

28 May 2008

Company Announcements Office
ASX Limited

Via ASX Online

Dear Sirs

THAILAND DRILLING UPDATE

The Operator of Carnarvon's Thailand producing assets, Pan Orient Energy ("POE"), a Calgary based company, released the following announcement to the Toronto Stock Exchange ("TSX") overnight.

"NS3-D1ST Side Track Appraisal Well (60% WI & Operator)

The NS3-D1ST high-angle deviated/horizontal side track has been tested at stabilized rates of approximately 1,650 bopd with a water cut of 0.38% over an approximately three day period. At the end of this initial test period, water cuts increased to as high as 20% before the well was choked back. Currently the well is restricted to approximately 180 bopd with a 20% water cut while determining if the water production originates from the more than 3,800 bbls of drilling water that was lost while drilling or coning up a large fracture system. A number of options will be considered to optimize production depending on the final analysis of results.

NS3-D1ST was drilled to a total measured depth (MD) of 958 meters (866 meter true vertical depth (TVD)) penetrating 62 meters measured thickness of volcanic reservoir (16 meters true vertical thickness) at which time the decision was made to terminate the drilling of the well, prior to going horizontal, due an influx of gas originating from a shallow sand and resulting in conditions that were unsafe to drill ahead when combined with the severe mud losses that were being experienced at that time in the main volcanic zone.

L44H-D2 Exploration/Appraisal Well Testing (60% WI & Operator)

The L44H-D2 deviated appraisal well, in addition to the main volcanic zone, penetrated five deeper never before tested volcanic intervals at 1,079 m, 1,154 m, 1,483 m, 1,698 m and 1,824 m measured depth (MD), with measured thicknesses of 21 m, 6 m, 27 m, 62 m and 26 m, respectively. Oil shows were observed while drilling at depths of 1,080 m to 1,100 m, 1,505 m to 1,510 m and 1,845 m to 1,850 m.

Testing has now been completed on the two structurally lowest volcanic zones with test #1 at 1,824 meters MD indicating a tight reservoir and test #2 at 1,698 meters MD resulting in a minor influx of gas.

Perforating is now underway for test #3 over the volcanic that was encountered at 1,482 meters MD. It is anticipated that the volcanic zone encountered at 1,079 meters MD (first volcanic below the proven main volcanic zone) will be evaluated next, as test #4.

Testing operations are anticipated to continue for approximately ten more days at which time results will be announced.

NS5-D1ST Horizontal Development Well (60% WI & Operator)

The NS5-D1ST horizontal development well, located south of L44-H and 200 meters north of the original NS5-D1 well, has reached a total measured depth of 1,406 meters (872 meters TVD) within the target volcanic reservoir zone. Severe mud losses and oil shows were encountered over the majority of the approximately 145 meters of horizontal section through the main volcanic reservoir.

Testing is anticipated to be completed within the next 10 to 12 days at which time results will be announced.

L33-3 Exploration Well (60% WI & Operator)

The L33-3 exploration well, located on concession L33 approximately 33 kilometres north of the Wichian Buri oilfield, is currently drilling ahead at a depth of approximately 500 meters TVD towards a planned total depth of approximately 1,200 meters TVD targeting both volcanic and sandstone reservoirs.

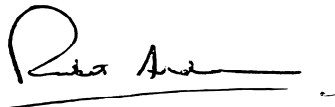
L33-3 is a high risk stratigraphic test well drilled on the basis of one 2D seismic line within the untested Khon Khwang graben, located 33 kilometers north of the nearest proven production at Wichian Buri. The objective of the well is to evaluate the source rock and reservoir potential within the Khon Khwang sub basin. Validation of the source rock presence and maturity would approximately double the region of hydrocarbon potential within concessions L33 and L44 and result in an extensive 2D seismic program over this large area in July 2008.

Drilling is anticipated to be completed within 10 to 12 days.”

Permit Holders

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

Yours faithfully
Carnarvon Petroleum Limited



RA Anderson
Company Secretary