

Ticks All the Boxes
Date

29 April 2008

ASX Code

CVN

Share Price

62cps

Valuation

115cps

Market Cap (fully diluted)

\$416.3m (\$423.2m)

Issued Capital (fully diluted)

671.5m shares (682.5m)

Cash (as at 31 March 2008)

\$23m

Management

 Peter Leonhardt (Chairman)
 Ted Jacobson (Managing Director)

Top Two Shareholders

 HSBC Custody Nominees (5.2%)
 ANZ Nominees Limited (3.7%)

Resources Analyst

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Carnarvon Petroleum Limited ("Carnarvon", "CVN", "Company") has recently announced an increase in its 2P reserves of over 300% yoy to 11.4mmbbls. 3P reserves of 45.7mmbbls indicate significant upside.

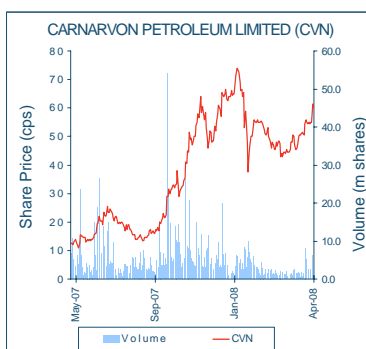
The Company is currently selling ~3,000bopd net from its Thai operations. Sales are expected to ramp up to ~6,000bopd net by the end of 2008 as development wells are drilled at Na Sanun East ("NSE") over the next 6 months.

Additional potential in Thailand is anticipated to be unlocked through an extensive development/appraisal and exploration program comprising of a planned 16 wells throughout the remainder of 2008. Several appraisal and exploration opportunities have the potential to increase the current reserves by multiples.

*We rate **Carnarvon Petroleum Limited** as a **Buy**.*

Investment Highlights

- 11.4mmbbls 2P Reserves** - The reserve estimate is primarily based on Carnarvon's NSE field in Thailand, which was discovered in December 2006. At the time of data compilation for the reserves estimates only five months of appraisal drilling had been completed. We believe that further appraisal drilling will result in much of the 3P reserves of 45.7mmbbls being converted into the 2P category. The 3P reserves have an unrisksed valuation of ~100cps.
- \$18m Q1 Cash Flow** – Carnarvon's cash flow outlook is strong: the Company is unhedged in a high oil price environment; it has an increasing production profile; and low capital and operating costs. Increasing net cash flow from the production ramp up will be partially offset by higher tax obligations.
- Exploration Potential** - Of particular interest are: additional prospective reservoir zones at NSE that have indicated oil shows and fracturing but have not been tested; Bo Rang, which contains an existing gas discovery that may be the gas cap for NSE; Si Thep, where the extension of the volcanic play has been de-risked and extensive fracturing is likely. The Company was also recently awarded an exploration license over an additional block, L20/50 (CVN 50% and operator). The block has an existing well with oil shows which may flow oil at commercial rates when put on pump. Carnarvon is also sole bidder with Pearl Energy on two more blocks in Thailand which are expected to be granted this year.
- 6,000bopd Net Sales Targeted by 2008 Year End** – The Company's development/appraisal drilling should see net sales to Carnarvon of 6,000bopd by the end of CY2008. CVN has also advanced the development of sales infrastructure and negotiations of new refining contracts to keep up with the likely increase in production. Results consistent with previous wells could see this target substantially exceeded.

Share Price Performance


Source: Iress

Earnings Summary		FY2007A	FY2008F	FY2009F	FY2010F
Revenue	A\$m	3.7	88.2	235.9	323.4
EBITDA	A\$m	(1.5)	57.2	117.3	128.2
NPAT	A\$m	(1.5)	27.3	58.2	65.0
Free Cash Flow	A\$m	(8.1)	26.4	81.8	56.0
EPS	A¢	(0.3)	4.1	8.6	9.5
EPS Change	% chg	56%	1609%	110%	11%
PER	x	na	15.2	7.2	6.5
DPS	cents	-	-	-	-
Dividend Yield	%	-	-	-	-
Franking	%	-	-	-	-

