



CARNARVON  
PETROLEUM  
LIMITED  
ABN 60 002 688 851

30 November 2006

Company Announcements Office  
Australian Stock Exchange Limited

Via ASX Online

Dear Sirs

**ANNUAL GENERAL MEETING**

Attached is the Chairman's address and the presentation to shareholders at today's Annual General Meeting of Carnarvon Petroleum Limited.

Yours faithfully  
Carnarvon Petroleum Limited

RA Anderson  
Company Secretary



**CARNARVON  
PETROLEUM  
LIMITED**  
ABN 60 002 688 851

**ANNUAL GENERAL MEETING  
30 NOVEMBER 2006  
CHAIRMAN'S ADDRESS**

**“A year of significant achievements for Carnarvon Petroleum”**

At our annual meeting last year I expressed confidence that, with a new team and relocation to Perth, Carnarvon Petroleum was well positioned to move forward in a positive manner and focus on the operations in Thailand.

Today I am pleased to report that under Ted Jacobson's leadership the Company has been revitalised during 2006 and a significant amount achieved in a relatively short time.

Our Perth Office is now well established. The strong commercial and technical capabilities of our small but growing management team provides us with the ability to be a proactive joint venture participant and gives us an excellent platform for continuing growth and development.

We have a first class working relationship with Pan Orient Energy Corp, our joint venture partner in Thailand and have been delighted with their co-operative approach and the pace of exploration, appraisal and development activity in the field.

A total of \$7.5 million of new capital has been raised in 2006 by way of placements to new and existing shareholders, including \$1.0 million from an over subscribed share purchase plan. In the process I believe we have also been successful in building a supportive shareholder base.

The phase 1 drilling campaign at Wichian Buri is now nearing completion. Pleasingly, sandstone reservoirs warranting production testing have been identified in 5 out of 6 wells to date. The production testing is now underway with encouraging initial results.

The new 245 square km 3D seismic programme and 2D reprocessing completed in June 2006 are now providing much improved data with excellent prospects being identified for the phase 2 drilling programme of up to 20 wells scheduled for 2007.

Ted Jacobson will provide an up date on current developments after the formal part of the meeting.

Extensive work has been undertaken and is continuing in relation to new ventures. While the market for oil and gas properties remains extremely competitive, we believe that there are good opportunities for well credentialed junior companies to acquire attractive positions on reasonable terms. However, we are prepared to be patient.

With the achievements of the last 12 months behind us, your Board looks forward to realising the potential of the Wichian Buri field and the significant exploration upside of the very extensive area of our adjoining permit holdings.

On behalf of all shareholders I acknowledge Ted Jacobson's leadership role and convey our thanks to him and his team for a very successful year.

**Peter Leonhardt**  
**Chairman**

# AGM

30 NOVEMBER 2006

A GOOD YEAR FOR CARNARVON



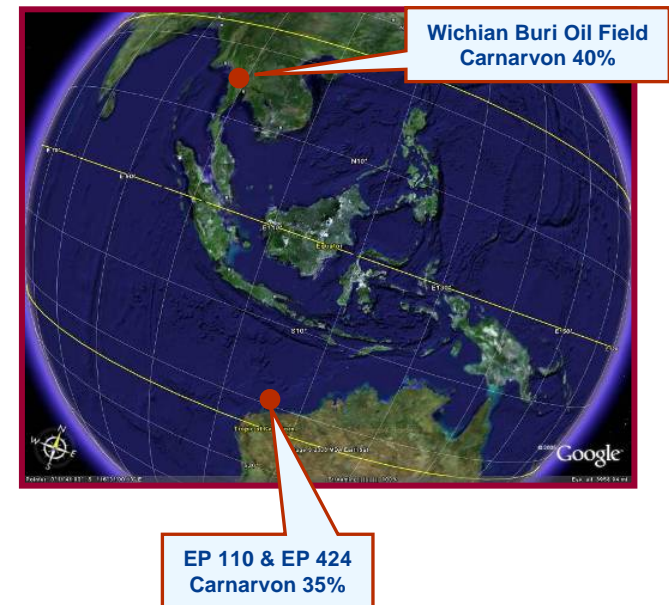
Carnarvon Petroleum Limited - CVN



# OVERVIEW OF CARNARVON

## THAILAND

- Wichian Buri oil field in Thailand (40% CVN):
  - 14.2 MMBO gross recoverable oil – **Carnarvon net 5.68 MMBO**
  - Current gross production of ~ 250 BOPD – 13 wells producing including phase 1 testing
  - Likely reserve increase following successful phase 1 drilling & testing
- Phase 1 drilling successful
  - 6 of 8 wells completed drilled (1 suspended drilling)
  - 5 out of 6 success rate
  - 4 currently flow testing oil from new reservoirs
- Phase 2 drilling in planning
  - Up to 20 wells
  - Startup early 2007



## AUSTRALIA

- 2 Exploration Permits in Carnarvon Basin
- 1 Gazettal Application in Carnarvon Basin



# STRUCTURE AND PERSONNEL

<b>Capital Structure:</b>	Shares on issue (ASX : CVN) :	482 million
	Options on issue (7 & 10c) :	22 million
<b>Market Cap:</b>	at 8c / share :	\$38.6 million
<b>Cash on hand:</b>	30 September 2006 :	\$3.2 million
<b>Shareholders:</b>	Directors & Management :	10%
	Top 20 holding :	28%

**Chairman:** **Peter Leonhardt**

- Previous Chairman of Voyager Energy
- Chartered Accountant, held position as Managing Partner of Coopers and Lybrand, Perth

**CEO:** **Ted Jacobson**

- Petroleum geologist/geophysicist with 37 yrs oil experience
- Co-founder of Discovery Petroleum Ltd
- Co-founder and past technical director of Tap Oil Ltd
- Non-exec Chairman Rialto Energy

