

30 July 2007

The Manager
Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
Sydney
New South Wales 2000

QUARTERLY REPORT

APRIL TO JUNE 2007

EXPLORATION ACTIVITIES

AMADEUS BASIN

EP 82, EPA 111, EP 112, EPA 115, EP 118, EPA 120, EPA 124, EP 125, EPA 133, EPA 137.

Seismic Mapping

A total of 473 line km of 2D seismic acquired over the Mt Kitty, Ooraminna and Waterhouse Prospects was acquired and processing and mapping of these prospects has commenced with final mapping results anticipated to be completed by the end of August 2007. In these prospects the Company is targeting a total of 3,400 BCFG and 105 BCF Helium in potentially recoverable prospective resources. Combined studies of both structural mapping and alteration anomalies have helped the Group to focus on the most prospective portions of these giant structures. The raw field data has been sent to JustGeo in the USA for processing. Plans are well advanced on additional seismic acquisition campaigns over the Magee, Johnstone, Gypsum and Stuart Prospects as well as broader regional programmes in the permits EP 112 and 118.

Environmental, Sacred Site and Heritage Surveys

Environmental, sacred site and heritage field reports over the regional seismic planned for EP 112 and 118, the Johnstone, Gypsum, Stuart, Wells and Surprise oil prospects in EP 115 and the Magee Prospect in EP 82 have commenced and field work on these prospects has largely been completed. Draft Notices of Intent have been lodged with the Northern Territory Department of Primary Industry, Fisheries and Mining.

EPA 115 and other applications

The Company has been advised that the permit application EPA 115 is expected to be signed off by the Federal Minister for Aboriginal Affairs shortly as the Company and the Central Land Council have now signed an Exploration Deed.

A new application EPA 147 has been lodged covering the eastern extension of the Ooraminna prospect.

Initial Traditional Owner meetings have been had over EPA 111 and a date has been set for



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frontier
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ABN 91 103 194 136

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AUSTRALIA
PTY LTD
ABN 11 078 104 006

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similar meetings over EPA 124.

Applications for other exploration permits are at various stages of progress.

PEDIRKA BASIN

EP 93, EPA 130, EPA 131, PELA 77

Further discussion with the Central Land Council over an appropriate less flood prone road access plan to EP 93 has continued following severe flooding in January 2007. The Federal Minister for Families, Community Services and Indigenous Affairs has received a briefing on the road access situation by the Company and has sent a communication to the Central Land Council requesting that the Central Land Council hold a meeting of relevant Traditional Owners to consider the Company's proposal to lease an appropriate road access corridor around the Allitra Tablelands along the Colson Track.

A previous independent report on the potential Coal Bed Methane potentially recoverable Prospective Resources of the Group's Pedirka Basin permits and permit applications, EPAs 130 and 131, PELA 77 and the granted EP 93 by Mulready Consultants Pty Ltd concluded a range of 25 to 50 TCFG may be available in recoverable hydrocarbons. This quarter, an addendum to that report detailing the additional Coal Bed Methane Prospective Resources of the Group's EPAs 105, 106 and 107, conditionally purchased from Traditional Oil Exploration Pty Ltd has concluded that the combined potentially recoverable Coal Bed Methane Prospective Resources range from 34 TCFG to 70 TCFG.

The Northern Territory Department of Primary Industry, Fisheries and Mining has advised that the Company may begin to negotiate with the Central Land Council on exploration permit applications EP 130 and 131 and that it intends to proceed to grant exploration permit applications EPAs 105, 106 and 107.

WISO BASIN (LANDER TROUGH)

EPA 92, EPA 129

Applications for exploration permits are at various stages of progress with the period of negotiation agreed to be extended by the Central Land Council.

GEORGINA BASIN

EPA 132

Negotiations with regard to the applications for the exploration permit have not yet commenced.

FARMOUTS

HE NUCLEAR LIMITED

He Nuclear Limited has contributed \$837,000 on pre-drilling seismic on the Mt Kitty prospect and preliminary interpretation indicates a closure of c.430 square kilometres with a maximum vertical closure of 1,000m. Under the terms of this formal agreement, He Nuclear will contribute 50% of pre-drilling seismic to the Mt Kitty and Magee prospects as well as 50% of drilling a well in each prospect to earn a 25% interest in each prospect and surrounding acreage in the prospect sub-blocks.

PETROLEUM EXPLORATION AUSTRALIA LIMITED

The Company has reached agreement in a Memorandum of Understanding on the commercial terms of a farmout to Petroleum Exploration Australia Limited ("PXA") with the intention of executing a formal farmout agreement with them. The terms of the intended farmout agreement

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will include the funding by PXA of 40% of up to 54 wells and 40% of up to \$54 million of seismic for PXA to earn a 20% interest in the 18 permits and permit applications operated by the Company.

ADVENT ENERGY LIMITED

The Company has reached agreement in a Memorandum of Understanding on the commercial terms of a farmout to Advent Energy Limited, a wholly owned subsidiary of MEC Resources Limited, a Pooled Development Fund. The terms of the planned farmout agreement are substantially the same as the terms of the PXA farmout agreement.

TRIDENT ENERGY LIMITED

The Company has reached agreement in a Memorandum of Understanding on the commercial terms of a farmout of exploration permit EPA 115 subject to grant whereby Trident Energy Limited ("Trident") will fund 20% of up to \$3 million seismic and 3 wells to earn a 10% interest in the permit.