Sources: IRESS, Company Announcements, Hartleys' Estimates

Background

Background – Thailand Operations (CVN 40-50%)

Carnarvon has a 40% interest in 4,000 km² of permits in the Phetchabun Basin, some 250km north of Bangkok, as part of a JV with Pan Orient Energy. The initial discovery for the Wichian Buri field was made in 1988 by Petrocorp (now Fletcher Challenge Energy). Current production is coming from four fields - Na Sanun, Na Sanun East, Si Thep and Wichian Buri. Reserve calculations for these fields as at 31st December 2007 are 11.4mmbbls 2P and 45.7mmbbls 3P (net to CVN).

Wichian Buri and Si Thep have been producing from sandstone reservoirs for 20 years; however, individual wells generally produce at low flow rates. Na Sanun and Na Sanun East contain the same sandstone plays, but are most significant because of the discovery of additional oil bearing formations in a relatively new play type pertaining to volcanic structures. A recent well at NSE, L44H-D1, broke the onshore production rate record for Thailand, producing at ~4,000bopd from a fractured volcanic reservoir.

The Na Sanun operations are well located, close to infrastructure, with the trip from site to the refinery in Bangkok being a 3 hour drive along a 4 lane sealed highway. The site itself also has good infrastructure, benefiting from being a producing field for some 20 years. The JV has access to a good local workforce – Wichian Buri is a large village and the local economy has benefited from historical production from the field. This is set to improve as the JV expands its operations.

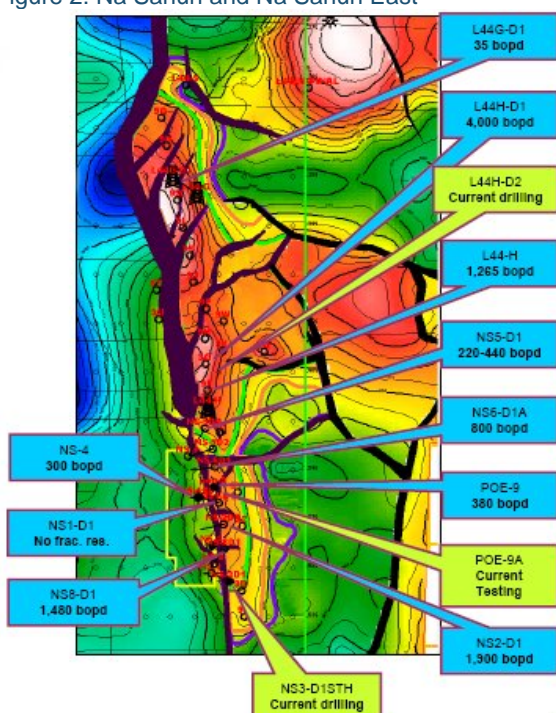
The Company has recently been awarded an exploration license over Block L20/50 (CVN 50% and Operator). Carnarvon is also sole bidder in a 50/50 Joint Venture with Pearl Energy on two more blocks in onshore Thailand, L52 and L53.

Figure 1: Location of Thailand Assets



Source: Carnarvon Petroleum Limited

Figure 2: Na Sanun and Na Sanun East



Source: Carnarvon Petroleum Limited

Principal Assets

Na Sanun and Na Sanun East Fields

The Na Sanun East field was discovered in December 2006 when the POE-9 well was drilled to target a seismic anomaly in a fractured volcanic reservoir. Fractured volcanics had historically been ignored as this play type was untested in the region and not well understood. Na Sanun East also has structural components (faulting), with three distinct compartments that have been identified and appraised to date: North, Central and South. The field is currently producing from only the main volcanic reservoir, however several other volcanic zones have been intercepted and have significant appraisal potential that will be targeted in the 2008 drilling program.

The JV applied for the Na Sanun East production license in late 2007. This was granted in February 2008. Environmental approvals for the drilling locations have also been granted recently. The production license and approvals enable commencement of full field development and also mean that work can be finalised to increase facilities to match production levels. Full field development should result in increased levels of production and

delineation of the field boundaries to obtain a more accurate reserves number.

