

Investor Presentation

July 2006

Drilling Commences at Wichian Buri



Carnarvon Petroleum Limited - CVN



OVERVIEW OF CARNARVON

- Generating cashflow from Wichian Buri oil field in Thailand (40% CVN):
 - 14.2 MMBO gross recoverable oil – **Carnarvon net 5.68 MMBO.**
 - Current gross production of 75 BOPD – Carnarvon net revenue March 2006 quarter A\$\$58,000. (upgrades to capital equipment have commenced)
- Aggressive drill programme consisting of 6 development wells currently being drilled, with up to another 20 wells budgeted to start late this year, targeting increased reserves and production in L44/43 and exploration in L33/43.
- Strong working relationship with TSX listed Pan Orient, a well funded company with excellent management and technical credentials.
- Experienced and energetic management team with track record of successful oil and gas operations.
- **Opportunity** : Focus on immediate production and exploration opportunities at Wichian Buri with other asset opportunities being investigated.





STRUCTURE AND PERSONNEL

Capital Structure:	Shares on issue (ASX : CVN) :	412 million
	Options on issue (7 & 10c) :	22 million
Market Cap:	at 5.5c / share :	\$22.6 million
Cash on hand:	30 June 2006 :	\$1.5 million*
Shareholders:	Directors & Management :	10.8%
	Top 20 holding :	33.87%

* Doesn't include \$350,000 refund Govt bond

Board of Directors

Chairman: Peter Leonhardt

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

CEO: Ted Jacobson

- Petroleum geologist/geophysicist with 36 yrs experience
- Co-founder of Discovery Petroleum Ltd
- Co-founder and technical director of Tap Oil Ltd

Non Exec: Neil Fearis

Directors: Ken Judge

Technical Management

Carnarvon

- Ted Jacobson

Pan Orient

- Jeff Chisolm
- Waleed Jazrawi
- Gerry Macey
- Cam Taylor
- Ian Halstead

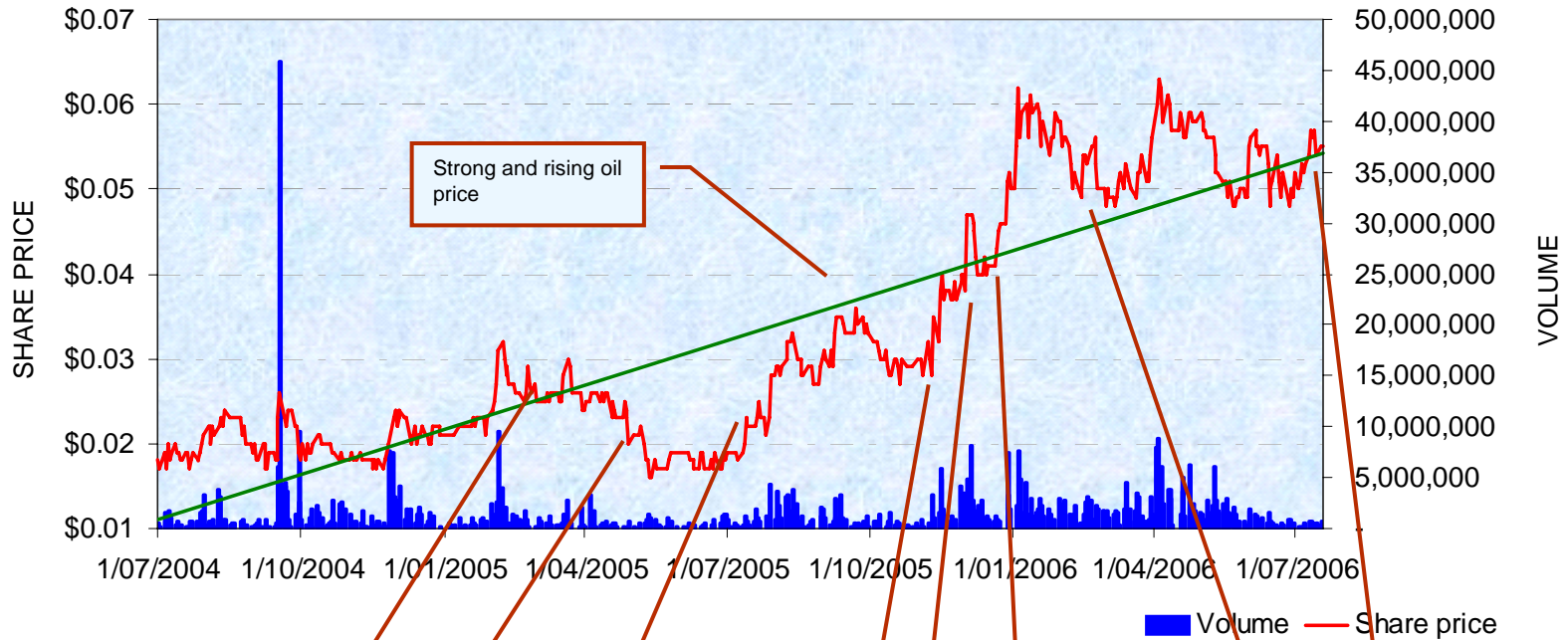
A good working JV





SHARE PRICE PERFORMANCE

CVN Share Price and Volume



Strong and rising oil price

New Board appointments

Pan Orient announces Tiger takeover

Placement to raise \$700k at 1.8cps

Sale of PNG interests for \$500k

Settlement of Tiger litigation

Appointment of Ted Jacobson as CEO

Phase 1 development drilling commences at Wichian Buri field – 6 wells currently being drilled – first wells since early 2004

