



Carnarvon Petroleum NL

ABN 60 002 688 851

Notice of Annual General Meeting 2001
&
Explanatory Memorandum

The Annual General Meeting of Carnarvon Petroleum NL
will be held at 10.30 am on Thursday, 11 October 2001
at the Conference Room, Ground Floor, Durack Centre
263 Adelaide Terrace, Perth, Western Australia

Dated: 10 September 2001

The enclosed Explanatory Memorandum has been prepared to assist Shareholders in determining whether or not to vote in favour of the resolutions set out in the Notice of Meeting and is intended to be read in conjunction with the notice.

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Corporate Directory

Directors

GHC White (Non-Executive Chairman)
KC Tregonning (Managing Director)
DJ Orth (Executive Director)
NC Fearis (Non-Executive Director)

Company Secretary

L Troncone

Registered Office

Ground Floor, Durack Centre
263 Adelaide Terrace
Perth Western Australia 6000

Telephone: +61 8 9325 6344
Facsimile: +61 8 9325 6355
Internet: <http://www.carnarvon.com.au>
Email: admin@carnarvon.com.au

Solicitors to Carnarvon

Freehills
140 St. George's Terrace
Perth Western Australia 6000

Share Registry - Australia

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St. George's Terrace
Perth Western Australia 6000

Telephone: +61 8 9323 2000
Facsimile: +61 8 9323 2033

Action Required by Shareholders

Step 1: Read the Notice of Meeting and Explanatory Memorandum

The Explanatory Memorandum sets out details of the proposed resolutions.
This information is important.

Step 2: Vote on the resolutions. Your vote is important. You may cast your vote by:

- attending and voting at the meeting to be held at the Conference Room, Ground Floor, Durack Centre, 263 Adelaide Terrace, Perth, Western Australia on Thursday, 11 October 2001 at 10.30 am; or
- completing and returning the enclosed proxy form so as to be received by the share registry by 10.30 am (Perth time) on Tuesday, 9 October 2001.

Chairman's Letter



CARNARVON
PETROLEUM N.L.
ACN 002 688 851

10 September 2001

Dear Shareholder

In November 2000 the Company announced a change in strategic direction from speculative exploration activity to acquisition of oil and gas fields capable of generating immediate and increasing cash flow and profit. The focus of this strategy is the identification of undervalued and under-performing oil and gas reserves which can then be optimised by applying the Company's expertise in improving their performance and recovery.

This strategy required rationalisation of the Company's portfolio of assets. As the first step in this rationalisation, the Company sold its interests in the Perth Basin and is at an advanced stage of selling its interests in the Carnarvon Basin.

Consistent with the Company's change in strategy, it has acquired a 40% participating interest in petroleum assets and titles in Central Thailand, including production from existing wells Wichian Buri-1, Wichian Buri-A1 and Si Thep-1, together with all the infrastructure, downhole and surface equipment. In addition, the Company is earning a 40% interest in the exploration areas contained within the SWIA Concession and is entitled to a further 40% interest in the application for a large exploration block surrounding SWIA.

The results to date from the SWIA Concession have been positive and appear to have confirmed the geological model upon which the Company decided to invest in SWIA. The first new well in the exploration areas, WB-N1, has been an oil discovery and, at the time of writing, is shut in pending the award of a production license. The second well, WB-N2, also discovered oil and flowed naturally at a rate of 300 barrels of oil per day (BOPD). WB-N2 has been put into production via a beam pump and is producing up to 200 BOPD.

Results to date from the WB-N1 and WB-N2 wells indicate that reserves in the SWIA Concession have been upgraded ten-fold. Preliminary calculations suggest that Proved Reserves have been upgraded from 300,000 barrels of remaining recoverable oil to more than 4 million barrels of remaining recoverable oil. Calculations also indicate that Proved plus Probable Reserves exceed 10 million barrels of remaining recoverable oil.

Consistent with the significantly larger reserves base, a development drilling campaign is targeting to increase oil production capacity to a level in excess of 4000 BOPD from the present capacity of the order of 400 BOPD.