Results from deviated wells have achieved significantly higher flow rates than vertical wells and as a result the JV is planning to drill a horizontal side track to an existing well. The implications of success for horizontal wells at NSE are not only increased production rates but also a potential increase in recoverable reserves.

The existing trucking operation from NSE has operated to date at a peak capacity of ~10,000bopd. It is thought that this is scalable to around 20,000bopd. Above these levels the JV would consider alternative methods of delivering crude to refineries, which could include transport via pipeline or the existing rail line (estimated capital cost of \$2-5m). Current gross sales have dipped below 10,000bopd due to wax cleaning procedures and the shutting in of wells in order to obtain data to determine reservoir characteristics. The JV is targeting sales of 12,000bopd gross by mid-2008 and 15,000bopd gross by the end of the year.

Most of the existing wells in Na Sanun East are free flowing to the surface and are put on beam pump only to clean wax from the casing. The wax content of the oil does mean that it is sold at a discount to the Western Texas Intermediate ("WTI") but otherwise it is high quality, at 35 degree API density.

Reserves

Carnarvon's reserves were recently updated by Gaffney Clyne and Associates ("GCA"). The estimates are based on results to 31st December 2007, at which time only 5 months of appraisal drilling had been completed. The 2P reserves number was as per expectation, representing a significant 300% increase year on year. The 3P reserves number was high to expectation, reflecting the substantial upside potential in Carnarvon's Thailand acreage. We believe it is likely that reserves numbers will be revised upwards as development and appraisal drilling continues.

Table 1: Carnarvon Reserves as at 31st December 2007

Oil Field	Proved 1P mmbbls	Proved + Probable 2P mmbbls	Proved + Probable + Possible 3P mmbbls
Na Sanun East	2.181	8.275	31.980
Na Sanun	0.122	0.344	0.976
Wichian Buri	0.271	2.514	9.791
Si Thep	0.013	0.244	2.947
Total	2.587	11.377	45.694

Source: Carnarvon Petroleum Limited

Contingent Resources

The reserves calculated by GCA are constrained by the limits of current drilling. Seismic indicates that the structural closure of the field extends to the north and east of drilling locations to date. These locations were not able to be drilled until recently granted environmental approvals were secured. There are also at least four additional prospective volcanic reservoirs across the field that have the potential to increase reserves and production significantly.

Table 2: Contingent Resources for Na Sanun East

Oil Field	1C mmbbls	2C mmbbls	3C mmbbls
Na Sanun East	9	14	46

Source: Carnarvon Petroleum Limited

Exploration and Appraisal

Na Sanun East

Drilling at several wells, including the original NSE discovery well, POE-9, has encountered additional volcanic zones with lost circulation and oil shows. These zones have not been appropriately tested to date, as the primary focus was to increase production from the main proven reservoir zone. The Company is currently conducting an open hole test on one of several prospective intervals in its POE-9A well, which is a twin to the original well. The results from this test are expected in around 1 week.

Another appraisal well is currently underway, L44H-D2, which has been designed to test several volcanic intervals that are deeper than the main producing volcanic reservoir. Significantly, this well encountered extensive fracturing over 120m of a total of 180m interval in the main reservoir. This represents a 30m increase to the previously measured maximum thickness of 150m. The well is located nearby to the L44H-D1 well which flowed at initial rates of 3,940bopd.

L44-R Oil Discovery

The recent L44-R oil discovery well flowed oil at low rates of around 29bopd with no water. L44-R had little fracturing and is thought to have flowed from the matrix porosity of the volcanic reservoir. This confirms the beliefs of the Company that the volcanics do not produce only from fractures, which means that they are unlikely to “water out” unexpectedly. Significantly, no oil shows were observed whilst drilling; however, oil was found to be present. L44-R may be further appraised in the future via a different completion technique that may produce a more optimal flow rate. Options under consideration include: an open hole side track to reduce possible fracture infill from the cemented casing completion; an open hole completed well located to the north that would be drilled horizontally through the producing zone; or via the use of a mechanical fracture (“frac”) that has proven successful at tight volcanic reservoirs in onshore China.

