



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

28 April 2003

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

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New Zealand Stock Exchange
Caltex Tower
286 – 292 Lambton Quay
WELLINGTON NZ
Via Email

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Dear Sirs,

QUARTERLY REPORT FOR MARCH 2003

Please find attached Carnarvon Petroleum Limited's Mining Exploration Entity Quarterly Report for the quarter ended 31 March 2003 incorporating:

- Report on activities for the March 2003 quarter (3 pages); and
- Appendix 5B (5 pages).

Yours faithfully,
CARNARVON PETROLEUM LIMITED

Leonard Troncone
Company Secretary

Suite 3, Level 18 Central Park, 152-158 St George's Terrace Perth, Western Australia 6000
PO Box 7510, Cloisters' Square, Perth, WA 6850
Telephone: 61 8 9288 4522 Facsimile: 61 8 9288 4447

e-mail: admin@carnarvonpetroleum.com



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REPORT FOR MARCH 2003 QUARTER

HIGHLIGHTS

Key financial results for the quarter were:

- The SW1A Joint Venture in Thailand had a cash operating profit of US\$344,000 for the March quarter, an 85% increase over the previous quarter due to the increase in oil production arising from the Phase II development wells.
- Carnarvon received a cash distribution before royalty of A\$232,000 for the quarter.
- Cash flows from the Wichian Buri Oilfield have been re-invested for field upgrades and optimisation.
- Carnarvon has reduced its administration costs relative to previous quarters, with further cost-savings in the pipeline.

Operational activities during the quarter included:

- The completion of testing the F Sandstone reservoir and bringing onto permanent production of the Wichian Buri Phase II development wells, WB-N4, N5 and N6. WB-N5 is currently offline as it awaits replacement parts for the down-hole jet pump.
- WB-N1 was re-perforated and brought into production at an initial rate of some 10-15 BOPD. WB-N1 was drilled in April 2001 as part of Carnarvon's entry into the permit in Thailand but has been shut-in pending the award of Production License 2.

EXPLORATION & DEVELOPMENT ACTIVITIES

SW1A Concession – Thailand (Carnarvon 40%)

The operating results for the SW1A Joint Venture (100%) for the March 2003 quarter and of the two preceding quarters are shown in the following table:

Operating Results Before Gemini Royalty	Sep 2002 QTR	Dec 2002 QTR	Mar 2003 QTR	YTD
Oil production rate	122 BOPD	243 BOPD	315 BOPD	226 BOPD
Average sale price	US\$22.21/bbl	US\$23.03/bbl	US\$26.80/bbl	US\$24.88/bbl
Cash operating profit/(loss)	US\$(16,000)	US\$186,000	US\$344,000	US\$514,000
Cash distributed to Carnarvon	A\$(9,000)	A\$133,000	A\$232,000	A\$356,000

During the March quarter, the SW1A Joint Venture earned a cash operating profit of US\$344,000 that resulted in a net distribution to Carnarvon of A\$232,000. Those results were achieved from an average production rate of 315 BOPD with an average sale price of US\$26.80 per barrel.

It can be seen from the results above that the SW1A Joint Venture is profitable. It demonstrates clearly the potential of the Wichian Buri Oilfield to generate significant cash flows through drilling development wells. Also, much of the Joint Venture's costs are fixed, giving a high marginal profitability to incremental oil production.

The Joint Venture partners have continued to re-invest operating cash flows into improving operating performance, optimising surface facilities and seeking a greater understanding of the Oilfield and its production behaviour. The Phase II development wells have experienced a decline from their initial production rates. The Joint Venture partners are carrying out a detailed reservoir evaluation to understand the performance of the wells. This evaluation will provide the basis for planning of future drilling activity.

Remedial workovers of several of the pre-Phase II production wells were also conducted during the quarter as part of normal oilfield practice, a process that will continue periodically throughout the life of the field.

