



NOVUS

Target's Statement

by Novus Petroleum Limited

ABN 17 067 777 440

in relation to an offer by

Sunov Petroleum Pty Ltd

ACN 108 045 361

REJECT

Legal Adviser

MALLESONS STEPHEN JAQUES

Financial Adviser



**THIS IS AN IMPORTANT DOCUMENT AND
REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to its contents,
please contact your professional adviser.

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Important Notices

This Target's Statement dated 31 March 2004 is given by Novus. This Target's Statement includes all information in this booklet and is given in response to the Bidder's Statement dated 5 March 2004 which was sent to Novus by Bidder.

Defined Terms

A number of defined terms are used in this Target's Statement. These terms are explained in the glossary in section 7.

No Account of Personal Circumstances

This Target's Statement does not take into account the individual investment objectives, financial situation and particular needs of each Novus Shareholder. You may wish to seek independent financial and taxation advice before making a decision whether or not to accept the Offer for your Novus Shares.

Disclaimer Regarding Forward Looking Statements

This Target's Statement contains forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the oil and gas industry as well as general economic conditions and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected. None of Novus, any of its officers, or any person named in this Target's Statement with their consent or any person involved

in the preparation of this Target's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any event or results expressed or implied in any forward looking statement, and you are cautioned not to place undue reliance on those statements.

The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

ASIC and ASX Disclaimer

A copy of this Target's Statement has been lodged with ASIC and sent to ASX. None of ASIC, ASX or any of their respective officers take any responsibility for the content of this Target's Statement.

Novus Shareholder Information

Novus has established a shareholder information line which Novus Shareholders may call if they have any queries in relation to the Offer. The telephone numbers for the shareholder information line are 1800 701 213 (for callers in Australia) or +61 3 9251 2730 (for callers outside Australia). The information line is available Monday to Friday between 7:00am and 6:00pm (Sydney time).

Novus notifies Novus Shareholders that, as required by the Corporations Act, calls to the above information line will be tape recorded.

Further information relating to the Offer can be obtained from Novus' website at www.novuspetroleum.com



Chairman's letter

“The Independent Expert's updated valuation of Novus is \$2.02 – \$2.86 per Novus Share and the Independent Expert has concluded that the Offer by Bidder of \$1.77 cash per Novus Share is neither fair nor reasonable.”

Dear Shareholder

This Target's Statement sets out the formal recommendation of the Independent Directors (myself, Jim Hornabrook and Steve Mann) and responds to the Bidder's Statement issued by Sunov Petroleum Pty Ltd (“Bidder”), which was sent to Novus Shareholders on 19 March 2004.

Novus Shareholders will be aware of the background. In late December 2003 PT Medco Energi Internasional Tbk (“Medco”) announced an off-market bid for Novus at \$1.74 cash per Novus Share. On 19 January 2004, a competing takeover bid was announced at \$1.77 cash per Novus Share by Dr Bob Williams, the Chief Executive Officer of Novus, together with Crosby Capital Partners (“Crosby”). As the Bidder's Statement discloses, the off-market bid by Dr Williams and Crosby is being made through a new company called Sunov Petroleum Pty Ltd. Shortly after the announcement of the Medco Offer the Board as a whole, which included Dr Williams, stated its view that a price of \$1.74 failed to reflect the underlying value of the Novus Shares. The target's statement formally responding to the Medco Offer (“Medco Target's Statement”), issued subsequent to the announcement by Crosby and Dr Williams of their intended bid, included a recommendation by the Independent Directors to reject the Medco Offer of \$1.74 cash per Novus Share. Upon the announcement of the proposed offer by Dr Williams and Crosby at just 3 cents higher, the Independent Directors said that we welcomed the competitive pressure of another bidding party but considered that the price of \$1.77 also failed to reflect the

underlying value of Novus. Since the announcement of this alternative bid, Novus and its advisers have treated both offerors on an equal basis in every respect, such as access to data or responses to information requests; we have also put in place strict protocols to govern Dr Williams' conduct in his role as CEO of Novus.

As well as the formal recommendation of the Independent Directors, this Target's Statement is accompanied by an Independent Expert's Report from Grant Samuel & Associates Pty Limited (“Independent Expert”). **The Independent Expert's updated valuation of Novus is \$2.02 – \$2.86 per Novus Share and the Independent Expert has concluded that the offer by Bidder of \$1.77 cash per Novus Share (“Offer”) is neither fair nor reasonable.**

Having reviewed the Independent Expert's Report and carefully considered the Offer, **each of the Independent Directors recommends that you REJECT the Offer** for reasons including:

- The Offer substantially undervalues your Novus Shares based on a number of independent measures, including the updated valuation of the Independent Expert;
- The Independent Directors believe Bidder has not adequately factored in the quality of Novus' portfolio as well as material upside exposure from the key development and exploration assets in the US and the Middle East;
- Novus Shares continue to trade at levels significantly above the Offer Price and as at 24 March 2004 closed at \$1.86;



- The Offer is conditional and if Novus Shareholders accept the Offer, except in limited circumstances, they will not be able to accept any higher offer which may emerge; and
- There are now two live offers for Novus in the market, although neither is being recommended to Novus Shareholders by the Independent Directors. Given this competitive tension, there is always the prospect of one or the other of Medco and Bidder raising its offer price. Additionally the Independent Directors and their advisers have widely canvassed alternative counter bidders and certain of those discussions remain ongoing.

This Target's Statement sets out detailed reasons for the Independent Directors' recommendation, which are contained in section 1.

To REJECT the Offer, simply do nothing and ignore the documentation sent to you by Bidder.

Each Independent Director intends to **REJECT** the Offer for any Novus Shares held by him or on his behalf.

The Independent Directors will of course keep you promptly informed of any developments in relation to the Offer, and the Medco Offer. In the meantime, if you require further clarification or have any questions, please call the Novus Shareholder information line on toll free 1800 701 213 for local callers or +61 3 9251 2730 for overseas callers. The information line is available Monday to Friday between 7.00am and 6.00pm (Sydney time). Calls to the information line will be tape recorded for legal reasons.

Yours faithfully

David Blair
Chairman
Novus Petroleum Limited

What Shareholders Need To Do

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- To REJECT this inadequate Offer, Novus Shareholders should do nothing. Ignore all documentation sent to you by Bidder.
 - Read this Target's Statement, which contains your Independent Directors' recommendation to REJECT the Offer and the reasons for this recommendation.
 - If you have any questions, please call the Novus Shareholder information line on 1800 701 213 (for callers in Australia) or +61 3 9251 2730 (for callers outside Australia).
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The information line is available Monday to Friday between 7.00am and 6.00pm (Sydney time).

**TO REJECT THIS INADEQUATE OFFER,
YOU SHOULD DO NOTHING.**

1. Why you should reject the Offer

1.1 The Medco Offer undervalues your Novus Shares

On 23 January 2004, Novus issued the Medco Target's Statement in response to the unsolicited takeover offer by Medco Energi (Australia) Pty Ltd, a wholly owned subsidiary of PT Medco Energi Internasional Tbk. The Medco Offer is \$1.74 cash per Novus Share. The Independent Directors of Novus (Messrs David Blair, Jim Hornabrook and Steve Mann) unanimously recommended that Novus Shareholders reject the Medco Offer for the reasons set out in section 1 of the Medco Target's Statement.

