



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

9 May 2007

Company Announcements Office
Australian Stock Exchange Limited

Via ASX Online

Dear Sirs,

OPERATIONS UPDATE THAILAND

Na Sanun-3 Appraisal Well

The Na Sanun-3 appraisal well, located on the southern most limb of the 3.1 square kilometre Na Sanun structure (see attached figures), was drilled and cased to a total depth of 1,060 metres on April 24, 2007. The target volcanic reservoir was encountered at a depth of 961 metres over an interval of approximately 77 metres thick with oil shows encountered over the upper 20 metres. Subsequent testing over a gross interval of approximately 62 metres (961 metres to 1023 metres) resulted in water production at rates of approximately 75 barrels per day with traces of oil and gas. Testing operations of Na Sanun-3 continue and will likely include the setting of a bridge plug in an attempt to isolate water which may be originating from the deepest set of perforations. Material results will continue to be reported as they are available.

Na Sanun-4 Appraisal Well

At the Na Sanun-4 appraisal well, located approximately midway between Na Sanun-1 and Na Sanun-3 (see attached figures), intermediate casing has been set and the well is being drilled ahead from the current depth of approximately 800 metres. Five potential volcanic reservoir intervals are targeted, all of which are interpreted to be at the shallowest depth on the Na Sanun structure at this location. The planned total depth of 1,400 metres, including the cutting of one core, is expected to be reached in approximately 8 days.

