



CARNARVON  
PETROLEUM  
LIMITED  
ABN 60 002 688 851

6 February 2006  
Company Announcements Office  
Australian Stock Exchange Limited  
Exchange Centre  
20 Bond Street  
SYDNEY NSW 2000  
Via ASX Online

Dear Sirs,

### **INVESTOR UPDATE**

Please find attached Carnarvon Petroleum Limited's February 2006 Investor Update.

Yours faithfully,  
CARNARVON PETROLEUM LIMITED

Bob Anderson  
COMPANY SECRETARY



# CARNARVON PETROLEUM LTD

Thailand

A Tiger by the Tail

February 2006

Investor Update





# OVERVIEW OF CARNARVON

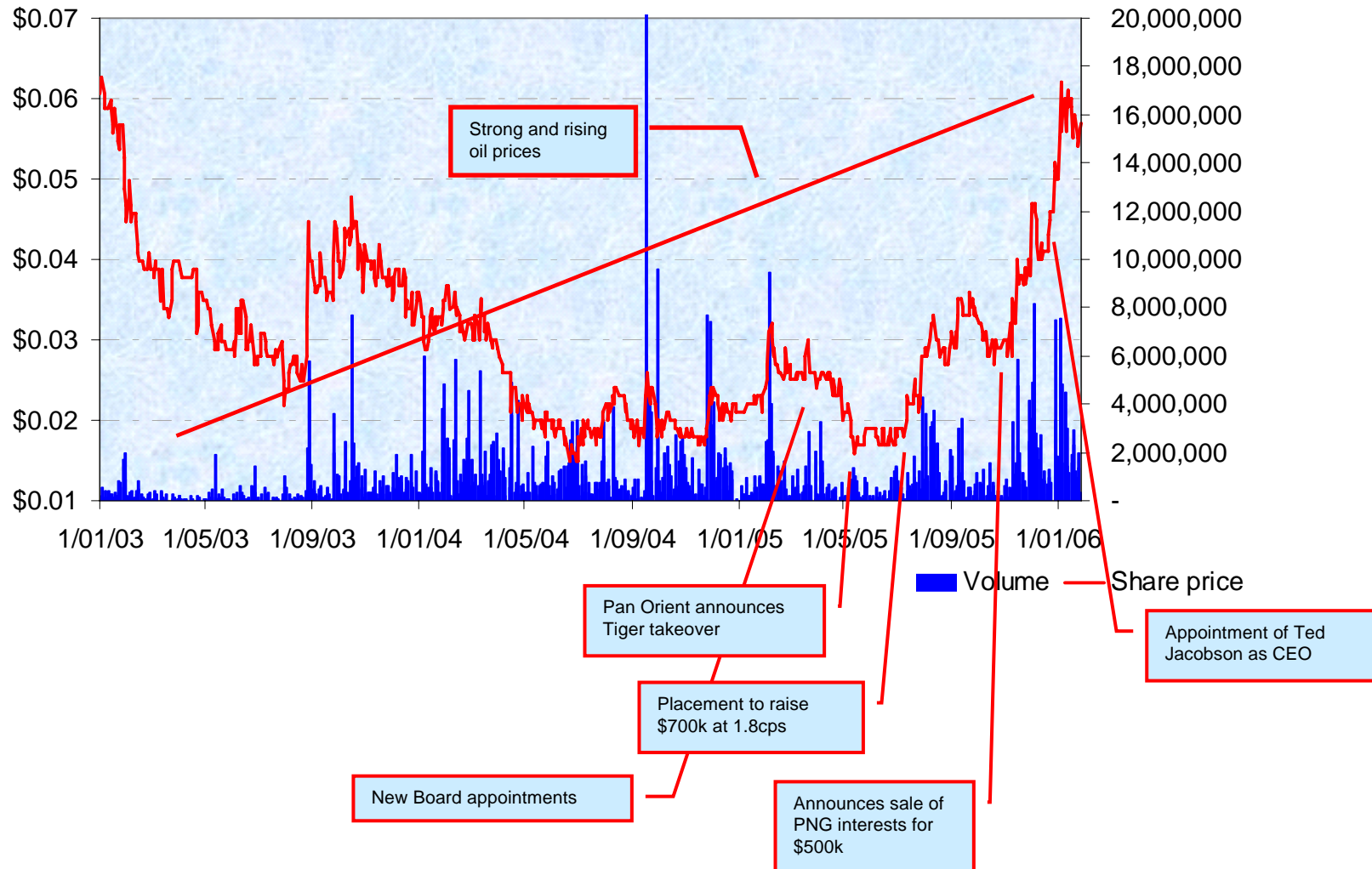
- Generating cashflow from Wichian Buri oil field in Thailand (40% CVN)
  - 9 MMBO gross recoverable oil – **Carnarvon net 3.6 MMBO**
  - Current gross production of 140 BOPD – Carnarvon net revenue 4Q05 A\$144,000
- Committed programme for 2006 comprising 3D seismic and extensive drilling comprising 2 carried wells in planning for March, plus 10 firm and 10 contingent budgeted wells in L44/43, plus 2 exploration wells in L33/44 to follow this year
- Renegotiated joint venture agreement with Pan Orient Energy Corporation provides a sound platform with new partner / operator for a strong working relationship
- TSX-V listed Pan Orient is well funded and has excellent management and technical credentials
- Experienced and energetic new management team with track record of successful oil and gas operations
  - Recent appointment of Ted Jacobson as CEO (co-founder of Discovery Petroleum and co-founder and technical director of Tap Oil Limited)
  - Recent appointments of Peter Leonhardt as Chairman (Chairman of Voyager Energy where he oversaw the successful merger with Arc Energy) and Ken Judge as Director (International legal and commercial experience)
- **Opportunity** : Focus on immediate production and exploration opportunities at Wichian Buri with other asset opportunities being investigated.

