

5 August 2009

Company Announcements Office  
ASX Limited

Via ASX Online

Dear Sirs,

**Carnarvon Acquires Three Permits — Offshore Western Australia**

**AUSTRALIA**

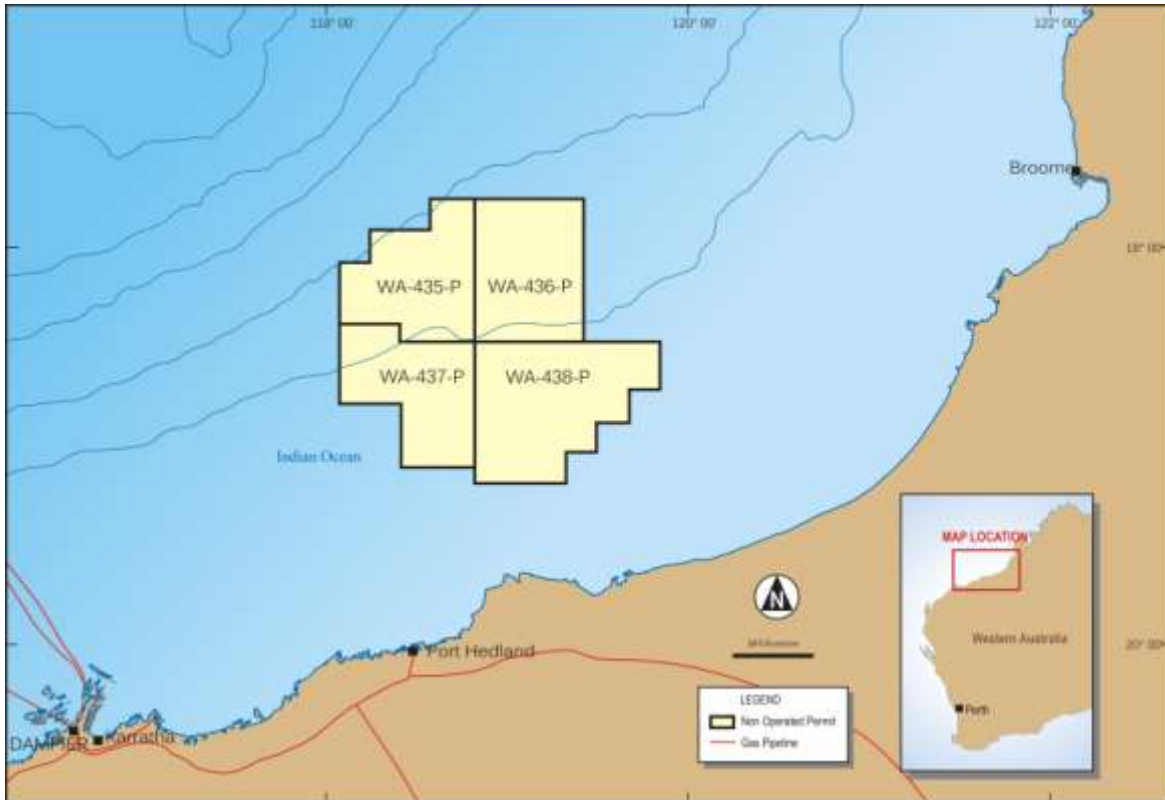
As previously reported, Carnarvon Petroleum's application to the Australian Government was successful and 100% of a new exploration permit, WA-435-P, was awarded on July 28<sup>th</sup>, 2009. In the same bidding round, a competitor private company, FINDER Exploration ("Finder") was also successful in being awarded 100% of three permits surrounding WA-435-P. Subject to ratification by the government authorities, Carnarvon and FINDER have entered into a heads of agreement to swap 50% of Carnarvon's WA-435-P for 50% of the three new FINDER permits WA-436-P, WA-437-P and WA-438-P. FINDER will assume operatorship of all four permits.

The four permits are situated in the north-western part of the Bedout Sub-basin within the greater Roebuck Basin, offshore Western Australia. The blocks lie in an under-explored area that has received little recent attention, between the prolific Carnarvon Basin hydrocarbon province to the southwest and the Browse Basin to the northeast. The town of Port Hedland lies approximately 150 km to the south of the permits and Broome lies 250 km to the northeast. Water depths range from 35 to 265 metres and the permits cover a very large area of more than 21,000 km<sup>2</sup> (268 graticular blocks).

Only six wells have been drilled in the permits to date. The two wells, Phoenix-1 and Phoenix-2, drilled on the large Phoenix structure in WA-435-P both intersected extensive gas columns within lower-porosity, mid-Triassic reservoirs. In particular, Phoenix-1 recorded 110 metres of net gas-bearing section; however, further work is required to determine whether the gas discovery at Phoenix-1 could flow at commercial rates. A larger, untested structure in WA-435-P lies directly on trend with the Phoenix structure, 5-15 km to the southwest. Further to the southeast in WA-437-P lies yet another large, untested structure. Regional geology suggests that reservoir quality improves southward toward these prospects, but this model will need to be confirmed by drilling. These Triassic structures have significant potential on the order of several Tcf's of recoverable gas, if exploration and appraisal drilling are successful.

Other viable plays are recognised in these blocks including possible oil exploration potential at the shallower Cretaceous-aged levels. Carnarvon and FINDER intend to carry out numerous studies to evaluate this potential.

The Government approved work programme for these permits, for the initial firm three-year term, comprises seismic reprocessing, the recording of an aeromagnetic survey and technical studies, which will include a complete analysis of the gas intersections in the Phoenix-1 and Phoenix-2 wells. The second three-year term is planned to consist of seismic acquisition and the drilling of at least one well in each permit. The results of the initial technical studies will be used to modify/accelerate this second period work programme as appropriate.



***Carnarvon Petroleum’s new permits, offshore Western Australia.***

**Permit Holders**

**WA-435-P**

Finder Exploration (Operator)      50%  
**Carnarvon Petroleum                    50%**

**WA-436-P**

Finder Exploration (Operator)      50%  
**Carnarvon Petroleum                    50%**

**WA-437-P**

Finder Exploration (Operator)      50%  
**Carnarvon Petroleum                    50%**

**WA-438-P**

Finder Exploration (Operator)      50%  
**Carnarvon Petroleum                    50%**

Yours faithfully,  
 Carnarvon Petroleum Limited

Ted Jacobson  
 Chief Executive Officer