**Non Exec Directors:** **Neil Fearis & Ken Judge**

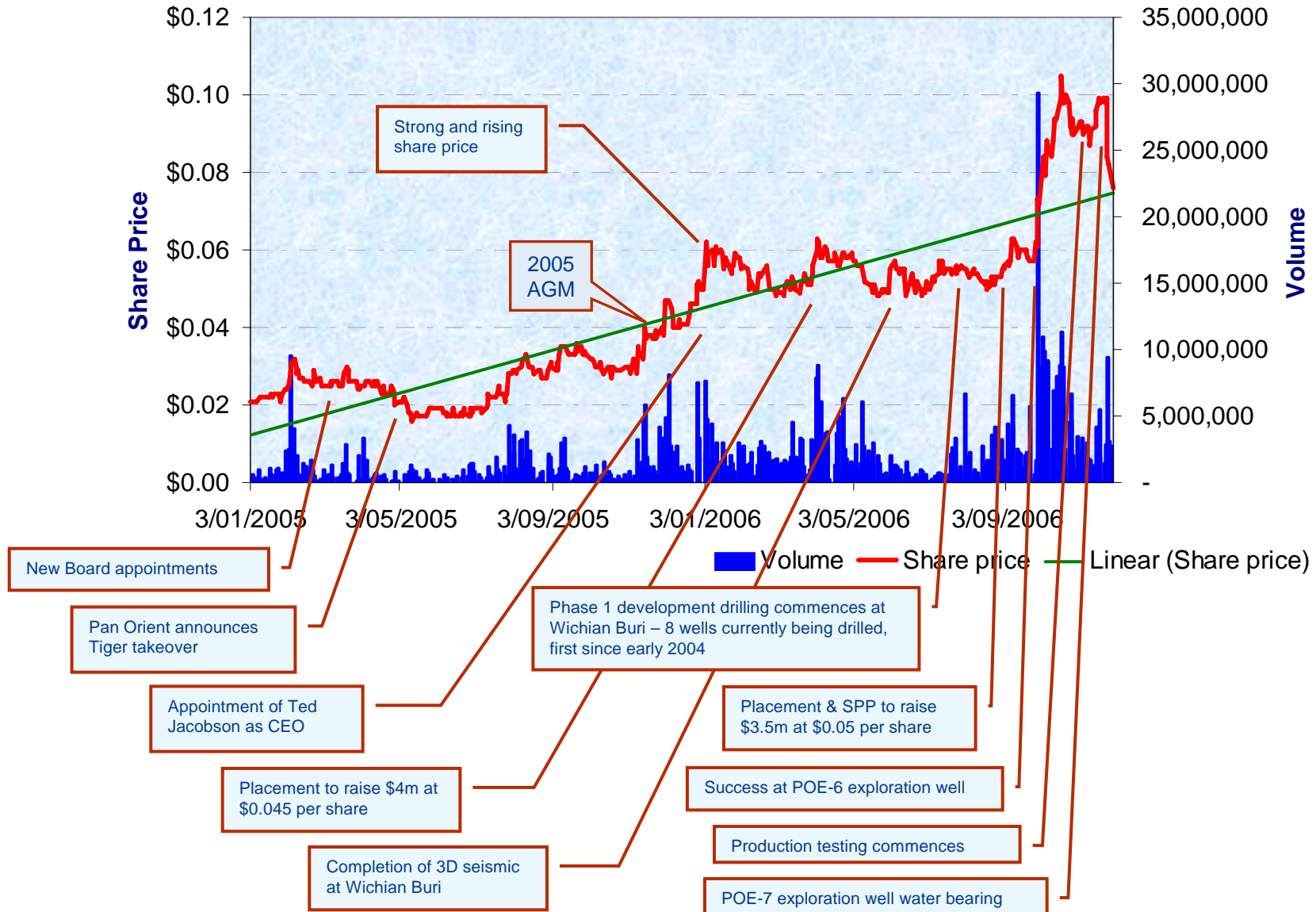
**Technical Management:**

- **Ted Jacobson** - geophysics
- **Ian McClure** - geology



# SHARE PRICE PERFORMANCE

## CVN Share Price from 1 Jan 2005





# 2006 - A GOOD AND BUSY YEAR

## THAILAND

- Seismic reprocessing completed
- 245 sq km 3D seismic survey completed
- Phase 1 drilling of 8 wells almost completed
- Production testing of first zone only in each of 4 new wells in progress
- Production testing of remaining wells and zones to come
- Workover of existing wells commenced
- Preparation for Stage 2: drilling of up to 20 exploration wells - startup early 2007

## CORPORATE

- Carnarvon Board Changes
- Move from Melbourne to Perth
- New office set up in West Perth