# CAPITAL STRUCTURE

<b>Capital Structure:</b>	Shares on issue (ASX : CVN) :	318 million
	Options on issue:	–
<b>Market Cap:</b>	at 5.6c / share (close Friday 3 Feb) :	\$17.8 million
<b>Cash on hand:</b>	31 December 2005:	\$0.7 million
<b>Share price:</b>	12 month range :	1.6 – 6.2 cents
<b>Shareholders:</b>	Directors & Management :	16.1%
	Top 20 holding :	39.6%

# SHARE PRICE PERFORMANCE

## CVN Share Price and Volume





# DIRECTORS

## Board of Directors

### **Peter Leonhardt**                      **Chairman (Since March 2005):**

- Independent company director and adviser with extensive business, financial and corporate experience
- Chairman of Voyager Energy where he oversaw the successful merger with Arc Energy
- Chartered Accountant and previously senior partner with PricewaterhouseCoopers and Managing Partner of Coopers and Lybrand Perth Office
- Adds value in corporate governance and commercial experience in oil & gas

### **Ted Jacobson**                      **CEO (Since December 2005):**

- Petroleum geologist/geophysicist with over 36 years experience, principally in the North Sea, South East Asia, South America and Australia
- Co-founder of Discovery Petroleum which grew from a market capitalisation of \$5 million with no significant income, to a market capitalisation in excess of \$100 million, turnover of \$60 million and operating profit of \$12 million
- Co-founder and technical director of Tap Oil Limited where he oversaw the company grow to a market capitalisation in excess of \$400 million

### **Neil Fearis**                      **Director (Since November 1999):**

- Highly regarded commercial lawyer with 29 years experience in the UK and Australia. Previously senior partner with national law firm. Extensive corporate expertise within the resources sector in WA

### **Ken Judge**                      **Director (Since April 2005):**

- International legal and business management experience having held a large number of company directorships. Involved in the establishment or corporate restructure of mining and oil and gas companies in Australia, the UK, US, Brazil, Argentina, Mexico and the Philippines

### **David Orth**                      **Director (Since December 2000):**

- Geologist with over 25 years oil and gas industry experience



# PERMITS

## Thailand

- L44/43                      40%                      P<sup>50</sup> 9mmbbls oil recoverable gross to JV
- L33/44                      40%                      Good exploration potential

Currently producing around 140 BOPD with a committed 3D seismic and drilling programme planned for 2006

## New Guinea

- PRL4&5                      15%                      Sale process

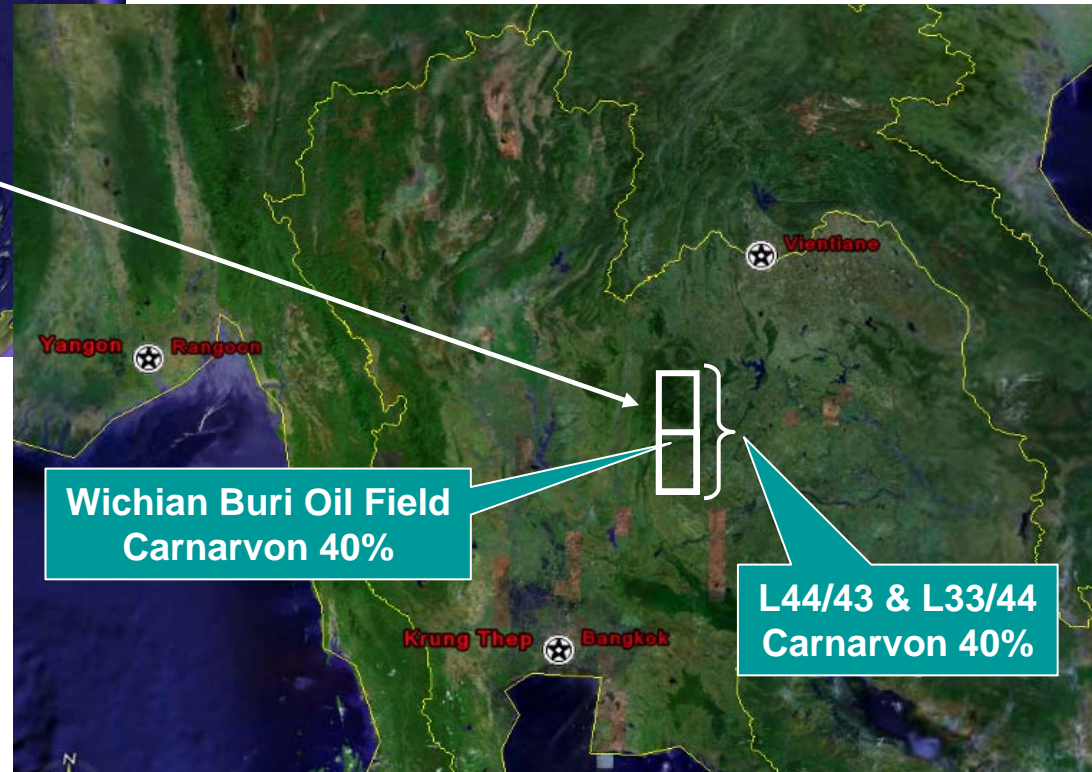
Currently finalising the sale of these interests to New Guinea Energy Limited for \$500,000 subject to pre-emptive rights

## Australia

- EP110                        35%                      Minimal work to date on this permit
- EP424                        35%                      160 km seismic acquired – Baniyas Prospect

The Company plans to build on this Carnarvon Basin 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

# THAILAND ACREAGE



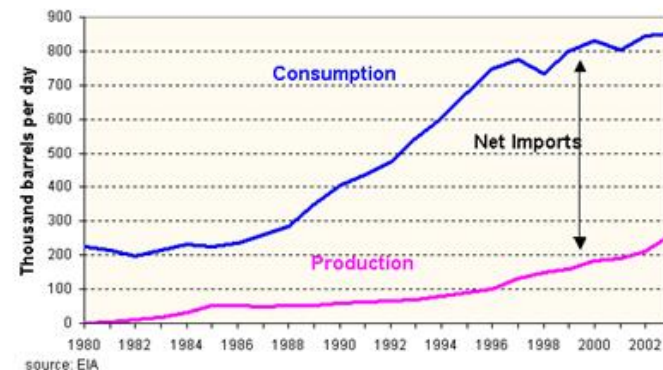


# WHY THAILAND

- **Opportunity Driven** Existing Carnarvon asset
- **Good Fiscal Terms** 5% royalty and 50% Corporate tax  
Good terms for SE Asia
- **Same Time Zone** Less time for management travel
- **Thailand Needs Oil Discoveries** Net importer of oil
- **Ongoing Industry** Government understands issues
- **Opportunities Onshore and Offshore** Asset sales and exploration
- **Majors Exiting** Opportunities for small coy's