An analysis of the potential of the E and G Sandstones discovered during the Phase II drilling has been initiated. Upon completion of such evaluation a decision as to how and when to test those intervals will be made. The Wichian Buri Oilfield's reserves will be re-evaluated for the F Sandstone and will be later augmented to include the E and G Sandstones.

Plans are in place to drill an exploration well on the Huai Phai Prospect in the near future with commitments made to purchase long lead time items such as casing. If the exploration well is successful, a number of development wells will be drilled on the Huai Phai structure later in the year.

The SW1A JV partners are continuing the planning for further development of the Wichian Buri Oilfield. Planning is focused on a multi-well drilling program, Phase III, and on means of improving oil recovery and well performance. The Phase III program will target all the discovered E, F and G Sandstones in the Production Licences and the surrounding Exploration Block L44/43. At this stage, the timing for Phase III has not been finalised but, subject to drilling rig availability and funding, it is expected to commence during Q4 of this calendar year.

Carnarvon Basin (Western Australia)

EP 110 (Carnarvon 25.8585%)

This permit is located onshore/offshore at Onslow, Western Australia, and is adjacent to the Tubridgi Gas Field. Interpretation of seismic data over the block continues with a well to be drilled late 2005 to early 2006. The proximity to Tubridgi will make the economics very attractive and reduce the time required to bring on stream a new discovery.

Papuan Basin (Papua New Guinea)

**PRL 4 and PRL 5 including the Stanley, Elevala, and Ketu discoveries.
(Carnarvon 15%)**

These licenses are located in the foreland of the Papuan Basin in Papua New Guinea near the port town of Kiunga on the Fly River. Three gas/condensate discoveries were made in the old PPL 157 and are now retained in the Production Retention Licenses (PRLs) 4 and 5.

Discussions are ongoing amongst the joint venture examining the various options for commercializing the reserves. One such option is the proposed PNG to Queensland gas pipeline the status of which is still unclear.

CORPORATE ACTIVITIES

The Company has initiated the process of centralising its administration and technical functions in Melbourne. This process will be completed during the June 2003 quarter and is expected to result in considerable cost savings. Some cost cutting measures have already been introduced and are reflected in the lower administration costs in the March quarter compared with the previous two quarters.

For and on behalf of
CARNARVON PETROLEUM LIMITED

28 April 2003

Enquiries can be directed to:

Ken Tregonning on 03 9824 2104
or Len Troncone on 08 9288 4522

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")

31 MARCH 2003

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	548	945
1.2 Payments for (a) exploration and evaluation	(1)	(5)
(b) development	(228)	(1,941)
(c) production	(333)	(759)
(d) administration	(392)	(1,319)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	19	27
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	(387)	(3,052)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	(77)	(114)
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 (provide details if material)	-	-
Net investing cash flows	(77)	(114)
1.13 Total operating and investing cash flows (carried forward)	(464)	(3,166)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(464)	(3,166)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	1,830
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 – Funding for development activities	-	1,474
	- Proceeds from sale of Employee Share Plan shares	27	27
	Net financing cash flows	27	3,331
	Net increase (decrease) in cash held	(437)	165
1.20	Cash at beginning of quarter/year to date	1,068	467
1.21	Exchange rate adjustments to item 1.20	(9)	(10)
1.22	Cash at end of quarter	622	622

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	130
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' remuneration: \$113,000 Directors' consultancy fees: \$17,000

Non-cash financing and investing activities N/A

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

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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

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+ See chapter 19 for defined terms.

Financing facilities available N/A

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	40
Total	90

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	162	26
5.2 Deposits at call	460	1,042
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	622	1,068

Changes in interests in mining tenements N/A

	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	171,591,623	171,591,623		
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 through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	10,000,000	0	<i>Exercise price</i> 20 cents	<i>Expiry date</i> 31 December 2003
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 ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:*Leonard Troncone*..... Date: ..28 April 2003.....
(~~Director~~/Company secretary)

Print name: .L Troncone.

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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