

Phoenix South-1 Well Spud Confirmation

13 May 2014



Carnarvon Petroleum Limited ("Carnarvon") (ASX:CVN) is pleased to report that the operator of the Phoenix South-1 well, Apache Energy ("Apache") has advised that the Atwood Eagle drilling rig is expected to be mobilised to the Phoenix South-1 well location around Thursday 15 May.

Drilling is expected to start approximately 5 days after the rig has commenced its mobilisation from the previous location.

The Company's next scheduled announcement will occur once the rig has commenced mobilisation.

The equity interest holders (upon satisfaction of the farm in agreement terms) are:

| | |
|----------------------------|------------|
| Carnarvon Petroleum | 20% |
| Apache Energy (Operator) | 40% |
| JX Nippon | 20% |
| Finder Exploration | 20% |

For all enquiries please contact:

Shareholder Enquiries

Mr Thomson Naude

Company Secretary

Phone: (08) 9321 2665

Email: investor.relations@cvn.com.au

Media Enquiries

Mr Tony Dawe

Professional Public Relations

(08) 9388 0944 / 0405 989 743

tony.dawe@ppr.com.au

Yours faithfully

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

Adrian Cook

Managing Director

Carnarvon Petroleum

This news release contains forward-looking information. Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "anticipate" and "potential" or other similar wording. Forward-looking information in this news release includes, but is not limited to, references to: well drilling programs and drilling plans, estimates of reserves and potentially recoverable resources, and information on future production and project start-ups. By their very nature, the forward-looking statements contained in this news release require Carnarvon and its management to make assumptions that may not materialize or that may not be accurate. The forward-looking information contained in this news release is subject to known and unknown risks and uncertainties and other factors, which could cause actual results, expectations, achievements or performance to differ materially, including without limitation: imprecision of reserve estimates and estimates of recoverable quantities of oil, changes in project schedules, operating and reservoir performance, the effects of weather and climate change, the results of exploration and development drilling and related activities, demand for oil and gas, commercial negotiations, other technical and economic factors or revisions and other factors, many of which are beyond the control of Carnarvon. Although Carnarvon believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurances that the expectations of any forward-looking statements will prove to be correct.