



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

21 August 2006

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

Dear Sirs,

CARNARVON WEEKLY DRILLING REPORT COMMENCE 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 commencement of the 3rd well of the planned 6 well programme.

1. POE-2 development well

As previously announced, drilling of POE-2 has been completed. From an analysis of shows and the interpretation of log data, oil is interpreted to have been intersected at both the "F" and "G" sandstone levels. The well has been suspended and it is planned to production test both zones with a smaller workover rig during September. This rig is on site and has commenced workover operations on some existing wells.

2. POE-1 development well

The POE-1 well has been drilled to a depth of 1,015 metres. Drilling difficulties were encountered while drilling through a fault (geological feature) and the drillstring became lodged in the hole at a location midway between the "F" and deeper "G" sandstone reservoirs, the latter of which was not penetrated. The mudlogs over the "F" sandstone are similar to those encountered in POE-2 over the same interval with similar reported oil shows. The well has been suspended while equipment is mobilized which will enable the drillstring, which was left in the hole, to be freed permitting the well to then be drilled to total depth. Logs will then be run to evaluate potential oil zones within the well at both the "F" and "G" sandstone levels.

Whilst this equipment is being mobilized, the drilling rig has been moved to drill the third Phase 1 well at the POE-8 location. Once the necessary equipment is on site, the rig will be mobilized back to POE-1 to finish drilling later next month and also prepare it for production testing.

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3. POE-8 development well

Drilling of the next well, POE-8, has commenced and the well is currently at a depth of 55 metres.

The POE-8 well is located 0.68 kilometres northeast of the Wichian Buri-N2 well and comprises a step-out of the Wichian Buri Field northwards along the Wichian Buri fault block to an independently closed anticline along this trend. The well targets an elevated seismic amplitude anomaly at the F sandstone level.

POE-8 will be drilled to a depth of 985 metres. The well will be drilled deep enough to ensure that other potential reservoirs including the "G" sandstone are also intersected.

Permit Holders

Pan Orient (Operator)	60%
Carnarvon Petroleum	40%

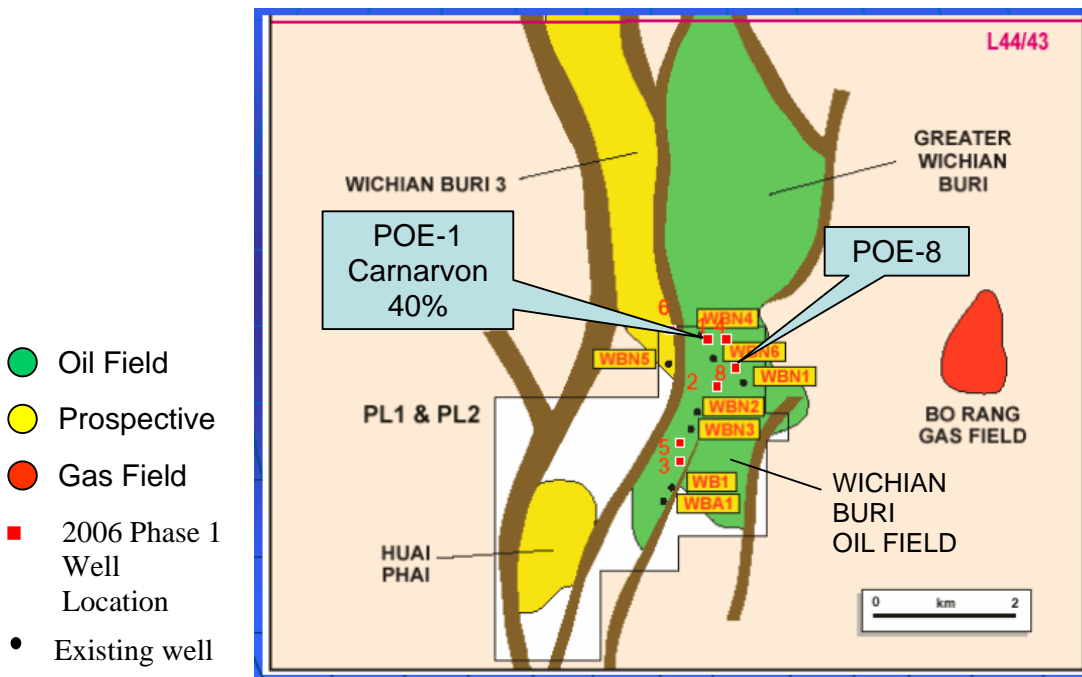


Figure 1: Location of POE-8

Yours faithfully,

Carnarvon Petroleum Limited

RA Anderson
Company Secretary