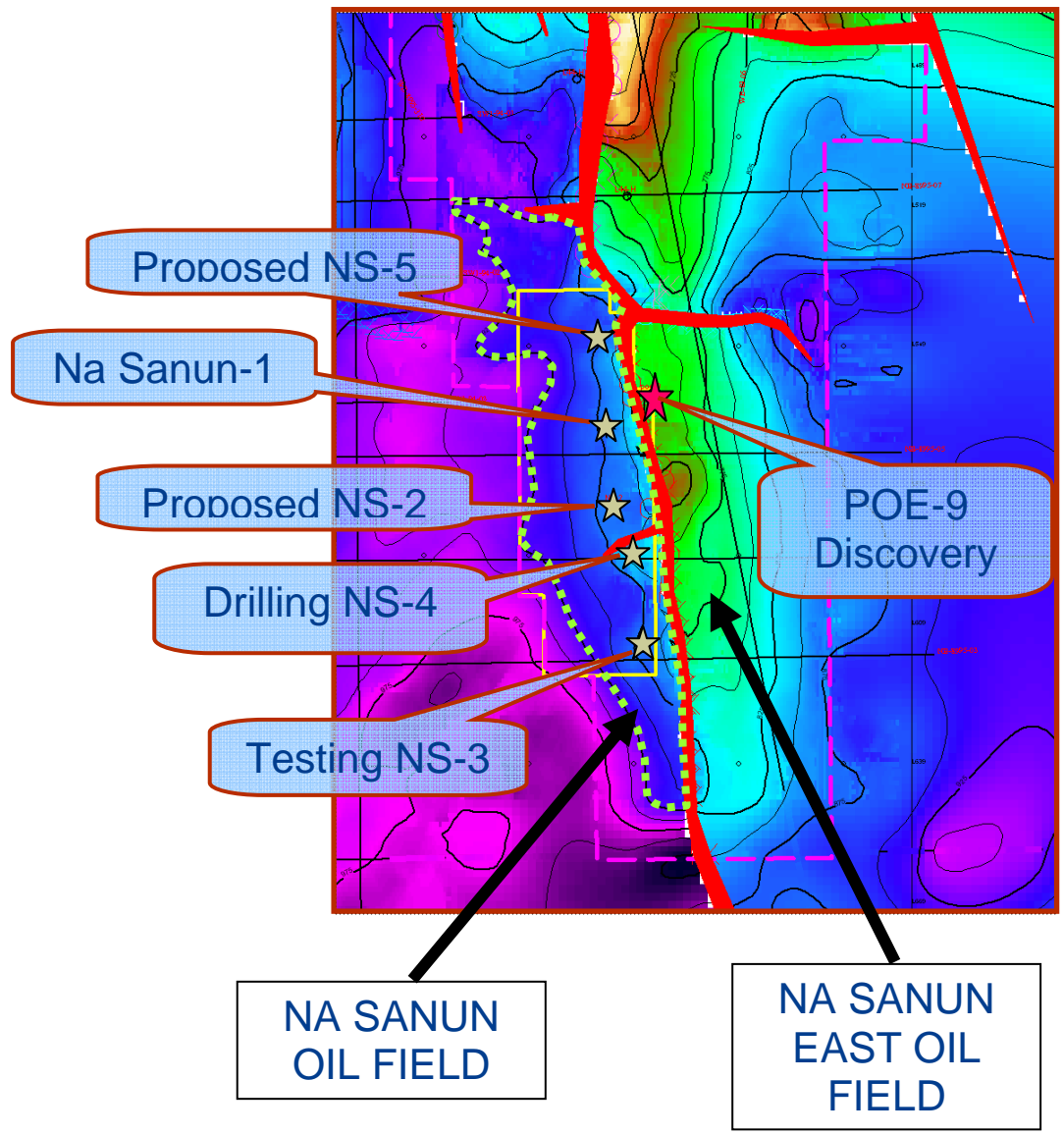
Yours faithfully,

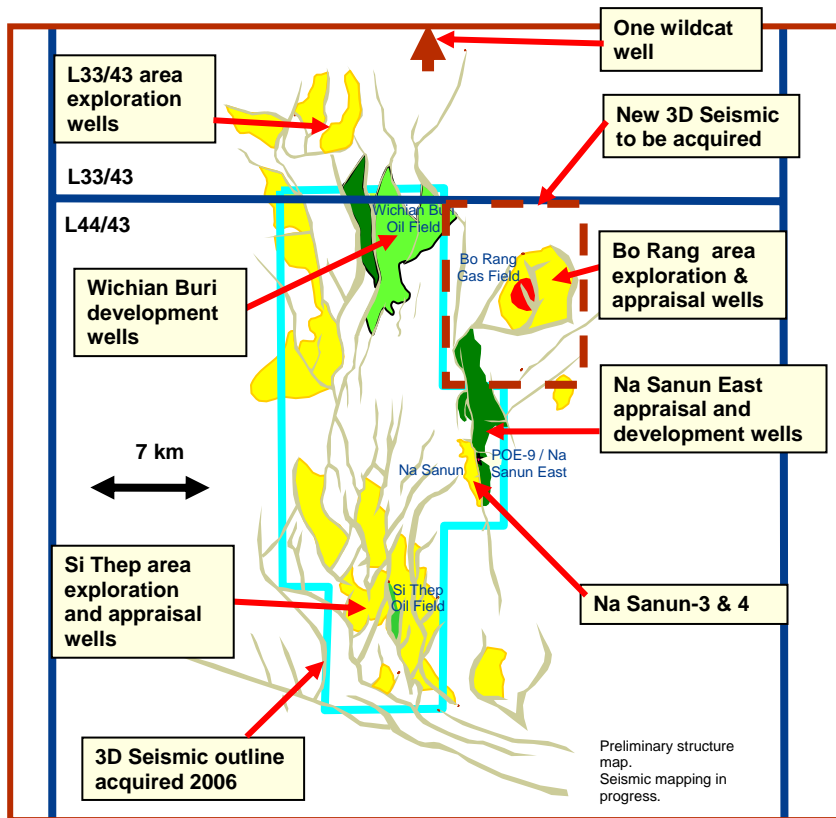
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2007 Intensive Drilling Programme Commenced

- Up to 37 wells planned in 7 main areas
- First 2 wells Na Sanun-3 & 4 commenced
- Mix of development, appraisal and exploration wells
- New 3D seismic to be shot
- 64 mmbbls P50 recoverable un-risked potential to Carnarvon
- Successful wells to provide immediate production and cashflow

- Oil Field
- New discoveries require appraisal
- Prospects
- 3D Seismic – 245 km²
- 3D Seismic to be shot – 100 km²