



**CARNARVON
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FINANCIAL RESULTS FOR 2004

Melbourne, 30 September 2004, – Carnarvon Petroleum (ASX: CVN), today filed with the ASX its Financial Report for the year ended 30 June 2004. The group reported a slight improvement in its overall result, with a consolidated loss for the year of \$1,417,000, compared to a loss of \$1,508,000 in 2003.

The operating result from its 40% interest in the SW1A joint venture was weaker due to reduced production, decreased sales and the appreciation of the A\$ during 2004. Carnarvon's share of revenue for the year from the SW1A joint venture was \$975,000 compared to \$1,366,000 in the previous corresponding period. The reduction in barrels sold during the year was due to limited contribution from the Phase III wells N7 and N8 due to completion problems, which did not offset the normal decline from the existing wells.

The joint venture is operationally cash flow positive and currently Carnarvon does not have any expenditure commitments to the joint venture. The operating costs of the joint venture are largely fixed, therefore it is anticipated that increased oil production and sales volume would contribute to improved margins and returns.

Corporate administration costs were reduced by \$193,000 to \$1,328,000 for the year compared to \$1,521,000 in 2003. After excluding the remuneration paid during the year to the former managing director, corporate administration costs were reduced by \$335,000 to \$1,186,000. Carnarvon continues to focus on its corporate administration costs and further reductions are anticipated in the current financial year.

The group has reported a strong working capital position at 30 June 2004 of approximately \$1 million, including cash reserves of \$528,000, a receivable of \$100,000 from the SW1A joint venture, and a current investment in Ausam Energy Corporation, recorded at cost, of \$283,000. This investment is currently valued at \$460,000, based on recent trades of Ausam shares on the TSX Venture Exchange.

For further information contact:

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