Si Thep / Nong Bua

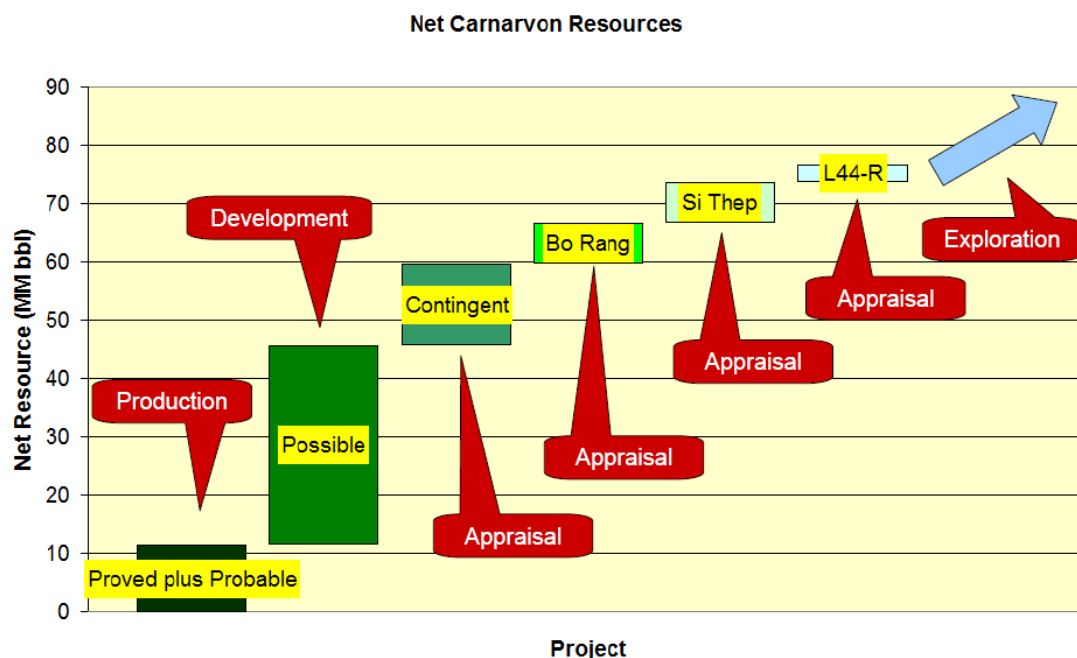
Si Thep / Nong Bua were originally drilled in the 1980s and encountered lost circulation in volcanic intervals but were never tested due to a lack of oil shows, as per L44-R. The L44-R discovery is also significant in relation to Si Thep / Nong Bua as it has extended the known volcanic oil fairway further to the south of NSE, close to where these prospects are located. Si Thep and Nong Bua are also situated in an area with extensive faulting which should increase the likelihood of the existence of fractures such as those encountered at NSE where substantial flow rates have been achieved. The Si Thep-2 well will appraise the producing sandstone reservoir as well as targeting the deeper volcanic zone as a secondary target.

Drill pad construction is currently underway, with the aim of drilling these prospects as soon as possible. Success at Si Thep would also be significant as it is covered under a different concession to the NSE field. This means that incremental production would decrease the effective tax rate for the Joint Venture.

Wichian Buri

A recent well, Wichian Buri 1–Deep, had encouraging oil shows and lost circulation but was found to be water bearing. It flowed water at ~750bbls/d, indicating a good reservoir section within the volcanics. The well was completed as a future water disposal well. A second well is planned to test the up-dip potential of this prospect.