Thai Oil Production and Consumption, 1980-2003



# WICHIAN BURI OIL FIELD

## SUMMARY OF CRUDE RESERVES AS OF JANUARY 1, 2005, PROVIDED BY GAFFNEY CLINE AND ASSOCIATES

	Oil Reserves Gross (MMbbl)
<b>Proved Producing</b>	<b>0.2</b>
<b>Proved undeveloped</b>	<b>0.5</b>
<b>Total Proved</b>	<b>0.7</b>
<b>Probable</b>	<b>9.0</b>
<b>Total Proved plus Probable</b>	<b>9.7</b>
<b>Possible (1) (2)</b>	<b>29.6</b>
<b>Total Proved+Probable+Possible</b>	<b>39.3</b>

(1) Based on Gaffney Cline and Associates reserve report dated May, 2004

(2) Includes 22.5 MMbbl gross attributed to concession L44/33 and 7 MMbbl gross attributed to concession L33/44 but does not include approx 11 MMbbl of additional contingent resources attributable to L33/44.

# WICHIAN BURI OIL FIELD

## Historical Issues

- Dispute with operator Tiger Petroleum in relation to operational performance
- Well design not optimal
- Minimal appraisal/development work
- A distressed asset – opportunity for Carnarvon

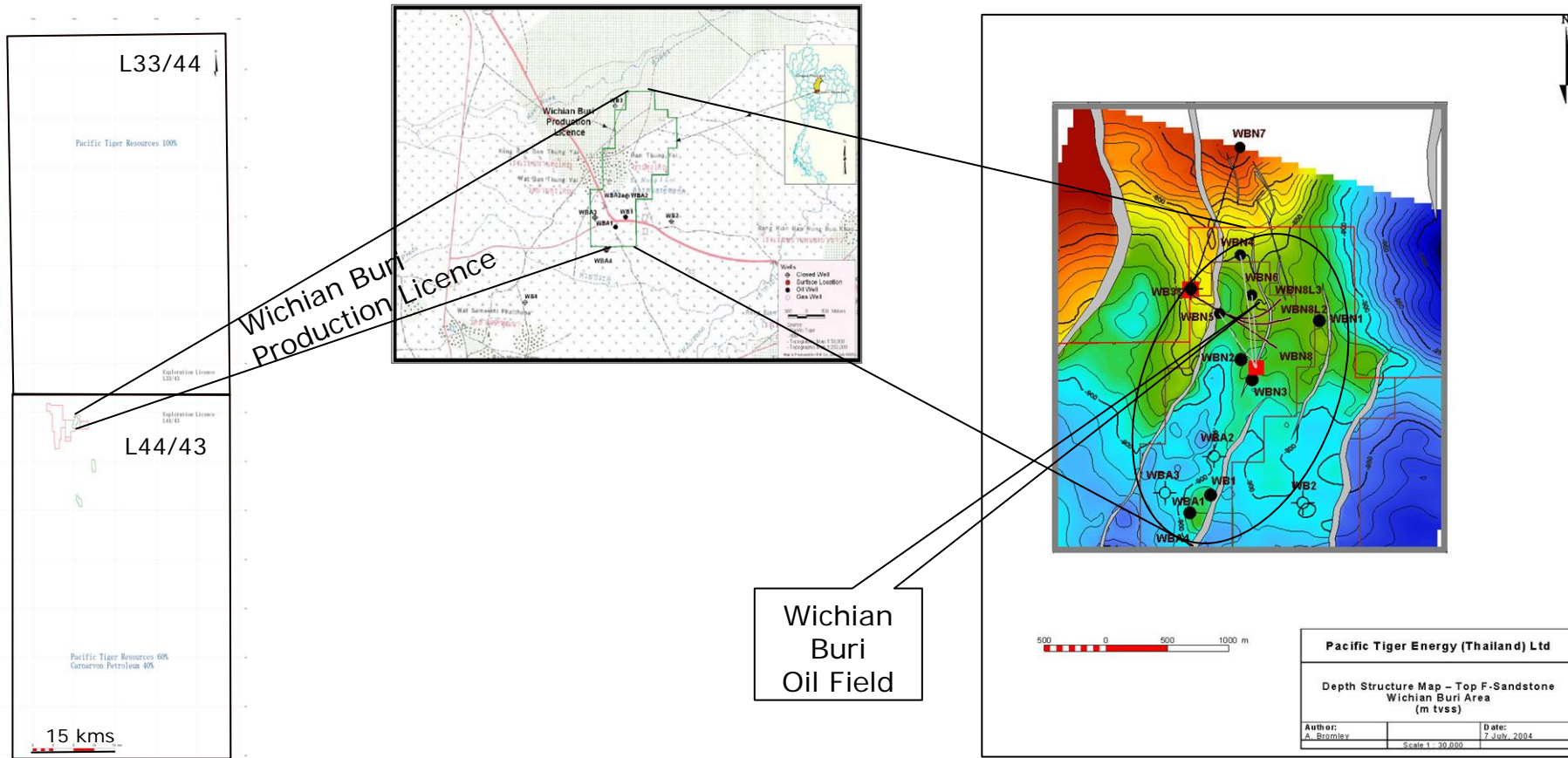
## Accomplishments 2005

- Sep 2005 - Pan Orient takeover of Joint Venture operator Tiger Petroleum
- Dec 2005 - Agreement with Pan Orient to address past JV concerns and provide the platform for a strong working relationship going forward
- Good JV relations/competent well funded operator

## Going Forward – 2006

- 1Q 2006 - Reprocessing 14km<sup>2</sup> 3D seismic and 500km 2D seismic
- 1Q 2006 - Complete 225km<sup>2</sup> new 3D seismic (US \$4.5m gross)
- First half 2006 - Drilling 2 infill wells (Carnarvon carried on dryhole basis)
- 2006 - Drilling 10 firm and 10 contingent development and exploration wells in L44/43 (US \$6.2m gross)
- 2006 - Building on production
- 2006 - Drilling 2 exploration wells in L33/44 (US\$585,000 gross)