SUMMARY OF FARMOUTS

The Company has 16 exploration permits and applications in the Northern Territory, 1 exploration permit application in South Australia and one Special Prospecting Authority in Western Australia covering a total of c.235,000 square kilometres.

Under the terms of the proposed farmouts, the Company will retain a minimum 60% Participating Interest in all of this area but for EP 115 where it shall retain a minimum 50% interest, in EP 82 and EP 125 where it shall retain a minimum 55% interest in the Magee and Mt Kitty Prospect Blocks (part of the Exploration Permits hosting the Prospect Blocks) and a minimum 60% interest in the areas outside of the Prospect Blocks.

DRILLING

The Company has awarded IPS Australasia Pty Ltd a contract to project manage the drilling of 3 wells planned to spud prior to December 31st 2007 subject to various contingencies.

GAS TO LIQUIDS (GTL)

An independent report has concluded that there may be sufficient prospective resources at the "low" estimate level of 34 TCFG in Coal Bed Methane alone from the Pedirka Basin to fuel a 140,000 bbl/day Gas to Liquids Plant for approximately 70 years. Conventional reservoirs are thought to host additional potential. It is thought that any Helium found in gas resources would be extracted at a proposed centrally located GTL plant using potential synergies with the concomitant extraction and cooling of any contained nitrogen..

CORPORATE

CAPITAL RAISING

The Company had previously granted a total of 38,741,251 listed and 797,000 unlisted options with an expiry date of 30 June 2007, exercisable at 20 cents each ("June 30 options") representing a potential source of additional capital of up to \$7.9 million. The Company signed an Underwriting Agreement with Martin Place Securities Pty Limited ("MPS") on June 25, 2007 to underwrite the conversion of the first 20 million listed June 30 Options, with an option to extend the underwriting to the full number of listed June 30 Options under certain terms and conditions. At 30 June 2007, the Company had received \$511,237 from option holders applying for the conversion of options into fully paid shares, which is disclosed in the attached cash flow schedule as "option monies received" as the issue of the relevant shares did not occur until early July 2007. At the time, the underwriting was expected to raise a gross total of \$4 million for the Company however, MPS found a strong interest for the Company's shares and in July accepted the full shortfall of the listed options and also placed an additional 6,297,000 shares

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resulting in the Company receiving a total \$9,007,650 in new capital (inclusive of the \$511,237 received to 30 June 2007) before costs.

The Company also announced that it had entered into a second Underwriting Agreement with MPS to underwrite the issue of a 1:2 non-renounceable entitlement of June 30 2010 Options to all shareholders at an issue price of \$0.025 each, exercisable at \$0.25. The issue is expected to raise approximately \$2.0 million before costs. The Company has issued a Short Form Prospectus dated 11 July 2007 which sets out the terms of the issue and has been sent to shareholders registered on the Record Date of 20 July 2007 together with an entitlement notice. The closing date for the receipt of acceptances is 17 August 2007.

FINANCIAL

At the end of the Quarter, the Group had available funds of approximately \$5,232,000. The attached ASX Listing Rules Appendix 5B shows the cash movements and other information for the Quarter.

Yours sincerely,
Central Petroleum Limited



John Heugh
Managing Director

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

CENTRAL PETROLEUM LIMITED

ABN

72 083 254 308

Quarter ended ("current quarter")

30 June 2007

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (.12.months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	-597	-2,450
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	170	499
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	-885	-3,537
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	-	-25
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	-20	-95
1.10 Loans to other entities	294	-
1.11 Loans repaid by other entities		
1.12 Other (describe if material)		
Net investing cash flows	274	-120
1.13 Total operating and investing cash flows (carried forward)	-611	-3,657

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1.13	Total operating and investing cash flows (brought forward)	-611	-3,657
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	5
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Option monies received (not yet allotted)	511	511
	Net financing cash flows	511	516
	Net increase (decrease) in cash held	-100	-3,141
1.20	Cash at beginning of quarter/year to date	5,332	8,373
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	5,232	5,232

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	141
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

-

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

-

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	0	0
3.2 Credit standby arrangements	0	0

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,000
4.2 Development	0
Total	2,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,232	332
5.2 Deposits at call	4,000	5,000
5.3 Bank overdraft	0	0
5.4 Other (provide details)	0	0
Total: cash at end of quarter (item 1.22)	5,232	5,332

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EP82 Magee Prospect Block	Registered holder Joint venture with conditions.	100%	75%
	EP125 Mt Kitty Prospect Block	Registered holder Joint venture with conditions.	100%	75%

6.2 Interests in mining tenements acquired or increased

EPA 105	Conditional purchase	0%	100%
EPA 106	Conditional purchase	0%	100%
EPA 107	Conditional purchase	0%	100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	130,885,252	120,095,388		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

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7.7	Options (description and conversion factor)			Exercise price	Expiry date
		**39,538,251	*38,741,251	\$0.20	30/6/07
		300,000	0	\$0.25	31/1/10
		21,250,000	0	\$0.20	31/5/10
		8,000,000	0	\$0.20	20/2/11
7.8	Issued during quarter				
7.9	Exercised during quarter	25,000		\$0.20	30/6/07
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

** These options expire on 30 June 2007

* Conversion is underwritten at 30 June 2007 – refer to report for details.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 30th July 2007

John Heugh – Managing Director

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting

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Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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