



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

22 January 2007

Company Announcements Office
Australian Stock Exchange Limited

Via ASX Online

Dear Sirs,

POE-9 OIL DISCOVERY

The POE-9 discovery well has continued to perform well under test.

The well was drilled in the southern fault block of a large 12 square kilometre faulted structural closure segmented into four separate fault blocks.

On 31st December 2006 the POE-9 well was drilled to a depth of 1,275 metres. The well encountered four potential fractured volcanic reservoir zones at depths of 794, 853, 1,007 and 1,142 metres. The second zone at 853 metres of approximately 50 metres in gross thickness was perforated in the top 17 metres with flow testing commencing on 10th January 2007.

On testing, the well immediately began to flow free oil to surface with flow rates climbing to 560 bopd with an initial pre-clean up water cut of 15% before being choked back during the clean up process. The choke has now been opened up and POE-9 has been put on production at between 380 and 390 bopd. The water cut is at a minimal 0.1%. The well is free flowing, with a beam pump operating to keep the production tubing clear of wax. Porosity of this test zone has been interpreted from log data to be between 6% and 9%.

The other potential fractured reservoir zones encountered in the well will not be flow tested at this time. This has allowed the well to be put on production immediately without being potentially compromised by further operations.

The Joint Venture is now applying to the Thailand Department of Mineral Fuels for a production license to cover this large structural closure. Once the application is approved the Joint Venture will commence further appraisal and development of the field throughout 2007.

The results of the POE-9 well will now be applied to the seismic data to facilitate updating the structural mapping.

Carnarvon Petroleum CEO Ted Jacobson commented:

“This is a significant new oil discovery for the Wichian Buri Joint Venture. Fractured reservoirs have the potential to flow at substantial flow rates as now demonstrated by POE-9. Such high flow rates will substantially increase total oil production for the joint venture.

Overall, in the 2006 drilling programme (“Phase 1”), 8 wells have been drilled with 7 successes. This is an outstanding result. The POE-9 discovery further demonstrates the large potential to be unlocked in our two very large exploration permits L44/43 and L33/43 in Thailand.

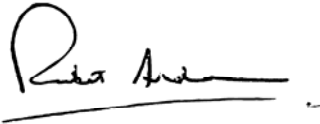
As a result of success at POE-9 the Joint Venture is planning an aggressive drilling programme to fast track field development of the POE-9 discovery area, as well as target other high impact prospects identified from the 3D seismic. Up to 20 wells are planned for phase 2 during 2007, commencing in earnest in early March.”

Permit Holders

Pan Orient (Operator) 60%
Carnarvon Petroleum 40%

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