Many of these reasons were based on the view of the Independent Directors that the Medco Offer undervalued your Novus Shares.

1.2 The current Offer also undervalues your Novus Shares

The Independent Directors of Novus believe that the current Offer by Bidder of \$1.77 cash per Novus Share also undervalues your Novus Shares. The reasons include those set out below but also include many of the detailed reasons set out in section 1 of the Medco Target's Statement, and Novus Shareholders are encouraged to review those reasons. See section 2.12 of this Target's Statement for instructions on how to obtain a copy of the Medco Target's Statement if you do not still have your copy.

1.2.1 The Offer Price is below the Independent Expert's valuation of Novus

The Independent Expert has updated its valuation of Novus and calculated a value per Novus Share of between \$2.02 and \$2.86. The Independent Expert has concluded that the Offer is neither fair nor reasonable to Novus Shareholders. Novus Shareholders are encouraged to read in full the Independent Expert's Report which accompanies this Target's Statement.

1.2.2 The Offer Price is below the current market valuation of Novus

Novus Shares continue to trade above the Offer Price and on 24 March 2004, Novus Shares closed at \$1.86. The volume weighted average price of Novus Shares during the period from 22 December 2003 (the date of the announcement of the Medco Offer) to 24 March 2004 was \$1.85.

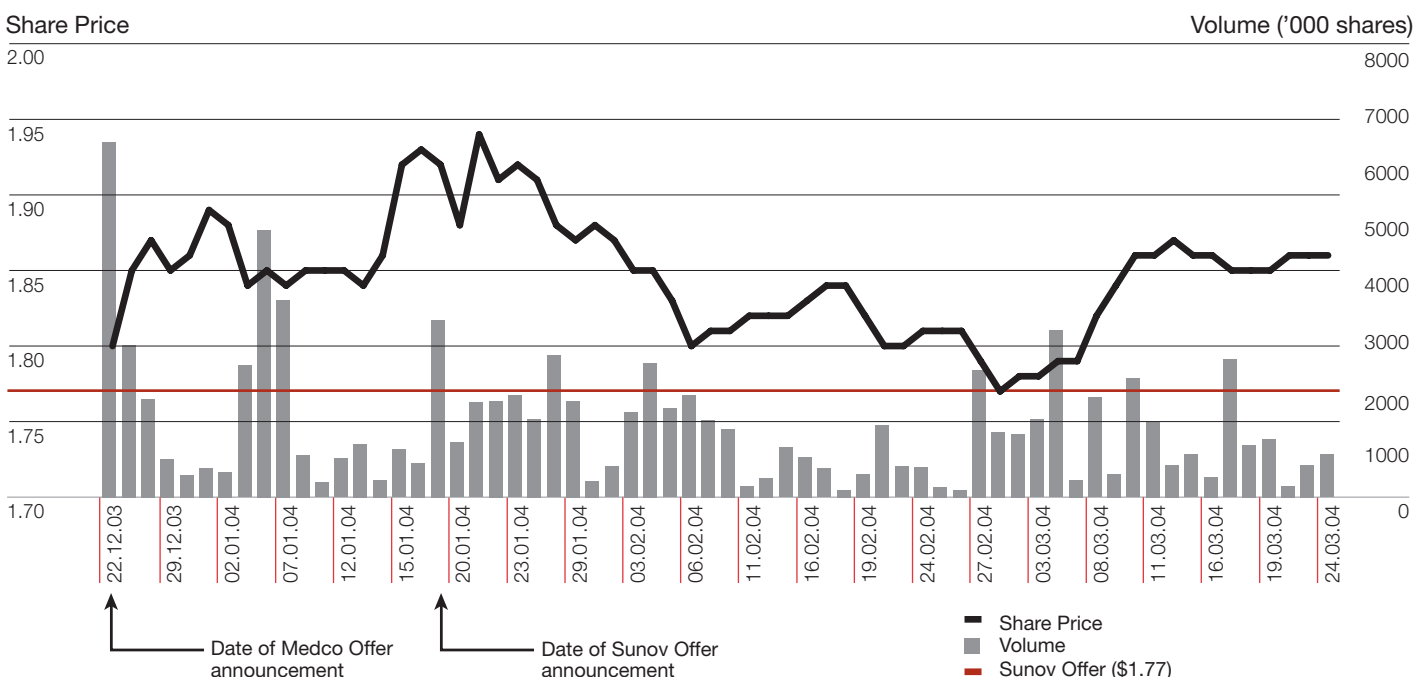
See Figure 1 below for further details.

1.2.3 The Offer Price implies low premiums and multiples relative to significant Australian oil and gas takeovers

The 37% premium implied by the Offer Price is below the average premium of 45% paid in significant Australian oil and gas takeovers since 1995. The Offer Price also implies earnings and reserves multiples which are below average multiples in these takeovers.

For further details, see sections 1.1(d) and 1.1(e) of the Medco Target's Statement.

Figure 1. Novus Share Price and Volume Since Announcement of the Medco Offer¹



1. Source: IRESS

1.2.4 The Offer Price is low relative to pricing of ASX listed oil and gas companies

On the basis of reserves and earnings multiples, the Offer values Novus well below average multiples of ASX listed oil and gas companies. For further details, see section 1.1(f) of the Medco Target's Statement. This is despite the fact that this analysis compares the Offer Price (which should incorporate a premium for control of Novus) with trading multiples for other ASX listed oil and gas companies.

Average 2P reserve multiples and average broker consensus 2004 EBITDA multiples for ASX listed oil and gas companies with an equity market value exceeding \$200 million as at 24 March 2004 have not changed materially from those set out in section 1.1(f) of the Medco Target's Statement.

1.2.5 Oil prices have remained at high levels since the announcement of the Offer

From the announcement of the Offer on 19 January 2004 to 24 March 2004, the WTI crude oil price has increased from US\$35.16/bbl to US\$37.06/bbl. Over this period, the average WTI crude oil price has been US\$35.52/bbl.

See Figure 2 below for further details.

1.3 Novus has assembled an attractive portfolio of oil and gas assets, which have been undervalued by Bidder

The Independent Directors believe that the Offer does not recognise the quality of Novus' portfolio, specifically:

- its balance between assets at varying stages of the asset life cycle;
- its regional balance which reduces Novus' geographic risk;
- its exposure to gas which is an environmentally friendly fuel that generally produces relatively predictable cash flows; and
- the significant latent value in certain of Novus' assets, particularly from its exploration and development programme.

For further details, see section 1.2 of the Medco Target's Statement.

As noted in section 1.3 of the Medco Target's Statement, the Independent Directors consider that Novus is well positioned to add material shareholder value through its strategy of growth in the US and in the Middle East. In particular, the Independent Directors note that Novus has only recently commenced an active drilling programme for 2004 in the Padre Island joint venture. Updates of Novus' drilling and other activity and plans are regularly provided by way of ASX announcements and Novus Shareholders are encouraged to view these announcements. See section 5.4 of this Target's Statement for further details.

