

16 January 2008

Company Announcements Office
ASX Limited

Via ASX Online

Dear Sirs

OPERATIONS UPDATE THAILAND PRODUCTION 2,940 BOPD NET TO CARNARVON

WICHIAN BURI-1 "DEEP" Exploration Well (Carnarvon 40%)

The WB-1 (Deep) exploration well has been 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) will now be completed as a future water disposal well.

In the latter half of 2008 the Joint Venture plans to drill several Wichian Buri F sandstone development wells north of WB-1 (Deep) and will again target the same potential volcanic reservoirs in a structurally higher position as mapped on seismic data.

L44-R Exploration Well (Carnarvon 40%)

Drilling is anticipated to commence in 5 days on the moderate risk, high impact L44-R exploration well which is located approximately 10.5 kms south of the producing NSE oilfield and within the main volcanic reservoir play fairway,. The well is targeting an approximately 7 square km structural closure with multiple potential volcanic reservoir targets between 800 to 1,300 metres. Drilling is anticipated to take up to 24 days.

The two contracted rigs have been operating continuously throughout most of 2007. Some necessary maintenance is currently being carried out resulting in one rig currently drilling. It is anticipated both rigs will be fully operational again shortly.

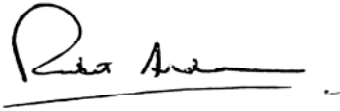
Production Update

As a result of additions to infrastructure and oil transport facilities by the operator Pan Orient, production has grown as anticipated and is currently approximately 7,350 bopd gross (2,940 bopd net to Carnarvon) with a current fleet of 41 tankers transporting oil to the Bangkok refinery. Six additional tankers are anticipated to become available shortly, which will increase production to approximately 8,450 bopd gross (3,380 bopd net to Carnarvon) and further tanker capacity has been arranged which is anticipated will increase production to the current field production capacity, from existing wells, of approximately 10,000 bopd gross (4,000 bopd net to Carnarvon) by late February to early March.

Permit Holders

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

Yours faithfully
Carnarvon Petroleum Limited

A handwritten signature in black ink, appearing to read "RA Anderson", with a horizontal line underneath it.

RA Anderson
Company Secretary