



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

27 April 2006

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

Dear Sirs,

QUARTERLY REPORT FOR MARCH 2006

Please find attached Carnarvon Petroleum Limited's Mining Exploration Entity Quarterly Report for the quarter ended 31 March 2006 incorporating:

- Report on activities for the March 2006 quarter; and
- Appendix 5B.

Yours faithfully,
CARNARVON PETROLEUM LIMITED

A handwritten signature in black ink, appearing to read 'Bob Anderson', is written over a horizontal line.

Bob Anderson
COMPANY SECRETARY

REPORT FOR MARCH 2006 QUARTER

SUMMARY

Key events during the quarter were:

- The Company completed a placement of 88.9 million shares at 4.5 cents per share to raise \$4 million, as approved by shareholders on 3rd April 2006. This will fund the Company's share of budgeted expenditure on the SW1A Joint Venture in Thailand including working capital. Ten million of these shares were subscribed for by interests associated with the Company's directors and management.
- On the basis of extensive technical work, Pan Orient Energy is continuing a comprehensive programme of development and exploration work at SW1A which has been endorsed by Carnarvon
- Carnarvon has sold its interests in Petroleum Retention Licences 4 & 5 for A\$500,000 to its PNG joint venture partners, each of which exercised their pre-emptive rights.
- Consolidated cash balances at the end of the quarter were \$3,963,000 (including the company's 40% share of the cash held by the SW1A Joint Venture, but excluding the \$500,000 from the sale of Petroleum Retention Licences 4 & 5), compared to \$678,000 at 31 December 2005.
- Subsequent to quarter end the SW1A Joint Venture commenced the new 3D seismic programme

EXPLORATION & DEVELOPMENT ACTIVITIES

SW1A Concession (Wichian Buri Oil Field) – Thailand (Carnarvon Petroleum 40% / Pan Orient Energy 60%)

The production results for the March 2006, December 2005, and September 2005 quarters are shown in the following table:

SW1A Operating Results Before Gemini Royalty	March 2006 QTR	Dec 2005 QTR	Sept 2005 QTR
Oil production rate	100 BOPD	146 BOPD	159 BOPD
Total production	8,963 bbls	13,462 bbls	14,599 bbls
Average sale price achieved	US\$48.40/bbl	US\$45.20/bbl	US\$45.97/bbl

Total production for the quarter decreased to 8,963 barrels at an average of 100 BOPD, primarily due to the natural decline in reservoir performance, and workover of wells field-wide is being evaluated to enhance flow rates.

Two in-fill wells within the Wichian Buri Oil Field, for which Carnarvon is free carried on a dry hole basis, are planned for the June 2006 quarter. An extensive 3D seismic survey to define the complex structural geology of Wichian Buri, and to enable revision of the reserves estimates and positioning of future drilling, commenced in April 2006. Once the data is analysed and interpreted, the joint venture will then consider embarking on a cost-effective staged drilling program of up to 13 production and exploration wells for the remainder of 2006.

Carnarvon's share of the planned June quarter expenditure is currently estimated as being A\$2.5 million, funded from a capital raising completed in early April (see below).

Carnarvon Basin (Western Australia) **EP 110 and EP 424**

(Carnarvon Petroleum 35% / Strike Oil 40% / Pancontinental Oil & Gas 25%)

Carnarvon has a 35% interest in the consolidated permits EP 110 and EP 424 in the Carnarvon Basin. Strike Oil is the operator of both permits.

Carnarvon did not make any cash contribution to this joint venture during the quarter.

Papuan Basin (Papua New Guinea) **PRL 4 and PRL 5**

Carnarvon has sold its interests in Petroleum Retention Licences 4 & 5 for A\$500,000 to its PNG joint venture partners, each of which exercised their pre-emptive rights.

Carnarvon anticipates receiving the sale proceeds prior to 30 June 2006, subsequent to the completion of documentation.

CORPORATE ACTIVITIES

The Company completed a placement of 88.9 million shares at 4.5 cents per share to raise \$4 million, as approved by shareholders on 3rd April, to fund the Company's share of expenditure on the SW1A Joint Venture in Thailand and for working capital purposes. Ten million of these shares were subscribed for by the Company's directors and management.

In January the company completed the relocation of its corporate office to Perth.

Consolidated cash balances at the end of the quarter are \$3,963,000, including the company's 40% share of the cash held by the SW1A Joint Venture.

