



CARNARVON
PETROLEUM
LIMITED
ABN 60 002 688 851

31 October 2003

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Dear Sirs,

QUARTERLY REPORT FOR SEPTEMBER 2003

Please find attached Carnarvon Petroleum Limited's Mining Exploration Entity Quarterly Report for the first quarter ended 30 September 2003 incorporating:

- Report on activities for the September 2003 quarter (3 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



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REPORT FOR SEPTEMBER 2003 QUARTER

HIGHLIGHTS

Key financial results for the quarter were:

- The SW1A Joint Venture in Thailand had a cash operating profit of US\$154,978 for the September quarter.
- Carnarvon received a cash distribution before royalty from the SW1A Joint Venture of A\$93,453 for the quarter.
- The Company's administrative costs of A\$231,000 are 47.5% lower than for the corresponding quarter last year.
- Net operating cash flow for the quarter was (\$173,000), an improvement of \$48,000 over the net operating cash flow in the previous quarter of (\$221,000). Cash at the end of the quarter was \$208,000.

Since the end of the quarter the Company issued 13,514,270 ordinary fully paid shares at 3.7 cents per share on **7th October 2003** raising \$500,000 to fund working capital commitments.

Operational activities during the quarter included the planning for:

- The drilling of an exploration well in the attractive Huai Phai prospect. The well has a scheduled spud date of 20 November 2003. It will be a single vertical well/hole drilled to approximately 1050 meters. A significant portion of the cost of this well has already been paid. The Company's share of the budgeted remaining cost to completion is US\$165,000, or A\$236,000. The well is being drilled within an existing production license and, if successful, will result in immediate additional oil production and add to reserves.
- The Phase III drilling campaign to include the drilling of Wichian Buri N7 into L44/43 and the drilling of N8 wells as a multilateral completion. WBN8 will target additional production in the producing Wichian Buri oilfield whilst WBN7 will enable the JV partners to apply for a further production license PL3 in the northern part of the Wichian Buri oilfield. At this stage, the timing for Phase III has not been finalised but, is expected to commence during late December to early January. Final planning and budgeting is currently being completed by the Operator, Pacific Tiger Energy Inc. Multilateral well completion is a widely used technique and will reduce drilling costs. The Operator has engaged industry specialists Schlumberger to design the wells and the completions.

The JV partners have agreed in principle on a development plan for Wichian Buri and Huai Phai for the period through to the end of 2004. Implementation will depend on the success of the Huai Phai drilling and Phase III but is expected to include the development of Huai Phai and further drilling in the Wichian Buri oilfield to target additional production.

EXPLORATION & DEVELOPMENT ACTIVITIES

SW1A Concession – Thailand (Carnarvon 40%)

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

Operating Results Before Gemini Royalty	Mar 2003 QTR	June 2003 QTR	Sept 2003 QTR
Oil production rate	315 BOPD	267 BOPD	241 BOPD
Average sale price	US\$26.80/bbl	US\$22.91/bbl	US\$24.43/bbl
Cash operating profit/(loss)	US\$344,000	US\$145,700	US\$154,978
Cash distributed to Carnarvon	A\$232,000	A\$90,600	A\$93,453

The decline in production experienced during the quarter within the Wichian Buri Oil Field is within industry norms for similar fields and reservoirs in the region. Remedial workovers of several production wells were conducted during the quarter as part of normal oilfield practice, a process that will continue periodically throughout the life of the field to maintain production levels.

The SW1A Joint Venture participants have agreed to drill an exploration well on the Huai Phai Prospect. Huai Phai is a four way dip closed anticlinal structure delineated by a 2D and 3D seismic grid and lies two kilometers immediately to the west of the producing Wichian Buri oil field. HP-1 will test the regionally extensive F Sandstone as the primary target with the G Sandstone providing a secondary target. If the exploration well is successful, a number of development wells on the Huai Phai structure would be drilled during 2004.

The planned Phase III drilling program will target the E, F and G Sandstones in the Production Licences and the surrounding Exploration Block L44/43. Acquisition of a 3D seismic survey over the northern portion of L44/43 will begin during December 2003. The survey is designed to better image the reservoirs and will allow future drilling to be concentrate on those areas with increased productivity.

Papuan Basin (Papua New Guinea)

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

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

The Joint Venture partners have been conducting an economic study on the feasibility of commercializing one or more of the three gas and condensate discoveries in the area of the licenses. Reaching a definitive conclusion as to the most appropriate means of commercialising one or more of these discoveries relies on additional seismic reinterpretation, which will be ongoing throughout the next twelve months. One option being considered is to reinject the gas with transportation of the condensate to the coast via truck and barge.

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 under way with the Joint Venture partners as to how best to progress the exploration of the block. The minimum work requirements of the permit renewal conditions require one well to be drilled in 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

The Company announced the issue of 13,513,514 shares at 3.7 cents per share to clients of member organisations of the Australian Stock Exchange on **7th October 2003**. Funds raised will be used to fund working capital commitments. All shares have now been issued. The Company's issued capital is now 185,105,893 ordinary fully paid shares.

For and on behalf of
CARNARVON PETROLEUM LIMITED

31 October, 2003

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