The Company plans to raise equity funds from a Share and Option placement (Placement) to fund its share of the cost of further drilling in Thailand aimed at continued appraisal and development of the SWIA Concession. The funds will also assist the Company in pursuing similar production opportunities elsewhere in Southeast Asia.

Shareholders are invited to participate in the Placement. A prospectus for the Placement accompanies this document.

Your Directors unanimously recommend that you support the Placement by attending the meeting or completing and returning the enclosed proxy form and voting in favour of Resolution 3.

Your Directors propose to participate in the Placement, and so decline to make a recommendation in relation to any of Resolutions 4.1 to 4.5. However, our desire to participate in the Placement is a strong message to Shareholders that we personally believe in the future of the Company.

Yours sincerely

CARNARVON PETROLEUM NL

George White
Chairman

Notice of General Meeting

Notice is given that the 2001 Annual General Meeting of the members of Carnarvon Petroleum NL (the **Company**) will be held at the Conference Room, Ground Floor, Durack Centre, 263 Adelaide Terrace, Perth, Western Australia, on Thursday, 11 October 2001 at 10.30 am (Perth time).

AGENDA

ORDINARY BUSINESS

Financial Report

To receive the financial report for the year ended 30 June 2001, and the directors' and auditors' reports.

1 Election of Directors

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Neil Fearis, being a director of the Company who retires by rotation pursuant to clause 6.1(f) of the Company's constitution, and being eligible, is re-elected as a director of the Company."

SPECIAL BUSINESS

2 Ratification of Previous Issue of Shares and Options

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 7.4 of the Official Listing Rules of Australian Stock Exchange Limited, the Company ratifies the issue of 6,000,000 fully paid ordinary shares at an issue price of 7 cents each with 6,000,000 free attaching options exercisable at 25 cents each expiring on 31 July 2002 to Danari Holdings Pty Ltd (3,000,000 shares and options), Hamilton Capital Partners Limited (1,500,000 shares and options), Massif Limited (800,000 shares and options) and Arne Investments Pty Ltd (700,000 shares and options)."

3 Approval of Placement

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 7.1 of the Official Listing Rules of Australian Stock Exchange Limited, the Company approves the allotment and issue of up to 40,000,000 (40 million) ordinary shares in the Company at an issue price of 7 cents per share and the issue of 40,000,000 (40 million) free attaching options exercisable at 25 cents each expiring on 31 December 2002 on the basis of one option for each share issued."

4 Approval of Participation in Placement by Directors and a Former Director

To consider, and if thought fit, pass the following resolutions as ordinary resolutions:

4.1 "That, for the purposes of Listing Rule 10.11 of the Official Listing Rules of Australian Stock Exchange Limited and Chapter 2E of the Corporations Act, the Company approves the allotment and issue of up to 700,000 ordinary shares in the Company and up to 700,000 free attaching options exercisable at 25c on the basis of one option for every share issued (being part of the issue referred to in Resolution 3) to George White and/or his associates at a price of 7 cents per share to be paid in cash."

4.2 "That, for the purposes of Listing Rule 10.11 of the Official Listing Rules of Australian Stock Exchange Limited and Chapter 2E of the Corporations Act, the Company approves the allotment and issue of up to 1,500,000 ordinary shares in the Company and up to 1,500,000 free attaching options exercisable at 25c on the basis of one option for every share issued (being part of the issue referred to in Resolution 3) to Kenneth Tregonning and/or his associates at a price of 7 cents per share to be paid in cash."

4.3 "That, for the purposes of Listing Rule 10.11 of the Official Listing Rules of Australian Stock Exchange Limited and Chapter 2E of the Corporations Act, the Company approves the allotment and issue of up to 1,500,000 ordinary shares in the Company and up to 1,500,000 free attaching options exercisable at 25c on the basis of one option for every share issued (being part of the issue referred to in Resolution 3) to David Orth and/or his associates at a price of 7 cents per share to be paid in cash."

4.4 "That, for the purposes of Listing Rule 10.11 of the Official Listing Rules of Australian Stock Exchange Limited and Chapter 2E of the Corporations Act, the Company approves the allotment and issue of up to 700,000 ordinary shares in the Company and up to 700,000 free attaching options exercisable at 25c on the basis

of one option for every share issued (being part of the issue referred to in Resolution 3) to Neil Fearis and/or his associates at a price of 7 cents per share to be paid in cash.”