Placement to raise \$4m at \$0.045 per share



Primary focus: Thailand

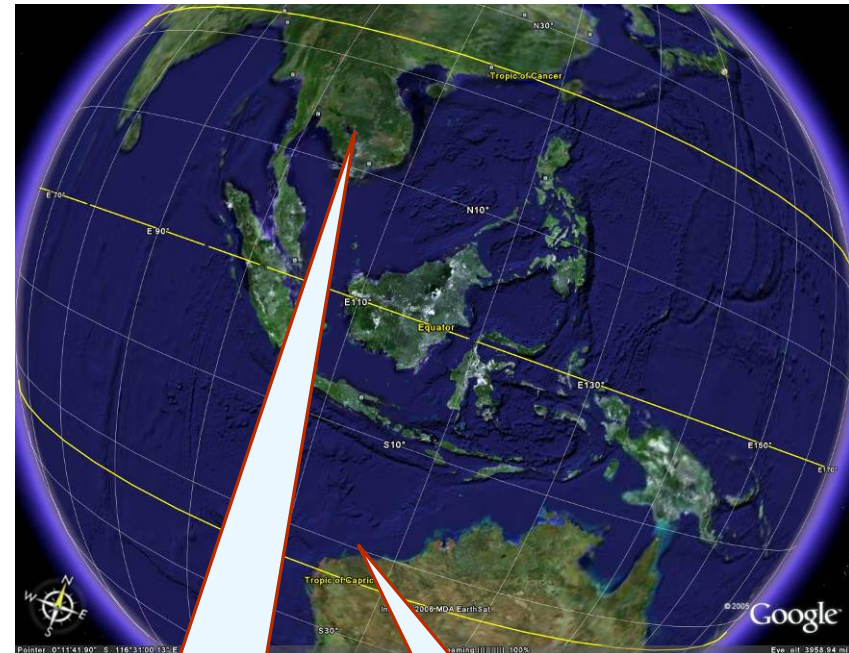
- Supportive Thailand Government.
- Good deal flow.
- Favourable fiscal regime.
- Thailand needs oil discoveries.

Secondary focus: Australia

- Stable Government.
- Good fiscal regime.

Looking for appropriate new ventures

- Won't overlook opportunities outside stated focus.
- Industry contacts important.
- Building Carnarvon's technical strengths.



**Wichian Buri Oil Field
Carnarvon 40%**

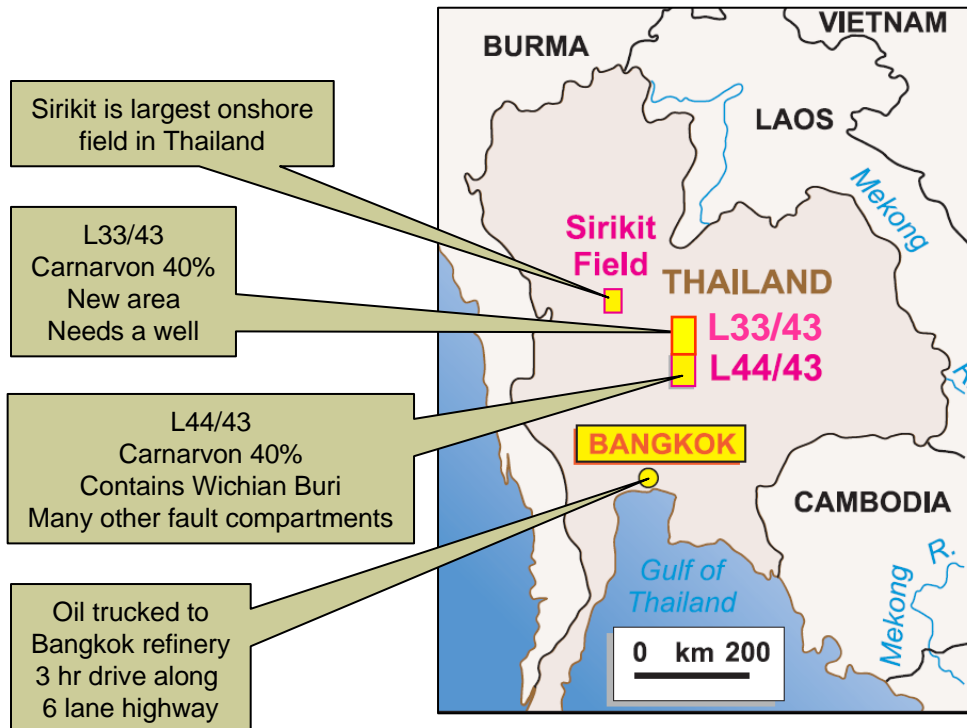
**EP 110 & EP 424
Carnarvon 35%**



PERMITS

Wichian Buri, Thailand

- L44/43 40% Prov&prob 14.2 million barrels oil recoverable gross to JV.
- L33/43 40% Seismic reprocessing indicates good exploration potential.



- ✓ Currently producing around 75 bbls/day.
- ✓ 3D seismic survey recently completed and aggressive.
- ✓ 2 stage development drilling work commenced.

Stage 1: drilling of 6 appraisal/development wells.

Stage 2: drilling up to 20 wells in and outside production areas with the aim of finding additional reserves and increasing production.

Carnarvon Basin, Australia

- EP110 35% Minimal work to date on this permit
- EP424 35% 160 km seismic acquired – 20+ million barrel Baniyas Prospect identified

The Company plans to build on this Carnarvon acreage over the next 12 months. This is an area where the company has a substantial technical library and the ability to compete on a sound technical level.



WICHIAN BURI OIL FIELD

Recent Accomplishments

- Dec 2005
 - Agreement with Pan Orient to address past JV concerns and provide the platform for a strong working relationship going forward.
 - Strong JV relations with competent, well funded operator.
 - CVN appoints Ted Jacobson as CEO, brings wealth of industry experience.
- May 2006
 - Completion of reserves assessment increases reserves to 14.2mmbo (JV gross).
- June 2006
 - Reprocessed 3D seismic identifies production opportunities.
- June 2006
 - 3D seismic successfully shot over 225km² on Wichian Buri.
- July 2006
 - Stage 1 development drilling commences at Wichian Buri.

Going Forward...

- In planning
 - Workover program of current producing wells to improve their production profiles.
- October 2006
 - Completion of stage 1 development drilling program.
 - Targeting primary “F” sands and secondary “G” sands for further growth.
- Q3 2006
 - Complete processing of the recently acquired 225km² of 3D seismic to identify stage 2 drilling targets.
- Q4 2006
 - Commence stage 2 drilling – up to 20 wells planned to be drilled commencing later this year.