# WICHIAN BURI OIL FIELD



THESE ARE BIG PERMITS – OVER 2 MILLION ACRES

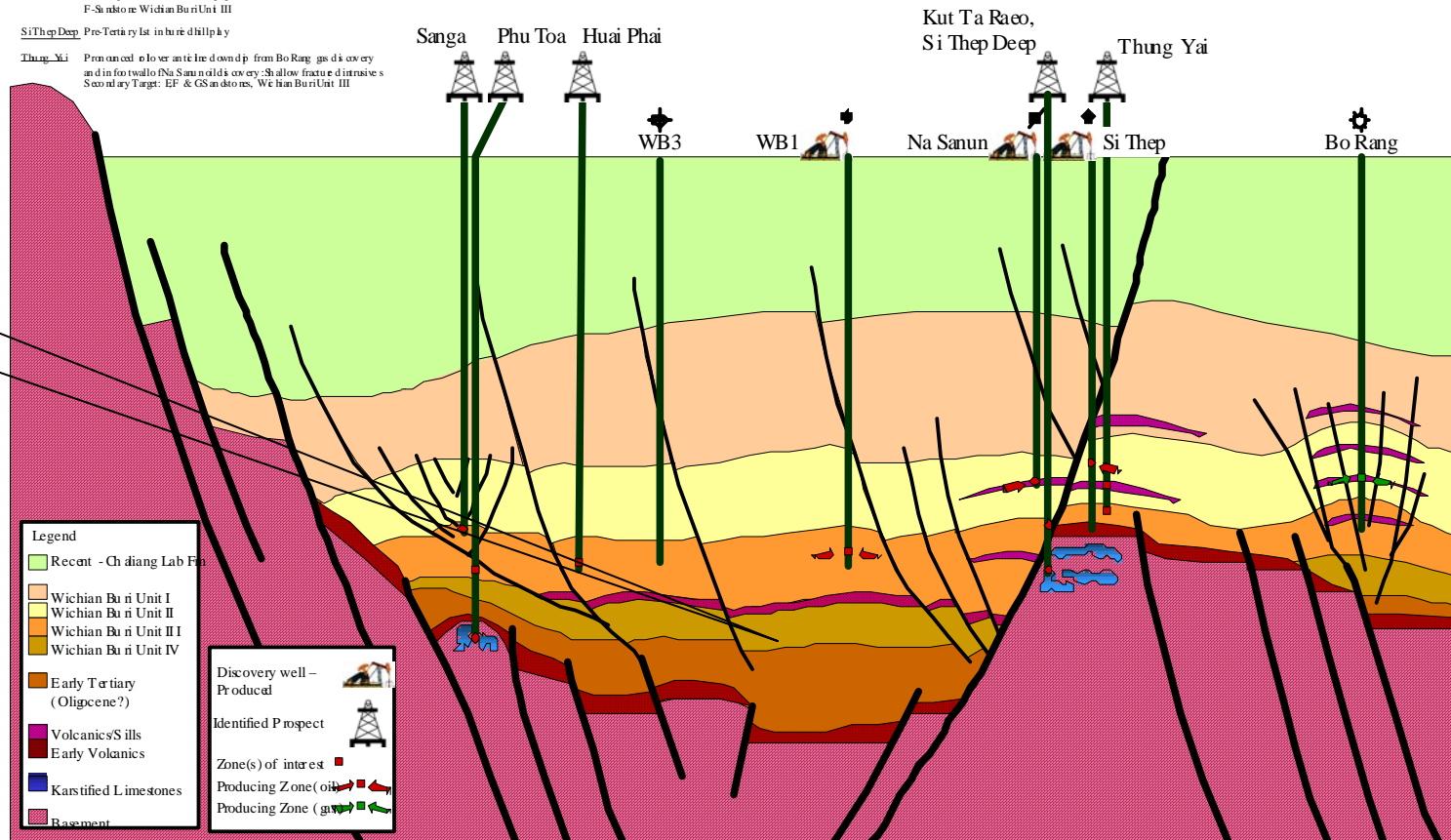
# WICHIAN BURI REGIONAL



## Wichian Buri Sub-Basin Play Styles

### Prospects

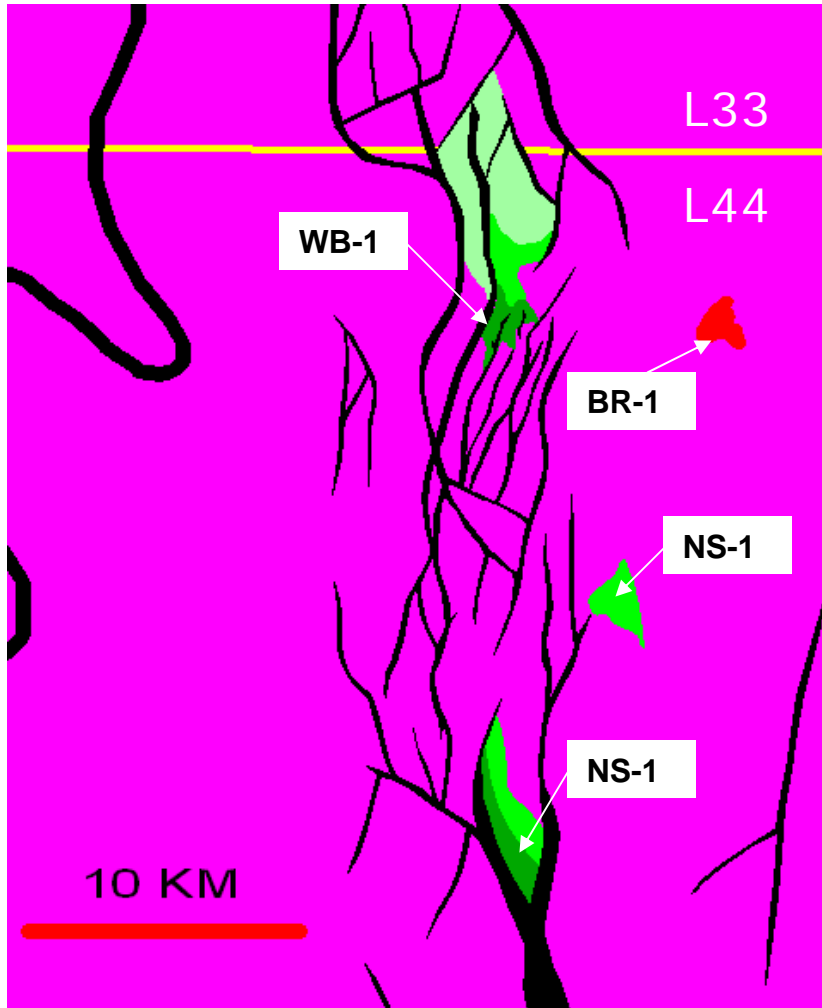
- Sanga** - Rotover anticline: F-Sandstone Wichian Buri Unit II
- Phu Toa** - Low relief oblique anticline: F-Sandstone Wichian Buri Unit III  
Secondary Target: Pre-Tertiary Lst in buried hill play
- Huai Phai** - Hanging wall rollover anticline: F-Sandstone Wichian Buri Unit III
- Kut Ta Rao** - Fault dip block closures in hanging wall rollover anticline  
F-Sandstone Wichian Buri Unit III
- Si Thep Deep** - Pre-Tertiary list in buried hill play
- Thung Yai** - Pronounced rollover anticline down dip from Bo Rang gas discovery and in fault zone (Na Sanun) gas discovery: Shallow fracture and intrusives  
Secondary Target: EP & GSandstones, Wichian Buri Unit III



