



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

30 January 2004

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

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Dear Sirs,

QUARTERLY REPORT FOR DECEMBER 2003

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

- Report on activities for the December 2003 quarter (4 pages); and
- Appendix 5B (5 pages) (Separate PDF File).

Yours faithfully,
CARNARVON PETROLEUM LIMITED

Trevor Irwin
Company Secretary

Enquiries can be directed to: David Orth or Trevor Irwin on 61 3 9225 5400

REPORT FOR DECEMBER 2003 QUARTER

HIGHLIGHTS

Operational activities during the quarter included:

- The Company participated in the drilling of Huai Phai-1 (HP-1) the first well in the three-well Phase III Program, during the quarter. After initial indications of crude oil both on the electric logs and RFTs, and on production testing, the Joint Venture participants confirmed that production from this well was unlikely to be at commercial rates
- Planning for the drilling of wells WB-N7 and WB-N8 was completed and the contracts for the various service companies were finalized ahead of a February spud date.
- Testing of seismic equipment and final acquisition parameters were completed. The seismic equipment has been mobilized and acquisition of a 3D survey will commence shortly.

EXPLORATION & DEVELOPMENT ACTIVITIES

**SW1A Concession – Thailand
(Carnarvon 40%)**

The operating results for the SW1A Joint Venture for the second quarter ended December 2003 and of the two preceding quarters are shown in the following table:

Operating Results Before Gemini Royalty	June 2003 QTR	Sept 2003 QTR	Dec 2003 QTR
Oil production rate	267 BOPD	241 BOPD	204 BOPD
Average sale price	US\$22.91/bbl	US\$24.43/bbl	US\$23.21/bbl
Cash operating profit/(loss)	US\$145,700	US\$154,978	US\$97,290
Cash distributed to Carnarvon	A\$90,600	A\$93,453	A\$55,173

Oil production continued to decline at expected rates. Various methodologies are being considered to arrest the production decline. This decline emphasises the need to continue to drill more wells to establish and maintain daily flow rates.

The Company participated in the drilling of Huai Phai-1 (HP-1) during the quarter. After initial indications of crude oil both on the electric logs and RFTs, and on production testing, the participants confirmed that production from this well was unlikely to be at commercial rates. The Company was encouraged that oil was tested and, when coupled with the oil shows in the WBN-5 well to the north in the G Sandstone, and oil recovered on test from the WB-3 well, the Huai Phai fault compartment, which is separate from the Wichian Buri oil field, remains a viable exploration play and will be tested in due course. The well also drilled through a thicker F Sandstone sequence confirming expectations of an improvement in reservoir conditions to the west of Wichian Buri Field.

Plans are well advanced to begin the next stage of the current drilling campaign. The WBN-7 well will be drilled as a horizontal well to extend the northern boundary of the existing Wichian Buri oil field and to allow for application to be made for Production License 3 that will take up the northern portion of exploration license L44/43. The well will be drilled from a site within the existing production licenses and will test the producing F Sandstone some 700 meters north of the WBN-4 well in a location where sandstone development is believed to improve.

WBN-8 will also be drilled as a horizontal well with a number of multilateral completions designed to augment production. The bottom hole locations will be within the producing area of the Wichian Buri field as it is currently defined. The bottom hole locations are effectively in-fill drilling from a single surface site minimizing infrastructure costs and maximizing production from within the producing oil field.

These two wells will be drilled with the Deutag T48 rig used in the successful Phase II drilling campaign. Drilling will take place over a two week period during February.

Papuan Basin (Papua New Guinea)
PRL 4 and PRL 5 including the Stanley, Elevala, and Ketu discoveries
(Santos 35%/InterOil 20%/AWE 15%/TransOrient 7.5%/Horizon Oil
7.5%/Carnarvon Petroleum Ltd 15%)

Discussions continue between the joint venture partners with respect to the possible development of the gas and condensate in the licenses. A variety of options are being considered to monetize the assets.

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Carnarvon Basin (Western Australia)
EP 110 (Carnarvon 51.7%/PanPacific 37.9%/PanContinental 10.4%)

This permit is located onshore/offshore at Onslow, Western Australia, and is adjacent to the Tubridgi Gas Field. Discussions are underway to restructure the permit and consolidate the work programs and commitments. Seismic acquisition will take place this year with a well scheduled for 2005.

Perth Basin

Carnarvon owns 6.7% of AusAm Resources Limited and retains a royalty of 2.5% by virtue of a sale agreement completed in 2000 over a number of Perth Basin blocks. AusAm Resources Limited's interests are shown below:

EP413	9.44%
EP407	42.50%
EP23	14.38%
EP321	38.25%
EP414	18.89%

CORPORATE ACTIVITIES

During the quarter the Company issued 25,736,783 ordinary fully paid shares at 3.7 cents per share raising \$952,261 to fund working capital commitments. A further placement of 29,599,148 ordinary fully paid shares at 3.3 cents per share was announced to the ASX yesterday the 29th January 2004 with funds amounting to \$976,772 to be used by the Company for the conduct of seismic and Phase III drilling operations in Thailand.

The Company announced the resignation of the former Managing Director and Chief Executive Officer Dr Ken Tregonning from the Board during the quarter.

Administration expenses for the quarter included seasonal costs for production / mail-out of the annual report, costs associated with the Annual General Meeting and payment of half year and annual audit fees and legal fees. The costs associated with the two private placements occurring during the quarter are also included as well as the cost of the severance package paid following the resignation of the Managing Director and Chief Executive Officer Dr Ken Tregonning. These costs notwithstanding, the Company is continuing to achieve its internal cost base target of approx \$60K per month in corporate OPEX.

For and on behalf of
CARNARVON PETROLEUM LIMITED

Trevor Irwin
Company Secretary
30 January 2004

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