

CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

05 November 2007

Company Announcements Office
Australian Stock Exchange Limited

Via ASX Online

Dear Sirs

THAILAND OPERATIONS UPDATE

EXPLORATION PERMIT L44/43

NS5-D1 DEVELOPMENT WELL

The NS5-D1 well, which is located approximately 400 metres south of the L44-H producing well within the central fault compartment of the Na Sanun East oil field, has been drilled as a deviated development well to a depth of 906 metres (true vertical depth ("TVD")). The target volcanic reservoir which was intersected at a depth of 878 metres TVD has shown severe lost circulation while drilling through approximately 46 metres (measured thickness) of potential reservoir. Drilling mud losses totaled approximately 6,222 bbls at loss rates of 165 to 206 bbls/hr. Conventional logs have been run which indicate this to be the best potential volcanic reservoir section encountered to date within the Na Sanun East field.

In addition, a new potential reservoir zone approximately 60 metres in measured thickness (33 metres true vertical thickness) of interpreted highly porous and fractured volcanic tuffs, was encountered above the aforementioned main volcanic reservoir section. Severe lost circulation with high mud gas readings and live oil at surface was encountered over this interval at 1,100, 1122.5, 1130 and 1,149 metres (measured depth ("MD")) with corresponding mud losses of 14, 105, 77 and 85 bbls/hr. A similar porous section was previously encountered at POE-9 where a highly fractured 25 metre thick tuff exhibiting severe lost circulation was encountered above the main volcanic target. This was not tested at the time. The intersection of this unit in two wells has additional significance which will warrant flow testing, however, flow testing of the main volcanic zone will take preference in this well.

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Testing is anticipated to be completed within the next 10 days.

NS6--D1 DEVELOPMENT WELL

The Aztec #7 rig is currently sidetracking to a subsurface location approximately 70 metres south west of the original target after prematurely crossing the main bounding fault of the southern fault compartment prior to encountering the main volcanic reservoir. Sidetracking operations are anticipated to take approximately 10 days.

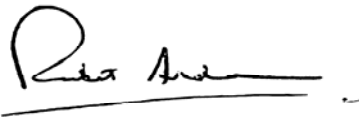
L44H-D1 DEVELOPMENT WELL

The Aztec #14 rig is currently rigging up on deviated development location L44H-D1, located within the central fault compartment of the NSE oilfield with a subsurface target located approximately 700 metres north of the vertically drilled L44-H producing well. Drilling is anticipated to commence within the next 3 days and take approximately 20 additional days to completion.

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', is written over a horizontal line.

RA Anderson
Company Secretary

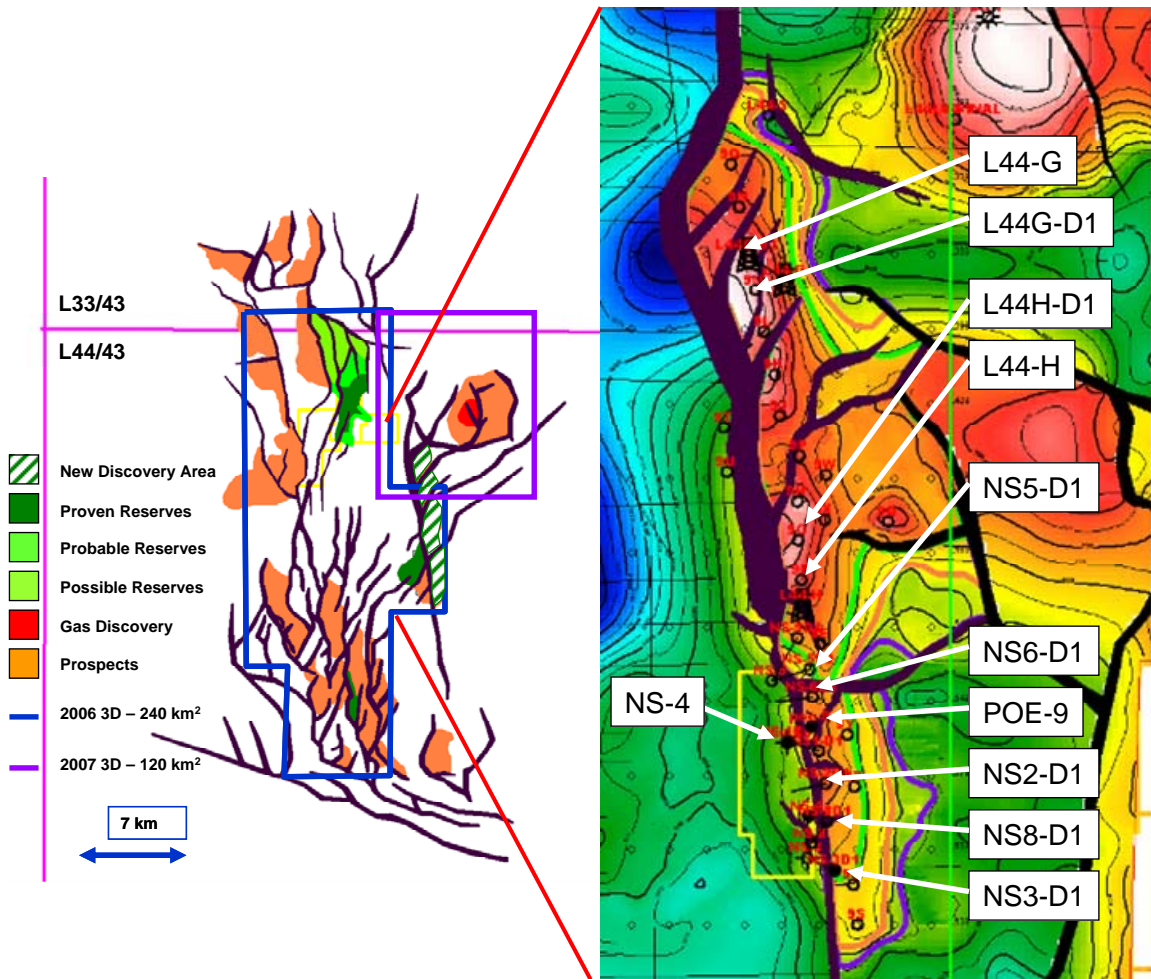


Figure 1: Indicative well locations – Thailand permit L44/43