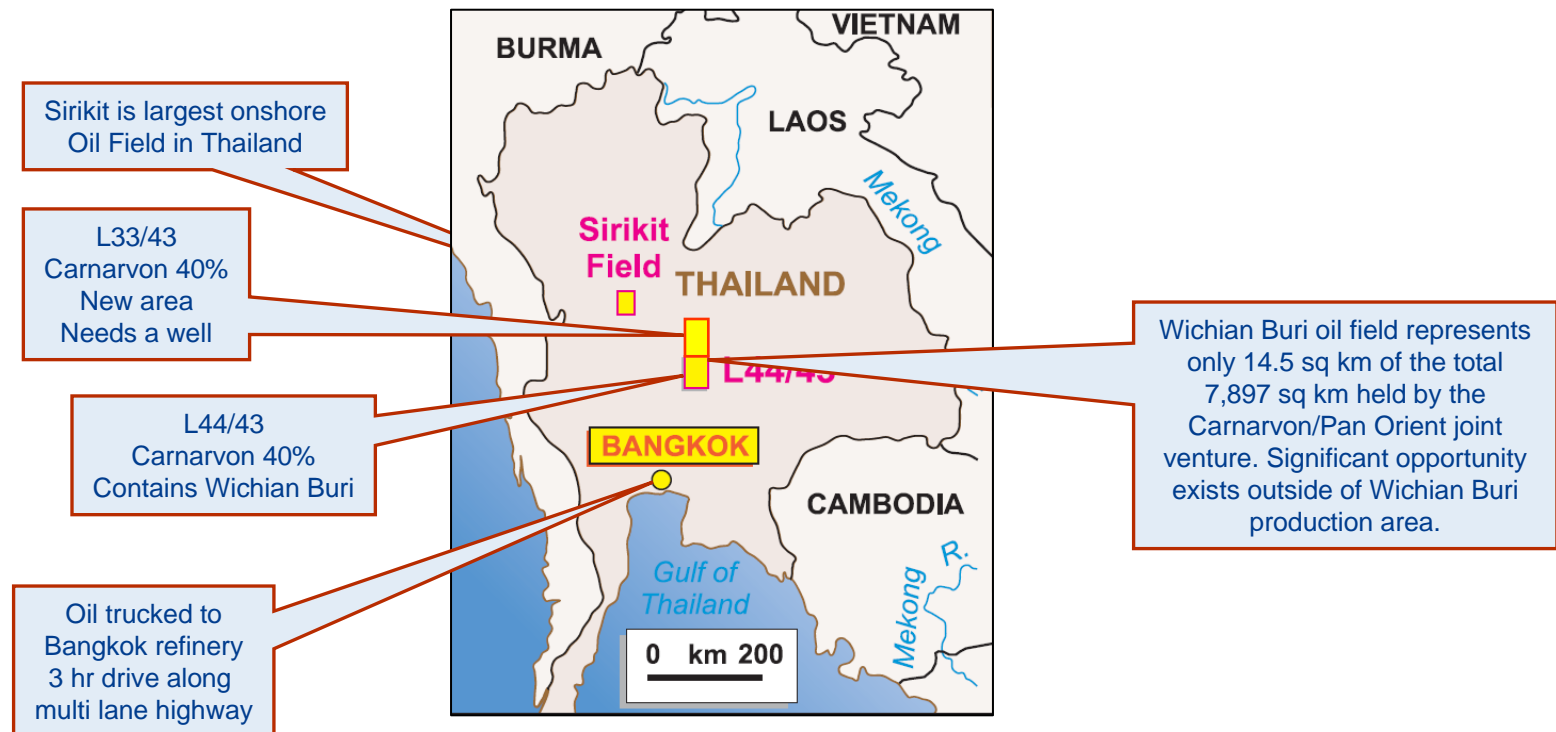
## AUSTRALIA

- 76 km seismic reprocessing completed
- 64 km seismic survey completed



# THAILAND PERMITS

Carnarvon owns a large 40% interest in two large exploration licences in central Thailand



Located close to gas pipelines and road and rail facilities





# OIL RESERVES

## GROSS OIL RESERVES WICHIAN BURI OIL FIELD

31 December 2005

Gaffney Cline & Associates

**Total Proved**

**0.6 mmbbls**

Does not include new discovered reserves from Phase 1 drilling. New reserve estimate likely 2<sup>nd</sup> Qtr 2007

**Total Proved + Probable**

**14 mmbbls**

**Total Proved + Probable + Possible (1)**

**68 mmbbls**

5.68  
mmbbls oil  
net to  
Carnarvon

(1) Does not include approximately 11mmbbl of additional contingent resources



# 2006-2007 DRILLING PROGRAMME

## PHASE 1 DRILLING - 2006

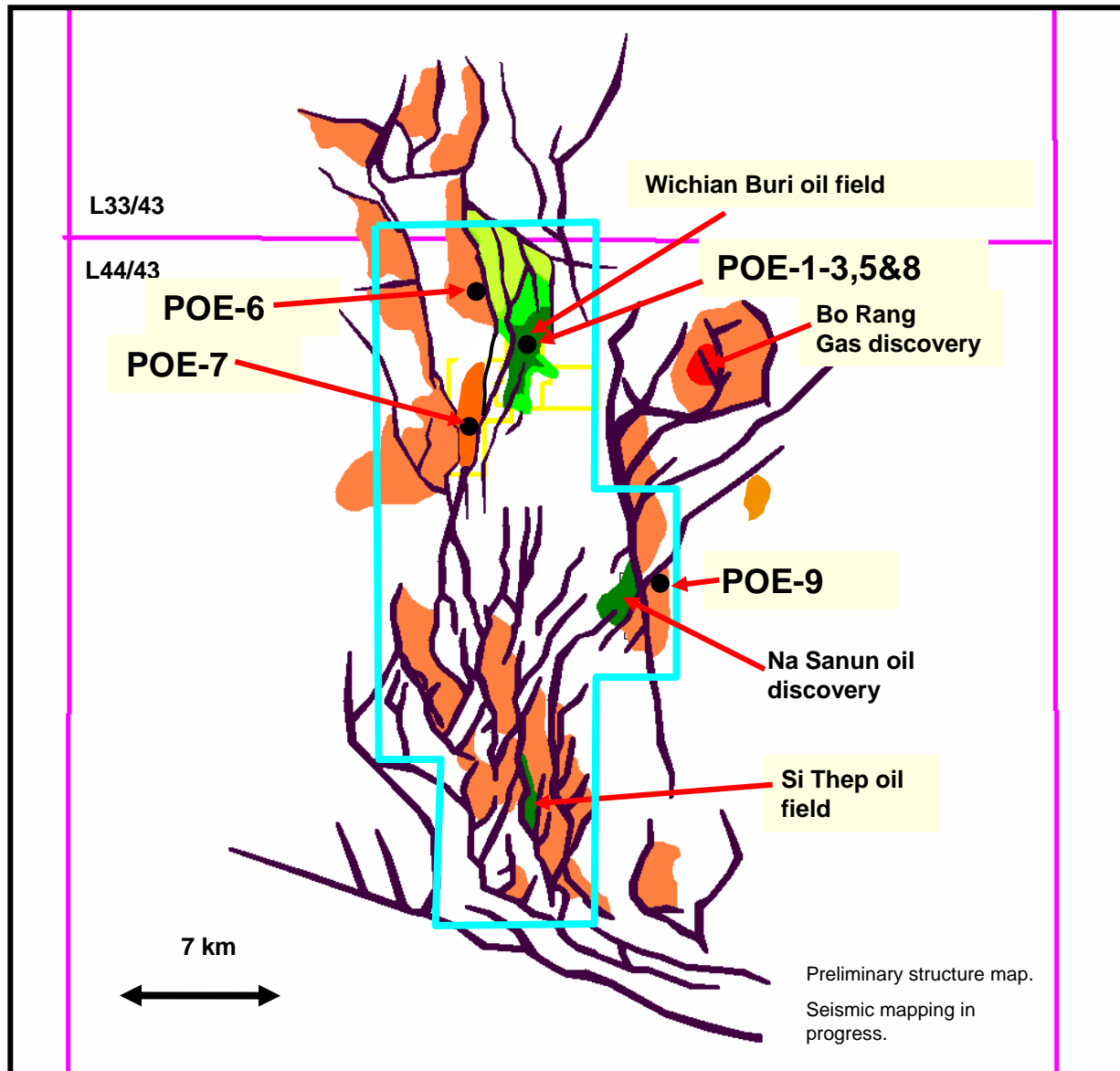
- Re establish Wichian Buri oil production
  - 5 new development wells on WB – 4 drilled & 1 suspended drilling
  - Drilling success to date - 4 of of 4 wells where drilling completed
  - 3 currently on initial production testing
  
