

Thailand Operations Update

12 October 2011



Carnarvon Petroleum Limited ("Carnarvon") (**ASX:CVN**) is pleased to provide an operations update covering its 40% interest in the SW1A, L33/43 and L44/43 exploration Concessions onshore Thailand (within which the existing production licenses reside). This update is based on the release by Carnarvon's partner in these assets and the Operator of the Concessions, Pan Orient Energy (TSX:POE).

Drilling Results

NSE-F6 Development Well

Currently on production at a rate of approximately 1,000 bopd gross (400 bopd net to Carnarvon) from the main volcanic reservoir within the NSE-F1 field. This is the first high rate well drilled at the NSE-F1 field, with two previously drilled wells testing initially at less than 60 bopd gross (24 bopd net to Carnarvon). This encouraging result will mean the joint venture will pursue three follow-up appraisal wells prior to year end.

WBEXT-1DST2 Development Well

The well is currently on production at a rate of approximately 80 bopd gross (32 bopd net to Carnarvon) from the WBEXT WBV1 volcanic reservoir.

L44-G2ST2 Appraisal Well

The well has been suspended for future sidetrack after recovering oil at sub commercial rates, with no water, from what is interpreted as the main NSE North volcanic reservoir. The reservoir was intersected at a structural position approximately 60 meters below the oil / water contact for the NSE field estimated in determining proven, probable or possible oil reserves in the reservoir evaluation at 31 December 2010 ("3P" reserves). This result is encouraging and the joint venture will be focused on identifying locations with better reservoir development within the structural closure.

POE-6B Development Well

The well is currently on production at approximately 30 bopd gross (12 bopd net to Carnarvon) from the "G" sandstone reservoir within the POE-6 field.

L33-2A Exploration Well

The well is currently drilling ahead towards the deep WBV2 volcanic objective beneath the existing L33 WBV1 field in Concession L33/43. Drilling is anticipated to be completed in the next 5 days and testing, if justified, would commence shortly thereafter.

Production

Production for the September 2011 quarter was 91,892 bbls net to Carnarvon, being an average 999 bopd. Following the successful NSE-F6 well, production is currently at 1,300 bopd net to Carnarvon.

Remaining 2011 program

The success of the NSE-F6 development well will see three additional appraisal wells drilled in the NSE-F1 field combined with the drilling of an additional five volcanic reservoir development wells at the Bo Rang, NSE North and WBEXT (WBV2) fields, and one horizontal sandstone development well at the Wichian Buri field.

Delays in the granting of Environmental Impact Approval for 15 locations targeting the “D” and “E” sandstone reservoirs within the boundary of the WBEXT field will push the start of that sandstone development drilling program at WBEXT into January 2012. As a result, the focus between now and year end will be on the development of volcanic reservoir fields that were discovered in 2009 but sparsely drilled until now. Development drilling at NSE-F6, which achieved the highest flow rate in that field to date at 400 bopd net to Carnarvon, and success in pushing the estimated oil / water contact for 3P reserves down 60 meters at the NSE North field, are two examples of the joint venture going back to earlier discoveries and starting to systematically develop them.

New technology

In the fourth quarter of 2011 the joint venture will be piloting new technology at an existing producing horizontal well in the Bo Rang “A” volcanic field. The objective of this technology is to reduce water production from high permeability fractured zones where early water breakthrough is most likely to have originated and encourage oil production from the much larger portion of the wellbore that is micro fractured and oil saturated. In the success case of this pilot, an additional purpose specific horizontal well will be drilled as a further confirmation. Depending on the results of the pilot and follow up confirmation well, the joint venture will consider the redevelopment of the majority of the existing volcanic reservoir fields.

Thailand Flooding

Despite reports of massive flooding during the 2011 Thailand monsoon season, operations continue unaffected to this point in time. Any potential future impact on operations from the flooding are believed to be temporary in nature and will be mitigated by the large tank storage capacity available within our main producing areas.

Sandstone focus in 2012

Upon the granting of Environmental Impact Approval for 15 locations at the WBEXT field, drilling through the first portion of 2012 will focus on the drilling of the “D” and “E” sandstone reservoirs within the proven WBEXT fault compartments and the recently discovered WBEXT East fault compartment. Additional exploration is also planned to target sandstone zones in the, as yet unproven, fault compartment adjacent to the WBEXT and WBEXT East fields.

For further enquiries, please contact:

Operations

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