

28 November 2008

Company Announcements Office
ASX Limited

Via ASX Online

Dear Sirs,

NSE-D3 TESTS AT 1,130 BOPD & NSE-C1 TESTS AT 575 BOPD

NA SANUN EAST (“NSE”) OIL FIELD DEVELOPMENT PROGRAMME

NSE-C1 appraisal well (CVN 40% working interest and non-operator)

The NSE-C1 appraisal well, located in an area of 3P “possible reserves” as defined by Gaffney Cline & Associates in the year end 2007 reserves report, is currently pumping through the tubing and free flowing through the casing at a restricted rate of 575 bopd with a water cut of approximately 7%. The well is still cleaning up with over 1,900 bbls of drilling mud and water lost into the formation during the drilling of the main volcanic reservoir section. As the well continues to clean up, the water cut will decline and oil flow rates will likely increase.

The results of NSE-C1 came in generally as predicted by an integrated geologic reservoir model that was recently completed for the Joint Venture by Rock Deformation Research (RDR), a group based in Leeds, UK. This NSE reservoir model is currently in the process of being formatted into reservoir simulation software for a simulation study that is planned to be completed in early Q1 2009 to assist in estimation of NSE reserves.

NSE-D3 development well (CVN 40% working interest and non-operator)

The NSE-D3 appraisal well is currently pumping through the tubing and free flowing through the casing at a restricted rate of 1,130 bopd with a water cut of 4%. As with NSE-C1, the water cut continues to decline and rates will likely be increased when the well has cleaned up.

The NSE-D3 appraisal well was drilled into the main volcanic reservoir at a depth of approximately 823 meters TVD and a sub surface location approximately 315 meters north west of the NSE-D1 location. A highly fractured volcanic reservoir section was encountered that resulted in over 6,000 barrels of drilling fluid and water losses. An 8 meter highly fractured oil stained core was cut through the main reservoir objective.

NSE-D2 development well (CVN 40% working interest and non-operator)

The NSE-D2 appraisal well encountered the top of the main volcanic reservoir at 754 meters true vertical depth (TVD) approximately 330 meters north of the NSE-D1 location. Approximately 34 meters of highly fractured volcanic reservoir was drilled with mud losses of approximately 1,200 barrels. The well was put on test, flowing mainly gas with some oil, indicating close proximity to an interpreted gas/oil contact. Rig 14 is currently drilling ahead on a side track that is planned to encounter the main volcanic reservoir approximately 10 to 15

meters structurally lower into the oil leg, below the gas/oil contact. Upon the completion of drilling, the well will be tested and results reported when complete.

NSE-E1 exploration well (CVN 40% working interest and non-operator)

The NSE-E1 exploration well, located approximately 260 meters due west of the NSE-D1 drill pad, is currently setting casing just above the main volcanic reservoir target at a depth of 881 meters. The objective of the well is to test a volcanic reservoir prospect on the downthrown side of the main fault that defines the western limit of the NSE field. There are currently no oil reserves attributed to this area and a success here would likely add to the year end reserves assessment.

CEO Comment

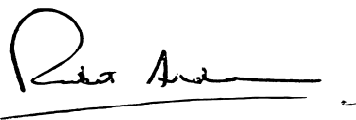
Ted Jacobson, Carnarvon CEO, commented:

“The results from the NSE-C1 appraisal well are very encouraging for the conversion of 3P reserves to 2P reserves at the 2008 year end assessment. A further good result at the NSE-E1 location should also result in a positive re-assessment for 2P reserves.

Production in Thailand is currently greater than 5,500 bopd net to Carnarvon. The bulk of drilling in 2008 has focused on NSE development, which to date has successfully resulted in production near to our target of 6,000 bopd. The results from the currently drilling NSE-E1, along with the next few wells, will be focusing on replacing produced reserves and the conversion of 3P and contingent resources into 2P reserves.

The completion of the geological reservoir model, successful recovery of core and ongoing production results all contribute to an increasing understanding of the reservoir and fine tuning of the development plan.”

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

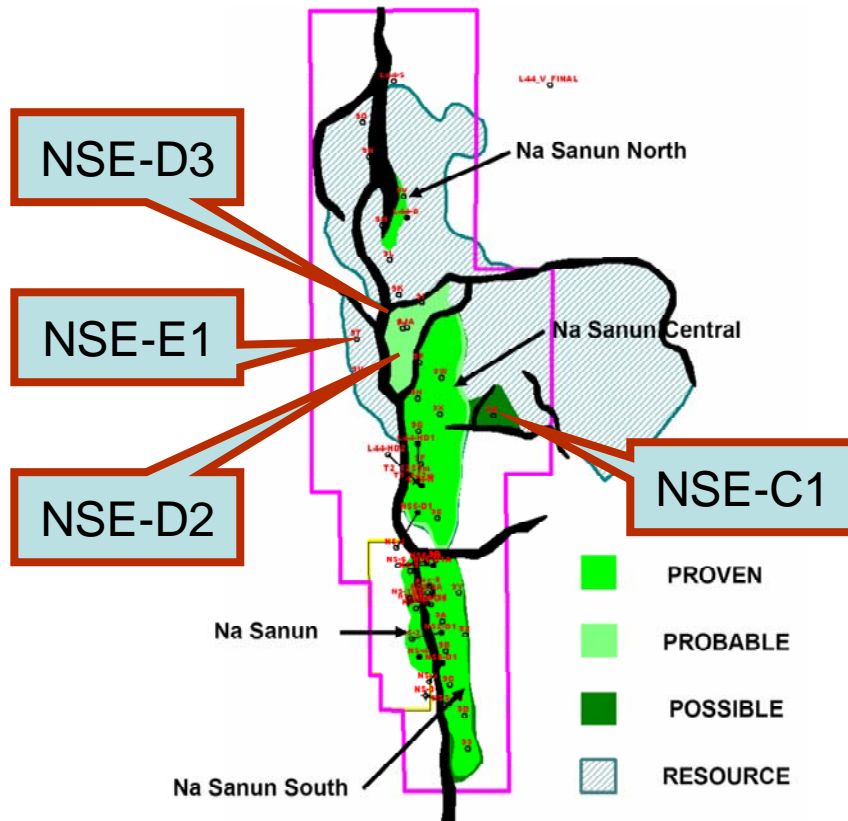


Figure 1: Na Sanun East Oil Field