



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

13 May 2004

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

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Dear Sirs,

SUBJECT: Consolidation of EP 110 and EP 424 in the Carnarvon Basin

Carnarvon Petroleum Limited wishes to announce that agreement has been reached to consolidate the EP110 and EP 424 permits in the Carnarvon Basin. Carnarvon Petroleum will have a 35% interest in the consolidated permits. Strike Oil will hold 40% and assume operatorship of both permits with Pancontinental Oil holding the remaining 25%. The consolidation of the permits will give Carnarvon a significant interest in 850 square kilometers of prospective exploration acreage in offshore and onshore Western Australia, near Onslow. Importantly, the consolidated permits cover the whole of the Jasper oil prospect near the producing Roller, Skate and Saladin Oil Fields. The onshore portion of the EP110 permit is adjacent to the producing Tubridgi Gas Field.

Carnarvon sees this as an exciting opportunity because of the proximity of the blocks to producing oil fields, with activity to begin later in the year. The addition of EP 424 eliminates the block boundary over the Jasper prospect and the combined blocks represent an area that will give the Company the opportunity to continue its exploration activities in Australia. A number of additional leads have been identified and will be delineated by the upcoming seismic program. Strike Oil, on behalf of the JV partners is currently finalizing the work program with Department of Industry and Resources.

EP 110 is enhanced by the addition of EP 424, which consists of a single graticular block (approximately 80 square kilometres) adjacent to the northwest corner of the offshore portion of EP110.

The block was recently awarded to Stirling Products Limited (formerly West Oil NL) who has assigned its 100% interest to Strike Oil. In due course, Strike Oil will assign without cost a 35 % interest to Carnarvon Petroleum Ltd and 25% to Pancontinental Oil & Gas NL, such that the equity interests are the same as for EP 110.

The new arrangements have been given effect by a swap of interests in the two permits.

Yours faithfully,
CARNARVON PETROLEUM LIMITED

Trevor Irwin
Company Secretary

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