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ASX RELEASE

Settlement of Litigation

MELBOURNE, AUSTRALIA (ASX: CVN), 30 November 2005

The Boards of Carnarvon Petroleum Limited (Carnarvon) and Pan Orient Energy Corp (Pan Orient) are pleased to announce that they have agreed terms of settlement that will end all current litigation between Carnarvon's subsidiary Strategic Exploration (Asia) Limited (SEAL) and Pan Orient's subsidiary Tiger Petroleum Inc (Tiger) in relation to the Wichian Buri Joint Venture in Thailand. The settlement is subject to formal approval by the Board of Tiger, which is currently a 93% owned subsidiary of Pan Orient. Pan Orient recently completed its takeover of Tiger.

The settlement terms have been resolved amicably on an equitable commercial basis and importantly will provide a sound platform for future operation of the joint venture.

The principal terms agreed by Carnarvon and Pan Orient provide for:

- Pan Orient to fund SEAL's share of the cost of the next two wells to be drilled in accordance with an approved work program and budget to a limit of US \$350,000
- A restructure of the joint venture to ensure that both parties' commercial interests are adequately protected
- Pan Orient to be appointed to operate the joint venture
- A new operating agreement that will incorporate terms and conditions substantially in line with industry standards
- Confirmation that SEAL is entitled to a 40% interest in Exploration Block L33/43 and acknowledgement by SEAL that it will contribute 40% of all reasonable costs from application date
- SEAL discontinuing all current litigation and Pan Orient agreeing that US\$100,000 of any amounts owing or incurred in the restructure of the Joint Venture will be waived or credited as having been paid.
- Appropriate forms of indemnification and release by Carnarvon and Pan Orient

Pan Orient is well advanced with technical work for a planned aggressive exploration and development program. Exchange of technical information and dialogue was established during the course of negotiations and Pan Orient and Carnarvon can now confidently look forward to a strong working relationship to explore and develop the joint venture assets.

For further information, please contact:

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