Wichian Buri is located above the hydrocarbon source rocks

HYDROCARBON CHARGE IS PROVEN

# Past Success

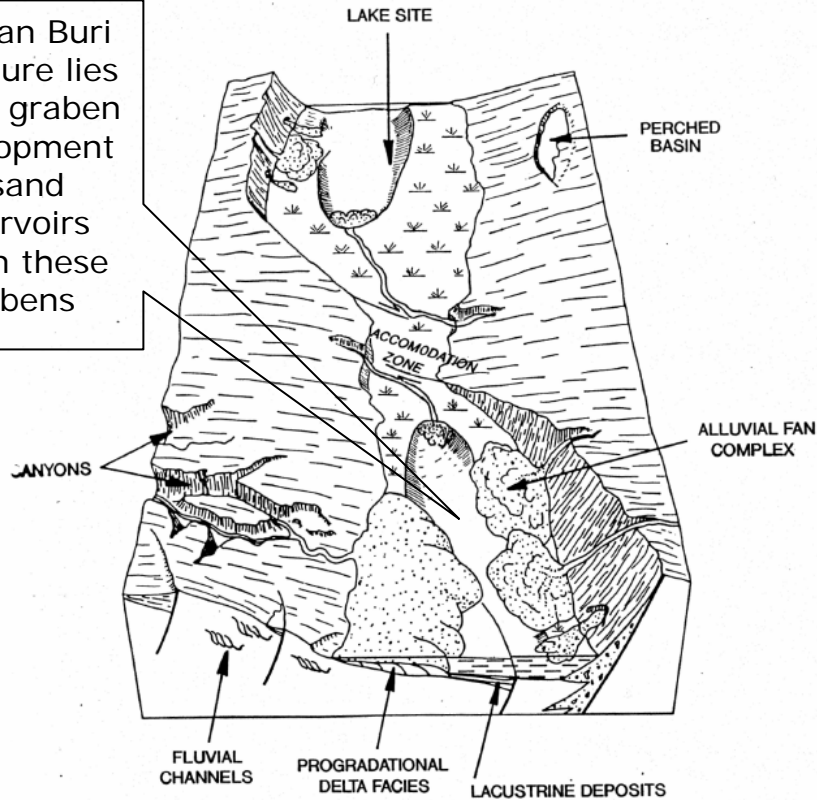


## 8 exploratory wells – 4 discoveries:

- Wichian Buri-1 (WB-1)
  - 480 bbls/d + 3.5MMcfg/d
  - L Miocene Sand (950 meters)
- Si Thep (ST-1)
  - 65 bbls/d
  - M Miocene Sand (650 meters)
- Borang (BR-1)
  - 5.5 MMcfg/d + oil shows
  - Fractured Volcanic (600 meters)
- Na Sanun (NS-1)
  - 1,375 bbls/d
  - Fractured Volcanic (975 meters)

# WICHIAN BURI RESERVOIR MODEL

Wichian Buri Structure lies within graben development – sand reservoirs within these grabens



