

Thailand Operations Update

13 March 2014



Summary

- **Successful new production from first drilling program in 2014**
- **Field production ranging from 1,200 to 3,600 bopd (gross)**
- **Sale & Purchase Agreement expected to be completed in April**

Carnarvon Petroleum Limited ("Carnarvon") (ASX:CVN) is pleased to provide the following operations update in the three on-shore concessions in Thailand, being Concession SW1, Concession L44/43, and Concession L33/43, in which Carnarvon retains a 40% interest.

Drilling Results

A total of four wells have been completed and put into production since the beginning of the year.

Three wells have been drilled and completed in the Wichian Buri Extension area in L44/43 targeting the igneous V1 and V2 reservoirs, namely WBEXT-4BST1, WBEXT-2AST2 and WBEXT-3C. A further well has been drilled in the L33/43 permit to the north targeting the igneous, L33-2D.

The final well in the current campaign is an exploration well, WBEXT-5A, targeting sandstones to the East of the extent of the current production area in order to extend the production area. This well is currently being drilled.

Production

Gross daily oil production from the field, including testing from the recently completed wells, has varied in the range of 1,200 bopd to 3,600 bopd over the past few days, with one well in particular in initial testing phase exhibiting typical flush production responses with rates over 2,500 bopd. Previous wells in this region, in similar reservoir, have produced at similar rates for one to three months before water ingress results in significant declines in production rates.

After the initial testing phase of one to two weeks, it is anticipated that the well flow rates will be reduced, by decreasing the tubing choke size, in order to sustain production rates.

Divestment Agreement

As announced on 3 March 2014, Carnarvon entered into a Sale and Purchase Agreement (SPA) to divest half of its 40% interest in the Thailand concessions for a total consideration of up to US\$65 million (~A\$72 million).

The SPA contained a number of standard industry conditions to be satisfied prior to the transaction completing. The parties are currently working on the relevant conditions and expect the transaction to be completed in April 2014.

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Yours faithfully



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