



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

29 July 2005
Company Announcements Office
Australian Stock Exchange Limited
Exchange Centre
20 Bond Street
SYDNEY NSW 2000
Via ASX Online

Dear Sirs,

QUARTERLY REPORT FOR JUNE 2005

Please find attached Carnarvon Petroleum Limited's Mining Exploration Entity Quarterly Report for the quarter ended 30 June 2005 incorporating:

- Report on activities for the June 2005 quarter; and
- Appendix 5B.

Yours faithfully,
CARNARVON PETROLEUM LIMITED

Rick A Pullia
COMPANY SECRETARY

REPORT FOR JUNE 2005 QUARTER

SUMMARY

Key results for the quarter were:

- The SW1A Joint Venture in Thailand reported a cash operating profit of US\$276,000 for the June 2005 quarter, an increase of US\$100,000 over the previous quarter and US\$157,000 over the prior year comparable quarter.
- Average oil price for the June 2005 quarter was US\$40 bbl, a 25% increase on the previous quarter of US\$32 bbl.
- Cash attributable to Carnarvon in the June 2005 quarter from the SW1A Joint Venture was A\$144,000.
- Consolidated cash balance at the end of the quarter decreased marginally to \$303,000 compared to \$336,000 at 31 March 2005.
- Net market value of shares in Ausam Energy Corporation at 30 June was A\$175,000 and has increased to A\$215,000 as at the date of this report.

On 22 July 2005, Carnarvon completed a share placement at 1.8 cents per share, raising \$717,000 for working capital.

EXPLORATION & DEVELOPMENT ACTIVITIES

SW1A Concession – Thailand

(Carnarvon 40% / Tiger Petroleum 60%)

The SW1A Joint Venture continues to be profitable and in the June quarter reported a cash operating profit of US\$276,000 and the share attributable to Carnarvon was A\$144,000. The operating results for the June 2005 quarter, the March 2005 quarter and the comparative June 2004 quarter are shown in the following table:

SW1A Operating Results Before Gemini Royalty	June 2005 QTR	March 2005 QTR	June 2004 QTR
Oil production rate	169 BOPD	163 BOPD	202 BOPD
Total production	15,391 bbls	14,663 bbls	18,346 bbls
Average sale price	US\$40.41/bbl	US\$32.05/bbl	US\$24.80/bbl
Cash operating profit/(loss)	US\$276,000	US\$176,000	US\$119,000
Cash attributable to Carnarvon	A\$144,000	A\$91,000	A\$65,000

Total production for the quarter increased to 15,391 barrels at an average of 169 BOPD. However, when compared to the June 2004 quarter, production has decreased, which is in line with the normal decline profile of existing wells. Cash operating profit increased significantly in the current quarter to US\$276,000 compared to US\$176,000 in the previous quarter. This increase was due to higher margins being achieved because of the increase in oil prices and containment of operating expenses.

The Operator, Pacific Tiger Energy (Thailand) Limited (“Pacific Tiger”), continued with normal operations at Wichian Buri with Carnarvon’s agreement. Oil production from pre-Phase III wells continued to decline at expected rates, and additional in-fill drilling would be required to increase production.

During the quarter Tiger Petroleum Inc. (“Tiger”) announced that it had entered into an agreement with Calgary-based Pan Orient Energy Corp. (formerly Welwyn Resources Ltd), pursuant to which Pan Orient has agreed, subject to certain conditions, to make an offer to acquire all of the outstanding common shares of Tiger for consideration consisting of one common share of Pan Orient for each four and one quarter common shares of Tiger. The mailing of the offer and accompanying take-over bid circular to Tiger shareholders has been delayed pending completion of required Canadian securities commission compliance matters by Tiger. Carnarvon understands that these matters are expected to be completed by early August.

Pan Orient is a TSX-listed energy company with a strong, international management team and directors with extensive oil & gas industry experience.

As a result of the potential restructure of Tiger, the Operator has not put forward a formal Work Program and Budget for further exploration and development of the Wichian Buri oilfield and environs in the current year. However, Pan Orient has announced that it is preparing a new exploration and development drilling program including 3D seismic.

During the quarter Carnarvon, through its subsidiary, Strategic Exploration (Asia) Limited (“SEAL”), issued legal proceedings in Alberta, Canada, against its partners in the Wichian Buri SW1A joint venture in Thailand, Pacific Tiger and Tiger. The claim seeks specific performance of the Joint Operating Agreement, including an order that Pacific Tiger transfer all its interests in the joint venture to SEAL, a declaration that the joint venture properties include Exploration Block L33/43, damages of US\$2.2 million for negligence, breach of contract and breach of fiduciary duties, and ancillary relief.

