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**ASX RELEASE**

## **Carnarvon agrees to sell PNG interests for \$0.5 million**

**MELBOURNE, AUSTRALIA (ASX: CVN), 28 October 2005**

Carnarvon Petroleum Ltd (“Carnarvon”) has agreed to sell its interests in Petroleum Retention Licences 4 & 5 in Papua New Guinea to New Guinea Energy Limited (“NGE”), who will assume all of Carnarvon’s rights and obligations in respect of the PRLs.

NGE has made an unconditional offer comprising an initial cash payment of \$250,000 and the issue of a non-interest bearing convertible loan note in the amount of \$250,000, convertible at Carnarvon’s election into 1,250,000 fully paid ordinary shares in NGE at an issue price of 20 cents per share, on or before NGE’s planned listing on a reputable stock exchange. In the event that NGE’s planned listing does not occur by 30 June 2006, NGE shall, at Carnarvon’s election, redeem the convertible loan note and pay \$250,000 cash to Carnarvon.

NGE is an Australian company that is currently raising capital for oil and gas exploration and production from four Petroleum Production Licences in Western Province PNG that were awarded to it in August 2005. The purchase of Carnarvon’s interests in PRLs 4 and 5 will form a strategic fit with the licences already acquired.

Subject to its joint venture partners not exercising their first refusal rights, Carnarvon anticipates that the sale of its PNG interests to NGE will be completed by December 2005.

For further information, please contact:

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