An updated top 20 shareholders list (as at 26 April) is attached:

Top 20 Holders of ORDINARY FULLY PAID SHARES

*G1 / ORDINARY FULLY PAID SHARES

Rank	Name	Units	% of Issued Capital
1	PETROLEUM VENTURES PTY LTD C/- RESOURCE RECRUITMENT SUITE 17 LEVEL 1 18 STIRLING HIGHWAY NEDLANDS WA	20,145,607	4.90
2	TRICOM NOMINEES PTY LTD <LPG A/C> LEVEL 13/8 EXHIBITION STREET MELBOURNE VIC	15,450,000	3.76
3	ANZ NOMINEES LIMITED <CASH INCOME A/C> GPO BOX 2842AA MELBOURNE VIC	12,202,529	2.97
4	HAMILTON CAPITAL PARTNERS LTD C/- ALLIANCE INVESTMENTS SAM LE PANORAMA AB 57 RUE GRIMALDI MC98000 MONACO	11,168,596	2.72
5	NATIONAL NOMINEES LIMITED GPO BOX 1406 MELBOURNE VIC	10,909,974	2.65
6	ARNE INVESTMENTS PTY LTD LEVEL 2 88 COLLINS STREET MELBOURNE VIC	8,316,906	2.02
7	MR EDWARD PATRICK JACOBSON 43 VIKING ROAD DALKEITH WA	8,000,000	1.95
8	NEFCO NOMINEES PTY LTD GPO BOX W2024 PERTH WA	6,258,611	1.52
9	ARNE INVESTMENTS PTY LTD LEVEL 15 90 COLLINS STREET MELBOURNE VIC	5,792,000	1.41
10	PENDOMER INVESTMENTS PTY LTD <LAW SETTLEMENTS FUND A/C> PO BOX 424 WEST PERTH WA	5,600,000	1.36
11	MR PETER JAMES LEONHARDT 24 AGETT ROAD CLAREMONT WA	5,500,000	1.34
12	CITICORP NOMINEES PTY LIMITED GPO BOX 764G MELBOURNE VIC	5,499,305	1.34
13	MR LAWRENCE ADDISON BROWN + MRS JILL BROWN 4 TIRRIL WAY MARTON CLEVELAND ENGLAND TS78PN UNITED KINGDOM	5,274,162	1.28
14	DALKEITH RESOURCES PTY LTD 2 RIVER RETREAT KEW VIC	4,754,173	1.16
15	WICKHAM HOLDINGS SA MEIERHOFSTRASSE 5 FL-9490 VADUZ FURSTENTUM LIECHTENSTEIN	4,333,333	1.05
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED GPO BOX 5302 SYDNEY NSW	4,300,000	1.05
17	MR EDWARD PATRICK JACOBSON 43 VIKING ROAD DALKEITH WA	3,749,410	0.91
18	MR JOHN THOMAS ROY 17 BROOME STREET COTTESLOE WA	3,526,728	0.86
19	MR DAVID ADDISON BROWN 148 KINGSWAY PETTS WOOD KENT BR51PU UNITED KINGDOM	3,193,736	0.78
20	OASIS INTL GENERAL TRADING LLC PO BOX 11950 DUBAI UNITED ARAB EMIRATES	3,179,359	0.77
Total		147,154,429	35.80

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

CARNARVON PETROLEUM LIMITED

ABN

60 002 688 851

Quarter ended ("current quarter")

31 MARCH 2006

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	290	908
1.2 Payments for		
(a) exploration and evaluation	-	(107)
(b) development	-	(7)
(c) production	(392)	(754)
(d) administration	(249)	(743)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	16	29
1.5 Interest and other costs of finance paid	(1)	(2)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(336)	(676)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(20)	(27)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	43	60
(c) other fixed assets	-	8
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net investing cash flows	23	41
1.13 Total operating and investing cash flows (carried forward)	(313)	(635)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(313)	(635)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	3,587	4,286
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	3,587	4,286
	Net increase (decrease) in cash held	3,274	3,651
1.20	Cash at beginning of quarter/year to date	678	301
1.21	Exchange rate adjustments to item 1.20	11	11
1.22	Cash at end of quarter	3,963	3,963

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	64
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not applicable

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not applicable

Notes:

1) cash at end of quarter includes the company's 40% interest in cash held by the SW1A Joint venture in Thailand

2) Line 1.14 includes cash held in trust in respect of securities allotted subsequent to the approval of shareholders on 3 April 2006. These securities are not included in line 7.4 below.

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,500
4.2 Development	
Total	2,500

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,903	607
5.2 Deposits at call	2,060	71
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,963	678

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Petroleum Retention Licences 4 and 5 (Papua New Guinea)	Sale of interest in Joint Venture to Joint Venture partners	15%	Nil
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

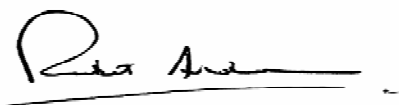
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	365,172,134	365,172,134		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	47,500,000	47,500,000	4.5 cents	4.5 cents
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases (b) Decreases				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Print name: Robert A Anderson
COMPANY SECRETARY

Date: 27 April 2006

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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