1.4 The Offer is conditional

The Offer is subject to several conditions including:

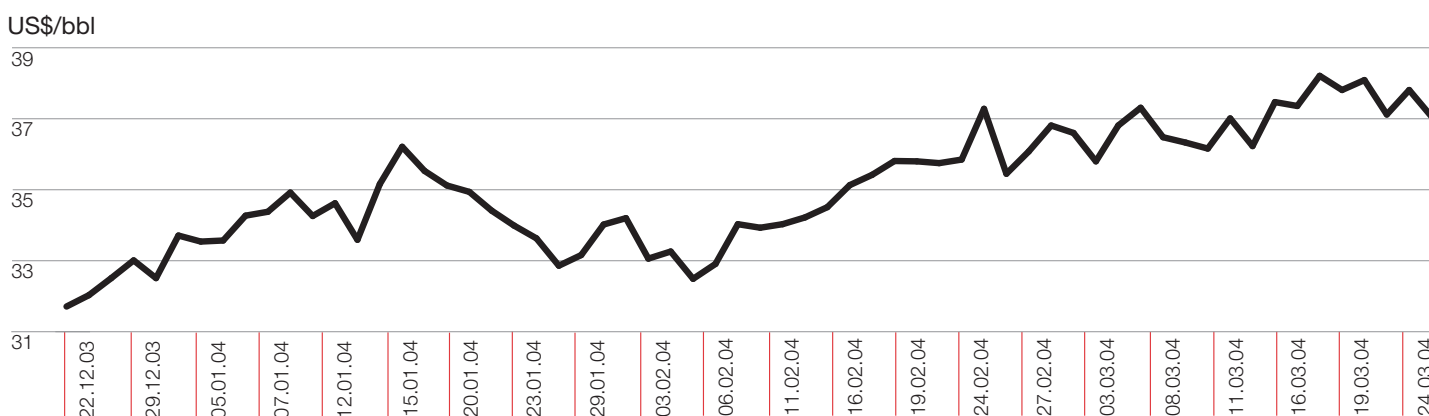
- a 90% minimum acceptance condition;
- all necessary regulatory approvals, including FIRB and Hart-Scott-Rodino clearances being obtained;
- no material adverse change occurring in relation to Novus and Novus' subsidiaries; and
- no prescribed occurrences (e.g. Novus issuing new shares or other securities).

The potential impact on Novus Shareholders of accepting a conditional offer was explained in detail in section 1.5(d) of the Medco Target's Statement. Novus Shareholders should note that acceptance of the Offer, except in limited circumstances, would prevent shareholders from accepting any higher offer which may emerge. Novus Shareholders should also note that Bidder cannot waive the FIRB condition set out in section 10.6(b) of the Bidder's Statement.

1.5 General

As set out in section 5.5 of this Target's Statement, the Independent Directors continue to have discussions with third parties which could potentially lead to a superior proposal being made to Novus Shareholders.

Figure 2. WTI Crude Price Since Announcement of the Medco Offer²



2. Source: IRESS

2. Questions

2.1 What is the Bidder's Statement?

The Bidder's Statement contains information on the Offer and the law requires that Bidder send it to you.

2.2 What do the Independent Directors recommend?

The Independent Directors' recommendation is to **REJECT** the Offer (see section 3 for further details).

If there is a change in this recommendation or any material developments in relation to the Offer, Novus will issue a supplementary target's statement.

2.3 What does the Independent Expert say?

The Independent Expert has concluded that the Offer is neither fair nor reasonable. The Independent Expert has valued Novus Shares at between \$2.02 and \$2.86.

2.4 What should I do?

To follow the Independent Directors' recommendation to **REJECT** the Offer, you should **take no action** with respect to the documents you received from Bidder.

However, you may wish to seek independent financial and taxation advice from your professional adviser as to the action that you should take in relation to the Offer.

2.5 How do I REJECT the offer?

To **REJECT** the Offer, you do not need to do anything. Simply ignore the documents sent to you by Bidder.

2.6 When do I have to make a decision?

If you wish to follow the Independent Directors' recommendation to **REJECT** the Offer, you do not need to do anything.

If you wish to accept the Offer, you must do so before its scheduled closing date. Bidder has stated that the Offer remains open until 6.00pm (Sydney time) on 22 April 2004. It is possible that Bidder may choose to extend the Offer Period in accordance with the Corporations Act. However, Bidder cannot close the Offer earlier than this date except in accordance with the Corporations Act.

2.7 What happens if I accept the Offer and a superior offer is made for my Novus Shares by a third party, or Medco decides to increase its offer price, after I accept?

If you accept the Offer for your Novus Shares, you are only able to withdraw your acceptance in limited circumstances (namely, if Bidder varies the Offer in a way that postpones for more than one month the time when it has to meet its obligations under the Offer – for example, by extending the Offer Period for more than one month while it remains conditional).

Accordingly, if you accept the Offer, you may be unable to accept a superior offer from another third party, if one arises, or a higher offer from Medco, if it decides to increase its offer price.

If you accept the Offer for your Novus Shares and Bidder subsequently decides to increase its Offer Price, you will automatically receive the increased Offer Price.

2.8 Will I be forced to sell my Novus Shares?

You cannot be forced to sell your Novus Shares unless Bidder acquires a relevant interest in at least 90% of all Novus Shares by the end of the Offer Period and proceeds to compulsory acquisition of the remaining Novus Shares under the Corporations Act. In that case, the consideration that you will receive for your Novus Shares will be the last price offered under the Offer before compulsory acquisition is commenced (which will be at least \$1.77 cash per Novus Share).

2.9 Are there any capital gains tax issues?

A general description of the taxation treatment for Novus Shareholders accepting the Offer is set out in section 8 of the Bidder's Statement. However, you should not rely on it as advice as to your own affairs. You should consult your taxation adviser or financial adviser for detailed taxation advice.

2.10 What can I do with my Options?

The Offer extends to any Novus Shares issued on the exercise of Options during the period from the Register Date to the end of the Offer Period. If you hold Options, you will need to exercise them before you can participate in the Offer.

Details of your eligibility to exercise your Options are set out in section 6.4.

In relation to outstanding Options, Bidder has stated that it is also considering making separate offers for the Options, however it reserves the right not to do so. Any such offers would likely be conditional on, among other things, all the conditions of the Offer being waived or fulfilled.

If you hold your Options and Bidder acquires a relevant interest in at least 90% of all Novus Shares by the end of the Offer Period:

- Bidder has stated its intention to seek to compulsorily acquire or compulsorily cancel any outstanding Options pursuant to the Corporations Act; and
- you will have the right to have your Options bought by Bidder at fair value.

You should obtain your own taxation advice before taking any action in regard to your Options.

2.11 Who should I call if I have any questions?

Novus has established an information line for Novus Shareholders in relation to the Offer. The telephone numbers for the information line are 1800 701 213 (for callers in Australia) or +61 3 9251 2730 (for callers outside Australia). The information line is available Monday to Friday between 7.00am to 6.00pm (Sydney time).

Novus Shareholders should note that, as required by the Corporation Act, calls to the information line will be tape recorded.