WICHIAN BURI OIL RESERVES

Gross Oil Reserves as of 31 December 2005

	Oil Reserves Gross (mmbo)
Proved Producing	0.037
Proved Undeveloped	0.598
Total Proved	0.635
Probable	13.573
Total Proved + Probable	14.208
Possible (1)	54.55
Total Proved + Probable + Possible	68.758

Source : Gaffney Cline and Associates reserve report dated 31 December, 2005

(1) Includes 22.5mmbo gross attributed to concession L44/43 and 7mmbo gross attributed to concession L33/34 but does not include approximately 11mmbo of additional contingent resources



LEARN FROM THE PAST

- **We have experience from similar oil fields elsewhere in Asia.**
- **We don't have unrealistic expectations for well performance.**
- **We understand the need to keep things simple.**
- **We understand the need for better seismic – New 3D seismic programme has been completed & old seismic has been reprocessed.**
- **We employ people with strong experience in similar fields.**
- **We understand that full development of Wichian Buri will take time and lots of wells.**



ANALOGY

DAAN OILFIELD in CHINA

- Similar oil type.
- Similar production rates for wells.
- Similar geology – thin lacustrine sandstones.
- Approx reserves 200+ mmbbls.
- Currently producing from ~ 500 wells.
- Production rate ~ 7,000 bopd.
- Well costs cheap using local materials and constructions.
- IT CAN BE DONE!





ANALOGY

SIRIKIT OIL FIELD located northeast of WICHIAN BURI

- Similar geology.
- Same field type - better reservoir?
- GT 100 wells.
- Discovered 1981.
- Flowed over 20,000 bopd at peak production.
- Currently still producing over 15,000 bopd.

Can we find good Sirikit type reservoir at Wichian Buri?



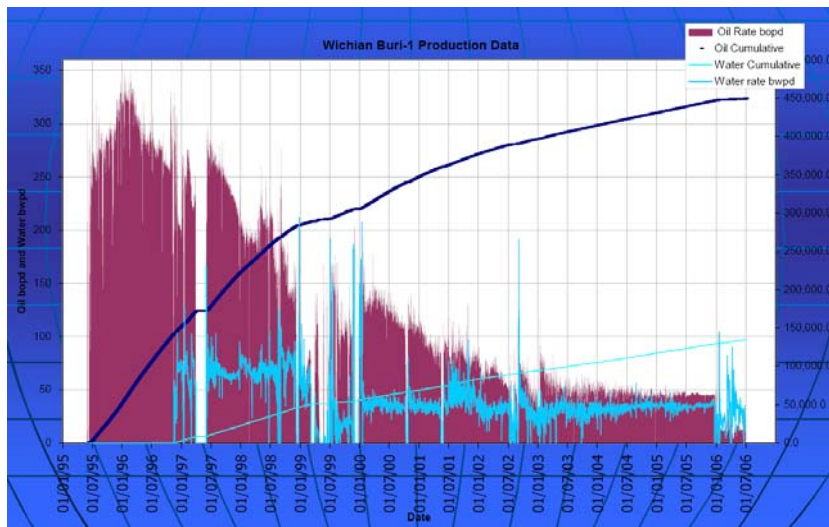
THE NEW APPROACH

- Vertical holes best for these thin sandstone reservoirs.
- Good wells with minimal damage to reservoir.
 - Minimal logging – we know the reservoir and hydrocarbon type.
 - Good mud technology & well design.
 - Run liner and secure well bore as soon as possible - minimise formation damage.
- Drill cheaply.
- Drill lots of wells – Phase 1 and 2 up to 26 wells – only the start of things to come.
- Develop smaller mobile infrastructure to switch between fields.
- Pan Orient General manager and production manager worked for Petrocorp on discovery of Wichian Buri in 1988 – enthusiastic & good managers.



“F” SAND PRODUCING RESERVOIR WB-1 BEST PERFORMING WELL

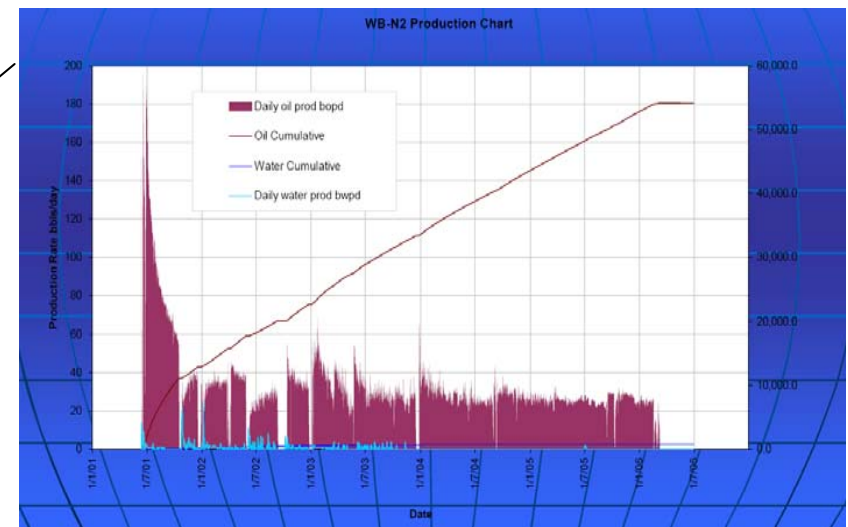
Wichian Buri 1



11 Years of production

- Wichian Buri-1 (WB-1) has been best performing well.
- Production profile looks normal.
- Commenced production at 300 bopd steadily declining.
- Is it accidental the first well found best reservoir or is it the best drilled and completed well.
- We can learn from this well.

