



**CARNARVON
PETROLEUM
LIMITED**
ABN 60 002 688 851

30 April, 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 MARCH 2004

Please find attached Carnarvon Petroleum Limited's Mining Exploration Entity Quarterly Report for the third quarter ended 31 March 2004

Incorporating:

- Report on activities for the March 2004 quarter (5 pages); and
- Appendix 5B (6 pages) (Separate PDF File).

Yours faithfully,
CARNARVON PETROLEUM LIMITED

Trevor Irwin
Company Secretary

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REPORT FOR MARCH 2004 QUARTER

HIGHLIGHTS

Wichian Buri Oil Field – Completion of Phase III Development Program

During the Quarter the Company drilled two horizontal wells in the onshore Wichian Buri oil field, Thailand, completing the Phase III development program.

- The WB-N7 well was drilled into the exploration block L44/43 to establish the continuation of the Wichian Buri Oil Field to the north such that application can be made for Production License 3.
- WB-N8 was drilled into the existing production licenses as a production well.
- The two wells encountered a combined 500 meters of horizontal net pay in these, the first horizontal wells drilled onshore Thailand.
- N8 in particular introduced multilateral completions making use of proven technology in a continued effort to more effectively drain hydrocarbons from within the proven Wichian Buri Oil Field.
- Initial production from N8 was in the range of 150-220 BOPD.

Ongoing operations continue to clean up both N8 and N7.

- Both wells will be worked over in the coming weeks by way of acid and/or enzymes washes to remove the residual oil based mud used in the drilling of the wells.
- Pacific Tiger (the Operator) expects production from N8 to increase following the clean up operation and N7 to be a contributor to field production when PL3 is awarded.
- Any increase in production from clean-up activities will further improve cash flow. The Joint Venture is already cash-flow positive.

A 3D Seismic Survey is currently being undertaken in the northern portion of exploration block L44/43

- It is intended to prove up additional drilling targets in the region and allow more detailed, geological modeling of the reservoir sandstones.
- It will encompass approximately 17 square kilometres.
- The survey is likely to be completed within the next month

EXPLORATION & DEVELOPMENT ACTIVITIES

SW1A Concession – Thailand

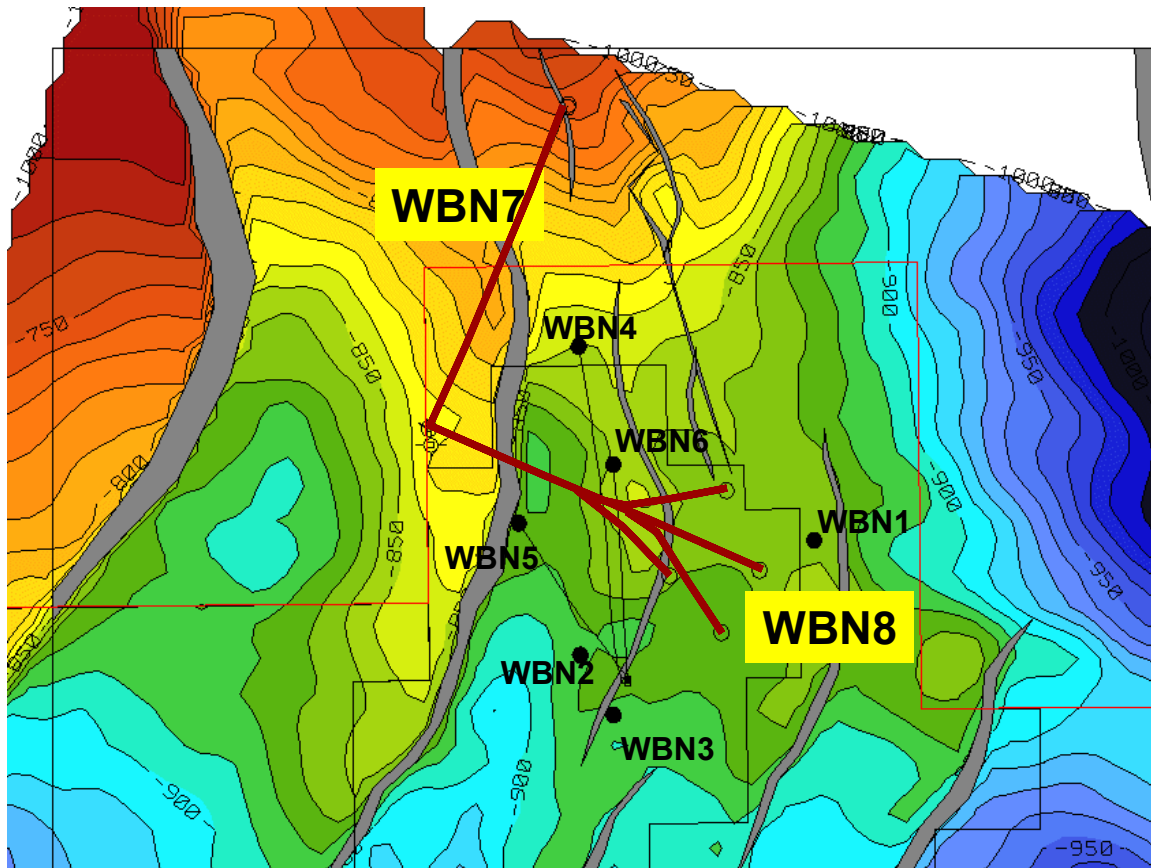
(Carnarvon 40%)