Announcements made to ASX by Novus and other information relating to the Offer can be obtained from Novus' website at www.novuspetroleum.com

2.12 How do I get a copy of the Medco Target's Statement?

A copy of the Medco Target's Statement can be obtained from Novus' website at www.novuspetroleum.com

Alternatively, any Novus Shareholder who would like to receive a copy of the Medco Target's Statement may obtain a copy free of charge during the Offer Period by calling the Novus Shareholder information line.

3. Independent Directors' recommendation

The Independent Directors are David Blair (Chairman), Jim Hornabrook and Steve Mann.

In assessing the Offer, the Independent Directors have had regard to a number of considerations, including the information set out in the Bidder's Statement.

Based on this assessment, and for the reasons set out in section 1 of this Target's Statement, including many of the reasons referred to in the Medco Target's Statement, the Independent Directors believe that the consideration offered by Bidder of \$1.77 cash per Novus Share is inadequate.

THE INDEPENDENT DIRECTORS' RECOMMENDATION TO NOVUS SHAREHOLDERS IS TO REJECT THE OFFER.

Each Independent Director intends to reject the Offer for any Novus Shares held by him or on his behalf.

No Recommendation from Non-Independent Directors

Dr Bob Williams is a director of Bidder and for this reason makes no recommendation to Novus Shareholders in relation to the Offer.

Mr Noboru Tsuruta also makes no recommendation to Novus Shareholders in relation to the Offer having regard to:

- Mitsui & Co., Ltd ("Mitsui"), through a 100% owned subsidiary, holding 6.5% of the issued capital of Novus and its 40% owned associate Mitsui Oil Exploration Co., Ltd ("MOECO") having an interest in a further 6.5% of the issued capital of Novus. Mitsui and MOECO have the right to nominate a person for appointment by Novus as a director and Mr Tsuruta has been so nominated and appointed; and
- Mitsui's strategic alliance with Novus.

4. Novus' financial performance

The Medco Target's Statement sets out Novus' forecast financial performance for the year ending 31 December 2004 ("Directors' 2004 Forecast"). The Directors' 2004 Forecast (which included a projection of operating profit after tax of \$46.3 million) materially exceeded the prevailing broker consensus forecast for Novus' 2004 financial performance.

The preparation of the Directors' 2004 Forecast and the macro-economic, operational, accounting and other assumptions upon which it was based are set out in section 4 of the Medco Target's Statement. The Independent Directors encourage Novus Shareholders to review the information on Novus' forecast 2004 financial performance contained in section 4 of the Medco Target's Statement.

Other than the incremental cost of responding to the Offer, which is estimated to be \$0.5 million (thereby reducing the Directors' 2004 Forecast from \$46.3 million to \$45.8 million) since the date of the Medco Target's Statement there have been no material changes in Novus' expected operational performance which would cause the Directors to amend the Directors' 2004 Forecast. However, Novus Shareholders should note that the Board is currently considering purchasing directors' and officers' run-off insurance, and have received a quote for such insurance of \$1.5 million for a period of six years.

The assumptions for the key macro-economic variables (benchmark crude oil price, benchmark price for gas in the US and the A\$ / US\$ rate) were based on forward curves prevailing at 8 January 2004, being the forward curves on which the Directors' 2004 Forecast was based.

The table below compares 2004 key macro-economic variables implied by year to date actuals plus the forward curves as at 8 January 2004 (as well as prevailing spot prices) with prices at 24 March 2004 (spot prices as at 24 March 2004 are also shown).

Shareholders are encouraged to review sections 4.4 and 4.6 of the Medco Target's Statement which provides a summary of the Directors 2004 Forecast as well as a sensitivity analysis. The sensitivity analysis was provided to assist Novus Shareholders to understand the impact that certain of the key best estimate assumptions have on the "Net Profit After Tax" component of the Directors' 2004 Forecast.

| | As at 8 January 2004 | | As at 24 March 2004 | |
|------------------------|----------------------|------------|---------------------|------------|
| | 2004 Average | Spot Price | 2004 Average | Spot Price |
| WTI (US\$/bb) | US\$31.74 | US\$35.07 | US\$34.96 | US\$37.06 |
| Henry Hub (US\$/mmbtu) | US\$5.84 | US\$5.48 | US\$5.64 | US\$5.36 |
| A\$ / US\$ | 0.75 | 0.764 | 0.746 | 0.752 |

5. Important issues

5.1 Impact of the Moomba gas incident

Novus set out details regarding the gas leak and fire that occurred in the liquids recovery plant section of the Moomba gas plant in the Cooper Basin on 1 January 2004 in section 6.1 of the Medco Target's Statement. The Moomba gas plant is operated by Santos as part of a joint venture in which Novus has a 4.75% interest in the South Australian side of the Cooper Basin.

Since the date of the Medco Target's Statement, there has been progress in the restoration efforts undertaken by Santos. On 23 January 2004, Santos announced that the current supply under stage 2 of the recovery plan was around 200 terajoules per day (nearly 45% of typical summer demand). On 7 February 2004 Santos announced that gas supplies were expected to increase to 550 terajoules per day by the following weekend, which was well above the historic summer demand from Moomba of around 400-450 terajoules per day. These higher volumes represented the achievement of stage 3 of the recovery plan. On 23 February 2004 Santos announced that the Moomba gas supply capacity now exceeded current South Australia and New South Wales customer requirements, and that reinstatement of full gas production was targeted for the first half of April 2004.

Novus confirms that its estimate of the financial impact of the Moomba incident on Novus for the year ending 31 December 2004, based on information provided by Santos, has not changed from that set out in section 6.1 of the Medco Target's Statement (being \$2.0 million in net profit after tax and \$2.5 million in operating cash flow).

5.2 Change of control

5.2.1 Syndicated Multi-Option Revolving Credit Facility

Novus Shareholders should refer to section 6.3(a) of the Medco Target's Statement for a description of the effect of a change of control of Novus on the US\$86,000,000 Syndicated Multi-Option Revolving Credit Facility Agreement. Novus Shareholders should note that the facility remains drawn to US\$24 million.

5.2.2 Novus US Notes

Novus Shareholders should refer to section 6.3(b) of the Medco Target's Statement for a description of the effect of a change of control of Novus on the Novus US Notes. Novus Shareholders should note that as at 24 March 2004, the estimated repayment, assuming no noteholder notifies Novus to the contrary, is US\$96.7 million, being US\$80.0 million principal, the estimated "make whole" payment of US\$15.0 million plus accrued interest of US\$1.7 million. Novus Shareholders should also note that the make whole payment will change due to movements in yields on US Treasuries and as the remaining average life of the Novus US Notes reduces.

5.2.3 Other contracts

Novus Shareholders should refer to the table in section 6.4(a) of the Medco Target's Statement for a summary of the other contracts to which Novus is a party which contain a change of control provision, or a provision with a similar effect. As at 24 March 2004, there has been no change to this table. Novus Shareholders should note that section 6.4(a) of the Medco Target's Statement was prepared in response to a confirmation condition in the Medco Offer which was not subject to any materiality criteria. As a result, Novus makes no comment as to the materiality or otherwise of the effects of the change of control on the contracts listed in the table in section 6.4(a) of the Medco Target's Statement.

