

27 May 2009

Company Announcements Office
ASX Limited

Via ASX Online

Dear Sirs,

NSE-H3 NEW POOL OIL DISCOVERY: 840 BOPD

NSE-H3 Appraisal Well (CVN 40% working interest and non-operator)

Carnarvon Petroleum as non-operator of the L44/43 concession located onshore Thailand is pleased to announce that testing of the NSE-H3 well has confirmed the discovery of commercial hydrocarbons in a previously untested volcanic reservoir approximately 45 meters in thickness at 610 meters true vertical depth (TVD). The well is currently pumping through the annulus and free flowing through the casing, 32 degree API oil at a stabilized rate of 840 bopd and a water cut of less than 0.5%.

At year end 2008, there were no reserves of any category attributed to this shallow volcanic zone. Pressure data and the slightly lower gravity of the crude oil (32 API vs 36 API), confirms this is a distinctly separate pool from the underlying main volcanic reservoir at NSE.

NSE-H3 was designed to target the main volcanic reservoir of the NSE Central fault compartment. The proven main volcanic target zone was encountered at a depth of approximately 802 meters TVD and exhibited severe drilling fluid losses with free oil observed at surface. While conditioning the wellbore prior to logging and casing, it became evident the hole was collapsing. After repeated failures to reenter the well bore the decision was made to plug the well back with cement and test a much shallower volcanic at approximately 600 meters. Rock samples from the zone of interest exhibited open vesicular (vuggy) porosity and oil shows were observed over a 70 meter interval. No drilling fluid losses had been encountered while drilling through this interval, suggesting a conventional type of oil reservoir with primary porosity and possibly non fracture dominated permeability. The deeper main volcanic objective at NSE-H3 will be re-drilled at a later date.

A post NSE-H3 test review of NSE Central wells drilled previously is currently underway to estimate the reserve potential of this new zone discovery. Preliminary analysis indicates this same shallow volcanic zone has been encountered in eight other wells with thicknesses averaging approximately 50 meters. These wells were never tested in the shallow volcanic zone because they were completed as deeper, main volcanic zone producers. Additional wells targeting this new volcanic zone will be slotted into the 2009 drilling schedule on a priority basis.

L44/43 Appraisal / Development (CVN 40% working interest and non-operator)

NSE-I1, an exploration/appraisal well in the NSE northern fault compartment and NSE-J1, a development well in the southern portion of the NSE central fault compartment, are currently drilling ahead just above their primary volcanic reservoir objectives.

Permit Holders L44/43

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

Yours faithfully,
Carnarvon Petroleum Limited

Ted Jacobson
Chief Executive Officer

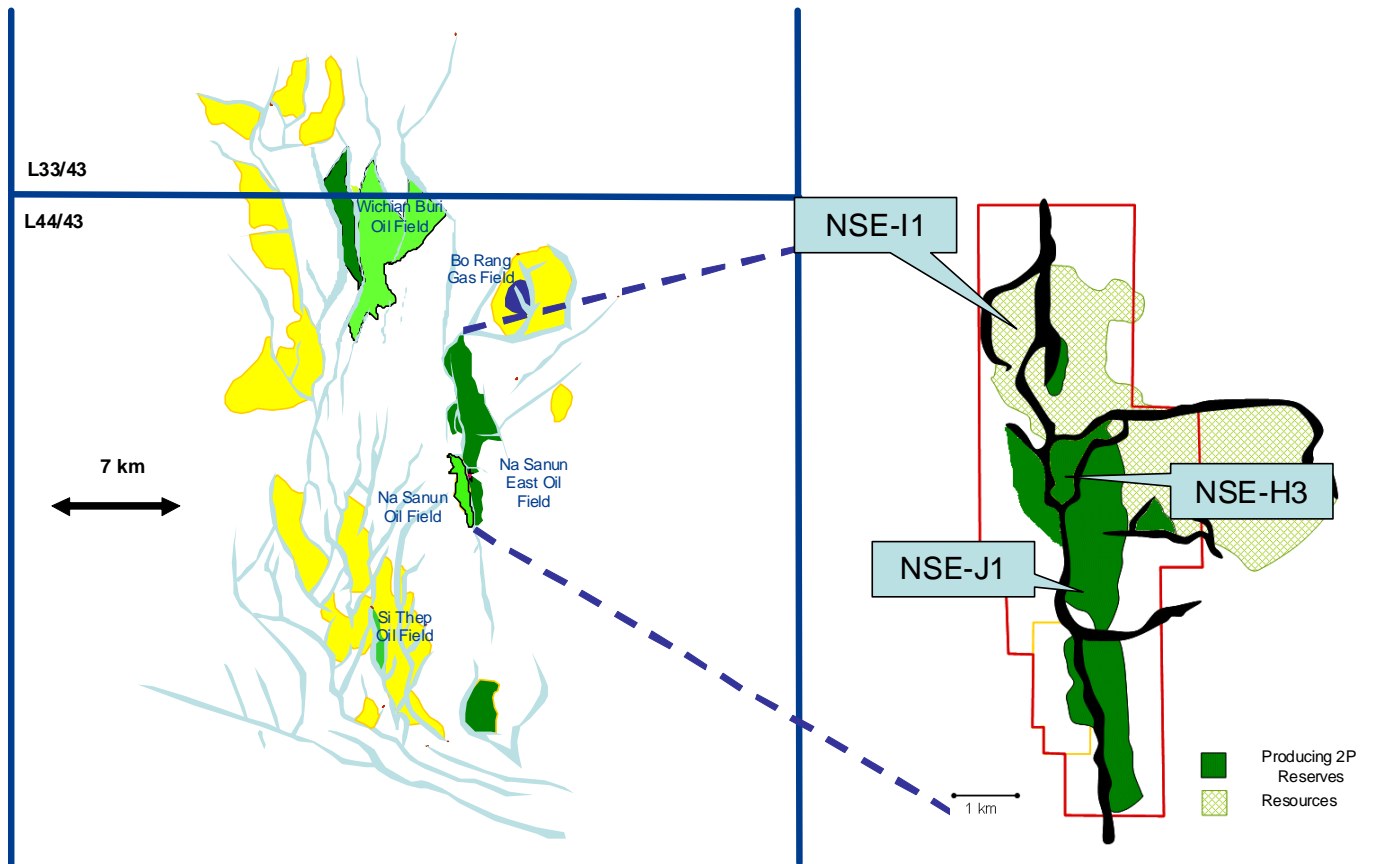


Figure 1: Indicative well positions, onshore Thailand exploration and production concession L44/43