HALF GRABEN DEPOSITIONAL MODELS

**THERE IS POTENTIAL FOR GOOD SAND DEVELOPMENT**

**eg 25% porosity & 1 Darcy permeability in a sand interval in WB4**

**Need to find other zones of good reservoir development**

**NEED GOOD QUALITY SEISMIC & GOOD GEOLOGY TO HELP UNDERSTAND DISTRIBUTION OF RESERVOIRS**



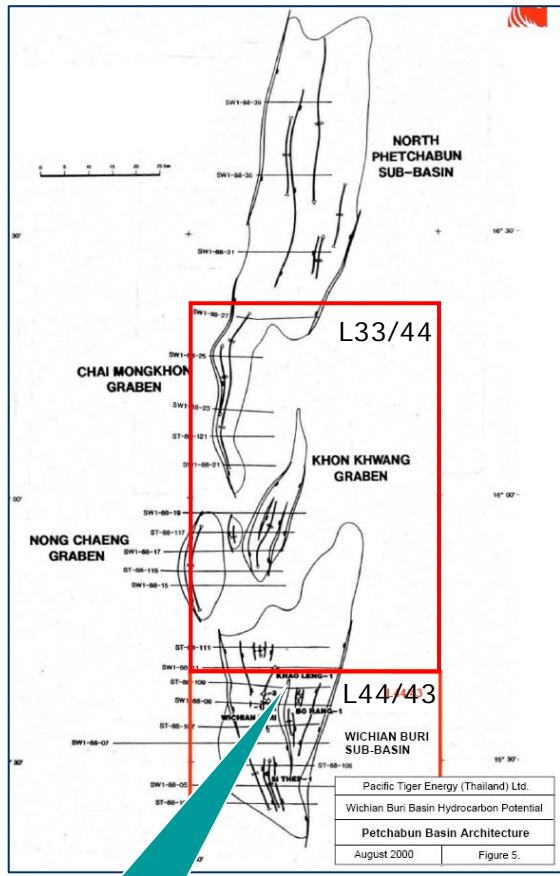


# WICHIAN BURI TREND UPSIDE

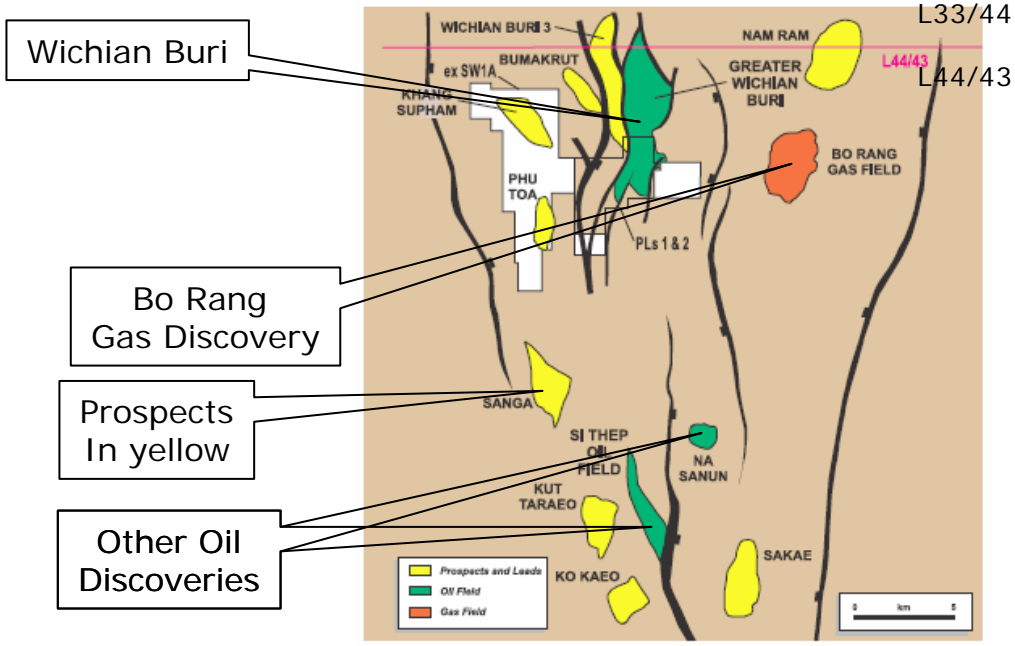


**PLENTY OF EXPLORATION POTENTIAL  
ALONG WICHIAN BURI TREND INTO L33/44**

**PROSPECTS IN L44/43**



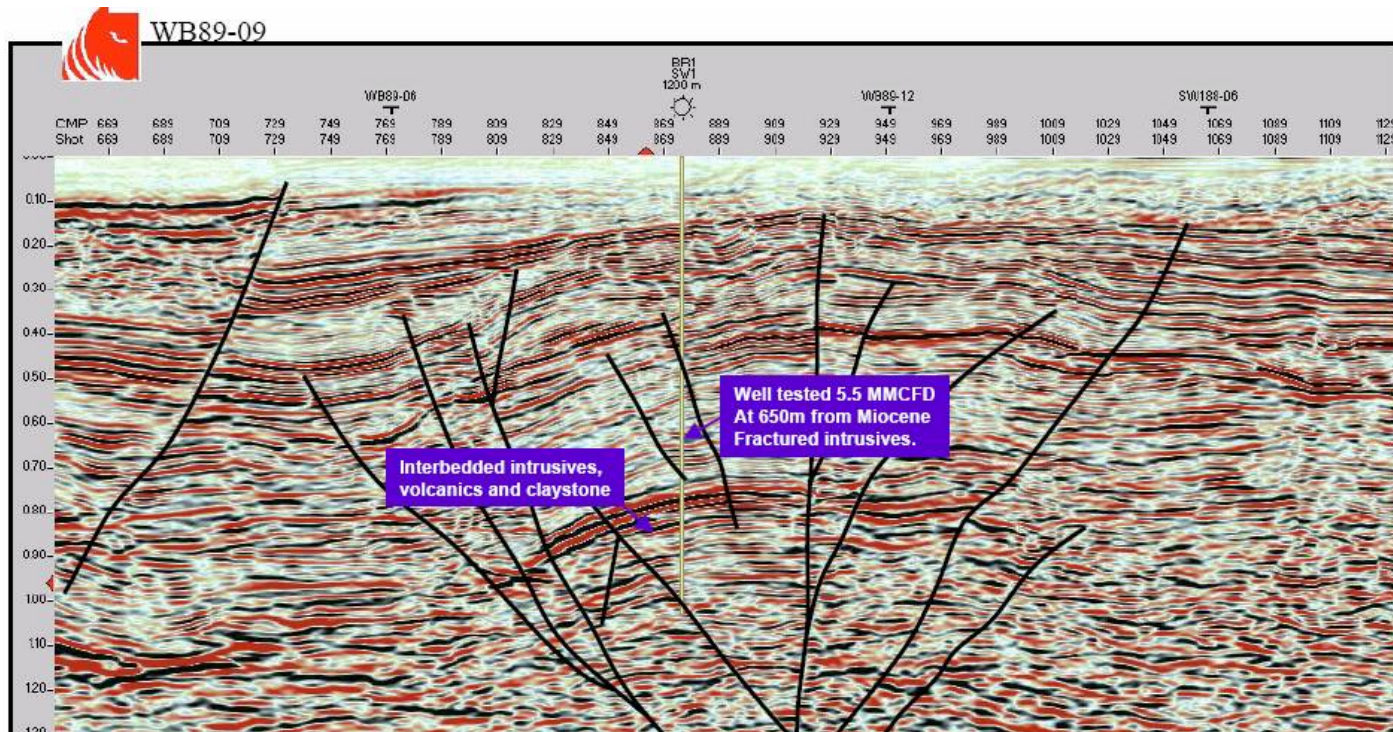
Wichian Buri Oil Field



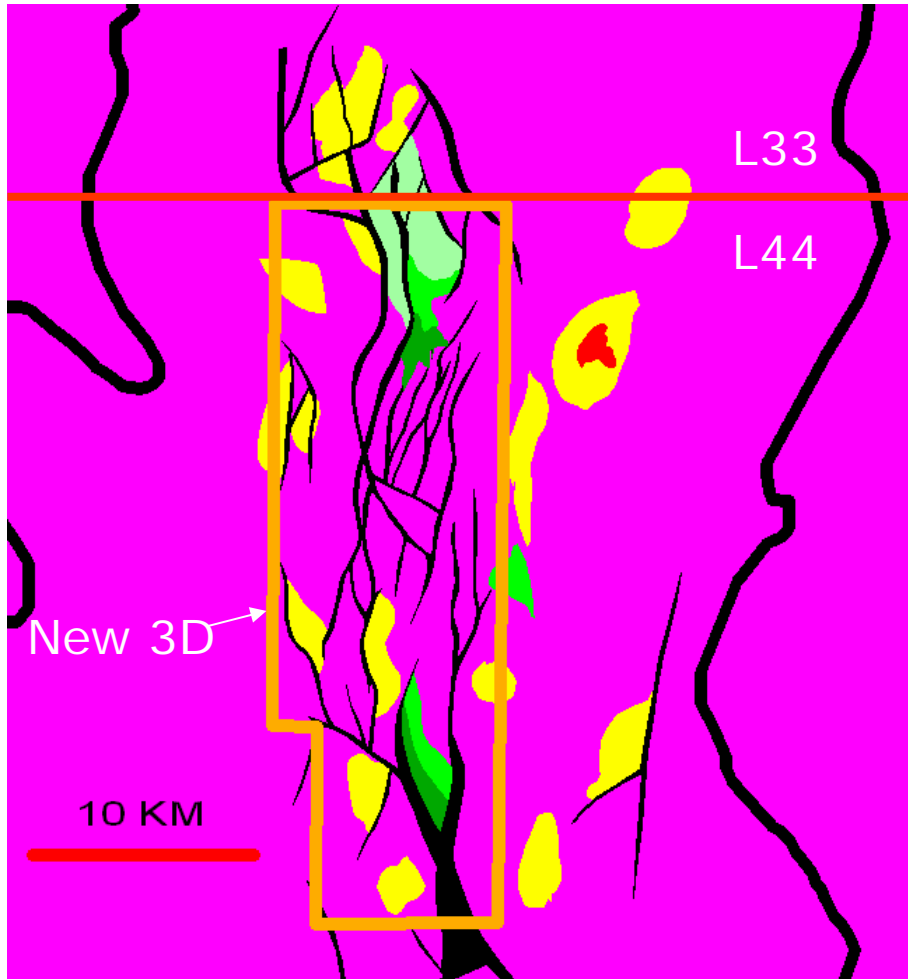
**NEED GOOD QUALITY SEISMIC  
TO MAP COMPLEX RESERVOIR  
COMPARTMENTS**

# MANY PROSPECTS NEED WORK

- Bo Rang Gas Discovery – uncommercial????
- Discovered in 1990
- DST 644-653m flowed 5.5 Mcfd dry gas – oil leg?
- Many prospects - need good interpretation work



# Planned 3D Seismic



2006

■ L44

- Reprocessing 14 km<sup>2</sup> 3D (In process)
- 225 km<sup>2</sup> new 3D acquisition (May completion)

■ L33

- Reprocessing 500 kms 2D (Done)

# 2006 WORK PROGRAM



ITEM	2005			2006													
	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec		
<b>L44/33 and L33/43</b>										Early Monsoon			Peak Monsoon				
<b>3D Reprocessing</b>		■															
<b>2D Reprocessing</b>	■																
<b>3D Seismic</b>						■											
<b>Drilling (Within PL's)</b>																	
Drilling (2 wells)						■											
<b>Drilling L44/33(outside/inside PL's)</b>																	
Drilling (5 wells)										■							
Drilling (5 wells)											■						
Drilling (5 wells-Contingent)														■			
Drilling (5 wells-Contingent)																■	
<b>Drilling L33/43</b>																	
Drilling 2 wells										■							

Carnarvon carried on a dry hole basis

Source : Pan Orient budget

# WICHIAN BURI FIELD – 2006 ACTIVITY

## Seismic Reprocessing

- Nearing completion – most completed and some nearing completion

## Mapping of Reprocessed Seismic

- Well underway – Updated prospects and reserves soon

