



White Sands Petroleum Limited
ABN 52 110 411 428

Registered office
21st floor, 123 Eagle Street
Brisbane Queensland Australia 4000

Business office
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Stapylton Queensland Australia 4207

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www.whitesandspetroleum.com
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31 July 2006

Company Announcements Office
Australian Stock Exchange
4th Floor
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

JUNE 2006 QUARTERLY REPORT

We enclose the quarterly report to 30 June 2006, as well as Schedule 5B Mining exploration entity quarterly report.

Yours Faithfully
WHITE SANDS PETROLEUM LIMITED

RON ANDERSON
Company Secretary



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EDM Rig Commissioned

The WSP EDM Rig was fully commissioned with the issue of the fit for purpose certificate at the Reid's Dome well site. This followed the rig undergoing operating function tests and on site review by inspectors from the Queensland Department of Natural Resources before spudding the Reid's Dome well.

Delays experienced in spudding Reid's Dome during April

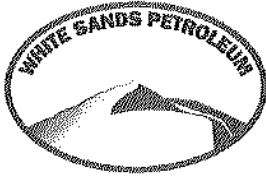
Heavy thunder storms moved into the Reid's Dome area on Tuesday 4 April requiring WSP personnel to leave the area to avoid becoming trapped by the rising water level in the surrounding creeks. By late Wednesday rainfall reached approximately 200mm (8 inches), causing wide spread flooding, blocking access and making the 14 km dirt access road too wet for trucks to continue bringing the remainder of the rig to complete Rig Up.

Unfortunately the bad weather meant that the company was restricted over the Easter period in moving any further equipment to site as all wide loads were band from Queensland roads.

The WSP rig-1 camp was commissioned in April with all WSP Management and rig crew members able to stay on site from that date.

White Sands Petroleum builds stronger management team

In May 2006 two additional experienced professionals joined the WSP management team which continued to strengthen our operations. Mr Iain Usher has brought over 30 years experience in drilling operations management and will be based on site with the WSP rig-1. Mr Mike Anderson a certified rig electrician with over 15 years experience in land and offshore drilling operations also join the team. Both Iain and Mike have significant experience in building and refurbishing rigs.



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Reid's Dome Well

As detailed on the 29 November 2005 Prospectus the Reid's Dome well primary targets are the sands contained within Permian paralic and lacustrine sediments. These rock units are considered to be prospective for gas and contained gas shows when last penetrated in AOE-1 drilled in 1954 near the site of WSP Primero-1.

White Sands Petroleum will test the basal Cattle Creek Formation over 2,000 metres of the underlying Reid's Dome Beds with a projected Total Depth of greater than 2,700 metres.

The participant's interest in WSP Primero-1 and PL-231 are:

White Sands Petroleum (Operator)	20%
Victoria Petroleum	40%
Dome Petroleum	40%

Reid's Dome spudded

On the 13 June 2006 the Company's first well named "WSP Primero-1" at Reid's Dome was spudded.

The operations management team conducted a comprehensive training session with crews performing both routine and unusual tasks anticipated in the drilling of the well at Reid's Dome. This was a critical part of the Companies commitment to due diligence in operational risk reduction and safety management. Training spanned over a three day period. During the training system function testing and system integrity testing was conducted under operating conditions at high pressure.

Reid's Dome PEL-231 Drilling activity to 30 June 2006

Initial drilling of WSP Primero-1 was carried out at Reid's Dome to the first casing point of 119.6 metres, which was the depth selected as the most suitable rock formation above the potential shallow gas point.

As this is the first well drilled with WSP Rig-1, the Directors are satisfied with the progress.



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Drilling Schedule: the activity ahead

Cherwondah
Surat Basin, Southern Queensland

Following Reid's Dome

White Sands Petroleum has selected the Cherwondah Project as the second drilling location for its EDM rig.

The Cherwondah well is much shallower than Reid's Dome well. However, it has the added challenge of drilling a horizontal extension of the well for several hundred metres near the base into the most prospective layer of the potential gas reservoir.

Finance

The total expenditure for the quarter was \$3,127,000 which included:

Investment in plant and equipment	\$1,473,000
Expenditure relating to the first two wells Reid's Dome and Cherwondah	\$1,098,000
Refundable GST and prepayments	\$ 88,000

Planned activity for the coming quarter

WSP will continue its drilling program in Reid's Dome PEL-231 and Cherwondah PEL-171, therefore earning the remainder of the monies held in trust account of approximately \$1.4 million.

