

Farmout of L20/50 onshore Thailand

29 October 2012



Highlights

- Carnarvon and Sun farmout 100% of the L20/50 Concession to Siam Moeco Limited (SML).
- SML plans exploration activities including acquiring 3D seismic data in 2013 and exploration drilling in the Concession in later years.
- Carnarvon and Sun have no further exploration or development commitments in relation to this Concession.
- SML will pay Carnarvon and Sun US\$8.5 million upon the commencement of commercial production (Carnarvon's share being 55%).
- SML will also pay Carnarvon and Sun a 2.0% royalty capped to US\$10 million (Carnarvon's share being 55%).

Carnarvon (Thailand) Ltd (55% interest, Operator), wholly owned subsidiary of Carnarvon (ASX:CVN) and Sun Resources NL (ASX:SUR) (45% interest) as Joint Venture partners in the L20/50 Concession, are pleased to announce that they have agreed farmout terms with Siam Moeco Ltd (SML), wholly owned subsidiary of Mitsui Oil Exploration Company ("Moeco") for the L20/50 Concession.

Subject to obtaining government approvals of the concession transfer SML will assume operatorship and 100% working interest. Moeco/SML is an active explorer and producer in Thailand and in particular SML is the operator of onshore exploration concessions and production licences to the north of the L20/50 Concession.

Carnarvon and Sun sought to farmout their interests in order to focus their resources on other activities within their respective businesses. The farmout to SML achieves this objective whilst maintaining an indirect interest in the commercial outcomes from the L20/50 Concession.

In particular Carnarvon and Sun will receive a payment of US\$8.5 million on commencement of commercial production and a 2.0% overriding royalty interest over the Concession, capped at US\$10 million.

Commencement of commercial production requires SML's final investment decision to proceed with the development of the Concession Area and either:

- (i) production from the Concession Area exceeding 2,000 boe/d (barrels of oil equivalent per day) for a continuous period of thirty (30) days; or
- (ii) cumulative production from the Concession Area has exceeded 100,000 boe (barrels of oil equivalent), whichever is the earlier.

Yours faithfully

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

Adrian Cook
Managing Director
Carnarvon Petroleum