Figure 3: Net Resource Potential



Source: Carnarvon Petroleum Limited

Bo Rang

Site construction is in progress for two wells, L44-V and L44-W, which are designed to appraise the Bo Rang structure located to the north of Na Sanun East. Bo Rang 1 was drilled in 1988 by another operator and encountered 6 volcanic zones with severe lost circulation (over an interval of 337m total thickness) indicating good reservoir development. Gas was tested in the upper zone at 5.6mmcf/d (approx 1,000boe/d), however the deeper zones were not tested. The Joint Venture believes that there is a possibility that the existing gas discovery at Bo Rang is part of the gas cap of a larger structure for which NSE and Bo Rang share a common

oil water contact. This would mean that the aerial closure of this larger structure would be in the order of 33km² which could double the potential resource for the field.

Historical drilling at Bo Rang was done on 2D seismic only, whereas future drilling will be done on recently acquired 3D seismic which is essential for targeting fractured volcanic plays.

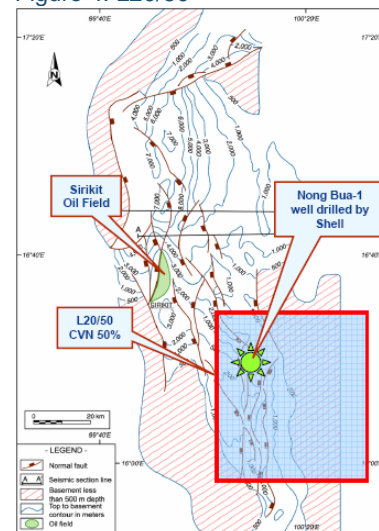
L20/50

Carnarvon was recently awarded an exploration license over block L20/50, located to the south east of Sirikit, the largest onshore oilfield in Thailand. The permit has an existing well, Nong Bua-1, which was drilled by Shell in the 1980s and encountered excellent oil shows. The well failed to flow oil from a sandstone interval on natural flow but Carnarvon believes that the use of a pump may produce commercial oil flows. There is also potential for the existence of fractured volcanics similar to those encountered at Na Sanun East. The nearby Sirikit field produces from fractured basement reservoirs and has produced over 150mmbbls to date. It is still producing at ~20,000bopd. The Joint Venture is aiming to drill a well near the existing Nong Bua well in late 2008/early 2009.

L52 and L53

Carnarvon is sole bidder, with Pearl Energy, on a further two onshore blocks in Thailand. The blocks contain a small gas discovery and a well with oil shows. The Company anticipates award of an exploration license over these blocks later this year. The forward program would then involve acquisition of seismic with first drilling possible in late 2009.

Figure 4: L20/50



Source: Carnarvon Petroleum Limited

Financial Analysis

Carnarvon currently has 671.5m shares on issue and 11m options exercisable at 10cps. The Company is debt free and has cash reserves of \$23m.

Valuation

Assumptions

Table 3: Hartleys Commodity Price and Exchange Rate Assumptions

		CY08	CY09	CY10	CY11	CY12 on
AUDUSD	A\$/US\$	0.91	0.87	0.83	0.78	0.72
Oil Price	US\$/bbl	93	90	90	90	75

Source: Hartleys Estimates

Risk adjusted NPV numbers for exploration prospects have been calculated on a very conservative basis, reflecting our emphasis on the current asset value of the Company, without the need to factor in the considerable upside offered by the exploration portfolio.

Hartleys real discount rate of 7% is approximately equal to 10% nominal with 2.5% inflation. This is industry standard.

Na Sanun East

Oil is currently being sold at a discount to the WTI, partly due to the existing contract based on Wichian Buri crude, which is of lower quality, and also due to the wax component of the oil. Pricing is currently being renegotiated. We estimate the discount to be around 15% to the WTI.

Well costs are assumed to be US\$0.8m per well, with ongoing opex averaging USD\$5 per bbl. The trucking cost component is an additional US\$2.70 per bbl.

We estimate decay rates at 25% for the first year, and then 20% per year thereafter. POE-9 has been producing for over 15 months and has averaged a 12% decline p.a. so we consider our assumptions to be appropriately conservative.

The Thai III fiscal regime charges royalties on a sliding scale dependant on production rates with less than 2,000bopd charged at 5% of revenue, up to 12.5% at 20,000bopd. A Special Remuneratory Benefit ("SRB") is

also payable at high revenue levels, based on cumulative drilling metres and revenue adjusted for inflation and exchange rate, by block. SRB peaks at ~60% in our model on flow rates of ~20,000bopd and US\$90 oil price. The Thai tax rate on profits is 50%. A double taxation agreement means that no tax will be paid in Australia.