Wichian Buri N2



5 Years of production

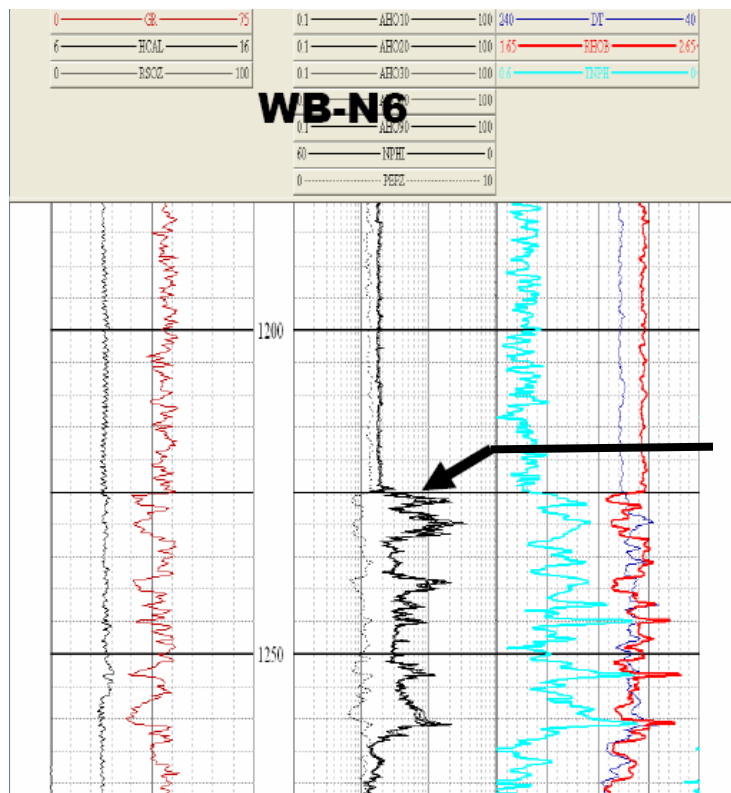
- Wichian Buri-N2 (WB-N2) commenced at 150 bopd rapidly declined to steady state of 30 bopd with minimal water.
- Typical of other best wells.
- Production Profile indicates something wrong.
- Workover being considered.
- POE-2 will be drilled updip of Wichian Buri-N2.



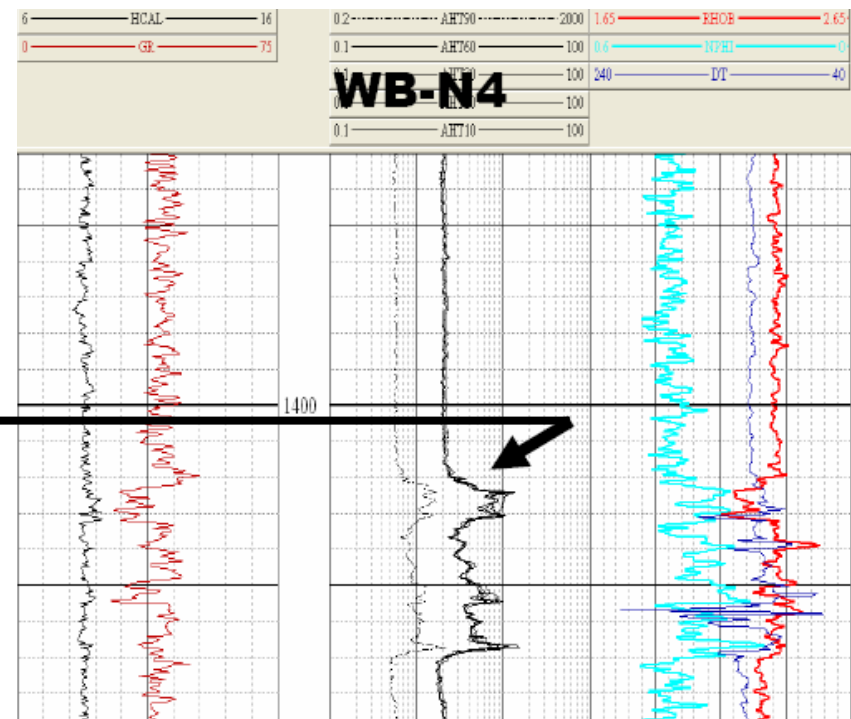
"G" SAND - DEEPER ADDITIONAL OIL POTENTIAL

G Sand has never been put on an extended production test. WB-N6 and WB-N4 have good log response for oil – will they flow at sustained rate?

All 6 wells of the Phase 1 programme will penetrate the G Sand and will be flow tested if potential moveable oil is indicated on logs.



G Sand
log data
indicates
oil



POSSIBLE PRODUCTION IMPROVEMENTS

- **Scope for production improvement on existing wells**
 - Production profiles for many wells show unusual character.
 - Are perforations optimally placed in reservoir?
 - Is there restricted flow through perforations?
 - What damage has been done to reservoir?
 - Can we improve oil flow from existing wells by re-entering and working over?
 - Previous fracking tests were inconclusive – further trials needed.
 - Jet pumps are inefficient at LT 250 bbls/day.
 - Can we improve some wells by simply replacing with beam pumps? – expensive option.
 - Many more questions will be addressed by a planned workover programme.
- **JV is currently planning a workover programme**
- **However, immediate focus is phase 1 drilling**
- **Results of phase 1 will assist planning workover programme**





