

30 June 2009

Company Announcements Office
ASX Limited

Via ASX Online

Dear Sirs,

NSE-I1
NEW FIELD OIL DISCOVERY

Carnarvon Petroleum is pleased to provide an update on current operations in the L44/43 licence, operated by Pan Orient Ltd, within the Petchabun Basin in onshore Thailand.

THAILAND

NSE-I1 New Field Oil Discovery (CVN 40% working interest and non-operator)

The NSE-I1 well has confirmed the discovery of commercial hydrocarbons in a previously untested volcanic reservoir approximately 20 metres in thickness at 637 metres true vertical depth (TVD). The well is currently pumping 34 degree API oil at a stabilised rate of 75 bopd with approximately 200 barrels per day of water.

At the year end 2008 Reserves assessment, there were no reserves of any category attributed to this shallow volcanic zone.

NSE-I1 was a deviated well designed to target a shallow volcanic zone in the downthrown fault closure west of the NSE North fault compartment and a deeper volcanic objective on the high side of the north-south bounding fault. The first volcanic target zone was encountered at a depth of 637 metres TVD and exhibited moderate drilling fluid losses with oil shows observed at surface. A second, deeper volcanic objective was encountered at 750 metres TVD with the upper 85 metres penetrated before drilling was terminated while still in the zone. Minor oil shows were observed at surface along with minor mud losses while drilling through the zone. Subsequent testing of the lowermost objective recovered water and 2 barrels of 32 degree API oil.

These test results have confirmed oil in a shallow volcanic reservoir in the down thrown fault compartment adjacent to NSE north. Plans are currently underway to target this same zone in a structurally much higher position on the high (east) side of the main bounding fault, that in the success case, establishes three to four additional future drilling locations.

Bo Rang-1 RD Exploration well (CVN 40% working interest and non-operator)

The Bo Rang-1 RD (BR-1RD) well was drilled vertically to a depth of 757 metres approximately 80 metres west of the original Bo Rang-1 (BR-1) gas discovery which was drilled in 1990 by a previous operator of the concession. Two volcanic objectives were

encountered, the first was 22 metres thick at a depth of 633 metres (tested 5.5MM cubic feet per day in the original well bore) and the second was 49 metres thick at a depth 25 metres below the base of the first zone. There were no drilling fluid losses (which are an indicator of good permeability) observed while drilling either volcanic zone.

The upper gas bearing volcanic was isolated behind casing prior to penetrating the deeper objective in order to open hole test this deeper zone in isolation. Upon the completion of drilling of the deeper volcanic objective, significant quantities of 34 degree API oil were observed at surface and in the drill string while tripping out of the hole. Subsequent testing resulted in the recovery of minor quantities of oil, gas and load fluid, indicating low permeability (insufficient fractures intersected). Though commercial oil rates were not achieved in BR-1RD, excellent reservoir is inferred to exist only 80 metres away in the original BR-1 well based on the massive drilling fluid losses observed in this original well through the same objective zone. In addition, there is strong evidence that the primary volcanic objective in BR-1RD is oil bearing based on the free oil observed at surface while drilling through this zone. On this basis, Bo Rang-2 is currently drilling ahead at a depth of 400 metres to a subsurface target location approximately 500 metres south west of the BR-1RD location. Drilling is anticipated to be completed in 10 days at which time testing will commence, if warranted.

NSE-J1 & J2 Development wells (CVN 40% working interest and non-operator)

The NSE-J1 and NSE-J2 development wells have been drilled to total depth within the main volcanic objective from the same surface pad location in the east-central portion of the NSE Central fault compartment. Both wells experienced significant drilling fluid losses (an indicator of good permeability) while drilling within the target zones. At this particular drill pad, testing and drilling were not immediately possible whilst the drilling rig was on the pad, due to the limited size of the drill pad. Testing of both wells is to commence shortly, once the drilling rig has moved off location to L44-W2.

L44-W2 Appraisal well (CVN 40% working interest and non-operator)

L44-W2, the first appraisal well to the recent L44-W oil discovery (announced in April 2009) is about to commence drilling to a subsurface target 500 metres northeast of the original discovery. This will be the first of what is planned to be three back to back appraisal wells on the structure.

Yours faithfully,
Carnarvon Petroleum Limited



Ted Jacobson
Chief Executive Officer