We value Na Sanun East using DCF methodology at 70cps, based on a 30 well development program over two years with an 80% success rate. Initial flow rates per well are assumed to be 1,500bopd.

Wichian Buri

Using the same fiscal assumptions as at Na Sanun East, we value Wichian Buri at 13cps; however, there is potential upside here from exploration and appraisal activity. Flow rates at Wichian Buri are not sufficient to warrant any SRB charge.

Wichian Buri and Si Thep are covered by the original SW-1A concession which means that the SRB will only become applicable on these fields if future exploration success results in flow rates of ~10,000bopd (under current oil price assumptions).

Other

Carnarvon has an overriding royalty interest of 2.5% at the Warro gas field in the Perth Basin. The operator, Latent Petroleum, has a strong technical team, many of whom are ex-Apache. It is aiming to produce some of the ~7tcf in-place resource. The reservoir is interpreted to be tight so fracking is required. The royalty could be worth ~\$5m per year pre-tax to Carnarvon. This has not been factored in to our valuation at this stage.

Exploration

CVN's exploration potential has been calculated using a mean risked approach based on modelled NPV/boe for different success outcomes. Conservative estimates from select prospects and regions have been included to give a representation of the considered risked value to the Company. A summary of these is tabulated below.

Table 4: Exploration Valuation

Prospect/Area	Location	Mean Net Recoverable Oil	NPV/bbl	POS	Risked Value	Risked cps	Unrisked (High Case) cps
Bo Rang	Onshore Thailand	8.8mmbbls	A\$20/bbl	20%	A\$35.0m	5.1cps	37cps
Si Thep	Onshore Thailand	4.4mmbbls	A\$20/bbl	15%	A\$13.0m	1.9cps	19cps
Wichian Buri	Onshore Thailand	4.4mmbbls	A\$20/bbl	10%	A\$8.6m	1.3cps	19cps
NSE Zones	Onshore Thailand	18.7mmbbls	A\$15/bbl	30%	A\$84.0m	12.3cps	60cps
L20/50	Onshore Thailand	5.5mmbbls	A\$20/bbl	15%	A\$17.4m	2.4cps	23cps
L44-R	Onshore Thailand	4.4mmbbls	A\$20/bbl	20%	A\$16.3m	2.6cps	19cps
Black Tom	Carnarvon Basin, WA	6mmbbls	A\$25/bbl	10%	A\$14.8m	2.2cps	29cps
Baniyas	Carnarvon Basin, WA	2.1mmbbls	A\$25/bbl	10%	A\$5.1m	0.7cps	10cps
Total					A\$194m	28.5cps	216cps

Source: Hartleys Estimates

Conclusions

Carnarvon is well placed with solid net sales of 3,000bopd, potentially ramping up to 6,000bopd or more over the course of the year, delivering increasing levels of cash flow in the current high oil price environment. Recent reserves upgrades of 300% year on year to 11.4mmbbls indicate the potential longevity of the NSE field. We anticipate further upgrades in the coming years as development and appraisal drilling firms up the size of the resource. The Company also has significant upside potential from exploration drilling in Thailand where it remains ahead of the pack in regards to further exploitation of fractured volcanic prospects. In line with this, nimble corporate activity has seen CVN recently gain an exploration license over an additional block in onshore Thailand, with two more blocks likely to be granted later this year. Carnarvon has solid reserves, production and cash-flow which we believe will only increase in the short-medium term. It has also developed a strong asset pipeline which should allow it to continue to capitalise on forecast high oil prices. We rate **Carnarvon Petroleum Limited** as a **Buy**.