PHASE 1 DRILL TARGETS

Objective of Phase 1

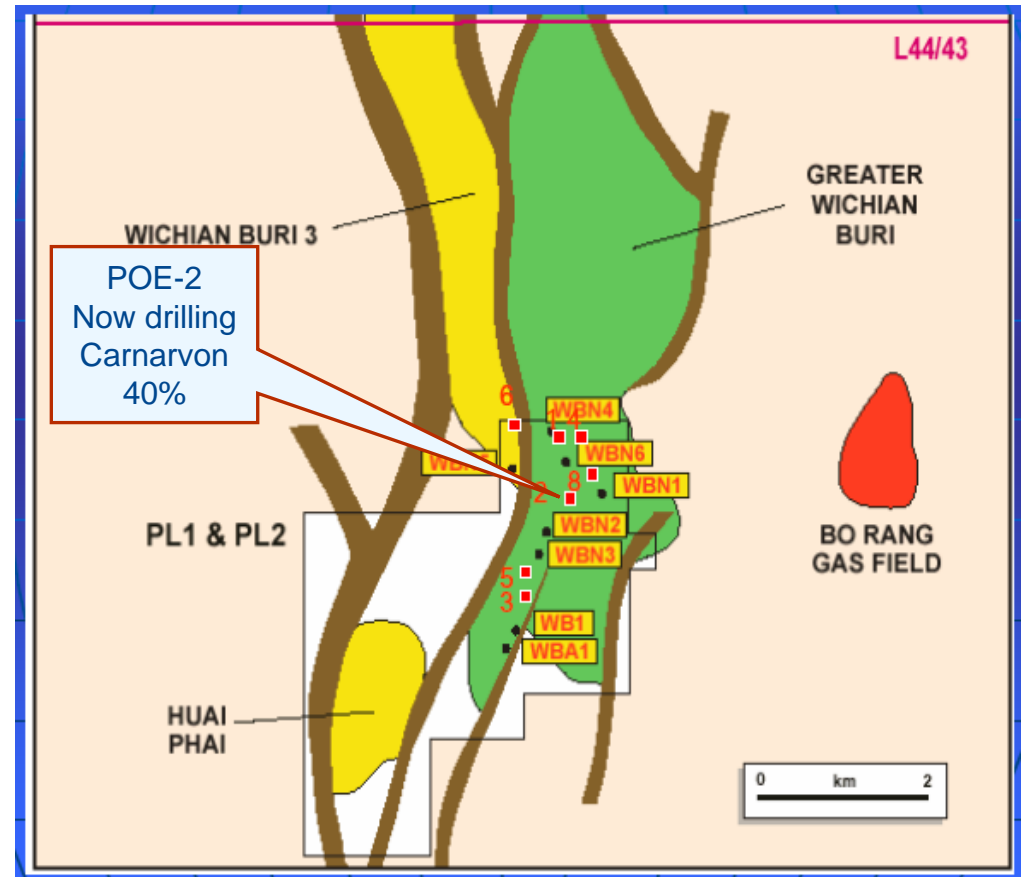
- Oil production
- Cash Flow

Will provide better understanding of:

- Oil flow rates
- Recovery rates
- Recoverable reserves
- Value to Carnarvon shareholders

Location

All Phase 1 wells in close proximity to existing producers



- Oil Field
- Prospective
- Gas Field

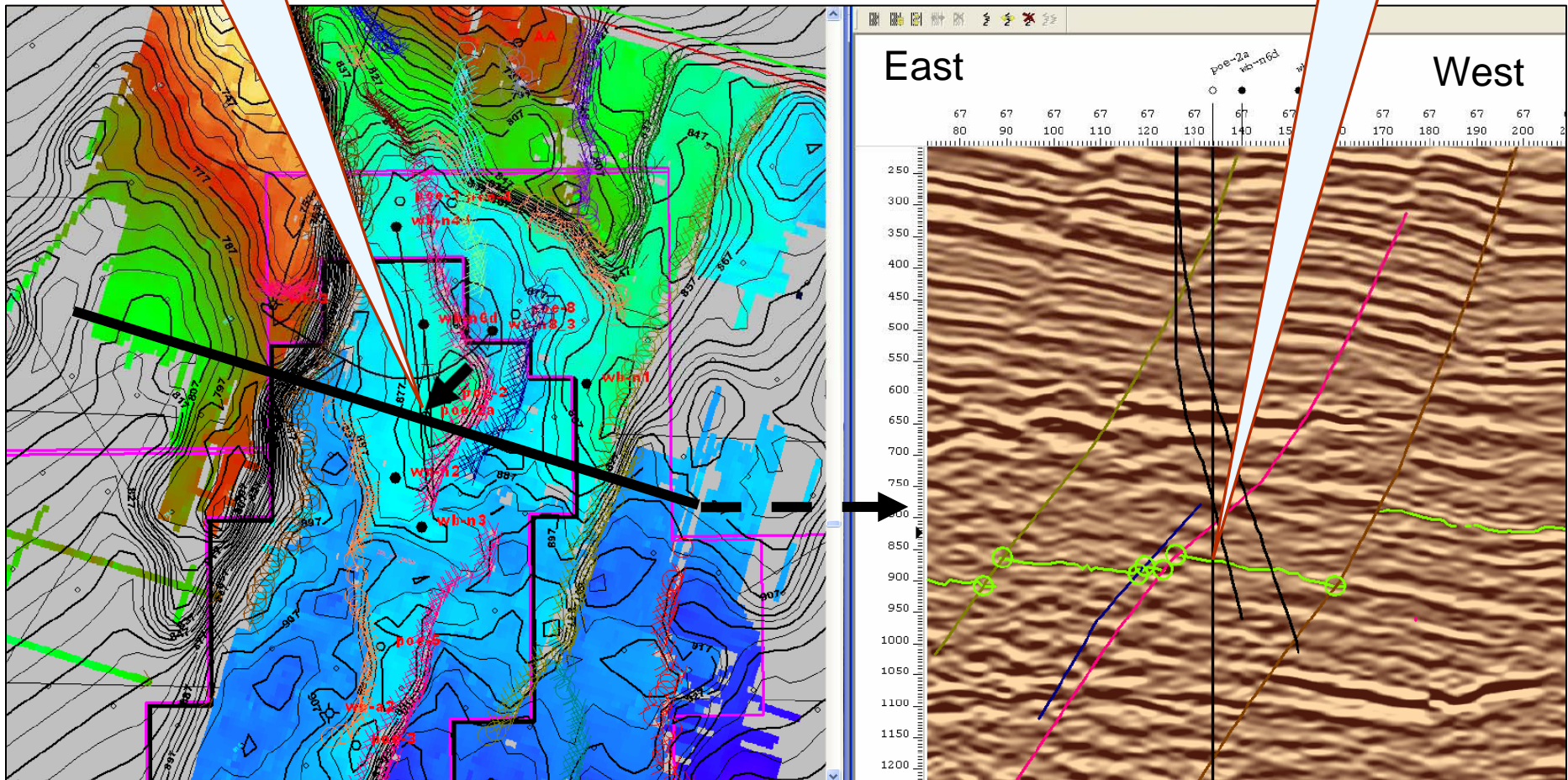
- Existing wells
- Phase 1 wells



POE-2 NOW DRILLING

POE-2
Located on high
Updip of
surrounding wells

POE-2
Now drilling
Carnarvon (40%)





PHASE 1 - PRODUCTION TESTING POSSIBLE SUCCESS SCENARIO

- 6 production wells being drilled - \$1.3m net Carnarvon plus completion @ \$46,000 per well.
- Anticipated success rate – 50%.
- Anticipated initial flow rates of 150 bopd from each well.
- Production testing 1 month each well.
- Anticipated total production for 3 successful wells 450BOPD = 13,500 barrels over 1 month testing.
- Anticipated net cash profit to Carnarvon on 1 month test programme - \$200,000 (after Thai royalty and before tax).
- Successful wells will remain on sustained production after testing.
- Expected payback period of:
 - First 2 wells ~ 1 month – drilling free carried by operator.
 - Others ~ 4 months.
- Calculations based on 4 th Qtr 2005 production results - As programme develops, economies of scale should improve these numbers.