Carnarvon commenced this legal action as it had been unable to otherwise resolve the various outstanding commercial matters between itself and Tiger Petroleum. This matter is currently before the Canadian courts.

Carnarvon Basin (Western Australia)

EP 110 and EP 424

(Carnarvon Petroleum 35% / Strike Oil 40% / Pancontinental Oil & Gas 25%)

Carnarvon has a 35% interest in the consolidated permits EP 110 and EP 424 in the Carnarvon Basin. Strike Oil is the operator of both permits and the joint venture partners have approved a work programme for 2005-06 to continue activities, including a planned seismic program within EP 424 to delineate identified leads and prospects.

A good lead at the Birdrong Sandstone level has been mapped within EP 424 and will be delineated with the acquisition of some 100 km of new seismic data as part of a larger program being conducted in the area. The timing of the survey will be dependent on other operators in the area with a view to saving costs on mobilization/demobilization, but it is likely to begin during the 4th quarter of 2005.

The onshore portion of the EP110 permit is adjacent to the producing Tubridgi Gas Field. Evaluations suggest that some topographic highs may overlie subsurface structuring. This concept will be further examined by making use of digital elevation modeling and, if successful, will guide future assessments of the block.

Carnarvon's contribution to expenditure on the work programme in 2005-06 financial year is likely to be in the order of \$130,000.

Papuan Basin (Papua New Guinea)

PRL 4 and PRL 5 including the Stanley, Elevala, and Ketu discoveries

(Carnarvon Petroleum 15% / Santos 35% / InterOil 20% / AWE 15% / TransOrient 7.5% / Horizon Oil 7.5%)

Petroleum Retention Licences 4 and 5, operated by Santos, are located in the foreland of the Papuan Basin adjacent to the Irian Jayan border in western PNG. The permits contain three gas/condensate discoveries, Elevala-1, Ketu-1 and Stanley-1. The joint venture is considering a condensate stripping and gas re-injection project to develop the Elevala field. Apart from the known fields, as established by the gas-condensate discovery wells, there are several other large targets in the areas. PRL 5 has been renewed for a further five years while discussions continue on the renewal of PRL4.

Ausam Energy Corporation

Carnarvon is a shareholder in Ausam Energy Corporation, a company listed on the Canadian TSX Venture Exchange. During the June 2005 quarter no shares in Ausam were realized. The value of Carnarvon's remaining investment, based on the Ausam closing price at 30 June of C\$0.92 per share, was approximately A\$175,000. As at the date of this report the value of this investment has increased to A\$215,000.

CORPORATE ACTIVITIES

Consolidated cash balance at the end of the quarter is \$303,000.

Payments for corporate administration costs in the June quarter were \$153,000 compared to the March quarter total of \$290,000, which included costs of \$114,000 associated with the Tiger Petroleum litigation.

On 22 July 2005, Carnarvon completed a share placement at 1.8 cents per share, raising \$717,000 for working capital. The directors were pleased with the strong level of interest shown in the placement by existing and new investors, which the directors believe demonstrated support for Carnarvon and confidence about its prospects.

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

CARNARVON PETROLEUM LIMITED

ABN

60 002 688 851

Quarter ended ("current quarter")

30 JUNE 2005

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	298	937
1.2 Payments for (a) exploration and evaluation	(48)	(79)
(b) development	(5)	(37)
(c) production	(171)	(642)
(d) administration	(153)	(892)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(78)	(704)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(24)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	394
(c) other fixed assets	12	12
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – Cash Call refund from SW1A JV	33	99
Net investing cash flows	45	481
1.13 Total operating and investing cash flows (carried forward)	(33)	(223)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(33)	(223)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(33)	(223)
1.20	Cash at beginning of quarter/year to date	336	528
1.21	Exchange rate adjustments to item 1.20	-	(2)
1.22	Cash at end of quarter	303	303

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	83
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors' fees, including superannuation	58
Fees for strategic and corporate finance consulting services provided by a director-related entity	25

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

Not applicable

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

Not applicable

+ See chapter 19 for defined terms.

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	-	-
3.2 Credit standby arrangements Bank overdraft	30	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	40
4.2 Development	-
Total	50

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	239	163
5.2 Deposits at call	64	173
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	303	336

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2		Interests in mining tenements acquired or increased		

+ See chapter 19 for defined terms.

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>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	272,312,513	272,312,513		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases (b) Decreases				
7.7 Options <i>(description and conversion factor)</i>	38,492,101	38,492,101	<i>Exercise price</i> 6 cents	<i>Expiry date</i> 31 December 2005
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

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 give a true and fair view of the matters disclosed.

Sign here:



Print name: Rick A. Pullia
COMPANY SECRETARY

Date: 29 July 2005

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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