



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

1 September 2006

Company Announcements Office
Australian Stock Exchange Limited
Via ASX Online

Dear Sirs,

SHARE PURCHASE PLAN CLOSES OVERSUBSCRIBED

Carnarvon Petroleum Limited (“**Carnarvon**”) is pleased to announce that its Share Purchase Plan (“**SPP**”) closed oversubscribed, with applications received for \$1.46 million in respect of the \$1m SPP.

As a result of this oversubscription Carnarvon has determined that, consistent with the SPP announcement on 2 August 2006, the applications for shares to be issued under the SPP will be scaled back as follows on a basis that treats all shareholders equitably and fairly.

Shares Applied For	Shares Allotted	Subscription
100,000	68,493	\$3,424.66
50,000	34,247	\$1,712.33

Eligible shareholders will receive a cheque for any application funds not applied in accordance with the terms of the SPP. Each eligible shareholder that is being issued shares under the SPP will receive a notice that sets out the number of shares they have been allotted. Shares will be allotted once all funds have been cleared.

Carnarvon’s CEO Ted Jacobson commented:

“We are delighted by the response to the SPP and are encouraged that our recent initiatives have been so well received by our existing shareholders, with 348 shareholders applying for shares in the SPP. The SPP allows all shareholders to participate at the same price as our share placement in early August.

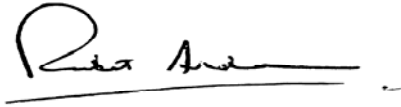
Suite 3
Ground Floor
16 Ord Street
West Perth WA 6005
Australia

Telephone +61 8 9321 2665
Facsimile +61 8 9321 8867
e-mail: admin@carnarvonpetroleum.com

The funding will allow the Company to consolidate its cash reserves and accelerate both the Phase 1 and Phase 2 drilling programmes.”

Yours faithfully,

Carnarvon Petroleum Limited

A handwritten signature in black ink, appearing to read 'RA Anderson', is written over a horizontal line. The signature is fluid and cursive.

RA Anderson
Company Secretary