PHASE 2 PROGRAMME - UP TO 20 WELLS

- A big programme – dependent on success of Phase 1.
- At least 1 well in L33/43 to north of Wichian Buri.
- Other wells in L44/43 - mixture of development, appraisal and exploration.
- Must await the processing of the 3D seismic.
- Startup late in 2006/early 2007 - dependent on Govt approvals and weather.
- **Up to 20 well locations** to be determined:
 - Actual number dependent on results and oil production of Phase 1.
- **Anticipated cost of a 20 well programme:**
 - \$4.3M net Carnarvon.
 - plus completion \$46,000 net to Carnarvon per successful well.



NEED FOR GOOD SEISMIC

F-Sand Depositional Model

These good areas are hard to see on seismic

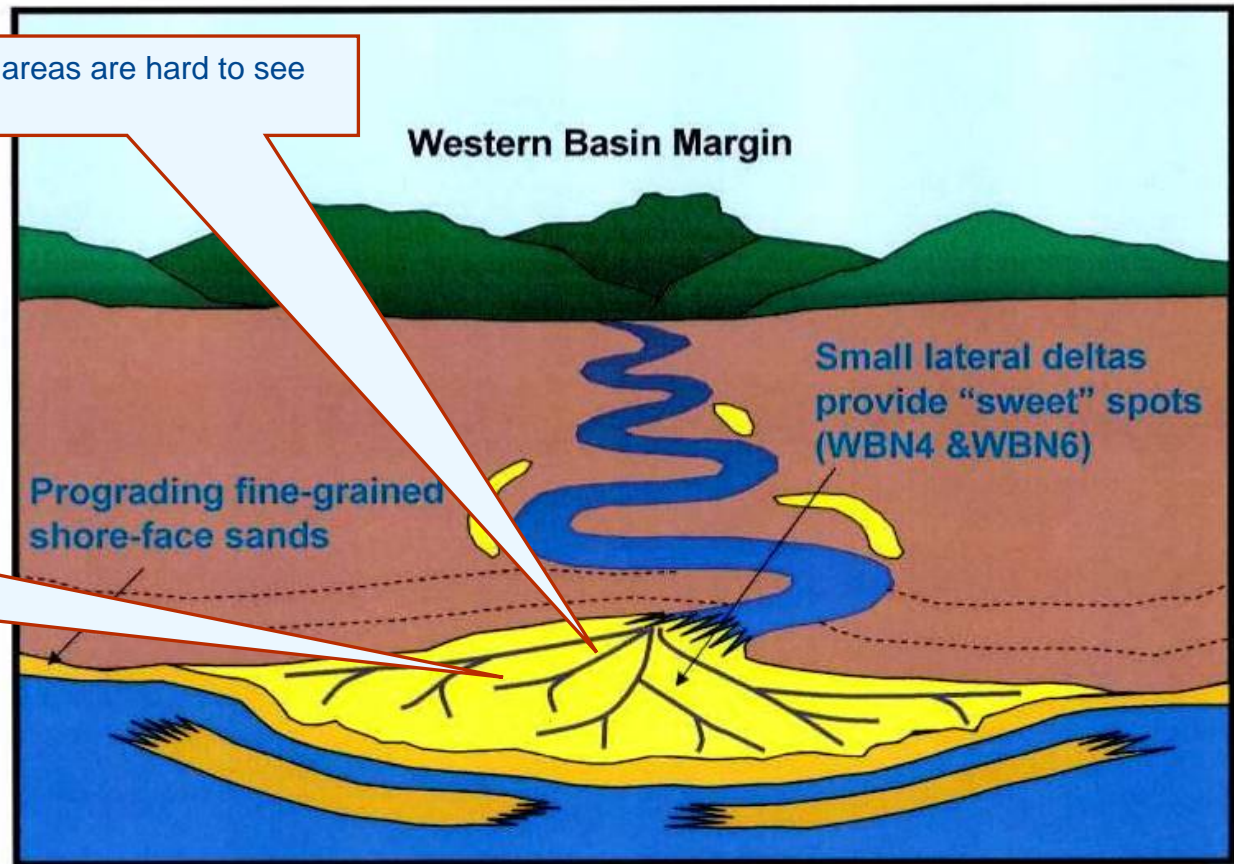
Western Basin Margin

Small lateral deltas provide "sweet" spots (WBN4 & WBN6)

Prograding fine-grained shore-face sands

We need good seismic to identify good reservoir areas.