- 4.5 “That, for the purposes of Listing Rule 10.11 of the Official Listing Rules of Australian Stock Exchange Limited and Chapter 2E of the Corporations Act, the Company approves the allotment and issue of up to 3,000,000 ordinary shares in the Company and up to 3,000,000 free attaching options exercisable at 25c on the basis of one option for every share issued (being part of the issue referred to in Resolution 3) to Derek Cowlan (a former director of Carnarvon) and/or his associates at a price of 7 cents per share to be paid in cash.”

OTHER BUSINESS

To transact any other business which may lawfully be brought before the meeting.

EXPLANATORY MEMORANDUM

The Explanatory Memorandum accompanying this Notice of Meeting is incorporated into and forms part of this Notice of Meeting. Capitalised terms used in the Notice of Meeting are defined in section 4 of the Explanatory Memorandum.

SNAPSHOT DATE

The Directors have determined that for the purposes of Section 1109N of the Corporations Act, the persons eligible to vote at the meeting will be those persons who are registered Shareholders on Monday, 8 October 2001 at 5.00 pm (Perth time).

PROXIES

Each Shareholder is entitled to appoint a proxy by completing the proxy form attached to the Explanatory Memorandum. The proxy does not need to be a member of the Company.

In the case of joint Shareholders, this form must be executed by at least one of the joint holders, personally or by attorney. Corporate Shareholders must execute this form in accordance with the respective company's constitution and the Corporations Act or under the hand of a duly authorised officer or attorney.

A Shareholder that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

A proxy form accompanies this Notice of Meeting and to be effective must be received, together with any power of attorney under which it is executed or a notarially certified copy of the power of attorney, at the Company's share registry:

Computershare Investor Services Pty Ltd
GPO Box D182
Perth Western Australia 6840

or transmitted by facsimile to that office on (08) 9323 2033 no later than 48 hours before the time of the meeting.

VOTING EXCLUSIONS

In relation to Resolution 2, pursuant to Listing Rule 7.5.6 of the Official Listing Rules of Australian Stock Exchange Limited, the Company will disregard any votes cast by or on behalf of a person who participated in the issue or their associates.

In relation to Resolutions 4.1 through to 4.5 (inclusive), pursuant to Listing Rule 7.3.8 and 10.13.6 of the Official Listing Rules of Australian Stock Exchange Limited, the Company will disregard any votes casts by or on behalf of:

- a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed; and
- an associate of that person or persons.

The Company however need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the chairperson of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By Order of the Board

Dated: 10 September 2001

George White
Chairman

Explanatory Memorandum

This Explanatory Memorandum has been prepared to assist Shareholders of the Company in understanding the business to be put to Shareholders for their consideration at the forthcoming Annual General Meeting of the Company.

1 SPECIFIC RESOLUTIONS

Resolution 1 – Election of Directors

Mr Neil Fearis retires by rotation in accordance with the Company's constitution.

In accordance with the Listing Rules of ASX and the Company's constitution, and being eligible, Mr Fearis offers himself for re-election as a director of the Company.

Shareholder approval is sought to reappoint Mr Fearis as a director of the Company.

Resolution 2 – Ratification of Previous Issues of Shares and Options

On 2 August 2001, the Company issued 6,000,000 fully paid ordinary shares together with 6,000,000 free attaching options (approximately 14.9% of the Company's issued capital) to 4 private investors introduced by a major Australian based broking house.

The ordinary shares the subject of the issue were issued at a price of 7 cents per ordinary share. The options were issued free of charge.

The shares issued rank pari passu with all other ordinary securities currently on issue and the options issued have the same terms and conditions as those currently on issue with an exercise price of 25 cents each expiring on 31 July 2002.

The issue raised a net \$399,000 which is being used for working capital purposes.

Under ASX Listing Rule 7.1, the Company is permitted to issue up to 15% of its securities within a 12 month period without the requirement for Shareholder approval.

