



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

7 June 2006

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

Dear Sirs,

WICHIAN BURI OIL FIELD OPERATIONS UPDATE

Preparation for drilling programme completed and spudding anticipated for POE-2A by 1 July

Phase 1 - Site construction for the first well (POE-2A) of the 5 to 6 well phase one programme has been completed. This involved the establishment of a contract with the landowner, the preparation of access roads and the construction of a drilling pad, mud pit and other necessary infrastructure. Drilling is anticipated to commence by 1 July on POE-2A which is targeting the main producing "F" sandstone on a small structural high updip of the previously drilled producing wells WB-N2, WB-N6 and WB-N8. The well will also be deepened to approximately 1,100 metres total depth to intersect the "G" sandstone level in which oil has been noted in previous wells. Construction work is ongoing in preparing pads for another 5 wells to be drilled immediately following POE-2A.

The operator Pan Orient (TSX listed "POE") has contracted a second drilling rig (Aztec Rig 7) on behalf of the Joint Venture to provide increased flexibility in targeting deeper horizons and to accelerate the drilling programme. This new rig has a depth capacity of 2,000 metres with a contract term for one year.

Phase 2 - The acquisition of 245 sq kms of 3D seismic by the contracting company CGG was completed on 3 June 2006. Processing of the data has commenced. Once completed and interpreted, these data will be used to define targets for the second phase of 15 to 20 wells later this year and into next year.

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Other updates

Pan Orient has been continuing to hire additional personnel to manage the operations in Thailand. As well as the recently appointed Mr Ian Halstead as Chief Operating Officer, the operator has also recently hired Mr Spencer Lock as Production Manager, Thailand. Both employees will be based in Bangkok.

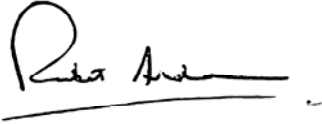
Carnarvon's Managing Director, Ted Jacobson commented: "we strongly support the hiring of both professionals who have significant experience in developing and producing low production fields such as our Wichian Buri. This is a significant locally based addition of knowledge and expertise to the Joint Venture".

Permit Participants

Carnarvon Petroleum	40%
Pan Orient (Operator)	60%

Yours faithfully,

CARNARVON PETROLEUM LIMITED

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

Bob Anderson
Company Secretary