

29 October 2008

Company Announcements Office
ASX Limited

Via ASX Online

Dear Sirs,

NSE-D1 TESTS AT 710 BOPD

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

NSE-D1 development well (CVN 40%)

NSE-D1 is a vertical well located in the northern portion of the Central NSE oil field, approximately 900m north of the NSE-A drill pad. NSE-D1 was designed to extract a whole core sample from the reservoir before being converted to a development well.

The NSE-D1 appraisal well has been completed and is currently on test at a rate of approximately 710 bopd. The well is producing within the limits of the current pump configuration with a fluid level at approximately 205 meters below ground level suggesting the well can be produced at a higher rate. A larger capacity tubing pump will be installed once it has cleared Thai customs later this week.

NSE-A4 development well (CVN 40%)

The NSE-A4 development well had originally reached a total depth of 787 meters TVD after penetrating the top of the target volcanic reservoir at 730 meters TVD. Severe mud losses were experienced while drilling, indicating the most extensively fractured reservoir section encountered in any well to date. While setting the 4.5” liner, an obstruction was encountered in the hole, just out of the casing window, making it impossible to complete the well. As a result, the 7” casing was milled out and set deeper prior to kicking off into the main volcanic target zone. This operation has now been completed. While drilling the main volcanic target severe mud losses were encountered once again, in addition to live oil to surface while reaming below the 7” casing shoe. At the present time the hole is being conditioned to set a 4.5” liner and complete the well for production.

The severe mud losses have resulted in difficulties drilling and completing this well, and as such the rig has been on this well for around 2 months delaying some other development activities.

NSE-D2 appraisal well (CVN 40%)

The NSE-D2 appraisal well is currently drilling ahead at depth of 810 meters measured depth (726 meters true vertical depth) near casing point, just above the estimated depth of the main volcanic objective that is expected to be encountered structurally much higher than at NSE-D1. The subsurface target is located approximately 330 meters north of the NSE-D1 location.

NSE-D2 has been designed as a deviated / horizontal well.

NSE-C1 Appraisal Well (CVN 40%)

Upon completion of the current operation at NSE-A4, the rig will be moved to the NSE-C1 well location which is around 1,000 meters east of the NSE-A drill pad. NSE-C1 will be targeting an area of possible reserves as defined by Gaffney Cline & Associates in the year end 2007 reserves report. If this well is successful, some of the possible category reserves in this area could be moved to probable reserves (2P) when reserves are re-calculated as at the end of the 2008 calendar year.

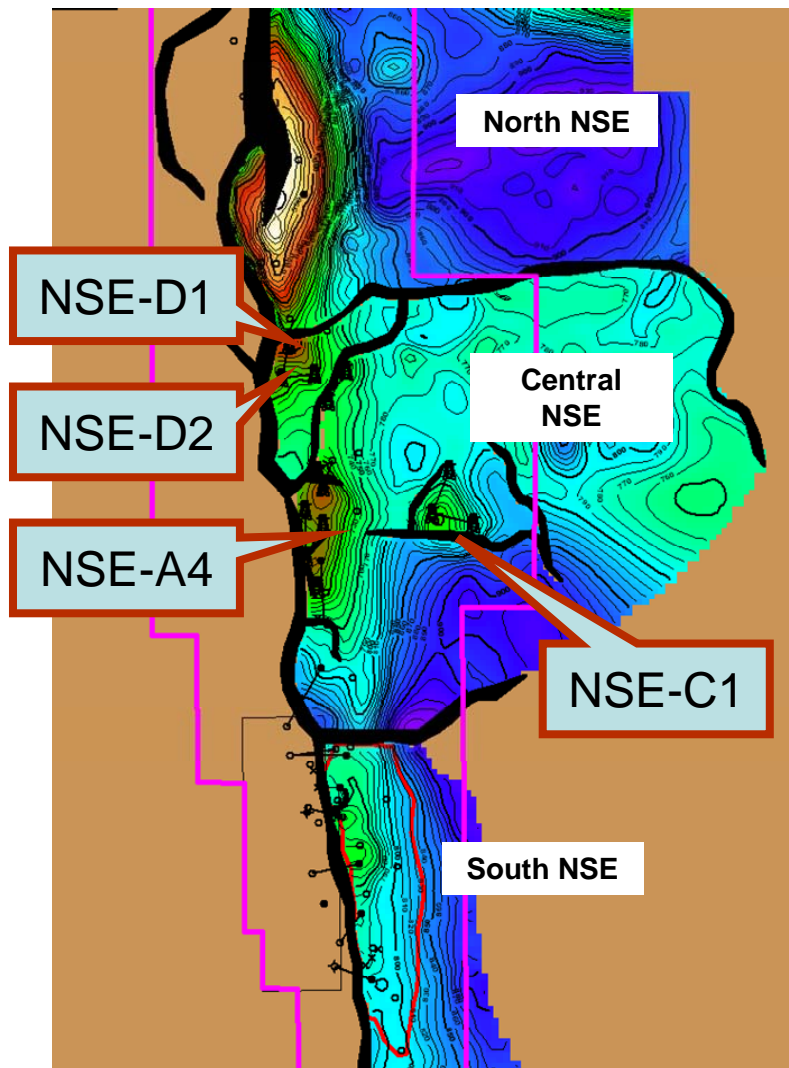


Figure 1: Na Sanun East Field showing development wells to date

Yours faithfully
Carnarvon Petroleum Limited

RA Anderson
Company Secretary