held with an Australian bank, a chartered bank or the Thai government.

Top 20 Shareholders

An updated top 20 shareholders list as at 28 April 2009 is attached.

CARNARVON PETROLEUM LTD

28-Apr-09

Top Holders - Ungrouped

Rank	Name	Units	% of Units
1.	J P MORGAN NOMINEES AUSTRALIA LIMITED	45,117,609	6.600
2.	NATIONAL NOMINEES LIMITED	36,036,945	5.270
3.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	33,338,523	4.880
4.	MR EDWARD PATRICK JACOBSON	12,917,903	1.890
5.	CITICORP NOMINEES PTY LIMITED	11,961,467	1.750
6.	ANZ NOMINEES LIMITED <CASH INCOME A/C>	11,234,274	1.640
7.	ARNE INVESTMENTS PTY LTD	8,916,906	1.300
8.	PENDOMER INVESTMENTS PTY LTD <LAW SETTLEMENTS FUND A/C>	8,400,000	1.230
9.	JACOBSON GEOPHYSICAL SERVICES PTY LTD	8,000,000	1.170
10.	MR PETER JAMES LEONHARDT	7,700,000	1.130
11.	MACQUARIE BANK LIMITED	7,199,379	1.050
12.	ARNE INVESTMENTS PTY LTD	6,710,493	0.980
13.	GEOLYN PTY LTD	6,000,000	0.880
14.	MR EDWARD PATRICK JACOBSON	6,000,000	0.880
15.	MR GREGORY JOHN MUNYARD + MRS MARIA ANN MUNYARD + MISS CARMEN HELENE MUNYARD <RIVIERA SUPER FUND A/C>	5,950,000	0.870
16.	ATHOL STEEL PTY LTD	5,500,000	0.800
17.	COGENT NOMINEES PTY LIMITED <SMP ACCOUNTS>	5,018,886	0.730
18.	MR LAWRENCE ADDISON BROWN + MRS JILL BROWN	4,589,681	0.670
19.	SEAWELL SUPER PTY LTD <SEAWELL S/F A/C>	4,050,000	0.590
20.	LOG CREEK PTY LTD	3,400,000	0.500
Totals: Top 20 Holders of ORDINARY SHARES		238,042,066	34.818
Total Remaining Holders Balance		445,632,568	65.182