- Expand oil reserves
  - 3 new exploration wells in new structures – 2 drilled
    - POE-6 successful – Flow testing new reservoirs
    - POE-7 unsuccessful
    - POE-9 to be drilled December
  - Success to date - 1 on production of 2 wells drilled
  
- Fund Phase 2 drilling from Phase 1 cash flow
  - Good results so far from production testing. More to come

## PHASE 2 DRILLING - 2007

- Explore extension of Wichian Buri to north into L33/43 exploration permit
  
- Drill other fault blocks
  - In excess 20 prospects identified – more prospects emerging
  - Seismic currently being interpreted
  
- Further oil production on success

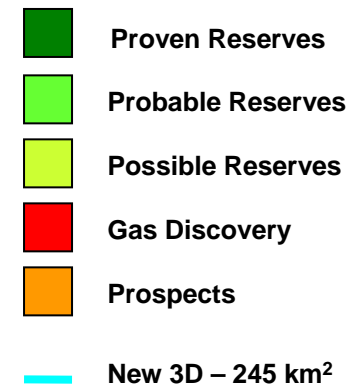


# PHASE 1 DRILL TARGETS



## Phase 1 Drilling

- **5 DEVELOPMENT WELLS**
  - POE 1-3, POE-5 & POE-8
- **3 EXPLORATION WELLS**
  - POE-6, POE-7 & POE-9





# PHASE 1 DRILL RESULTS

## POE-2

Production testing commenced

Stabilised flow ~ 40 bopd from G sands

Net oil pay ~11.4 m

5.8m F sand

**5.6 m G sand – testing oil**

## POE-1

F sands similar to POE-2

Drill string stuck

Requires further drilling operations

## POE-8

Net oil pay 9 m

2 m F sand

3 m G sand

4 m H sand

## POE-6

Production testing commenced

Stabilised flow ~ 45 bopd from G sands

Net oil pay ~ 22.8 m

4 m F sand

**10.2 m G sand – testing oil**

Two zones 4.9m + 3.7 m

Currently testing 1 zone each in 4 wells.

Many other zones to be brought into production.