The company will also continue its equipment purchasing program to ensure the company maintains its focus on the latest drilling technology and is thereby able to derive competitive advantages from our investment.

RON ANDERSON
Company Secretary

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

WHITE SANDS PETROEUM LIMITED

ABN

52 110 411 428

Quarter ended ("current quarter")

30 JUNE 2006

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	396	937
1.2	Payments for (a) exploration and evaluation	(1,098)	(1,241)
	(b) development	0	0
	(c) production	0	0
	(d) administration	(556)	(1,383)
1.3	Dividends received	0	0
1.4	Interest and other items of a similar nature received	11	65
1.5	Interest and other costs of finance paid	0	(2)
1.6	Income taxes paid	0	0
1.7	Other (provide details if material)	88	(186)
	Net Operating Cash Flows	(1,159)	(1,810)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects	0	0
	(b)equity investments	0	(404)
	(c) other fixed assets	(1,473)	(3,922)
1.9	Proceeds from sale of: (a)prospects	0	0
	(b)equity investments	0	0
	(c)other fixed assets	0	0
1.10	Loans to other entities	(70)	(70)
1.11	Loans repaid by other entities	0	0
1.12	Other (provide details if material)	0	(186)
	Net investing cash flows	(1,543)	(4,582)
1.13	Total operating and investing cash flows (carried forward)	(2,702)	(6,392)

1.13	Total operating and investing cash flows (brought forward)	(2,702)	(6,392)
	Cash flows related to financing activities	0	
1.14	Proceeds from issues of shares, options, etc.	0	10,677
1.15	Proceeds from sale of forfeited shares	0	0
1.16	Proceeds from borrowings	0	0
1.17	Repayment of borrowings	0	(2,951)
1.18	Dividends paid	0	0
1.19	Other (provide details if material) -- Issue costs from issues of shares	0	(1,212)
	Net financing cash flows	0	6,514
	Net increase (decrease) in cash held	(2,702)	122
1.20	Cash at beginning of quarter/year to date	2,983	159
1.21	Exchange rate adjustments to item 1.20		0
1.22	Cash at end of quarter	281	281

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	0
1.24	Aggregate amount of loans to the parties included in item 1.10	56

1.25 Explanation necessary for an understanding of the transactions

NIL

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

NIL

- 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

NIL

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 Current Loan Application lodged	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation Note – The estimated cash outflow will be compensated by the expected earnings currently maintained in a Solicitors Trust Account of \$1,388,700.	3,124
4.2 Development	0
Total	3,124

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	281	2,912
5.2 Deposits at call	0	0
5.3 Bank overdraft	0	0
5.4 Other (provide details) - Refundable deposit in trust account		71
Total: cash at end of quarter (item 1.22)	281	2,983

Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
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6.1	Interests in mining tenements relinquished, reduced or lapsed	NIL	NIL	NIL	NIL
6.2	Interests in mining tenements acquired or increased	PEL-182	Farm-in Option Agreement	0%	10%

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>	NIL	NIL		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	*Ordinary securities	64,150,000	64,150,000		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	NIL NIL	NIL NIL		
7.5	*Convertible debt securities <i>(description)</i>	NIL	NIL		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	Option A- 1 million issued Option B- 1 million issued	NIL NIL	Exercised Price \$0.25 \$0.30	Expiry Date 12 January 2008 11 January 2009
7.8	Issued during quarter	NIL	NIL		

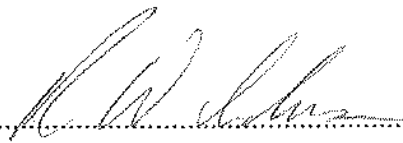
7.9	Exercised during quarter	NIL			
7.10	Expired during quarter	NIL			
7.11	Debentures <i>(totals only)</i>	NIL		NIL	
7.12	Unsecured notes <i>(totals only)</i>	NIL		NIL	

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 ~~/does not*~~ *(delete one)* give a true and fair view of the matters disclosed.

Sign here:



Date:

31/7/2006

(Director/Company secretary)

Print name: RON ANDERSON

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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