5.3 Protocols in relation to Dr Williams

As noted in section 3 above, Dr Williams is a director of Bidder. Dr Williams is the only Director and member of Novus' senior management that is associated with Bidder or that has any current involvement in the Offer. Immediately following the announcement of the Offer, the Independent Directors put in place protocols to address potential conflicts of interest arising out of Dr Williams' involvement with the Bidder and his continuing role as the Chief Executive Officer of Novus. In summary, the protocols require Dr Williams to:

- excuse himself from Board discussions and votes in relation to the Offer and the Medco Offer and any other takeover proposals for Novus or discussions with potential bidders;
- discontinue any further discussions with Medco, Bidder or any potential bidder on behalf of Novus, and provide details of any prior discussions with such parties;
- not have access to Novus files or communications regarding Novus' takeover defence;
- keep confidential all information he receives as the Chief Executive Officer and as a Director of Novus, and not disclose that information to Bidder or make use of the information for any other non-operational purpose;
- seek the approval of the Chairman of Novus prior to taking material or strategic actions with respect to Novus that have not been authorised previously, and obtain the approval of another member of senior management prior to taking non-material strategic actions in respect of Novus; and
- continue to keep the Board informed of his interest in the Offer.

To the best of the knowledge and belief of all Directors, the protocols have been adhered to.

5. Important issues

5.4 Update on US drilling activities

On 29 March, Novus released to the market an update on its US drilling activities. A copy of this announcement is set out in the Annexure to this Target's Statement. Further updates will be regularly provided by way of ASX announcements and Novus Shareholders are encouraged to visit Novus' website to view these announcements.

5.5 Status of discussions with third parties

Since the announcement of the Medco Offer, Novus has had discussions with a number of parties that have expressed interest in making alternative proposals to the Offer and the Medco Offer. The Independent Directors have pursued these alternatives with a view to maximising value for Novus Shareholders. As at the date of this Target's Statement, due diligence investigations are being conducted by various parties and discussions with these parties which could potentially lead to a superior proposal being made to Novus Shareholders are continuing.

6. Additional information

6.1 Change in financial position of Novus since last financial report

Novus' last published financial statements are for the twelve months ended 31 December 2003. On 19 February 2004, Novus released to ASX its final audited results for the year ended 31 December 2003. A copy of that announcement is included in the Bidder's Statement and is available on the Novus website at www.novuspetroleum.com. Except as referred to in this Target's Statement and the Medco Target's Statement, the Directors are not aware of any material change to the financial position of Novus since 31 December 2003.

6.2 Interests of Directors and associates of Novus

6.2.1 Details of Directors

The Directors of Novus as at the date of this Target's Statement are:

- David Blair (Chairman)
- Jim Hornabrook
- Steve Mann
- Noboru Tsuruta
- Bob Williams (Managing Director)

6.2.2 Interests in securities of Novus

Except as set out below, none of the Directors has any relevant interest in any marketable securities of Novus.

| Director | Beneficially held Novus Shares | Beneficially held Options |
|-------------------|-----------------------------------|------------------------------|
| Mr David Blair | 128,802 | Nil |
| Mr Jim Hornabrook | 118,375 | Nil |
| Mr Steve Mann | 13,500 | Nil |
| Mr Noboru Tsuruta | Nil | Nil |
| Dr Bob Williams | 1,459,896 | 2,000,000 |

6.2.3 Dealings in securities of Novus

Section 5.8 of the Bidder's Statement states that Dr Williams intends to accept the Offer in respect of the 1,459,896 Novus Shares in which he has a relevant interest and intends to dispose of his Options to Bidder or have them cancelled under any related offer. Section 7.1 of the Bidder's Statement states that:

“... Dr Williams intends to agree to cancel each of his Novus Options in consideration for an amount equal to the difference between the Offer Price and the exercise price of each Option. Under such circumstances, the maximum cash amount payable for Dr Williams’ Novus Options would be \$630,000.”

In the 4 months immediately preceding 19 March 2004, being the date of the Offer, no other Director provided or agreed to provide, or received or agreed to receive, consideration for any marketable securities of Novus under a sale, purchase or agreement for sale or purchase of such securities.

6.2.4 Interests in securities of Bidder and/or associates of Bidder

As at the date of this Target’s Statement, none of the Directors (other than Dr Williams) has any relevant interest in any marketable securities of Bidder or any associates of Bidder. The interests of Dr Williams in Bidder and its associates are set out in the Bidder’s Statement.

6.2.5 Dealings in securities of Bidder and/or associates of Bidder

Section 7.3(c) of the Bidder’s Statement states that:

“As at the date of this Bidder’s Statement, Dr Williams has confirmed that he has access to sufficient cash and facilities to enable him to provide US\$2 million funds as equity and will contribute \$1 million to each of Sunov Partners and Sunov BVI under subscription agreements on substantially the same terms as those described in section 7.3(a).”

The terms set out in section 7.3(a) of the Bidder’s Statement (which relate to the proposed equity contribution of Saratoga of up to US\$55 million for shares in CCP Buyout (BVI) Limited) are that the funds will only be available before 30 September 2004 and that the availability of the funds is conditional on receiving acceptances of the Offer for at least 90% of Novus Shares.

In the 4 months immediately preceding 19 March 2004, being the date of the Offer, no other Director provided or agreed to provide, or received or agreed to receive, consideration for any marketable securities of Bidder and/or associates of Bidder under a sale, purchase or agreement for sale or purchase of such securities.

6.2.6 Conditional agreements

Other than Dr Williams through his involvement with the Offer, the details of which are set out in the Bidder’s Statement, no Director is party to any agreement or arrangement with any other person in connection with or conditional on the outcome of the Offer.

6.2.7 Contracts with Bidder and/or associates of Bidder

Other than Dr Williams through his involvement with the Offer, the details of which are set out in the Bidder’s Statement, no Director has any interest in any contract entered into by Bidder or any associate of Bidder.

6.2.8 Benefits to Directors

No benefit will or may be given to any Director in connection with his retirement from office in Novus. Other than Dr Williams through his involvement with the Offer, the details of which are set out in the Bidder’s Statement, no benefit will or may be given to a Director in connection with the transfer of the whole or any part of the undertaking or property of Novus.

6.3 Material Litigation

Novus is not a party to any current litigation and the Directors have no knowledge of any potential litigation.

6.4 Effect of the Offer on Novus’ employee incentive schemes

6.4.1 Employee Share Plans

The Board has adopted two employee share plans which are currently operated (the General Employee Share Plan (“GESP”) and Employee Share Ownership Plan (“ESOP”).

(a) General Employee Share Plan

The terms of the GESP provide that where the Board determines that there are circumstances which have occurred or are likely to occur which will result in significant changes to the structure or control of the company which may adversely affect the rights of or value of benefits to participants, the Board shall give written notice of such determination and allow each participant to withdraw their Novus Shares from the GESP. On 20 January 2004, as a result of the announcement of the Medco Offer, the Board issued such notices to all participants.