## POE-3

Production testing commenced

Oil recovered from virgin H sands

Net oil pay 29.2 m

15 m F sand

9 m G sand

**5.2 m H sand – testing oil**

## POE-5

Net oil pay 23 m

15 m F sand

Inconclusive G sand

**8 m H sand – testing oil**

## POE-7

No oil pay

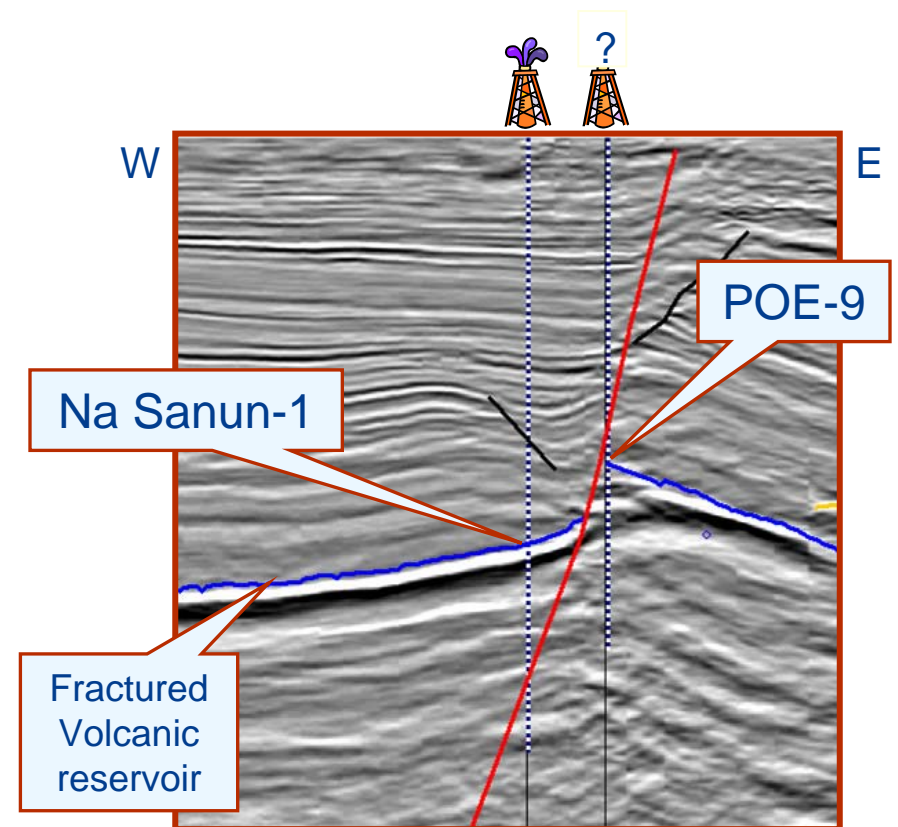
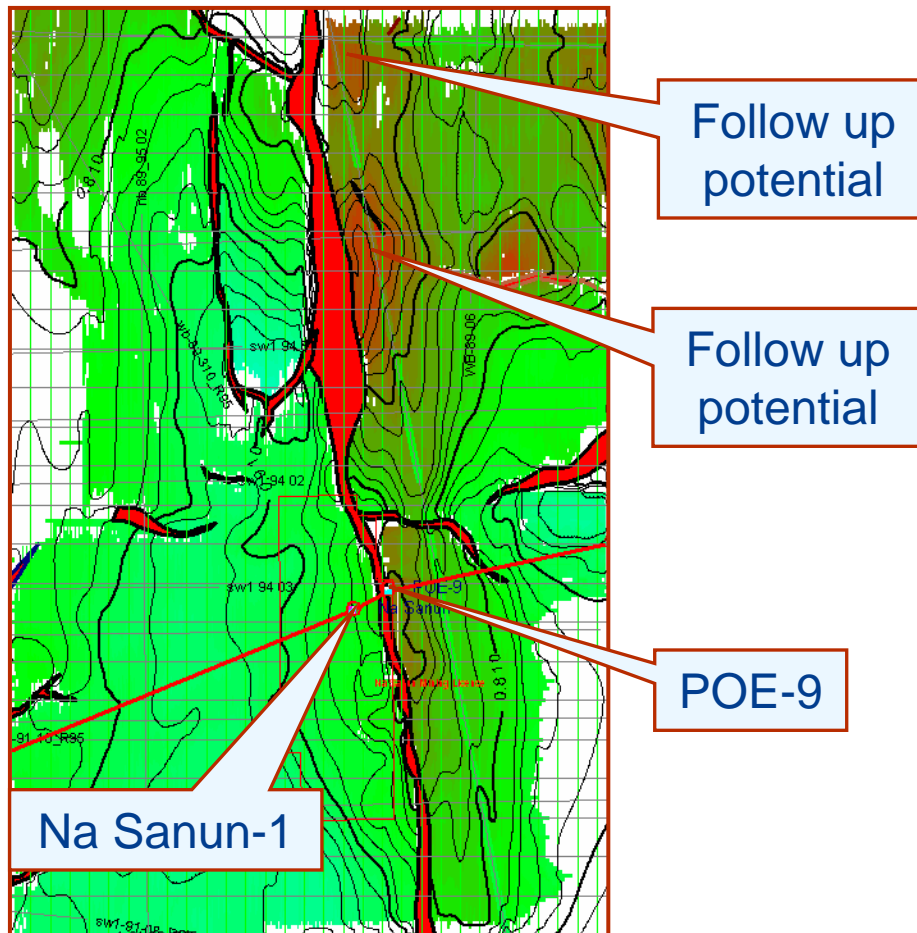
## POE-9

