

Thailand Drilling Update – NSE-B2ST1

13 December 2012



Carnarvon Petroleum Limited (“Carnarvon”) (ASX:CVN) provides shareholders with the following update on the drilling operations at the NSE-B2ST1 well as at 06:00hrs, 13th December 2012.

NSE-B2ST1 is now being completed for production by the testing and production team and the rig has been released to the next location.

The NSE-B2ST1 well commenced sidetrack drilling operations on 22nd November 2012. Since the update report on 6th December 2012, the well has directionally drilled to its target depth of 1,050.00m Measured Depth (841.12m True Vertical Depth).

The previously announced fluid losses are systemic of the fractured igneous reservoirs being targeted by this well. Fluid losses are a positive indication of fractures and permeability which are critical to oil production from the igneous reservoirs. The joint venture is now preparing to flow back drilling fluids and commence testing to determine the potential of the reservoir at this well location.

Previous successful wells drilled in this area experienced similar losses during drilling, and after flowing back a portion of lost drilling fluids and cleaning up during initial production testing, wells produced oil at rates of 1,340 to 2,650 bopd. An example of this is NSE-B1 which tested at a stabilised flow rate of 2,650 bopd and has an cumulative production to date of approximately 442,000 bbls, after incurring losses up to 240 bbls/hr during drilling.

NSE-B1 intersection of the reservoir is located 340 meters north of NSE-B2ST1 as shown in figure A below:

Production from this well (NSE-B2ST1) is expected within the next week and as mentioned previously, it is planned to be restricted to preserve flow rates and maximise recovery rates

Carnarvon expects to release a completion and production update on this well before Christmas.

The rig is now being mobilised to the next location which is NSE-H4, targeting the main Na Sanun East volcanic reservoir. We expect the next well to spud within the next few days.

Further information on Carnarvon Petroleum Limited is available at: www.carnarvon.com.au

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Yours faithfully

A handwritten signature in black ink, appearing to read "Adrian Cook".

Adrian Cook
Managing Director
Carnarvon Petroleum

NSE-B2ST1

Permit	L44/43
Location	Easting: 734,727.49 m E Northing: 1,722,945.70 m N
CVN Interest	40%
Target Formation	NSE Main Volcanic Reservoirs
Commencement Date	22 nd November 2012
Days on Location	22
Planned Total Depth	1095.22 mMD (900.00 mTVD)
Current Depth	1050.00 mMD (841.12 mTVD)
Current Status	Completed for production. Well handed over to production team and expect production to commence in a week.
Forward Operations	Rig is on location at NSE-H4.