Accordingly, as a result of the Board determination referred to above, all Novus Shares issued under the GESP are able to be dealt with by employees once they have been moved at the employee’s request from the GESP register to the general Novus share register.

(b) Employee Share Ownership Plan

Novus Shares acquired under the ESOP may not be dealt with for three years from the date of acquisition except upon cessation of employment. Accordingly, Novus Shareholders holding Novus Shares acquired under the ESOP which are still subject to this restriction (“Restricted Shares”) may not accept the Offer in respect of their Restricted Shares.

6. Additional information

If Bidder becomes entitled to proceed to compulsory acquisition and does so, bidder may acquire all Restricted Shares. The possible compulsory acquisition of Novus Shares is discussed in section 6.5 of this Target's Statement.

6.4.2 Employee Option Plans

The Board has adopted a share option plan, known as the Executive Share Option Scheme ("ESOS"). The ESOS replaced a former option plan known as the Employee Share Option Plan.

(a) Executive Share Option Scheme

Under the terms of the ESOS, if, during the currency of any Options and prior to their exercise, a takeover bid is made to acquire the whole or any part of the issued shares of Novus, the Board must, unless it determines otherwise, allow the holders to exercise those Options by giving them a written notice informing them of the takeover bid and that they may, within a period specified in the notice, exercise all or any of their outstanding Options (even though some or all of such Options might otherwise not then be exercisable for any reason). Following the announcement of the Medco Offer and a subsequent resolution of the Board on 30 December 2003, a written notice was issued to Optionholders under the ESOS on 5 January 2004 informing them that all Options had become exercisable immediately.

As at 24 March 2004, 2,985,000 Options are on issue under the ESOS. 1,500,000 of these Options are held by Dr Williams, whose intention in relation to them is set out in section 6.2.3 above.

Between the issue of the Medco Target's Statement and 24 March 2004, 150,000 options issued under this plan have been exercised.

(b) Employee Share Option Plan

As at 24 March 2004, 504,000 Options remain on issue under the previous Employee Share Option Plan. All of these Options were exercisable prior to receipt of the Offer, and remain exercisable as at the date of this Target's Statement.

500,000 of these Options are held by Dr Williams, whose intention in relation to them is set out in section 6.2.3 above.

Between the issue of the Medco Target's Statement and 24 March 2004, 143,332 Options issued under this plan that were due to expire on 30 March 2004 have been exercised.

6.4.3 Supplier Options

125,000 Options which expire on 8 June 2005 were issued by Novus to Java Petroleum Limited ("Java") in part consideration for technical services performed by that company. The Options have an exercise price of A\$1.46 and have similar terms to the Options issued under the ESOS, including in relation to a takeover bid being made for Novus. On 5 January 2004, following the announcement of the Medco Offer and a subsequent resolution of the Board on 30 December 2003, a notice was issued to Java informing it that all 125,000 Options had become exercisable immediately.

6.4.4 Summary of all current Options

The number, expiry dates and exercise prices of all Options on issue as at 24 March 2004 are as above. All Options are exercisable.

6.5 Compulsory Acquisition

6.5.1 Intention of Bidder

Bidder may compulsorily acquire all remaining Novus Shares under Part 6A.1 of the Corporations Act if by the end of the Offer Period it and its associates have a relevant interest in at least 90% of the Novus Shares and have acquired 75% of the Novus Shares which Bidder offered to acquire under the Offer. Bidder has indicated that it intends to proceed to compulsory acquisition of the remaining Novus Shares if it becomes entitled to do so.

Compulsory acquisition is commenced by lodgement of a compulsory acquisition notice with ASIC and sending the notice to ASX and all remaining Novus Shareholders.

| Type of recipient | Number of Options | Expiry Date | Exercise Price |
|-------------------|-------------------|-------------------|----------------|
| Director | 500,000 | 16 June 2004 | A\$1.44 |
| Director | 1,500,000 | 8 June 2005 | A\$1.46 |
| Employees | 4,000 | 30 March 2004 | A\$1.37 |
| Employees | 1,045,000 | 8 June 2005 | A\$1.46 |
| Employees | 100,000 | 17 September 2005 | A\$1.68 |
| Employees | 265,000 | 14 April 2007 | A\$1.95 |
| Employees | 75,000 | 19 May 2007 | A\$2.16 |
| Supplier (Java) | 125,000 | 8 June 2005 | A\$1.46 |

6.5.2 Novus Shares issued upon exercise of Options

The Offer extends to Novus Shares that are issued on the exercise of Options during the period from the Register Date to the end of the Offer Period.

If Bidder becomes entitled to proceed to compulsory acquisition and does so, Bidder must (under the Corporations Act) acquire the Novus Shares which are *issued* on exercise of Options *before* the end of the Offer Period.

Bidder has also indicated that it will seek to compulsorily acquire any Novus Shares which are issued on exercise of Options *after* the end of the Offer Period. Bidder would be entitled (under the Corporations Act) to do so for Novus Shares *issued* on exercise of Options:

- after the end of the Offer Period but before the compulsory acquisition notice is issued; and
- within 6 weeks after the compulsory acquisition notice is issued.

6.5.3 Options

Bidder has indicated that it is considering making separate offers for the Options, however it reserves the right not to do so. Any such offers would likely be conditional on amongst other things, all the conditions of the Offer being waived or fulfilled. Bidder has also indicated that if not all of the Options are acquired by Bidder or cancelled pursuant to agreements or other arrangements, and it becomes entitled to proceed to compulsory acquisition of Novus Shares under the Corporations Act, it intends to seek to compulsorily acquire or compulsorily cancel any outstanding Options pursuant to part 6A.2 of the Corporations Act.

If Bidder and its associates achieve a relevant interest in at least 90% of all Novus Shares on issue by the end of the Offer Period, Optionholders will have the right to have their Options bought by Bidder for fair value under Part 6A.1 of the Corporations Act.

6.5.4 Statutory rights to challenge compulsory acquisition

Novus Shareholders and Optionholders have statutory rights to challenge compulsory acquisition, but if Bidder establishes to the satisfaction of a court that the consideration being offered for the securities represents fair value, the court cannot prevent the compulsory acquisition on those terms.

6.5.5 Timing of payment

Novus Shareholders and Optionholders should be aware that if their Novus Shares or Options are compulsorily acquired, they are not likely to receive payment until at least one month after the compulsory acquisition notice is issued.

6.6 Taxation Considerations for Novus Shareholders

Section 8 of the Bidder's Statement sets out a general overview of the Australian tax implications of a Novus Shareholder accepting the Offer and disposing of their Novus Shares to Bidder. You should not rely on it as advice on your own affairs. It does not deal with the position of certain Novus Shareholders or Optionholders. For example, it does not deal with Novus Shareholders or Optionholders who are companies, trustees, partnerships or superannuation funds and it does not deal with the Options issued to Java.

You should seek your own independent financial and taxation advice, which takes into account your personal circumstances, before making a decision as to whether or not to accept the Offer for your Novus Shares.

6.7 ASIC exemptions from the Corporations Act

ASIC has published various "class order" instruments providing for modifications and exemptions to the Corporations Act that apply generally to all persons, including Novus.