Next well in drill schedule



# POE-9 EXPLORATION WELL

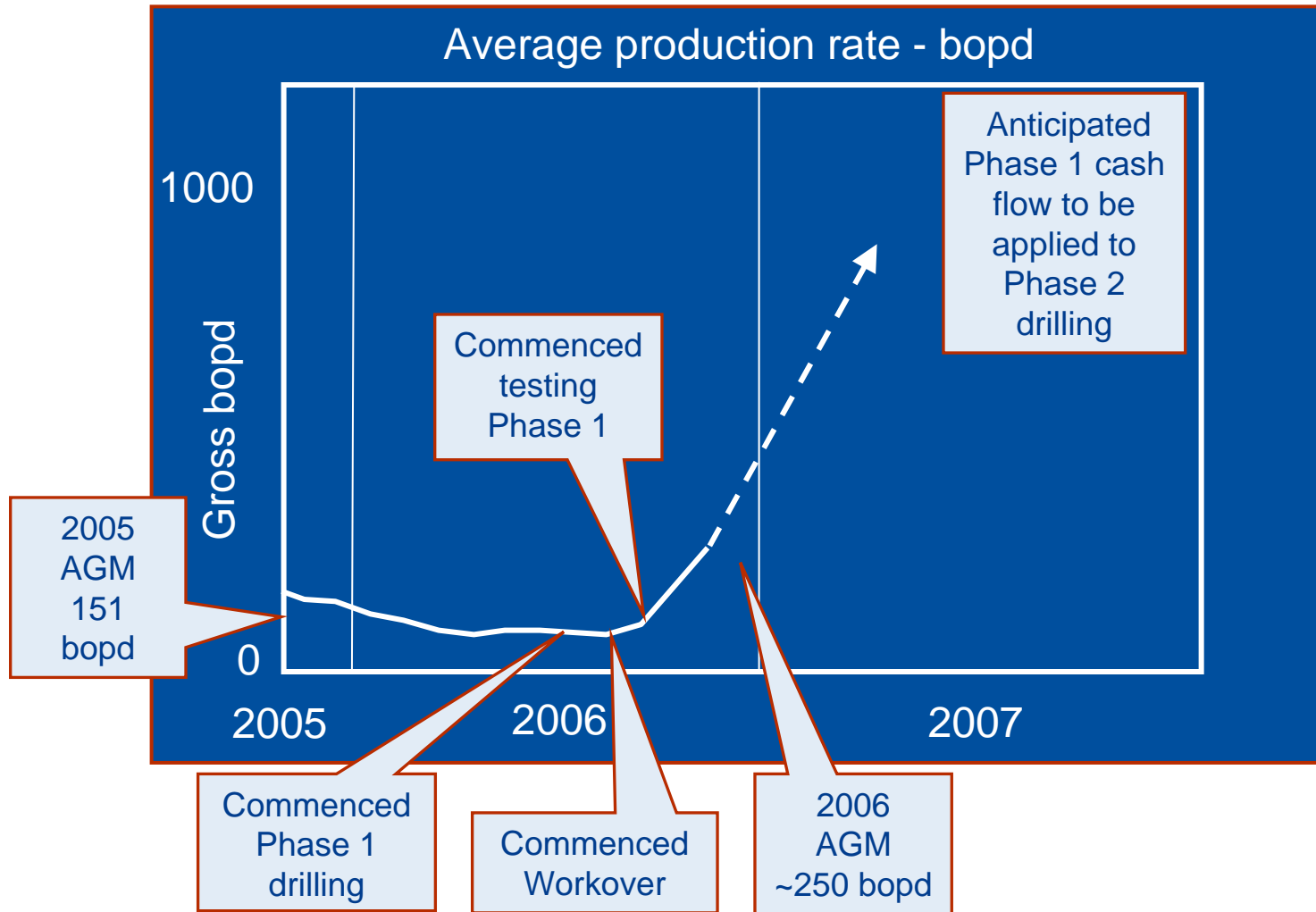
- Medium risk / high reward prospect
- This is a new potential reservoir
- POE-9 is 150 metres updip of Na Sanun-1
- Na Sanun-1 flowed 1,375 BOPD from fractured volcanics





# PHASE 1 - PRODUCTION IMPACT

✓ Phase 1 well programme on way to achieving goal





# PHASE 1 - PRODUCTION IMPACT

## Scenario analysis

	<b>Low</b>	<b>Mid</b>	<b>High</b>
■ Production from Phase 1 (including existing wells *) (bopd)	360	850	1,500
■ Net to CVN * (bopd)	144	340	600
■ Net cash to CVN /day (@ A\$30/bbl #)	\$4,320	\$10,200	\$18,000
■ Net cash to CVN / year (@ A\$30/bbl #)	\$1.6m	\$3.7m	\$6.6m

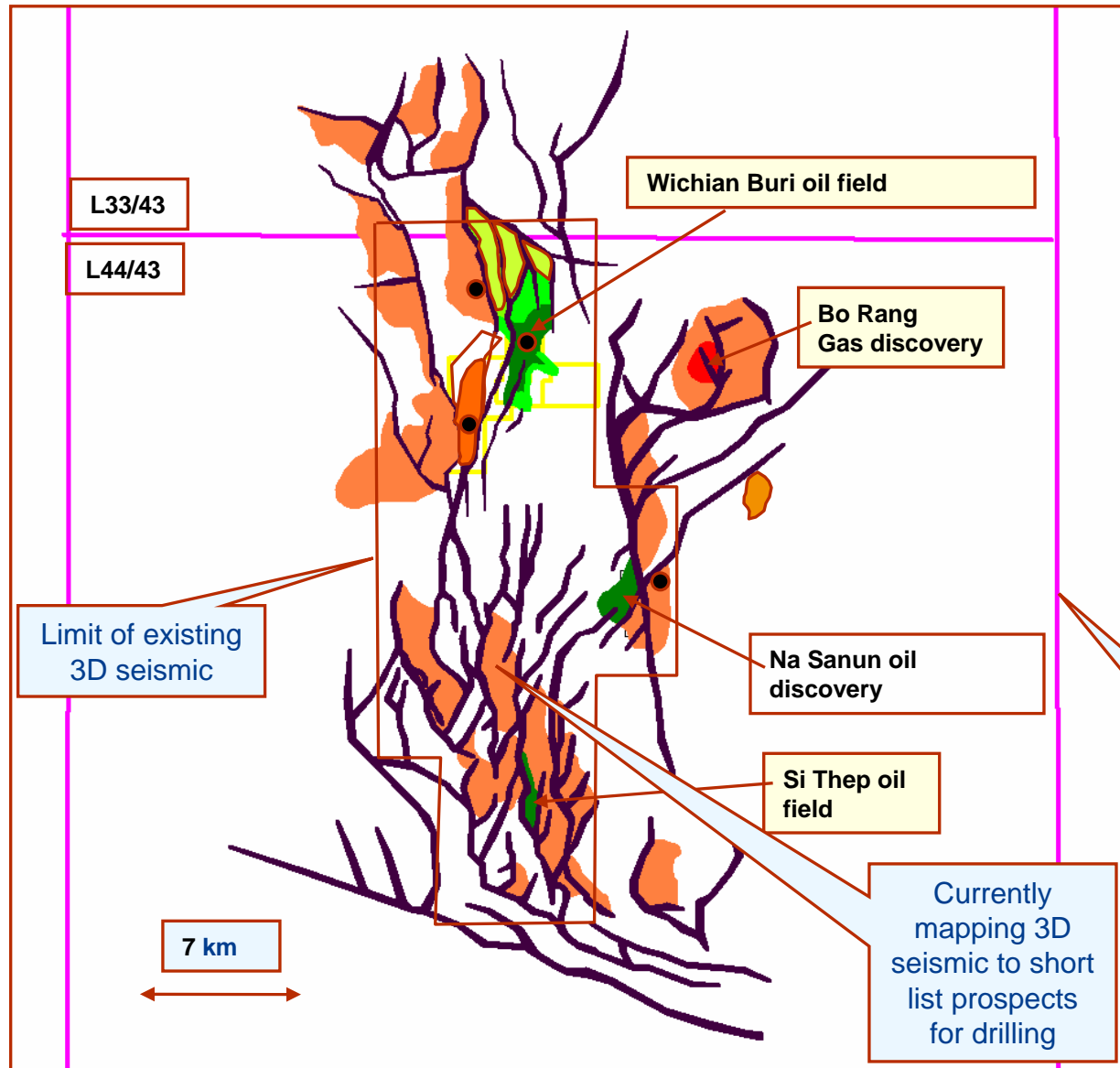
\* Production following completion of phase 1 drilling and existing workover programme

