

4 October 2012

CARNARVON PETROLEUM LIMITED (ASX: CVN) SUCCESSFULLY COMPLETES INSTITUTIONAL PLACEMENT BOOKBUILD

Carnarvon Petroleum Limited (“Carnarvon” or the “Company”) is pleased to advise that it will raise up to approximately A\$15.0 million by way of a placement of up to approximately 182.9 million new ordinary shares to sophisticated and professional investors at a price of A\$0.082 per share (“Placement”).

Macquarie Capital (Australia) Limited and Hartleys Limited are Joint Lead Managers and Bookrunners to the Placement.

The Placement received strong support from both existing and new investors.

The Placement has been split into an unconditional and conditional tranche of approximately A\$8.4 million and approximately A\$6.6 million respectively (approximately 102.9 million shares in the unconditional tranche and approximately 80.0 million shares in the conditional tranche). Settlement of the unconditional tranche is scheduled to occur on Thursday 11 October 2012 and is expected to be allotted on Friday 12 October 2012.

The conditional tranche is subject to Carnarvon shareholder approval with the shareholder meeting expected to be held on Friday 16 November 2012. The notice of meeting for the shareholder vote is expected to be sent to shareholders no later than Friday 19 October 2012.

Carnarvon will also conduct a Share Purchase Plan (“SPP”) of up to A\$15,000 per shareholder at the same price as the Placement, capped at A\$5 million. The SPP will provide eligible ordinary shareholders (being those persons registered as ordinary shareholders as at 7pm (EDST) on Wednesday 3 October 2012 who reside in Australia or New Zealand) with the opportunity to subscribe for new ordinary shares in Carnarvon at the same price as the Placement. Subject to demand, Carnarvon reserves the right to place the SPP shortfall to selected institutional and sophisticated investors. Further details of the SPP will be provided to eligible shareholders in due course.

Use of proceeds

The proceeds of Placement and SPP will be used to fund Carnarvon’s forward looking exploration and development program, including:

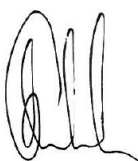
- Thailand L44/43 and L33/43 development drilling program and technical work; and
 - Includes 12 new wells, 15 work overs, the updated oilfield development plan, fracture network studies and water flooding studies
- Offer costs and general working capital.

Commenting on the Placement and the SPP, Carnarvon's Managing Director, Mr Adrian Cook, said:

"The Company is delighted by the strong level of demand from both its existing shareholders and new investors wishing to participate in the Placement and is pleased to provide the opportunity for existing shareholders to gain further exposure to Carnarvon through the SPP at the same price as the Placement. The successful placement demonstrates strong investor support for Carnarvon's forward plan. We feel this is a unique opportunity to join the new operator of the Company's Thailand oil field, in a focused development plan that we foresee generating positive results in the short, medium and long term. We are also excited about finalising the farm-out of the first of our North West Shelf assets shortly and the subsequent drilling of the two substantial prospects already identified and generating additional value in our surrounding permits."

More information on Carnarvon can be found on our website www.carnarvon.com.au.

For and on behalf of the Board.



Adrian Cook
Managing Director
Carnarvon Petroleum Limited

Disclaimer

Forward-looking statements

Certain statements in the announcement may be forward-looking statements, and represent Carnarvon's intentions, projections, expectations or beliefs concerning among other things future exploration and development activities. These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors, many of which are outside the control of Carnarvon, and which may cause the Company's actual performance and activities in future periods to differ materially from any express or implied estimates or projections. No representation or warranty (express or implied) is made by Carnarvon or any of its directors, officers, employees, advisers or agents that any forecasts, projections, intentions, expectations or plans set out in this announcement will be achieved.

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