6.8 Miscellaneous

6.8.1 Consent to inclusion of statements and to be named

The following persons have given and have not, before the date of this Target's Statement, withdrawn their consent to the inclusion of the following information in the form and context in which it is included, and to all references in this Target's Statement to that information in the form and context in which they appear:

- each Director – to being named as a Director and to the inclusion of statements made by him.
- Grant Samuel & Associates Pty Limited – to being named as the Independent Expert and to the Independent Expert's Report accompanying this Target's Statement.

6. Additional information

- Gaffney Cline & Associates Pty Ltd – to being named as the Technical Specialist and to the Technical Specialist's Report accompanying this Target's Statement.
- Mallesons Stephen Jaques – to being named in this Target's Statement as legal adviser to Novus.
- Merrill Lynch International (Australia) Limited – to being named in this Target's Statement as financial adviser to Novus.

6.8.2 Disclaimer regarding statements made and responsibility

Each person named above as having given its consent to the inclusion of a statement or to being named in this Target's Statement:

- does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Target's Statement with the consent of that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Target's Statement with the consent of that party.

This Target's Statement also includes and refers to statements made by Bidder and associates of Bidder. None of Bidder and associates of Bidder have consented to these statements being included in, referred to, or accompanying this Target's Statement in the form and context in which they are included.

6.8.3 Publicly available information

This Target's Statement contains statements which are made in, or based on statements made in documents lodged with ASIC or given to ASX by Novus, Santos (in its capacity as operator of the Moomba gas plant), the Crosby Group, Bidder and associates of Bidder.

Any Novus Shareholder who would like to receive a copy of those documents may obtain a copy free of charge during the Offer Period by calling the Novus Shareholder information line on 1800 701 213 (for callers in Australia) or +61 3 9251 2730 (for callers outside Australia). The information line is available Monday to Friday between 7.00am and 6.00pm (Sydney time).

Novus notifies Novus Shareholders that, as required by the Corporations Act, calls to the information line will be tape recorded.

6.8.4 No other material information

This Target's Statement is required to include all the information that Novus Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- only to the extent to which it is reasonable for Novus Shareholders and their professional advisers to expect to find this information in this Target's Statement; and
- only if the information is known to any Director.

The Independent Directors are of the opinion that the information that Novus Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- the information contained in the Bidder's Statement;
- the information contained in the Medco Target's Statement;
- the information contained in Novus' releases to ASX prior to the date of this Target's Statement; and
- the information contained, or referred to, in this Target's Statement.

6.9 Date of Target's Statement

This Target's Statement is dated 31 March 2004, which is the date on which it was lodged with ASIC.

6.10 Approval of Target's Statement

This Target's Statement has been approved by a resolution passed by the Directors. Dr Williams and Mr Tsuruta did not participate in the deliberations on that resolution, but were given a draft of this Target's Statement on 28 March 2004 (with the Independent Expert's valuation range and recommendation omitted), to review so as to elicit any material information in their knowledge, prior to its finalisation.

Signed by a Director of Novus, pursuant to section 351 of the Corporations Act.



David Blair
Chairman
Novus Petroleum Limited

7. Glossary

7.1 Definitions

2P means proved and probable reserves.

ASIC means Australian Securities and Investments Commission.

ASX means Australian Stock Exchange Limited (ABN 98 008 624 691).

bbl means barrel.

Bidder means Sunov Petroleum Pty Ltd (ACN 108 045 361).

Bidder's Statement means the bidder's statement in relation to the Offer, prepared by Bidder and dated 5 March 2004.

Board means the Board of Directors.

Corporations Act means the Corporations Act 2001 (Cwlth).

Crosby Group means Dr Bob Williams, together with Crosby Capital Partners (through its wholly owned subsidiary Crosby Asset Management or its nominee).

Directors means the current Directors of Novus.

Directors' 2004 Forecast means the forecast set out in section 4 of the Medco Target's Statement.

EBITDA means earnings before interest, tax, depreciation and amortisation.

FIRB means Foreign Investment Review Board.

Independent Directors means David Blair, Jim Hornabrook and Steve Mann.

Independent Expert means Grant Samuel & Associates Pty Limited (ACN 050 036 372).

Independent Expert's Report means the report prepared by the Independent Expert as to whether the Offer is fair and reasonable, which accompanies this Target's Statement.

mcf means thousand cubic feet (a natural gas measurement based on the volume of gas).

Medco means Medco Energi (Australia) Pty Ltd (ACN 105 457 690).

Medco Offer means the off-market takeover offer by Medco for Novus Shares under Chapter 6 of the Corporations Act dated 8 January 2004.

Medco Target's Statement means the target's statement dated 23 January 2004 issued by Novus in response to the Medco Offer.

Mitsui means Mitsui & Co., Ltd.

mmbtu means Million British Thermal Units (a natural gas measurement based on the energy content of the gas – 1 mmbtu is approximately 1 mcf).

MOECO means Mitsui Oil Exploration Co., Ltd.

Novus means Novus Petroleum Limited (ABN 17 067 777 440).

Novus Share means an ordinary share in Novus.

Novus Shareholder means a registered holder of Novus Shares.

Novus US Notes means the US\$80,000,000 8.64% Senior Subordinated Notes due 23 December 2007 issued by Novus Finance Pty Limited and Novus US Finance LLC.

Offer means the off-market takeover offer by Bidder for Novus Shares under Chapter 6 of the Corporations Act as described in the Bidder's Statement.

Offer Period has the same meaning given in the Bidder's Statement.

Offer Price means the consideration offered under the Offer. As at the date of this Target's Statement, it is \$1.77 cash per Novus Share.

Option means an option to subscribe for a Novus Share.

Optionholder means a holder of Options.

Register Date means the date set by Bidder under section 633(2) of the Corporations Act, being 10 March 2004.

Santos means Santos Limited (ABN 80 007 550 923).

Sunov Partners means Sunov Partners Limited.

Sunov BVI means Sunov Petroleum (BVI) Limited.

Target's Statement means this booklet.

Technical Specialist means Gaffney Cline & Associates Pty Ltd.

Technical Specialist's Report means the report prepared by the Technical Specialist which accompanies this Target's Statement.

US means United States of America.

WTI means West Texas Intermediate.

7.2 Interpretation

Unless the context otherwise requires:

- headings used in this Target's Statement are inserted for convenience and do not affect the interpretation of this Target's Statement;
- words or phrases defined in the Corporations Act have the same meaning in this Target's Statement;
- unless otherwise indicated, a reference to a section is a reference to a section of this Target's Statement;
- a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- the singular includes the plural and vice versa;
- the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any government agency;
- Australian dollars, dollars, A\$ or \$ is a reference to the lawful currency of Australia; and
- a reference to a year means a calendar year unless otherwise stated.



Annexure

NOVUS PETROLEUM LIMITED

ABN 17 067 777 440

RELEASE TO THE AUSTRALIAN STOCK EXCHANGE

29 MARCH 2004

NOVUS USA DRILLING UPDATE, 29TH MARCH 2004

Padre Island

La Playa Deep well (Novus 70% WI in section below 11,000')

The well was drilled to a total depth of 15,040' measured depth ("MD", equivalent to 14,127 ft true vertical depth, "TVD"). Electric logs were run and sidewall cores shot. Preliminary analysis suggests that there are five zones of interest which individually consist of interbedded sands and shales.