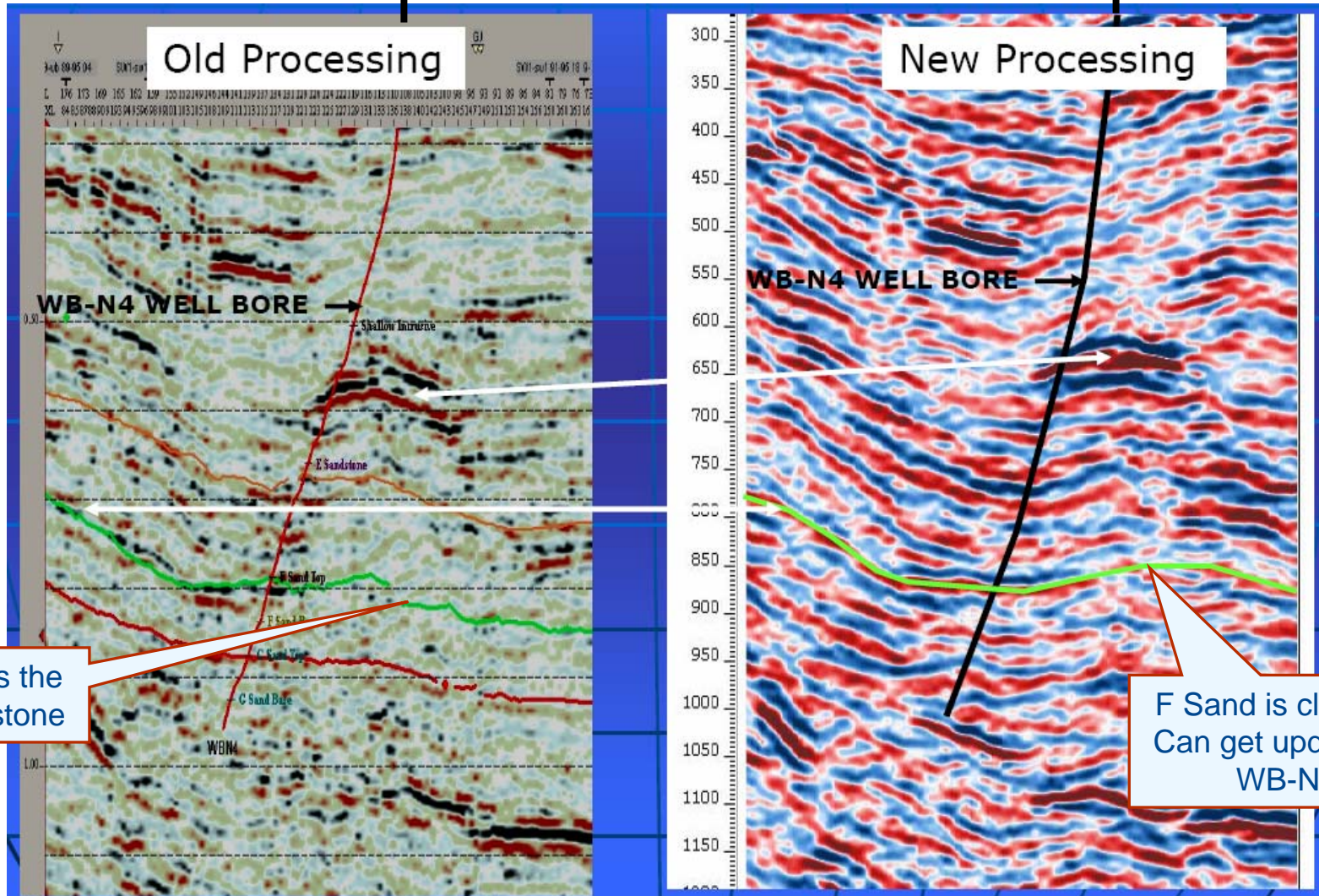
Good seismic leads to better geological prediction.





