

4 March 2008

Company Announcements Office
ASX Limited

Via ASX Online

Dear Sirs,

THAILAND OPERATIONS UPDATE: TWO RIGS OPERATIONAL

Rig Operations

After a period of required servicing and repairs, the Aztec Rig 14 is back in service and currently drilling. The joint venture now has both drilling rigs that completed the highly successful 2007 drilling campaign fully operational. A third rig may be required for later this year, but as reported on 21 February, a decision will not be made until after the joint venture receives complete environmental approval for the drilling of a further 27 wells in the Wichian Buri and Na Sanun Fields. This approval is expected within 5 weeks.

L44-R Exploration Well (Carnarvon 40%)

The L-44-R exploration well is currently being prepared for testing. Testing operations of several prospective zones within the well are expected to be completed within 2 weeks, at which time full results will be announced.

NS1-D1 Appraisal Well (Carnarvon 40%)

The Aztec Rig 14 has commenced drilling the deviated appraisal well NS1-D1 and is drilling ahead at 328 metres measured depth. This well is planned to intersect the main NSE volcanic reservoir at a location mid way between the previously drilled POE-9 (currently producing at a steady 315 bopd) and NS2-D1 (currently producing at a steady 1,148 bopd) appraisal wells. The purpose of this well is to build oil production capacity from the main volcanic reservoir at NSE. Drilling is anticipated to take approximately 3 weeks to TD.

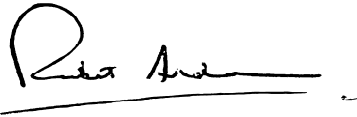
POE-9A Appraisal Well (Carnarvon 40%)

The Aztec Rig 7 is currently on location and preparing to drill the appraisal well POE-9A adjacent to the existing oil producer POE-9. The POE-9A well is planned to drill and appraise several deeper and one shallower volcanic zones at depths of between approximately 500 metres and 1,500 metres that were intersected but not tested in POE-9, the first successful producing well on the Na Sanun East Oil Field. These zones were not tested at the time of drilling POE-9, where the first volcanic zone tested was immediately put on production testing before other prospective intervals were tested. Drilling is anticipated to take approximately 3 weeks to TD.

Carnarvon's CEO, Ted Jacobson commented:

“The Joint Venture is delighted with the completion of the planned drill rig maintenance programme and looks forward to a very active period of drilling that aims to increase production and reserves from current producing fields and new discoveries over a number of different volcanic intervals.”

Yours faithfully
Carnarvon Petroleum Limited

A handwritten signature in black ink, appearing to read 'RA Anderson', is written over a horizontal line.

RA Anderson
Company Secretary