



**CARNARVON  
PETROLEUM  
LIMITED**  
ABN 60 002 688 851

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

Dear Sirs,

**QUARTERLY REPORT FOR SEPTEMBER 2005**

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

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

Yours faithfully,  
CARNARVON PETROLEUM LIMITED

A handwritten signature in black ink, appearing to read 'Pullia', written in a cursive style.

Rick A Pullia  
COMPANY SECRETARY

**REPORT FOR SEPTEMBER 2005 QUARTER**

**SUMMARY**

Key results for the quarter were:

- The SW1A Joint Venture in Thailand reported a cash operating profit of US\$374,000 for the September 2005 quarter, an increase of approximately US\$100,000 over the previous quarter and US\$224,000 over the prior year comparable quarter.
- Average oil price for the September 2005 quarter was US\$46 bbl, a 15% increase on the previous quarter of US\$40 bbl, and 77% increase over the prior year comparable quarter of US\$26
- Cash attributable to Carnarvon in the September 2005 quarter from the SW1A Joint Venture was A\$198,000.
- Cash payments of \$114,000 for corporate administration costs in the September quarter.
- Consolidated net operating cash inflow of \$25,000 for the quarter.
- On 22 July 2005, Carnarvon completed a share placement at 1.8 cents per share, raising \$699,000, after deducting issue costs, for working capital purposes.
- Consolidated cash balance at the end of the quarter increased to \$1,019,000 compared to \$301,000 at 30 June 2005.
- Net market value of shares in Ausam Energy Corporation at 30 September 2005 was approximately A\$200,000.

**EXPLORATION & DEVELOPMENT ACTIVITIES**

**SW1A Concession – Thailand**

(Carnarvon 40% / Tiger Petroleum 60%)

Cash operating profit of the SW1A Joint Venture increased significantly in the current quarter to US\$374,000 compared to US\$276,000 in the previous quarter, and the share attributable to Carnarvon was A\$198,000. The operating results for the September 2005 quarter, the June 2005 quarter and the comparative September 2004 quarter are shown in the following table:

<b>SW1A Operating Results Before Gemini Royalty</b>	<b>Sept 2005 QTR</b>	<b>June 2005 QTR</b>	<b>Sept 2004 QTR</b>
Oil production rate	159 BOPD	169 BOPD	177 BOPD
Total production	14,599 bbls	15,391 bbls	16,290 bbls
Average sale price	US\$45.97/bbl	US\$40.41/bbl	US\$25.65/bbl
Cash operating profit/(loss)	US\$374,000	US\$276,000	US\$150,000
Cash attributable to Carnarvon	A\$198,000	A\$144,000	A\$85,000

Although total production for the quarter decreased to 14,599 barrels at an average of 159 BOPD, which is in line with the normal decline profile of existing wells, there was an increase in the cash operating profit. This was due to higher margins being achieved because of the increase in oil prices and containment of operating expenses.

Average oil price per barrel sold in the quarter has increased to US\$45.97 per barrel compared to US\$25.65 per barrel in the comparative September 2004 quarter.

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

As a result of the potential restructure of Tiger Petroleum Inc (“Tiger”), the Operator did not put forward during the quarter a formal Work Program and Budget for further exploration and development of the Wichian Buri oilfield and environs in the 2005-06 financial year.

Tiger had previously announced that it was subject to a take-over offer from Calgary-based Pan Orient Energy Corp. Pan Orient is a TSX-listed energy company with a strong, international management team and directors with extensive oil & gas industry experience. During the quarter the directors of Tiger recommended that Tiger securityholders accept the offer from Pan Orient and the transaction closed on 20 October 2005.

Pan Orient has previously announced that it was preparing a new exploration and development drilling program, including 3D seismic, for the Wichian Buri oilfield and environs in the 2005-06 financial year.

With the completion of Pan Orient’s takeover of Tiger, discussions have commenced between Carnarvon and Pan Orient concerning the various outstanding matters between Tiger and Carnarvon, which are the subject of continuing litigation.

**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. Negotiations with other operators in the area may result in substantial cost savings in mobilization/demobilization and processing costs. The timing of the survey is yet to be finalized but it is likely to commence during the December 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 has been examined by making use of digital elevation modeling and the relationship between topography and subsurface relief is being investigated to evaluate potential leads for further follow-up.

**Papuan Basin (Papua New Guinea)**

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

(Carnarvon Petroleum 15% / Santos 35.5% / InterOil 20% / AWE 15% / TransOrient 7.25% / Horizon Oil 7.25%)

Petroleum Retention Licences 4 and 5 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.

Santos has given notice of its withdrawal from PRL4 and the operatorship will be assumed by TransOrient. TransOrient, on behalf of the joint venture, is in the process of making an application for an extension of the PRL4 permit.

The joint venture partners are 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.

In late October 2005 Carnarvon announced that it had agreed to sell its interests in PRLs 4 and 5 to New Guinea Energy Limited for consideration of \$500,000. Subject to the PNG joint venture partners not exercising their first refusal rights, the sale of the PNG interests to New Guinea Energy is expected to be completed by December 2005.

**Ausam Energy Corporation**

Carnarvon is a shareholder in Ausam Energy Corporation, a company listed on the Canadian TSX Venture Exchange. During the September 2005 quarter no shares in Ausam were realized. The value of Carnarvon's remaining investment, based on the Ausam closing price at 30 September of C\$0.95 per share, was approximately A\$200,000.

**CORPORATE ACTIVITIES**

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.

Consolidated cash balance at the end of the quarter is \$1,019,000.

Cash payments for corporate administration costs in the September quarter were \$114,000.

# 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

<b>CARNARVON PETROLEUM LIMITED</b>
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ABN

60 002 688 851
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Quarter ended ("current quarter")

30 SEPTEMBER 2005
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### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	316	316
1.2 Payments for (a) exploration and evaluation	-	-
(b) development	(7)	(7)
(c) production	(176)	(176)
(d) administration	(114)	(114)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	6	6
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>25</b>	<b>25</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(6)	(6)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
<b>Net investing cash flows</b>	<b>(6)</b>	<b>(6)</b>
1.13 Total operating and investing cash flows (carried forward)	19	19

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	19	19
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	699	699
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)	-	-
	<b>Net financing cash flows</b>	699	699
	<b>Net increase (decrease) in cash held</b>	718	718
1.20	Cash at beginning of quarter/year to date	301	301
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>1,019</b>	<b>1,019</b>

**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	60
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	40
Fees for strategic and corporate finance consulting services provided by a director-related entity	20

**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	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	300
<b>Total</b>	<b>350</b>

### 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	962	237
5.2 Deposits at call	57	64
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>1,019</b>	<b>301</b>

### 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 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	312,145,846	312,145,846		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	39,833,333	39,833,333	1.8 cents	1.8 cents
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases (b) Decreases				
7.7 <b>Options</b> <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 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <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: 31 October 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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