



Gasbagging with confidence

Tuesday, July 31, 2007

We've passed the 100% gain mark for the year - and we could be on to a gusher with our decision to buy into Australia's best gas-for-oil prospect.

Last week's market shakeout delivered a great opportunity to buy **Central Petroleum Ltd** (ASX code: CTP) ahead of a roadshow beginning in Sydney this week to talk up the stock to potential investors.

Central has a top-rated board and is the biggest onshore hydrocarbons tenement holder in Australia. Its prospective ground totals 230,000sq km covering the Amadeus and Pedirka basins, which straddle the southern part of the Northern Territory from the Queensland border into Western Australia.

SOLD
100,000 Golden Cross Resources @ .053¢ \$5122 (Bought .038¢; 18.05.07)
BOUGHT
30,000 Central Petroleum Ltd @ 19¢ \$5782

So far, 200 drilling targets have been identified, but for decades this vast region has been sparsely explored because there was no viable gas reserves market. That is about to change with record high oil prices likely to open the way for a

gas-to-liquids (GTL) conversion plant to transform the commercial potential of the region.

It's expected the company needs to raise \$10m over the next 12 months to drill up to six wells on targets with a hopeful upside of 300 million barrels of recoverable oil to establish an early cashflow. That's why managing director John Heugh is doing the rounds in Sydney this week with the support of enthusiastic stockbroking backer Martin Place Securities.

Heugh is a petroleum geologist previously with **Santos**, Ampolex, WMC and Kufpec. Chairman Dr Henry Askin is a geophysicist and former Shell Australia exploration director and Shell global seismic manager. Other directors are Bill Dunmore (a reservoir engineer turned banker with HBOS, Rothschild, Dresdner Kleinwort, Unocal and BHP) and accountant-company secretary Richard Faull.

Central Petroleum listed on the ASX in March, 2006, having started putting together its land package in 1998, when oil was \$US12 a barrel and there was no competition for the remote area. Its tenements surround the Santos-Magellan-operated Mereenie oilfield and their declining Palm Valley gasfield. Those companies hold zero exploration acreage in the area.

Central's tenements are assessed as having potential to yield more than 6 billion barrels of oil equivalent. If this is proved, a pre-feasibility study suggests a 140,000bbls per day GTL plant could operate for 50 years with a projected break-even at \$US30 a barrel, less than half current prices.

At 20.5c Central carries a market capitalisation of \$31.4m and has \$5.5m in remaining cash after spending nearly \$3m on recent seismic surveys. If its projections stack up, it should have no trouble attracting majors to farm-in.

HOW THE PORTFOLIO STANDS

	COMPANY		BOUGHT	COST (\$)	NOW (\$)
6000	Image Resources	IMA	9.01.06	av .93	2.46
6000	Andean Resources	AND	9.11.06	av .322	1.00
2000	TZ Ltd	TZL	10.01.07	av 2.65	2.35
20,000	Victoria Petroleum	VPE	11.01.07	.225	.185
20,000	Admerex	ADL	1.02.07	.056	.08
3500	Sino Strategic International	SSI	15.02.07	av 2.60	2.41
40,000	Orient Resource Holdings	ORH	22.02.07	av .104	.115
10,000	Navigator Resources	NAV	22.02.07	av .51	1.035
1666	Magnetic Res. ctg	MAU	16.03.07	free	unlisted
8000	Magnetic Res.	MAU	31.03.07	av .188	.27
20,000	Great Aust.Resources	GAU	26.04.07	.18	.35
40,000	Viralytics	VLA	3.05.07	.089	.085
5000	Amadeus Energy	AMU	17.05.07	.88	.87
10,000	TNG Ltd	TNG	7.06.07	.56	.835
5000	Cooper Energy	COE	7.06.07	.64	.89
5000	Monarch Gold	MON	7.06.07	.25	.32
4000	Australis Aquaculture	AAQ	19.06.07	.545	.58
5000	Prairie Downs Metals '08 ops	PDZ	28.06.07	.80	.77
30,000	Central Petroleum	CTP	26.07.07	.19	.205
Total value of portfolio					\$97,775
Owe the bank					-\$15,755
TOTAL					\$82,020
Portfolio change from Dec 29, 2006					+105.1%
Gain in All Ords since Dec 29, 2006 (5644)					+11.6%

The Speculator's portfolio is notional, based on prices and turnovers in the week before publication. It commenced with \$40,000 in shares at end of 2006 market valuation. The Speculator's family holds shares in TZ Ltd.