# Net operating cashflow following operating costs

- Further upside exists from Phase 2 production and cashflow



# PHASE 2 PROGRAMME – UP TO 20 WELLS



- Over 20 prospects being evaluated for drilling
- Startup in early 2007
- Rig contracted
- Long lead items ordered
- New 3D seismic programme under consideration

Permit limits  
Carnarvon 40%

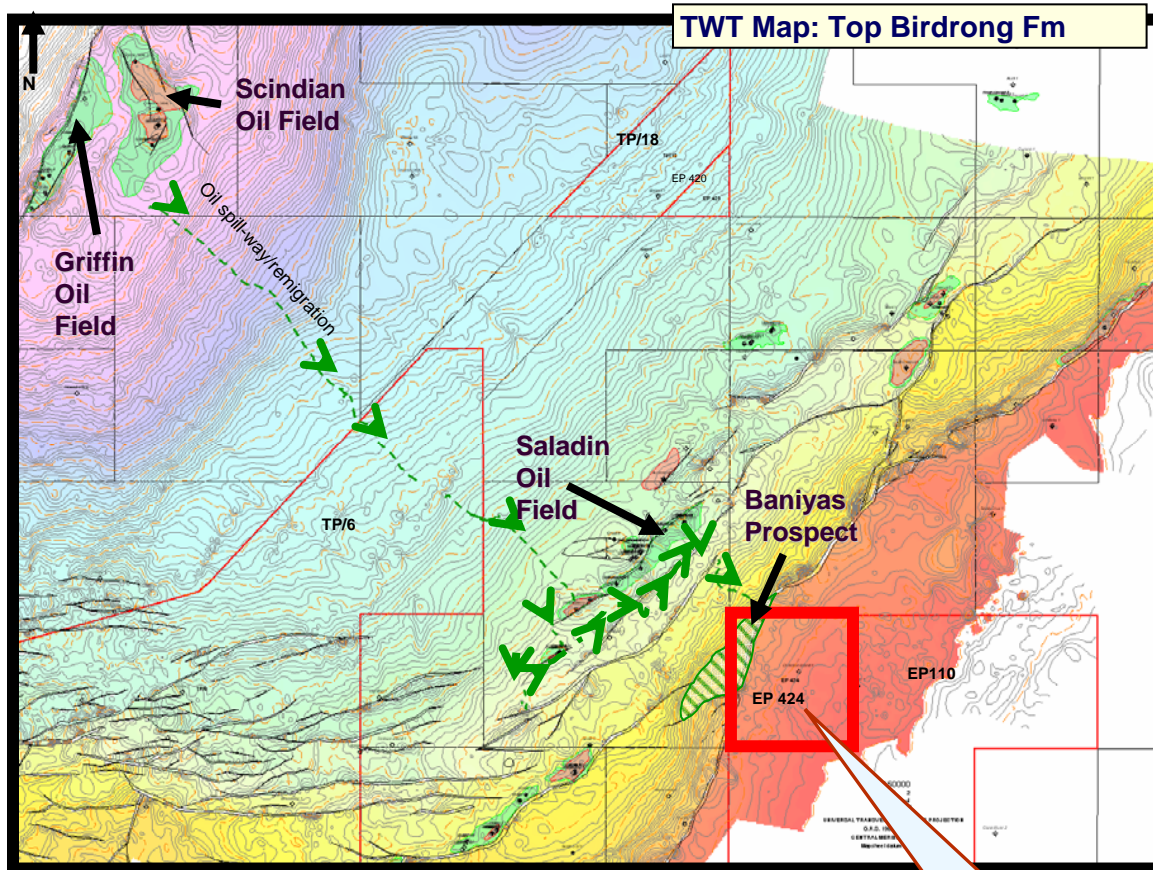
Currently  
mapping 3D  
seismic to short  
list prospects  
for drilling







# CARNARVON BASIN – EP 424



## BANIYAS PROSPECT EP 424

Carnarvon 35%

- Updip of Saladin Oil Field
- Well located for oil charge
- Close to existing infrastructure.

