



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

4 September 2006

Company Announcements Office
Australian Stock Exchange Limited

Via ASX Online

Dear Sirs,

CARNARVON WEEKLY DRILLING REPORT POE-8

The Phase 1 drilling programme at the Wichian Buri Oil Field, Thailand, commenced on 11 July 2006 and is currently progressing with the drilling of the 3rd well POE-8 of the planned 7 well programme.

POE-8 development well

On September 1, POE-8 was drilled to a total depth of 1,312 meters, approximately 200 meters below the initially planned depth of 1,100 meters. The deepening of POE-8 was a decision made on the basis of strong indications of hydrocarbons (oil shows and high mud gas readings) encountered while drilling at and below 1,100 meters.

Logging indicates hydrocarbon pay of approximately 2 meters within the F sand, 3 meters within the G sand and 4 meters in a deeper sand at 1,250 meters that has not been flow tested on the concession to date. Log interpretation also suggests that hydrocarbons may be present in shallower zones at 615 meters, 635 meters, 660 meters and 785 meters and in a deeper hydrocarbon zone within a fractured volcanic sill at 1,155 meters.

Whilst this is encouraging, these intervals will require flow testing to determine their economic potential.

As a result of a poor cement job whilst casing the drill hole, current operations involve a remediation programme to clean the well bore. This will be completed over the next few days.

Following the cement remediation programme, the well will be suspended for testing using the smaller workover drilling rig currently working on site.

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Workover programme

The first attempt at production optimisation within the Wichian Buri oil field has resulted in stabilised production of approximately 20 barrels per day from the WB-N4 well, achieved at negligible cost by changing out the jet pump for a beam pump. This was based on the knowledge that jet pumps do not operate efficiently on flow rates of less than about 250 bopd. Prior to this, WB-N4 was producing at approximately 5 barrels of oil per day. It is planned to perform this same operation on WB-N6 where similar increases in production are anticipated.

Permit Holders

Pan Orient (Operator) 60%
Carnarvon Petroleum 40%

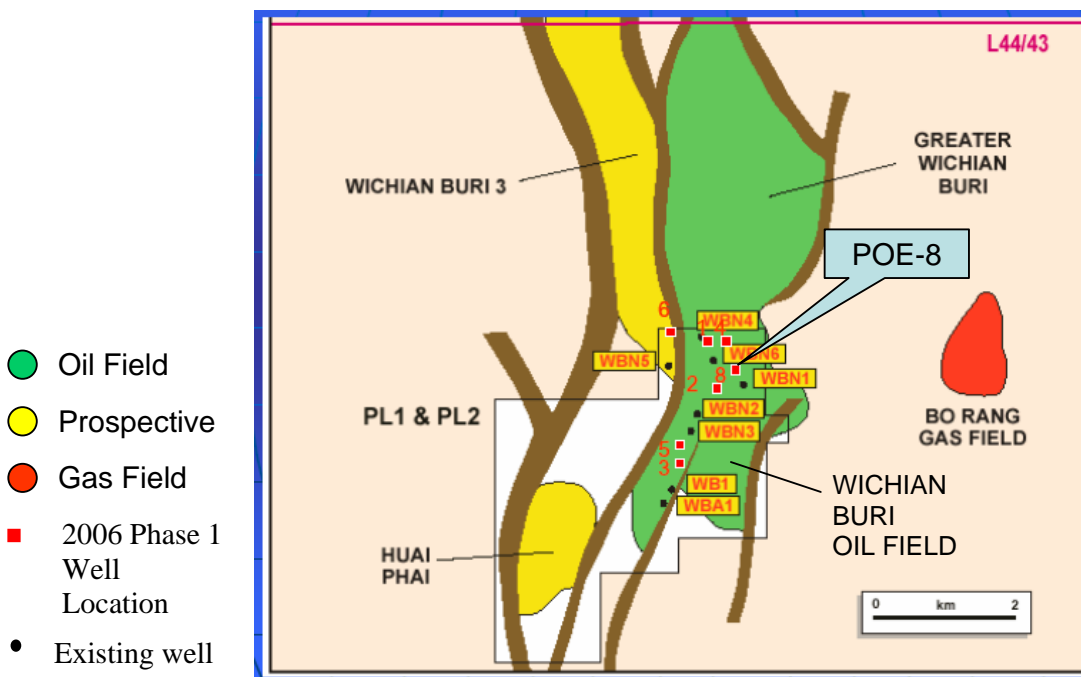


Figure 1: Location of POE-8

Yours faithfully,

Carnarvon Petroleum Limited

RA Anderson
Company Secretary