While Shareholder approval for the issue of the securities was not required at the time of issue, the effect of the issue is to reduce the Company's capacity to issue additional securities in the future without Shareholder approval.

Whilst the Company has no current intention to issue new securities other than the issue under Resolution 3, it is considered prudent to refresh the Company's ability to issue new securities up to the 15% threshold without having to again obtain Shareholder approval in order to enable the Company to respond quickly to any need or opportunity to issue shares in the future, if the Directors consider this to be in the best interests of the Company.

This can be done under ASX Listing Rule 7.4 by seeking Shareholder ratification to the issues referred to above.

If the resolution is not passed, the Company may be required to incur the cost and delay of holding an extraordinary general meeting of Shareholders before proceeding with any future equity raising.

Resolution 3 – Approval of Placement

Introduction

During November 2000, Carnarvon announced that as part of a change in strategic direction, the Company would focus on opportunities that would provide the Company with an early cash flow. The announcement explained that this cash flow would be generated by investing in producing oil and gas interests to which it could add value through technical excellence.

As part of this change in strategy, the Company sold its Perth Basin acreage and is well advanced in negotiations to sell its remaining Carnarvon Basin permits.

The Company also acquired a 40% interest in the SWIA Concession in Central Thailand. Part of the consideration payable by the Company for its interest in SWIA was the funding of 80% of the cost of drilling two new wells aimed at proving up the reserves on the Concession. The two new wells, WB-N1 and WB-N2, were successful in discovering oil. WB-N2 is situated within the existing production licence area and has been put into production.

The success of the two wells has proved up the reserves estimate at SWIA with Proved plus Probable Reserves estimated to be 10 million barrels of remaining recoverable oil.

The Company, in conjunction with its joint venture partner, Pacific Tiger Energy Inc (PTE), has agreed on a development program to drill 10 new wells on the concession. This initial development program is expected to be completed by the end of June 2002 and production rates of up to 1500 BOPD are targeted. Further development drilling targeting production rates in excess of 4000 BOPD will be undertaken although this is expected to be funded out of the joint venture's operating cash flows.

The Company is also assessing other opportunities in Southeast Asia similar to that in Thailand.

The Company has decided to raise \$2.8 million (before costs) which will allow it to meet its commitments on the SWIA Concession and have sufficient cash reserves to explore other opportunities as they arise.

The capital raising will be via a Placement of shares and free attaching options to be offered to Shareholders as well as clients and contacts of one or more broking houses in Australia. Shareholders wishing to participate in this offer may apply by completing the Application Form contained within the accompanying Prospectus and forwarding it to the Company's share registry as instructed on the Application Form. Shareholders will have priority allocation provided they return the Application Form and application monies within 10 days from the date of this Notice of Meeting.

Each of your Directors wishes to participate in the proposed Placement in their capacity as Shareholders because they are confident about the future of the Company.

In order to raise the \$2.8 million from equity investors the Company will need to issue more than 15% of its issued capital which requires Shareholder approval pursuant to ASX Listing Rule 7.1.

Capital Raising and Use of Funds

The Company is proposing to issue up to a maximum of 40,000,000 Shares at an issue price of 7 cents each plus one free attaching Option for each Share issued pursuant to this Placement. The Placement will raise a maximum of \$2.8 million and if all Options were exercised, an additional \$10 million would be raised. The Company has prepared a prospectus (Prospectus) in respect of the Placement. The Company will issue and allot the Shares and Options under the Prospectus no later than 1 month after the date of this meeting.

The Shares issued under the Prospectus will upon allotment rank pari passu with the Shares already on issue in the Company. A summary of the terms of the free attaching Options is set out in Annexure B of the Prospectus which accompanies this Explanatory Memorandum.

The monies raised from the Placement and any exercise of Options issued under the Placement will be used by the Company primarily to fund its share of the cost of further drilling in Thailand and further appraisal and development of the SWIA Concession in which the Company acquired a 40% interest earlier this year.

Shareholders will be given priority to subscribe for the securities under the Placement provided that their application is received prior to 10 days after this Notice of Meeting. The Company will issue the Shares and Options subscribed for in a fair and equitable manner. Other than as arising under an agreement for the allotment of the Shares and Options, Carnarvon will limit the number of securities it issues to shareholders to the higher of 5% of

the securities available under the Placement and the number of securities a shareholder would be entitled to under a pro rata issue.