**Carnarvon Petroleum Limited
CVN**
**Share Price
\$0.62**
Key Market Information

Share Price	\$0.62
Market Capitalisation	\$416m
52 Week High-Low	\$0.78-\$0.11
Issued Capital	671.5m
Issued Capital (fully diluted inc. ITM options)	682.5m
Options	20.0m@A\$0.09
Hedging	
Yearly Turnover/Volume	\$433.8m/1,234.1m shares
Liquidity Measure (Yearly Turnover/Issued Capital)	184%
Valuation	
Discounted Cashflow @ 7%	\$1.15
Price Target	\$1.15

Financial Performance Unit FY2007A FY2008F FY2009F FY2010F

Net Revenue	A\$m	3.7	88.2	235.9	323.4
Operating Expense*	A\$m	(4.7)	(12.1)	(24.8)	(32.6)
Royalty	A\$m	(0.4)	(5.1)	(21.0)	(30.3)
SRB**	A\$m	-	(13.8)	(72.8)	(132.3)
Total Costs	A\$m	(5.2)	(31.0)	(118.6)	(195.2)
EBITDA	A\$m	(1.5)	57.2	117.3	128.2
Depreciation/Amort	A\$m	(0.3)	(3.0)	(4.5)	(6.7)
EBIT	A\$m	(1.8)	54.2	112.8	121.4
Net Interest	A\$m	0.2	0.1	3.7	8.5
Pre-Tax Profit	A\$m	(1.5)	54.4	116.4	129.9
Tax Expense	A\$m	-	(27.1)	(58.2)	(65.0)
NPAT	A\$m	(1.5)	27.3	58.2	65.0
Abnormal Items	A\$m	-	-	-	-
Reported Profit	A\$m	(1.5)	27.3	58.2	65.0

* includes admin costs

** Special Remuneratory Benefit

Financial Position Unit FY2007A FY2008F FY2009F FY2010F

Cash	A\$m	8.9	36.4	119.2	175.2
Receivables	A\$m	3.4	21.5	32.0	35.9
Total Current Assets	A\$m	12.4	57.9	151.3	211.1
Field Property and Dev	A\$m	12.2	19.4	28.7	30.1
Exploration	A\$m	0.0	8.7	14.1	12.0
Other	A\$m	0.0	0.0	0.0	0.0
Tot Non-Curr. Assets	A\$m	12.2	28.1	42.8	42.1
Total Assets	A\$m	24.6	86.0	194.0	253.2
Tax Provision	A\$m	(0.0)	(31.6)	(77.0)	(70.0)
Accounts Payable	A\$m	(3.0)	(4.9)	(8.3)	(9.4)
Total Curr. Liabilities	A\$m	(3.0)	(36.6)	(85.3)	(79.4)
Long Term Borrowings	A\$m	-	-	-	-
Other	A\$m	(0.1)	(0.1)	(0.1)	(0.1)
Total Non-Curr. Liabil.	A\$m	(0.1)	(0.1)	(0.1)	(0.1)
Total Liabilities	A\$m	(3.1)	(36.7)	(85.4)	(79.6)

Net Assets A\$m FY2007A FY2008F FY2009F FY2010F

Cashflow Unit FY2007A FY2008F FY2009F FY2010F					
Operating Cashflow	A\$m	(1.0)	60.9	203.2	288.8
Income Tax Paid	A\$m	-	(8.2)	(43.0)	(69.4)
Secondary Taxes	A\$m	(0.0)	(6.2)	(63.7)	(165.1)
Interest Revenue	A\$m	0.2	0.3	3.7	8.5
Operating Activities	A\$m	(0.8)	46.9	100.2	62.8
Field Property and Dev	A\$m	(0.1)	(11.8)	(11.6)	(6.8)
Exploration	A\$m	(7.2)	(8.7)	(6.8)	-
Investments	A\$m	-	(0.1)	-	-
Investment Activities	A\$m	(7.3)	(20.5)	(18.4)	(6.8)
Repayment of Borrowings	A\$m	-	-	-	-
Equity	A\$m	15.2	1.1	1.1	-
Financing Activities	A\$m	15.2	1.1	1.1	-
Net Cashflow	A\$m	7.0	27.4	82.9	56.0

