

27 January 2010

Company Announcements Office
ASX Limited

Via ASX Online

Dear Sirs,

Thailand Operations Update

Outlined below is an update on drilling activities in the oil field licences L44, L33 and SW1A in Thailand in which Carnarvon holds a 40% interest. This update covers activities during the period since Carnarvon's last update on 17 December 2009. Highlights include:

- Thailand Concession L44 (40% working interest and non-operator)
 - Bo Rang "B" Field - BR-2ST2 horizontal appraisal well on production at 866 bopd
 - NSE-G2 well completed as an NSE Central production well and producing 130 bopd
 - High impact NSE-G3 exploration well targeting a new volcanic zone approaching target depth

Thailand L44 Concession - Bo Rang "B" Field

BR-2ST2 Horizontal Appraisal Well (40% working interest and non-operator)

The BR-2ST2 horizontal appraisal well drilled approximately 350 meters of horizontal section within the main volcanic Bo Rang "B" reservoir objective. The well is currently on production at a rate of 866 bopd with a water cut of 0.05%. This marks the third development well into the Bo Rang "B" reservoir which has produced a combined 123,000 barrels of oil with negligible water since the field came on commercial production from the first well in early November 2009, highlighting the excellent early production performance of the Bo Rang "B" reservoir.

Thailand L44 Concession – NSE Central Field

NSE-G2 Exploration Well (40% working interest and non-operator)

The NSE-G2 exploration well is located near the northern boundary of the NSE Central fault compartment targeting a 100 meter thick volcanic that sits approximately 400 meters below the main producing volcanic reservoir at NSE. This target zone had been penetrated by the NSE-G1 exploration well and encountered oil shows throughout the entire 100 meter section but produced only formation water from a highly fractured zone at the very base of the volcanic. NSE-G2 was targeting this same 100 meter thick volcanic in a position approximately 200 meters structurally higher than in the NSE-G1 well.

While drilling through the upper portion of the main NSE volcanic the drill string became stuck. The decision was made to complete the well as an NSE Central producer and skid the rig over to the adjacent cellar and drill another exploration well, namely the NSE-G3 exploration well. The NSE-G2 well is currently on production at a stabilised rate of 130 bopd with a water cut of 80%. This is considered a good result given the down flank position of this well on the structure and provides confidence in future planned NSE central horizontal development locations.

NSE-G3 Exploration Well (40% working interest and non-operator)

The NSE-G3 exploration well is currently setting casing at a depth of 901 meters measured depth after drilling through the main NSE Central producing volcanic interval. Plans are to drill ahead towards the same deep volcanic objective that was targeted in the NSE-G2 exploration well.

Thailand L44 Concession – Si Thep Field

ST-2 Exploration Well (40% working interest and non-operator)

As reported earlier, the ST-2 exploration well was perforated over a deep sandstone reservoir resulting in flow rates of approximately 14 barrels of 27 degree API oil and six barrels of formation water per day. Additional shallower sandstone reservoirs will be perforated and commingled once equipment is available.

Yours faithfully,
Carnarvon Petroleum Limited



Ted Jacobson
Chief Executive Officer

Permit Holders L44/43

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

Figure 1: L44 and L33 Exploration Concessions onshore Thailand, showing the approximate location of recent drilling activity.