The remainder of the Placement funds and the proceeds of any exercise of Options issued under the Placement will be used for working capital and to explore similar production opportunities to the SWIA Concession in accordance with the Company's stated strategy.

There are several other opportunities similar in nature to the project in Thailand that currently exist in Southeast Asia and could be accessed, subject to technical and commercial due diligence, to augment Carnarvon's oil and gas production portfolio. The technical due diligence process comprises a geological and geophysical audit in conjunction with reservoir engineering (including production and drilling engineering) analysis and economic evaluation. Commercial and legal assessment then completes the due diligence to determine if any individual project meets the Board approved acquisition guidelines.

A pro-forma statement of financial position as at 30 June 2001 showing the effect of the Placement on the Company is attached at Annexure 1 to this Explanatory Memorandum. The pro-forma statement of financial position is based on the 30 June 2001 audited accounts and allows for the effects of the placement of 6,000,000 ordinary shares and options announced on 2 August 2001 by increasing both cash holdings and contributed equity by \$399,000.

Full details of the Placement are set out in the accompanying Prospectus.

Resolutions 4.1 through to 4.5 – Approval of Participation in Placement by Directors and a Former Director

Resolutions 4.1 to 4.5 (inclusive) have been proposed so that Shareholders may consider, and if thought fit, approve, for the purpose of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, the issue at 7 cents per Share in the Placement of the following maximum numbers of Shares with free attaching options exercisable at 25c to the following Directors and a former Director:

Director	Maximum Number of Shares	Corresponding Maximum Number of Options
GHC White	700,000	700,000
KC Tregonning	1,500,000	1,500,000
DJ Orth	1,500,000	1,500,000
NC Fearis	700,000	700,000
DT Cowlan*	3,000,000	3,000,000

* Mr Cowlan retired as a Director on 12 July 2001.

If the proposed issues are approved, the Shares and Options will be issued under the Placement which is currently planned to be completed by 15 October 2001 (but this date is indicative only and subject to change). However, no securities will be issued under the Placement later than one month after the date of the annual general meeting.

The Shares are being issued to each Director or former Director for 7 cents each, the same price as being offered to other participants in the Placement and will accordingly raise a maximum of \$518,000. The Directors or former Director will be allocated Shares and Options in the Placement on the same basis as Shares and Options are allocated to other investors, including Shareholders, who decide to participate in the Placement.

Obligations under the ASX Listing Rules

ASX Listing Rule 10.11 provides that a listed company must obtain shareholder approval to the issue of equity securities to a related party. Dr Tregonning and Messrs White, Orth and Fearis as directors of the Company, and Mr Cowlan who was a director of the Company within the previous 6 months, are considered to be related parties of the Company for the purposes of the Corporations Act and the ASX Listing Rules. Therefore, the proposed issue of Shares to these Directors and a former Director requires Shareholder approval.

Obligations under the Corporations Act

Shareholder approval is also generally required where a public company seeks to give a "financial benefit" to a "related party" pursuant to Chapter 2E of the Corporations Act. As stated above, Directors, and persons who were Directors within the previous 6 months, are considered to be a related party within the meaning of the Corporations Act.

The Shares to be issued to Dr Tregonning and Messrs White, Orth, Fearis and Cowlan will constitute financial benefits for the purposes of Chapter 2E of the Corporations Act. Accordingly, the Company seeks Shareholder approval of the issue of the Shares to Dr Tregonning and Messrs White, Orth, Fearis and Cowlan, prior to making the issues.

Specific Disclosure of Information

In accordance with section 219 of the Corporations Act, the following additional information is provided:

- (a) The financial benefit to any of the Directors or former Directors under the Placement arises to the extent that any Director or former Director participates in the Placement to the preference of any Shareholder or other person. In that circumstance, if the market value of the Shares and the attaching Options is more than the 7 cents issue price of the Shares issued to the Director or former Director, the

amount of that difference multiplied by the number of Shares and Options issued to that Director or former Director in preference to the other persons represents the financial benefit provided to that Director or former Director.