The SW1A Joint Venture was profitable for the quarter and A\$41,939 cash was distributed to the Company. The operating results for the SW1A Joint Venture for the third quarter ended March 2004, and for the two preceding quarters are shown in the following table:

SW1A Operating Results Before Gemini Royalty	Sept 2003 QTR	Dec 2003 QTR	Mar 2004 QTR
Oil production rate	241 BOPD	204 BOPD	208 BOPD
Total production	8,543 bo	7,427 bo	7,470 bo
Average sale price	US\$24.43/bbl	US\$23.21/bbl	US\$22.88/bbl
Cash operating profit/(loss)	US\$134,036	US\$97,290	US\$80,160
Cash distributed to Carnarvon	A\$81,736	A\$55,173	A\$41,939

Total production for the quarter increased marginally to 7,470 barrels and an average of 208BOPD for the March quarter, from 7,427 barrels in the December quarter. Oil production from pre Phase III wells continued to decline at expected rates, however incremental production from Phase III well WBN-8, commencing late in March allowed total production for the quarter to be maintained. The full benefits of Phase III will not occur until the June quarter. Various methodologies are being considered to arrest the production decline from pre Phase III wells, such as water injection, steam flooding, and water after gas.

The figure below highlights the location of the Phase III wells WBN-7 and WBN-8 drilled during the quarter in the Wichian Buri Oilfield.



Papuan Basin (Papua New Guinea)

PRL 4 and PRL 5 including the Stanley, Elevala, and Ketu discoveries

(Santos 35%/ Carnarvon Petroleum Ltd 15%) / InterOil 20%/ AWE 15%/ TransOrient 7.5%/ Horizon Oil 7.5%

Discussions continue between the joint venture partners with respect to the possible development of the gas and condensate in the licenses. A number of options are being considered to monetize the assets. Costs to the Company associated with this work totalled \$9,195 for the quarter.

Carnarvon Basin (Western Australia)

EP 110 and EP-424 (formerly graticular block 15/00-1)

These permits are located onshore/offshore near Onslow, Western Australia, and are adjacent to the producing Tubridgi Gas Field. Discussions have been recently completed to restructure the ownership of the permit and negotiations are now underway with the Department of Industry and Resources to rationalize the associated work programs.

AusAm Resources Limited

Carnarvon owns 3.35% of AusAm Resources Limited, down from 6.7% at June 30 2003 following a share issue by AusAm in April, to finance the drilling of 2 wells in ATP 470 in the Surat basin in Queensland. Carnarvon retains a royalty of 2.5% over a number of Perth Basin blocks held by AusAm by virtue of a sale agreement completed in 2000. AusAm Resources Limited has interests in the following permits:

Perth Basin

EP407	92.5%
EP23	100.0%
EP321	92.5%
EP414	51.8%

Surat Basin

ATP 754P	50.00%
ATP 682P	25.00%
ATP 470P	35.55%

Gippsland Basin

PEP 166	50.00%
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CORPORATE ACTIVITIES

Carnarvon Petroleum Limited raised \$962,642 net of costs in January by issuing 29,599,148 ordinary fully paid shares at 3.3 cents each (with one free option per two ordinary shares) to clients of Australian broking houses to fund a portion of the Phase III development program.

The Company raised a further \$1,263,656 net of costs through a non-renounceable rights issue, by issuing approximately 45,385,090 ordinary shares and 22,692,545 options. The issue was used to fund the Company's further share of the Phase III development program first announced in January and for working capital.

At an Extraordinary General Meeting in March the Company's shareholders approved the issue of 29,599,148 ordinary shares and attaching options noted above and also the issue of 1,000,000 options to Dalkeith Resources Pty Ltd. The options were issued to Dalkeith Resources in as payment for performance of consulting services to the Company in relation to the January placement and the non-renounceable rights issue.

The Company's cash balance is \$962,370 at the end of the quarter. All material costs associated with Phase III development program have been accounted for and paid in the quarter. Additional corporate operating costs were incurred during the quarter due to the fundraising and the planning and implementation of the development program in Thailand. However, total corporate operating expenses for the quarter were in line with previous quarters and on budget.

The former Managing Director and Chief Executive Officer Dr Ken Tregonning resigned from the Board in January to pursue other interests.

Director Interests

Directors increased their shareholding in the Company through underwriting the recently concluded rights issue.

Interests in shares and options held by directors of Carnarvon Petroleum Limited and their director-related entities at 31 March 2004 are as follows:

Ordinary Shares

	Director-Related Entity	Direct Interest	Most Recent Acquisition
Andrew Shelton	Arne Investments P/L 9,208,906 shares		3,201,485 shares per the non-renouceable rights issue.
Neil Fearis	Pendomer Investments P/L 2,100,000 shares	271,400 shares	600,000 shares per the non-renouceable rights issue.
David Orth	International Petroleum Consultancy P/L 1,425,127 shares		70,856 shares per the non-renouceable rights issue.

Options

	Director-Related Entity
Andrew Shelton	Arne Investments P/L. 1,600,743 Options
Neil Fearis	Pendomer Investments P/L. 300,000 Options
David Orth	International Petroleum Consultancy P/L 47428 Options

Share Registry Relocated to Melbourne

The Company relocated its share registry from Perth to Melbourne during March. Effective 1st April 2004 the Company's share registry is now located at:

Computershare Investor Services Pty Limited - Melbourne

Yarra Falls, 452 Johnston Street Abbotsford VIC 3067
Telephone 1800 850 505 Fax (03) 9473 2500

CARNARVON PETROLEUM LIMITED

Trevor Irwin
Company Secretary
30 April 2004

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