



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 686 851

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Company Announcements Office
Australian Stock Exchange Limited
Exchange Centre
20 Bond Street
SYDNEY NSW
Via ASX Online

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Dear Sirs,

SUBJECT: Phase III Drilling Update

Carnarvon Petroleum Limited is pleased to announce that the Phase III WB-N7 and WB-N8 wells have intersected significant intervals of net pay in the Wichian Buri Oilfield, onshore Thailand. These wells represent the first-ever horizontal multi-lateral drilling program conducted onshore Thailand. The horizontal and multi-lateral well bores have maximized the amount of reservoir penetrated by the drill bit.

Pacific Tiger Energy, Operator on behalf of Carnarvon, reports that a total of 2011 meters of F and G gross reservoir sequences in the four horizontal and multi-lateral well bores have been intersected representing almost four times that which has been intersected in fourteen previous conventional wells combined.

The Operator also reports that WB-N8's well bores have a combined net pay of 400 meters from a total gross reservoir of 1500 meters. Petrophysical analysis indicates the net pay on the WB-N8 Leg 3 well bore alone is 150 meters, and sandstone intersected constitutes excellent reservoir with very good oil saturation. The WB-N8 well program was modified slightly and Leg 1 was not drilled due to operational concerns regarding hole conditions on that leg.

Pacific Tiger also reports that the WB-N7 intersected a total of 94 meters of net pay in the F and G sequences in the horizontal well bore. In addition, 20 meters of pay have been recognized behind 9 5/8 inch casing in the E and F sequences. Although the latter zones will not add to immediate initial production, it is expected to add to the reserve picture.

The WB N7 well is north and up dip of the currently producing Wichian Buri oil accumulation. It is the most northerly well drilled by the Joint Venture to date, and breaks new ground, penetrating the L44/43 exploration license on the flank of the structure. The well will establish the basis for application for a third production license on the field eventually adding revenue stream. Concurrent with this drilling program, the Joint Venture has commenced 3D seismic acquisition of a 20 square kilometre survey in the WB-N7 area to help determine where the next wells will be drilled.

The stabilized production rates from the two wells should be known by mid-March. Demobilization of the Deutag T-48 drilling unit is expected to be complete in a couple of days allowing for installation of the production infrastructure. Operational updates will be posted on the Carnarvon's website. The wells are scheduled to be put on pump within the next ten days and then produced over a seven-day period in order to establish a stabilized production rate.

During this time permanent production facilities will be installed and the production site upgraded for long term operations.

Carnarvon's interest in the SWIA Joint Venture is 40% with Pacific Tiger Energy Inc., the remaining participant at 60%.

Yours faithfully,
CARNARVON PETROLEUM LIMITED

Trevor Irwin
Company Secretary

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