The market value of the Shares and Options can be determined in a number of different ways including trading history on the ASX (see section 2 of the Explanatory Memorandum).

- (b) The Directors decline to make a recommendation as they are the direct recipients of the proposed benefits.
- (c) The highest and lowest closing price on ASX for the Company's Shares in the past 12 months was 12 cents on 7 June 2001 and 3 cents on 14 March 2001 respectively. The Options offered pursuant to this Placement are a new series of options and have never been traded on ASX. However, as an indicative comparison, the highest and lowest closing price on ASX for the Company's option series CVNOA (which are options exercisable at 25 cents each expiring on 31 July 2002 and otherwise on identical terms to the Options except they expire five months earlier than the Options offered pursuant to this Placement) in the past 12 months was 3 cents on 7 June 2001 and 0.5 cents on 6 April 2001 respectively. The closing Share and CVNOA option series price of the Company on 31 August 2001 was 7.6 cents and 1.9 cents respectively.
- (d) The issue of the maximum number of Shares and Options to the Directors and a former Director as described above will have a dilutive effect on the value of existing Shareholders' holdings. The dilution effect would amount to approximately 7.9% (undiluted) of the ordinary fully paid shares on issue, based on the following assumptions:
 - (1) an issued capital of 93,932,846 fully paid ordinary shares (being the issued capital of the Company as at 31 August 2001 plus 7,400,000 shares being the maximum number of Shares that could be issued to the Directors and a former Director pursuant to the Placement); and
 - (2) no options, including the Options that could be issued to the Directors and a former Director pursuant to the Placement, are exercised.

Other than the information set out in this Explanatory Memorandum, neither the Directors nor the Company are aware of any additional information that would be reasonably required by the Shareholders to enable them to make a decision in relation to whether the issues to Dr Tregonning and Messrs White, Orth, Fearis and Cowlan, are in the Company's interests.

2 OTHER INFORMATION

The following additional information is relevant to the resolutions to be considered by Shareholders.

Share price information

	Price	Date
Highest price in the past 3 months	12 cents	7 June 2001
Highest price in the 3 months prior to the date of announcement of the Placement	12 cents	7 June 2001
Lowest price in the last 3 months	6.8 cents	19 July 2001
Weighted average price over the 20 trading days prior to the date of announcement of the Placement	8.1 cents	4 August to 31 August 2001 inclusive
Last sale price prior to finalisation of meeting documents	7.6 cents	31 August 2001

Register your interest

Shareholders wishing to apply for Shares and Options should complete the Application Form in the enclosed Prospectus and return it with your remittance to the Company's share registry, Computershare Investor Services Pty Ltd, in the enclosed reply paid envelope. Applications from shareholders received within 10 days from the date of this Notice of Meeting will receive priority allocation.

ACTION TO BE TAKEN BY SHAREHOLDERS IN RELATION TO THE MEETING

Enclosed with this document is a proxy form for use by Shareholders. Shareholders are requested to complete, sign and return the relevant proxy form if they will not be attending the meeting.

Forms should be completed and signed in accordance with the instructions and dispatched so as to be received by the Company's share registry, Computershare Investor Services Pty Ltd, Level 2, 45 St Georges Terrace, Perth, WA, 6000 not less than 48 hours prior to the commencement of the Annual General Meeting. A reply paid envelope is enclosed for your convenience.

3 DIRECTORS' RECOMMENDATIONS

Your Directors unanimously recommend that all Shareholders vote in favour of Resolution 1, 2 and 3. In particular, the Directors are in favour of Resolution 3 as they have confidence in the Company's prospects and the Company needs the funds to be raised under the Placement to fulfil those prospects. This confidence is evidenced by the Directors' desire to participate in the Placement.

Your Directors wish to participate in the Placement and therefore have a personal interest in, and decline to make a recommendation as to how Shareholders should vote in relation to Resolutions 4.1 to 4.5 inclusive.