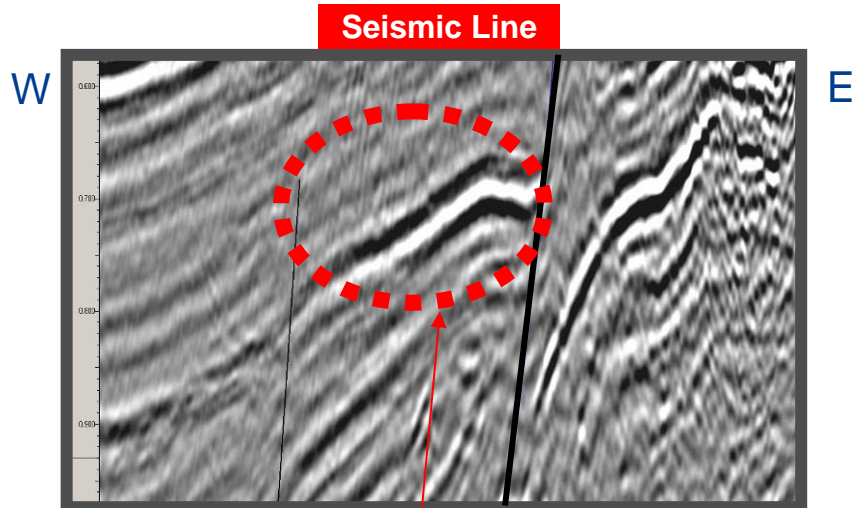
EP 424  
Carnarvon  
35%



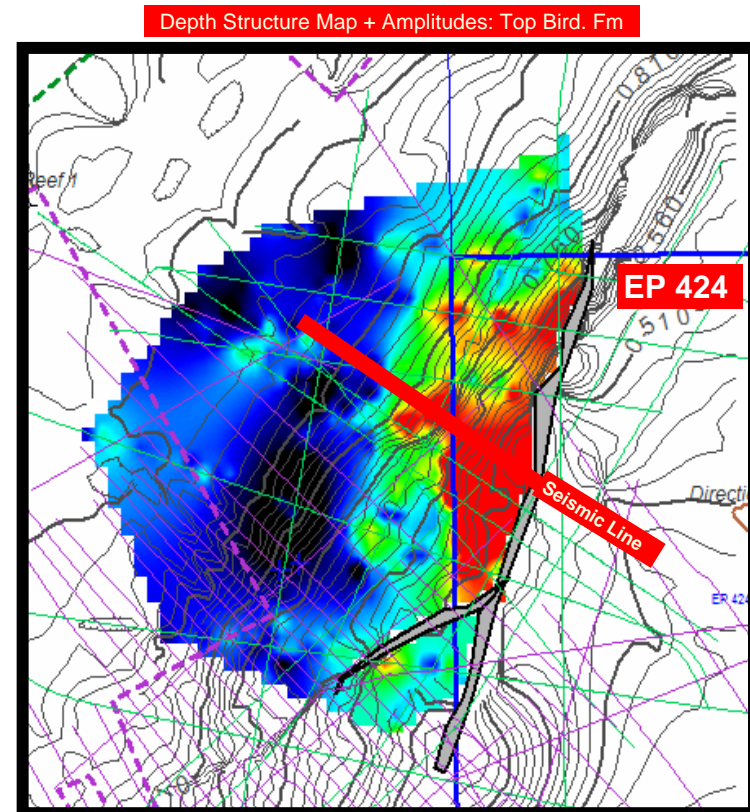
# CARNARVON BASIN – EP 424

## BANIYAS PROSPECT

Large  
Carnarvon 35%  
Updip of Saladin Oil Field



Bright amplitudes at structural crest within the Birdrong Fm  
Possible Hydrocarbon Indicator?



Bright amplitudes (red - green) conform to structural closure – more confidence they are hydrocarbon related.



# CONCLUSION

## 2006 – A BUSY YEAR

### Intensive work program

#### Wichian Buri, Thailand

- Reprocessed seismic
- Recorded 245 sq kms of 3D seismic
- Completed drilling of 7 wells - One more to drill in Phase 1
- Production testing underway
- Workover of existing wells underway

#### Carnarvon Basin

- Reprocessed seismic
- Recorded 64 kms seismic

### New Thailand JV is different

- Strong management, exploration and development teams working together to ensure the success of Wichian Buri

### Upside potential from Wichian Buri oil field

- Currently producing up to 250 BOPD.
- Production from other levels eg “G” and “H” sands in addition to main target “F” sand
- Success in other fault blocks (POE-6 is now on production)



# CONCLUSION

## 2007 – MORE TO COME

### **More drilling**

- 2007 - Planned drilling of up to 20 wells - (Phase 2)

### **More seismic**

- Another 3D seismic survey being considered

### **More production**

- Phase 1 has commenced providing increased production – more to come as other zones opened
- Workover program of current producing wells to improve production has commenced

### **More reserves**

- Phase 1 has discovered more potential reserves (expected reserve upgrade Q2 2007)
- Phase 2 expected to add further reserves

### **Strong operating environment**

- Oil prices currently around US\$60 barrel. We are in a bull market for energy
- World is now using 27 billion barrels of oil, 9 times more than we are finding (3 billion) on an annual basis

### **Corporate Growth**

- Production from Phase 1 and potentially Phase 2 to provide cash flow to be applied to 2007 operations and new ventures
- Asset opportunities and partnerships being evaluated – these take time to fully consider – bids are being made



# CONTACTS



## Ted Jacobson

### *Managing Director*

Phone (08) 9321 2665  
Fax (08) 9268 2830  
Email [tjacobson@carnarvonpetroleum.com](mailto:tjacobson@carnarvonpetroleum.com)



CARNARVON  
PETROLEUM  
LIMITED  
ABN 60 002 688 851

## Peter Leonhardt

### *Chairman*

Phone (08) 9321 2665  
Fax (08) 9321 8867  
Email [pleonhardt@carnarvonpetroleum.com](mailto:pleonhardt@carnarvonpetroleum.com)



CARNARVON  
PETROLEUM  
LIMITED  
ABN 60 002 688 851

[www.carnarvonpetroleum.com](http://www.carnarvonpetroleum.com)



# IMPORTANT NOTICE

This presentation has been prepared by Carnarvon Petroleum Limited.

This presentation contains forecasts and forward looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially to those stated including but not limited to: product price fluctuations, currency fluctuations, updated drilling and production results, updated reserves estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, changes to economic and financial market conditions, project delay or advancement, timing of regulatory approvals and changes to cost estimates.

Investors should undertake their own analysis and obtain independent advice before investing in Carnarvon Petroleum Ltd shares.