



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

29 January 2004

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

Market Information Services Section
New Zealand Stock Exchange
Caltex Tower
286 – 292 Lambton Quay
WELLINGTON NZ
Via Email

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Dear Sirs,

APPENDIX 3B NEW ISSUE ANNOUNCEMENT

Please find attached an Appendix 3B (separate PDF File) relating to Carnarvon Petroleum Limited's issue of 29,599,148 ordinary fully paid shares to clients of Australian broking houses at 3.3 cents each. The shares will rank pari-passu with existing issued ordinary shares. Proceeds from the placement amounting to \$976,772 (before costs) will be used by the Company for the conduct of seismic and Phase III drilling operations in Thailand.

This placement has been made in accordance with Listing Rule 7.1, which allows the Company to issue up to 15% of the Company's issued shares without the prior approval of shareholders. The Company has also agreed to issue one free option per two ordinary shares to participants in the placement. The issue of the options requires shareholder approval which will be sought at a general meeting expected to be held in March. The options will form part of a new series of listed options exercisable at 6 cents each expiring on 31 December 2005.

The Company will shortly announce a pro rata non-renounceable rights issue on identical terms to this placement of approximately 45,385,360 shares on a one for five basis at 3.3 cents each plus one free option per two ordinary shares. These shares will also rank pari-passu with existing issued ordinary shares. The options will form part of a new series of listed options exercisable at 6 cents each expiring on 31 December 2005 and will be subject to shareholder approval. Proceeds from the rights issue will be used for the conduct of future drilling operations and working capital purposes.

Yours faithfully,
CARNARVON PETROLEUM LIMITED

Trevor Irwin
Company Secretary

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