4 DEFINITIONS

ASIC means the Australian Securities and Investment Commission;

ASX means Australian Stock Exchange Limited;

BOPD means barrels of oil per day;

Company or **Carnarvon** means Carnarvon Petroleum NL ACN 002 688 851;

Corporations Act means the Corporations Act 2001 (Cth);

Director or **Directors** means director or directors of the Company;

Dollars or **\$** means Australian dollars;

Explanatory Memorandum means this explanatory memorandum;

Listing Rules means the Official Listing Rules of the Australian Stock Exchange Limited;

Notice of Meeting means the notice of the annual general meeting of the Company incorporating this Explanatory Memorandum;

Options means the free attaching options to be issued with the Shares under the Placement on the basis of one Option for every Share issued on the terms set out in Annexure B of the Prospectus;

Placement means the open share placement offered under the Prospectus;

Prospectus means the prospectus dated 31 August 2001 issued by the Company offering to Shareholders and Australian and overseas retail and institutional investors up to 40,000,000 ordinary shares in the Company at an issue price of 7 cents each and up to 40,000,000 free attaching options exercisable at 25 cents expiring on 31 December 2002 on the basis of one Option for each Share issued;

Share or **Shares** means fully paid ordinary share or fully paid ordinary shares in the capital of the Company;

Shareholder or **Shareholders** means a shareholder or shareholders of the Company.

Annexure 1 – Pro Forma Consolidated Statement of Financial Position

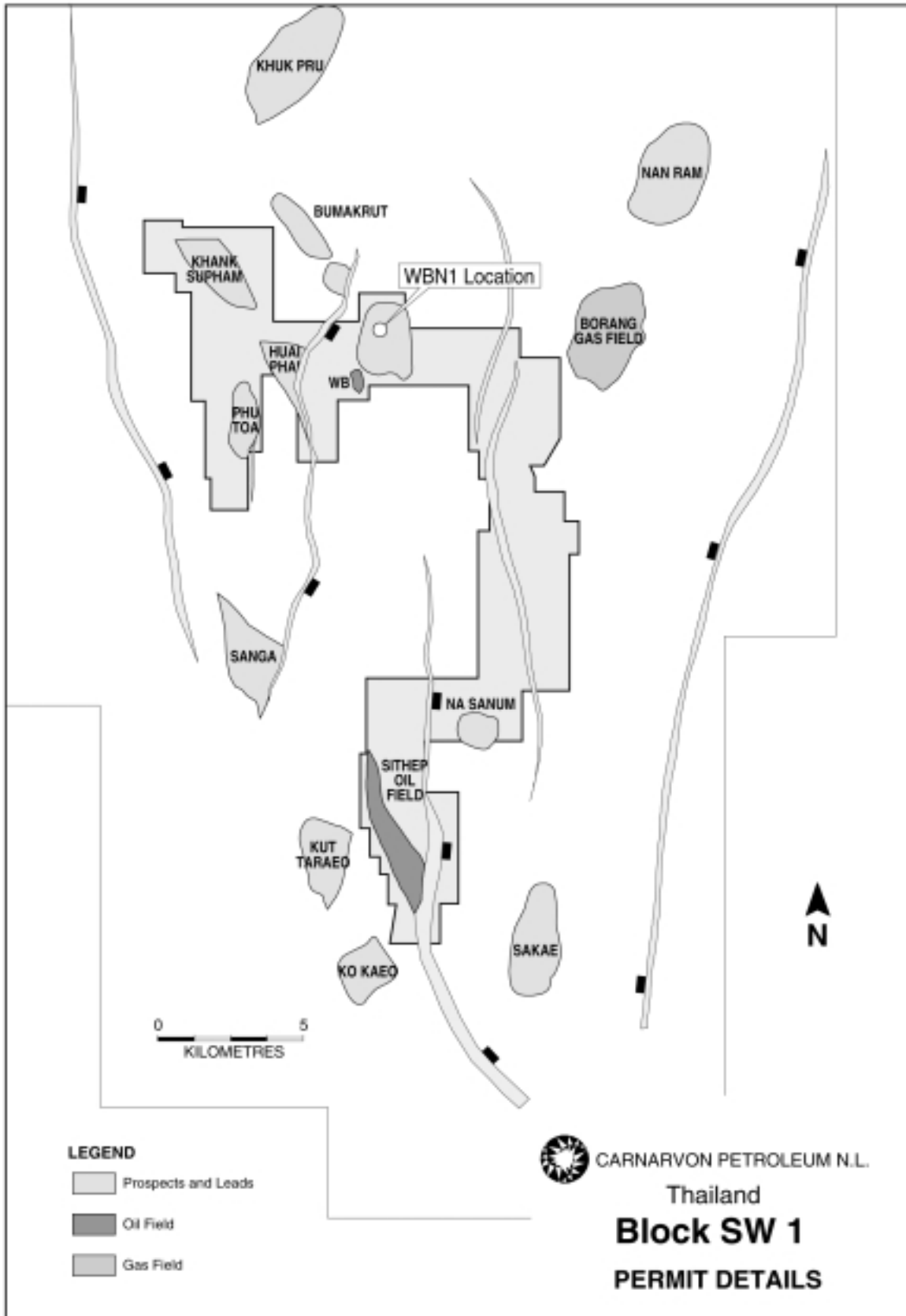
	<i>30 June 2001 Audited *</i>	<i>30 June 2001 Pro-forma **</i>
Current Assets		
Cash	1,187,519	3,687,519
Receivables	220,599	220,599
Prepayments and other assets	32,680	32,680
Total Current Assets	1,440,798	3,940,798
Non-Current Assets		
Receivables	249,815	249,815
Other financial assets	282,876	282,876
Plant and equipment	31,933	31,933
Deferred exploration and development costs	3,144,389	3,144,389
Total Non-Current Assets	3,709,013	3,709,013
Total Assets	5,149,811	7,649,811
Current Liabilities		
Payables	606,566	606,566
Provisions	10,536	10,536
Total Liabilities	617,102	617,102
Net Assets	4,532,709	7,032,709
Equity		
Contributed equity	38,510,125	41,010,125
Accumulated losses	(33,977,416)	(33,977,416)
Total Equity	4,532,709	7,032,709
Number of ordinary fully paid shares on issue	86,532,846	126,532,846