REPROCESSING OF 3D SUCCESSFUL

WB-N4 Production well



Old Processing

New Processing

WB-N4 WELL BORE

WB-N4 WELL BORE

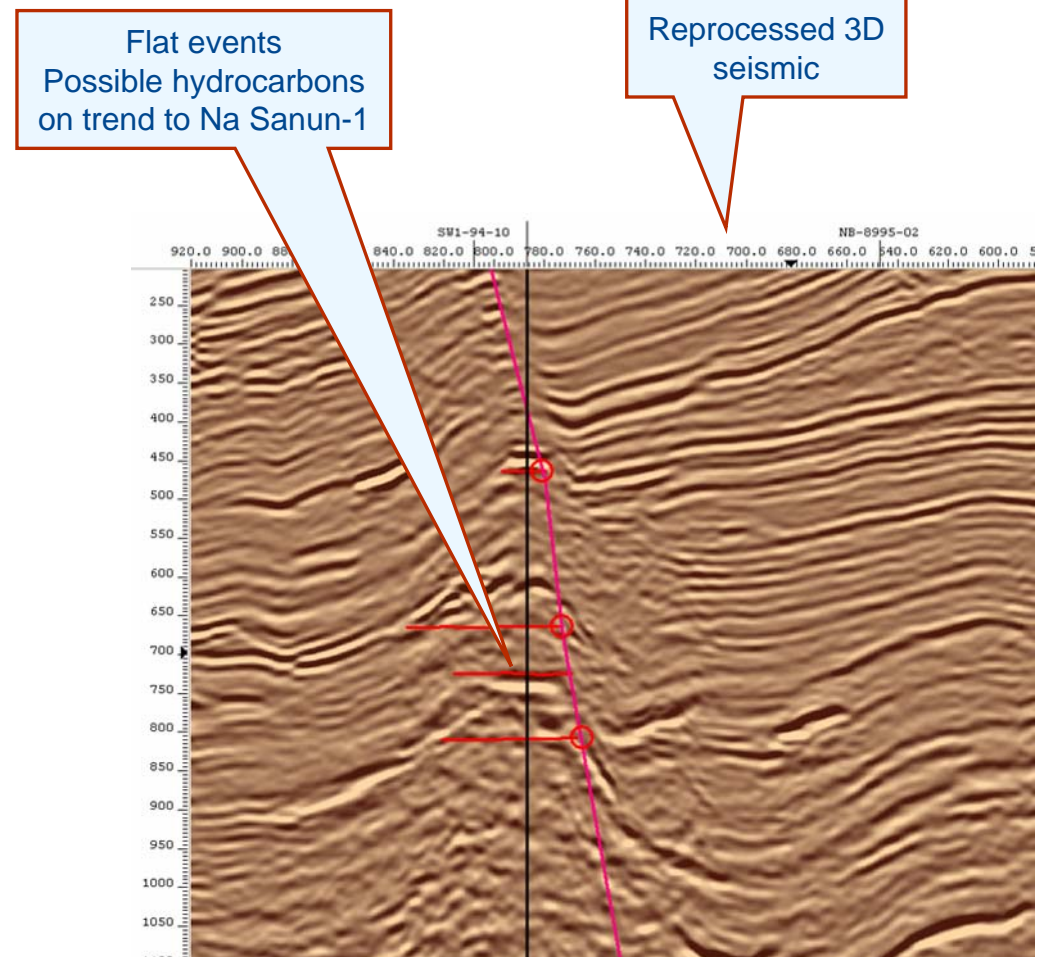
Where is the
F sandstone

F Sand is clearer -
Can get updip from
WB-N4



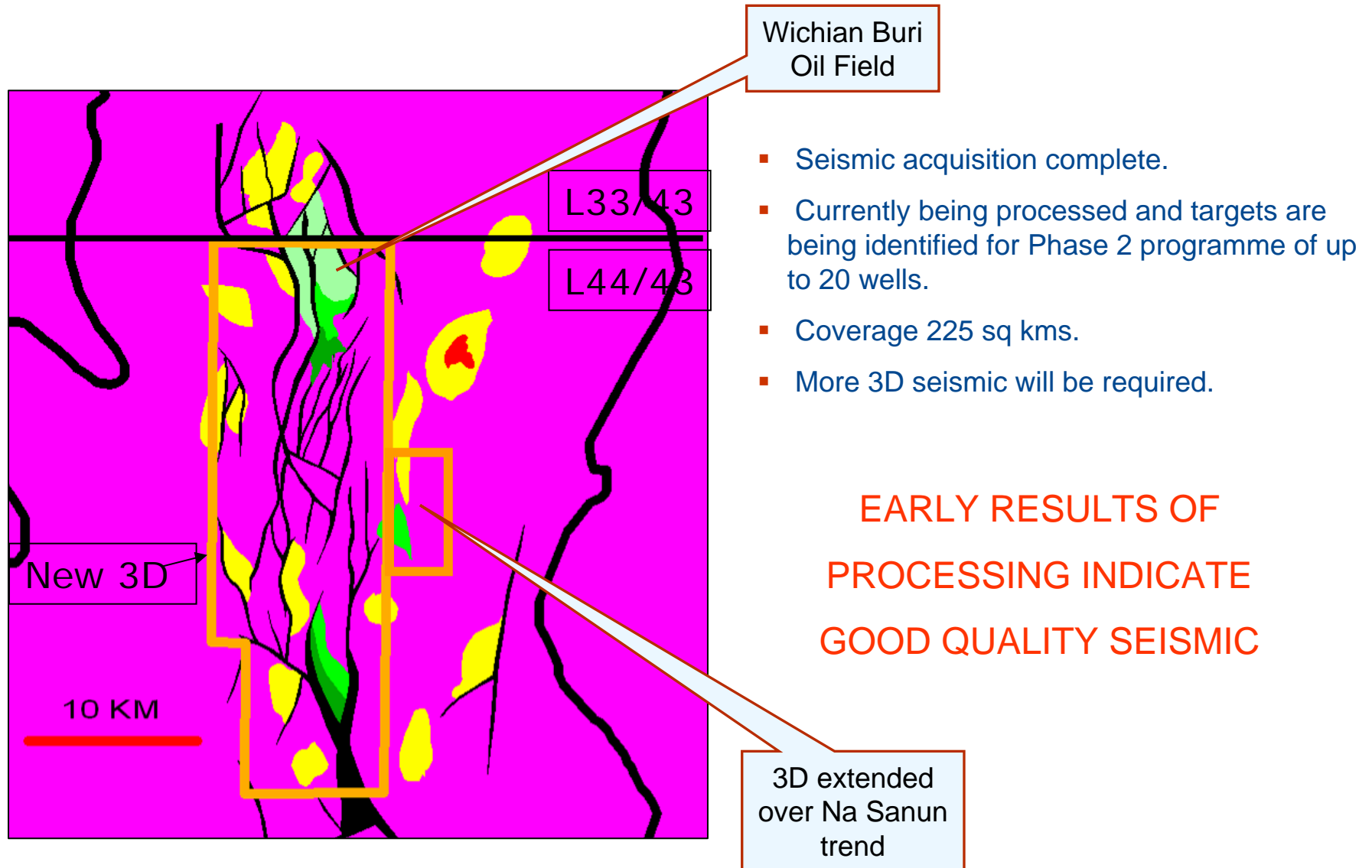
REPROCESSING 3D SUCCESSFUL HYDROCARBON INDICATORS

- Na Sanun-1 briefly flowed 1,375 BOPD from fractured volcanics.
- Seismic reprocessing has defined several possible hydrocarbon indicators on trend and updip of Na Sanun-1.
- New 3D seismic has covered this area.
- Other similar seismic features are present elsewhere on the reprocessed seismic.





3D SEISMIC ACQUISITION





UPSIDE – WICHIAN BURI AREA

- **Wichian Buri Oil Field**
 - Wells could flow like WB-1 - commenced production ~ 300 bopd.
 - Improve recovery.
 - Minimise capex and opex.
 - Workover existing wells.
 - Prove up more reserves.

- **Other**
 - Many other fault compartments like Wichian Buri.
 - “G” sandstone unknown potential.
 - Fractured volcanics:
 - Na Sanun flowed oil at ~ 1,375 bopd, 4 times better than WB-1.
 - Can get up-dip on reprocessed seismic.
 - Other shallower sandstones?
 - Northern Block L33/43 unknown potential – seismic reprocessing shows possible hydrocarbon indicators.



SUMMARY

Delivered on programme

- Phase 1 drilling of up to 6 wells underway.
- Seismic reprocessing completed & successful.
- 3D seismic completed & being processed.

Phase 2 drilling being planned

Workover of existing producers in planning

Plenty of upside potential

This new Joint Venture is different

- Working together.
- Managers with appropriate experience.



CONCLUSION – TIGER BY THE TAIL

The next 12 months will be a year of consolidation and growth for Carnarvon. Key success drivers will be:

Exciting work program

- Planned completion of up to 26 wells.
- Complete processing of the recently acquired 225km² of 3D seismic to identify stage 2 exploration drill targets.
- Multi-well rig contractor agreement for the next 12 months.

New JV is different

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

Exciting upside potential from field

- Currently producing around 75 BOPD.
- Workover program of current producing wells to improve their production profiles and significant upside from current development drilling.
- Production from other sands.
- Success in other fault blocks.

Strong operating environment

- Oil prices currently around US\$70 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

- Asset opportunities and partnerships being evaluated – these take time to fully consider.
- Carnarvon has a very large technical database spanning 21 years.



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