## 3D Seismic

- Poor seismic definition – new seismic will be acquired 2Q 2006
- Contract signed with CGG – April 3 startup dependent on permitting considerations

## Extensive Drilling Campaign

- Well costs cheap – anticipated less than US\$300,000 including testing & completion
- 2 carried infill wells this half – important for planning of further intensive 2006 drill programme
- Drilling rig negotiations underway
- Intensive drilling programme in planning - 10 firm and 10 contingent wells in L44/43 based on new seismic
- 2 further exploration wells budgeted for L33/44
- Tight reservoirs may require fraccing – needs further investigation

## Production

- Currently producing around 140 BOPD
- Previous drilling has yielded 4 discoveries from 8 holes
- 2 infill wells imminent - low risk. If completed and successful, will be brought on for immediate production

# OVERVIEW OF PAN ORIENT (JV PARTNER)

- Listed on TSX-V (POE) with 27.7 million shares on issue – Market Cap A\$105 million
- Has assembled a strong management and technical team with significant international and domestic oil & gas experience
- Well funded with approximately A\$11 million cash and zero debt
- Agreement with Pan Orient addresses past JV concerns and provides the platform for a strong working relationship going forward



# TECHNICAL COMPETENCE OF JV

## Technical Management

### CARNARVON

Ted Jacobson

Geologist/geophysicist with 36 years experience  
Total Oil Marine, BP, UNOCAL, SANTOS, Petroz, Discovery, Tap Oil

David Orth

Geologist with 25 years experience  
BHP, Triton

### PAN ORIENT

Jeff Chisolm

Geophysicist with 16 years experience  
Bow Valley, Can Occidental Petroleum, PanCanadian, Niko Resources

Waleed Jazrawi

Engineer with 35 years experience  
CanOxy, Syncrude

Gerry Macey

Geologist with 32 years experience  
PanCanadian, Encana, Verenex

Cam Taylor

Geologist with 18 years experience  
Canadian 88 Energy, Keystone Energy

Ian Halstead

Operations Manager with 20+ years experience  
Cairn Energy, Cambrian Sea, Intera/ECL, Lasmo, Turksee Shell  
Has previously worked on Wichian Buri Oil Field