* Based on Carnarvon Petroleum NL's audited consolidated statement of financial position at 30 June 2001 allowing for the effects of the placement of 6,000,000 ordinary shares at 7 cents per share plus 6,000,000 free options on 2 August 2001. The effect of the placement is to increase both cash and contributed equity by \$399,000.

** Effect of the Placement of 40,000,000 Shares at 7 cents per share plus 40,000,000 free Options to raise an estimated net \$2,500,000 (\$2,800,000 gross less estimated costs of the Placement of \$300,000).

Annexure 2 – Map of SWIA Concession

Block SWIA is located some 250 km north of Bangkok in Central Thailand.



Proxy Form



Carnarvon Petroleum NL

ABN 60 002 688 851

The Company Secretary

Carnarvon Petroleum NL

c/- Computershare Investor Services Pty Limited

GPO Box D182

Perth Western Australia 6840

Facsimile: (08) 9323 2033

(Please use the enclosed reply paid envelope)

I/We (full name) _____

of _____

in the State of _____

being a member of Carnarvon Petroleum NL (the Company) and entitled to attend and vote, appoint (full name in block letters)

or failing him/her, the Chairman of the meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 10.30 am on Thursday, 11 October 2001 and at any adjournment of the meeting and to demand a poll.

If 2 proxies are appointed, the percentage of voting rights this proxy is appointed to represent is _____% (see note 2 overleaf)

Instructions as to Voting

If you wish to direct your proxy how to vote with respect to the proposed resolutions, please tick or otherwise mark the appropriate box opposite the item below. Unless instructed to the contrary, proxies in favour of the chairperson will be used in support of the specific matters set out in the notice of meeting.

Ordinary Resolutions

	FOR	AGAINST	ABSTAIN
1 Re-election of Neil Fearis as director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Ratification of previous issue of shares and options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.1 Approval of participation in Placement by George White	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.2 Approval of participation in Placement by Kenneth Tregonning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.3 Approval of participation in Placement by David Orth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.4 Approval of participation in Placement by Neil Fearis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.5 Approval of participation in Placement by Derek Cowlan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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