Ratio Analysis Unit FY2007A FY2008F FY2009F FY2010F

Cashflow Per Share	A¢	(0.2)	4.5	9.3	10.5
Cashflow Multiple	X	(285.7)	13.7	6.7	5.9
Earnings Per Share	A¢	(0.3)	4.1	8.6	9.5
Price to Earnings Ratio	X	(228.8)	15.2	7.2	6.5
Dividends Per Share	A¢	-	-	-	-
Dividend Yield	%	-	-	-	-
Interest Cover	X	na	na	-	-
Return on Equity	%	na	50%	51%	36%

Analyst: David Wall
Phone: +61 8 9268 2826

Last Updated: 29/04/2008

Sources: IRESS, Company Information, Hartleys Research

**April 2008
BUY**
Directors

Peter Leonhardt, Chairman
 Ted Jacobson, Chief Executive Officer
 Bob Anderson, Company Secretary
 Neal Fearis, Director
 Ken Judge, Director

Company Information

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 Fax: +61 8 9321 8867
 Web: http://www.carnarvon.com.au

Top 10 Shareholders (as at 29/1/08)

	m shares	%
HSBC Custody Nominees (Australia) Limited	43.64	6.5
ANZ Nominees Limited (Cash Income A/C)	24.62	3.7
Mr Edward Patrick Jacobson	20.82	3.1
Macquarie Bank Limited	12.00	1.8
Citicopr Nominees Pty Limited	10.89	1.6
National Nominees Limited	10.54	1.6
Arne Investments Pty Ltd	15.63	2.3
Mr Peter James Leonhardt	8.00	1.2
RBC Dexia Investor Service Australia Nom	7.91	1.2
Athol Steel Pty Ltd	6.50	1.0

Reserves (Net to CVN)

as at 31 December 2007

	1P	2P	3P
Thailand Assets			
Oil (mmbbls)	2.6	11.4	45.7

Production Summary

	Unit	FY2007A	FY2008F	FY2009F	FY2010F
*Attributable					
Oil - West Texas Int' (OIL)	000bbl	59	972	2,586	3,421

Price Assumptions

	Unit	FY2007A	FY2008F	FY2009F	FY2010F
Gas	\$A/GJ	3.58	3.83	4.25	4.50
Oil - West Texas Int' (OIL)	US\$/bbl	63.36	89.65	90.00	90.00
Exchange Rate	A\$/US\$	0.79	0.90	0.89	0.85

Hedging

	Unit	FY2007A	FY2008F	FY2009F	FY2010F
Total Forward Sales - Oil - West Texas Int' (OIL)	bbl	-	-	-	-
Forward Oil - West Texas Int' (OIL) Price	A\$/GJ	-	-	-	-

Sensitivity Analysis

	Valuation (\$/s)	NPAT	EPS (¢)	CFPS (¢)
Base Case	1.15	27.3	4.1	4.6
Oil Price +10%	1.21	28.9	4.3	4.8
Oil Price -10%	1.08	25.2	3.8	4.2
Exchange Rate +10%	1.07	25.2	3.8	4.2
Exchange Rate -10%	1.24	29.8	4.5	5.0

*N.B. NPAT, EPS, CFPS forecasts are for FY2008

Share Price Valuation (NAV)

	Est. \$m	Est. \$/share
Na Sanun (NPV @ 7%)	478.8	0.70
Wichian Buri (NPV @ 7%)	90.1	0.13
Exploration	194.3	0.28
Cash	23.0	0.03
Corporate Overheads	(3.7)	(0.01)
Total Debt	0.0	0.00
Tax Losses	0.0	0.00
Options & Other Equity	2.0	0.00
Total	784.5	1.15

7% real discount rate used for DCF (~10% nominal)

Hartleys Corporate Directory

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Hartleys Recommendation Categories

Strong Buy	Significant share price appreciation anticipated
Buy	Share price appreciation anticipated
Speculative Buy	Share price appreciation anticipated but is considered high risk
Accumulate	Buy in periods of weakness
Hold	Take no action
Reduce	Sell in periods of strength
Sell	Significant price depreciation anticipated

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