# CARNARVON ASSETS



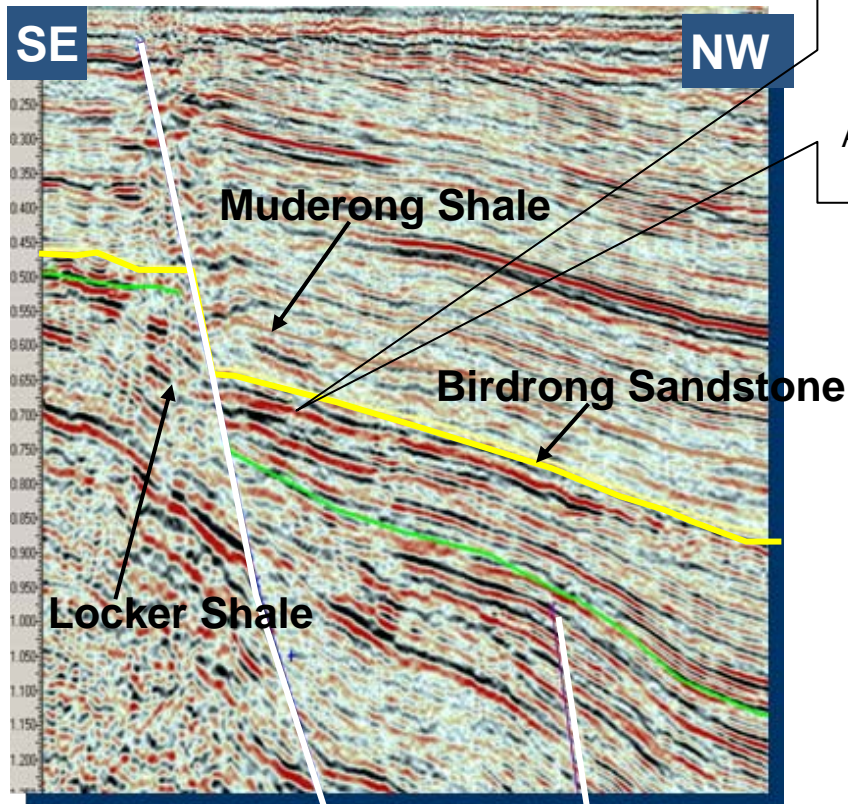
EP 424

BANIYAS PROSPECT

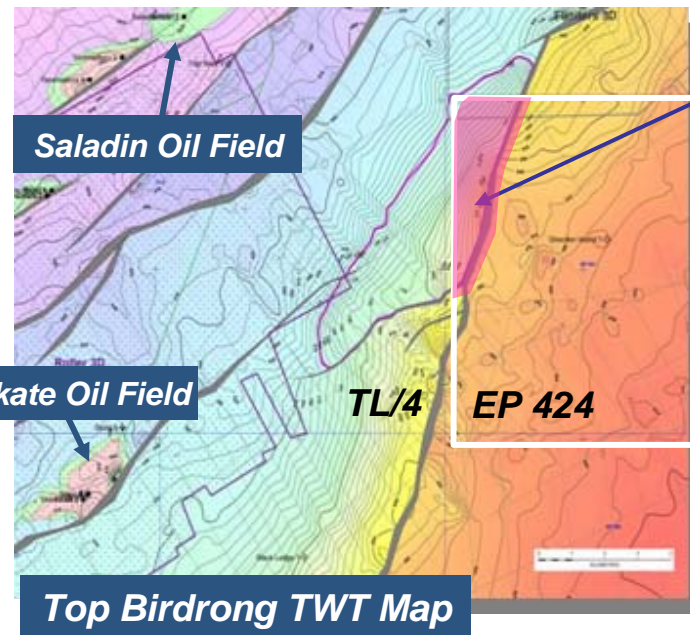
Large – Carnarvon 35%

Approximately 30% in EP 424

Rest in Chevron Block TL/4



BANIYAS PROSPECT  
Large Downfaulted trap against Locker Shale seal  
DHI amplitudes present on seismic  
Also deeper potential in Jurassic



Baniyas

Top Birdrong TWT Map



# COMPARISON WITH LARGER AUSTRALIAN OIL COMPANIES

## Net Oil Reserves P50 (Gas not included)

	<b>Net Oil Reserves Attributable</b>	<b>As at</b>	<b>Current Market Cap</b>
Carnarvon	3.6 mmbbls	Current	\$18 million
Tap Oil	5.2 mmbbls	Dec 2004	\$410 million
Arc Energy	4.2 mmbbls	Oct 2005	\$400 million
AWE	8.8 mmbbls	June 2005	\$993 million
ROC oil	16.5 mmbbls	June 2005	\$678 million

Although Carnarvon doesn't yet have the asset spread of the larger Australian companies, it does have an attributable oil reserve base that could drive significant growth

# CONCLUSION – TIGER BY THE TAIL

**2006 will be a year of consolidation and growth for Carnarvon.** The key success drivers will be:

## **Exciting 2006 work program**

- 3D Seismic programme (US \$4.5m gross)
- Drilling – 2 carried & 10 firm and 10 contingent budgeted development and exploration wells in L44/43 (US \$6.2m gross)
- Drilling – 2 exploration wells in L33/44 (US\$585,000 gross)
- Continued production currently at 140 BOPD

## **New JV partner**

- Recent agreement with Pan Orient provides a sound platform for a strong working relationship with new partner
- Strong management, exploration and development teams that should assist Carnarvon in ensuring further success in the Joint Venture property

## **New Director appointments**

- The recent appointments of Ted Jacobson, Peter Leonhardt and Ken Judge create a strong Board and add significant commercial and technical credibility to Carnarvon
- Carnarvon will seek to leverage off these appointments to create wealth for shareholders

## **Strong operating environment**

- Oil prices currently around US\$60 - \$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**

- Other asset opportunities being evaluated – these take time to fully consider
- Carnarvon is preparing for additional asset growth mid to late this year – immediate focus on Wichian Buri essential
- Carnarvon has a very large technical database spanning 21 years

# CONTACTS

## Peter Leonhardt

### *Chairman*

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The Carnarvon website is under much needed renovation – please be patient  
For further information please contact Ted Jacobson



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