Novus as operator on behalf of the Padre Island JV is currently performing a thorough evaluation of log and sidewall core data obtained from the five zones and anticipate that at least one, and possibly all, of the zones will be tested. The potentially productive intervals range in depths from 11,080 ft to 14,802 ft MD. Within this interval of some 3,722 ft, there is one discrete sand of about 5ft that displays a log response which is characteristic of probable gas pay. However, over other intervals the electric log and other data are consistent with an interpretation of thinly-bedded sands which may possibly be gas bearing. The only way to determine whether or not such intervals may be productive is to set casing and test the well.

In common with usual onshore US practice, the Novus JV will shortly release the full-scale drilling rig. A string of casing has now been set across the potentially productive zones in the well and the rig is preparing to install a wellhead and suspend the well. Subsequently a smaller testing rig and ancillary equipment will be contracted to run into the hole to perforate and test the zones of interest. It is anticipated that testing of the various zones may take several weeks and will commence in 4-6 weeks' time, depending upon the availability of the necessary equipment and service providers.

Mr David Blair, Novus Chairman, commented on the results: "I asked our technical people in the US and Sydney to provide me with a report on the well results. In summary they concluded that the La Playa Deep well had penetrated a number of gross sand intervals ranging from five to roughly two hundred feet. Rather than continuous sand accumulations, however, these gross intervals are thought to comprise finely laminated sand and shale sequences. The company expects that one or more of these zones will be completed for production. Until those zones are flow tested and if warranted completed and produced for several months, it will not

be possible to tell how much gas could be recovered from this well. Stimulation options (such as hydraulic fracturing) will be considered as flow test results are evaluated. The economic feasibility of drilling further wells on this structure will depend on the flow rates and reserves likely to be recovered from this initial well.”

Future drilling plans in the Padre Island Deep Gas play (Novus 70% WI)

The next well to be drilled at Padre Island is on the Homerun prospect, where the target sands are equivalent or older than those seen at La Playa. A rig is being contracted, and subject to that and other necessary contracts, the Homerun well is expected to be spudded in late April 2004. The well is expected to take 80 days to reach its programmed total depth. The first target at Homerun is roughly equivalent to the section encountered at total depth at the La Playa Deep prospect, while the second and third are older and are essentially untested in the area. The trap is similar to that seen at La Playa Deep, but larger and better defined on the seismic data.

Novus has initiated the permitting process for the Plum and Manzano prospects, which we feel are more promising in terms of reservoir potential.

Novus is in contact with a number of companies who are considering participating in one or more wells in the drilling programme within the Padre Island area. These companies are at various stages in their own evaluation processes. Novus will inform the market when any final agreement with another company is reached.

Main Pass block 64 (Novus 80%)

During February and March 2004, Novus successfully drilled a sidetrack to the temporarily abandoned Main Pass 64 #5 ST well and re-completed the Main Pass 64 #10 ST well from the 7,300 ft. sand to the 6,900 ft. sand.

The Main Pass 64 field is located in US Federal waters SE of New Orleans Louisiana, in approximately 10 meters of water and was purchased in 4Q 2003. These two wells represent the first phase of Novus' ongoing programme to add value to this asset.

The Main Pass 64 #5 ST2 (Novus 87.5%) well penetrated several shallow gas sands which had been identified in the MP 64 #5 and MP64 #5ST wellbores. The new well has been completed in the 4,400 ft. sand and was brought on-line at an initial gas rate of 2.3 million standard cubic feet of gas per day (scfd) on March 17th. Production from the well has been gradually increased and is currently approximately 6 million scfd.

At the time Novus acquired the asset, the Main Pass 64 #10ST well (Novus 86%) was a relatively low productivity well, producing approximately 20 bbls per day of oil from the 7,300 ft. sand. Following the re-completion, the well was brought on-line on March 10th at an initial oil rate of 134 bbls per day. Production from the well is currently choked back at a stable rate of approximately 300 bbls per day and 0.35 million scfd. Novus did not attribute any value to the 6,900 ft. sand at purchase and

the success of this well therefore establishes additional reserves. Further development of the 6,900' sand is currently being evaluated.

Sorrento Dome (Novus 100 %)

Operations are underway to complete the sidetrack of the Burlington United Lands (BUL) 14#1 well in the Sorrento Dome field, located onshore Louisiana, south of Baton Rouge. The BUL 14#1 well produced gas at up to 12 million scfd from the Marg A reservoir, however it rapidly declined due to excessive water production, believed to be associated with very poorly cemented production casing. The well has been shut in since December 2002 awaiting remedial work.

The Novus United Lands (NUL) 14#1 ST, as the new well has been designated, drilled in an up-dip location to further reduce the potential for water production and increase the gas reserves recoverable from the well. The rig is currently on location and rig-up was completed on March 18th. The well reached TD over the weekend with a totaled measured depth of 9,033 ft (equivalent to 8,324 ft TVD), was logged and sidewall cores shot. A total of 74 feet of pay (measured depth) has been identified and the forward programme is to run in 5 inch production casing, cement and then most likely be completed with the existing drilling rig. At the same time the receiving facilities will be expanded including installation of an additional separator prior to tying in the well and commencing production in about four weeks.

Meanwhile the Novus United Lands (NUL) 13#1 well, which has been on production since October 2003 is currently producing at 5.8 million scfd, together with approximately 120 barrels per day of water.

East Cameron (Novus 100 %)

Novus has secured the "EnSCO 60" drilling rig to drill an acceleration well and 2 exploration/development wells with commencement of drilling anticipated to commence in mid April, but the timing is subject to the rig being released from current operations by a third party.

Stratton (Novus 30%)

An active infill drilling programme kicked off in late 2003 and we are now starting to see the benefits in rising production at a time of strong US gas prices. 8 wells have been drilled since the programme commenced with completed well costs averaging less than US\$1 million each. Gross production has increased from 23.9 million scfd at the beginning of the year to 27.1 million scfd on 26 March 2004. This development drilling is continuing with a further 7 wells proposed to be drilled over the next 3 months or so, as well as work being undertaken on the gathering system to further improve the production rates by installing two additional mini-systems and upgrading an existing mini-system. The recently completed mini-system has proven successful at increasing deliverability from a specific area of the field which lends encouragement that the additional work planned on the gathering system will continue to enhance deliverability rates.

FOR FURTHER INFORMATION please contact:

Mike Sandy, Novus Petroleum

02 9299 4888

<http://www.novuspetroleum.com>

Corporate Directory

Novus Petroleum Limited ABN 17 067 777 440

Directorate

Mr David Blair – Non Executive Chairman

Mr Jim Hornabrook – Non Executive Director

Mr Steve Mann – Non Executive Director

Mr Noboru Tsuruta – Non Executive Director

Dr Bob Williams – Managing Director

Ms Elaine Connor – Company Secretary

Shareholder enquiries relating to the Offer

For calls within Australia 1800 701 213

For calls outside Australia +61 3 9251 2730

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