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23 April 2008

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

QUARTERLY REPORT
JANUARY TO MARCH 2008

EXPLORATION ACTIVITIES

The exploration model/philosophy behind the company's long history of tenement acquisition as well as its exploration strategy, is based on the belief that many of Australia's onshore frontier basins are grossly underestimated in terms of their hydrocarbon potential. For nearly a decade since 1998 when oil was trading at US\$12/bbl, Central has pursued this strategy with the acquisition of over 250,000 sq km of highly prospective exploration holdings in Central Australia.

AMADEUS BASIN

EP 82, EPA 111, EP 112, EP 115, EP 118, EPA 120, EPA 124, EP 125, EPA 133, EPA 137, EPA 147, EPA 149 and EPA 152

Structural and Remote Sensing Analysis and Seismic

During the period the Group acquired approximately 700 line km of high quality 2D seismic including coverage of the Johnstone, Surprise and Stuart oil prospects in EP 115, the Magee prospect in EP 82 and various leads in EP 112 and 118. Seismic survey line clearing over the Guinevere, Vivienne and Madigan prospects commenced during the quarter. The prospects and leads being covered in this survey are listed in Table 1 & Table 2 below. The current survey is a significant adjunct to a 483 km seismic survey acquired in early 2007. Terrex Seismic, Dynamic Satellite Surveys and Terrex Contracting are the main contractors for the seismic acquisition programme.

Table 1 – Oil Prospects and Leads 2008 Seismic Programme

<u>Oil Targets</u>	<u>Basin</u>	<u>Permit</u>	<u>Closure (acres)</u>	<u>Size (km²)</u>	<u>Gross col (ft)</u>	<u>N/G</u>	<u>UOIP (MMBL)</u>
<u>Vivienne</u>	Pedirka	EP93					
Poolowanna			2,298	9	80	0.70	34
Tirrawarra Equ.			2,298	9	80	0.60	42
<u>Guinevere</u>	Pedirka	EP93					
Poolowanna			9,390	38	230	0.70	478
Tirrawarra Equ.			9,390	38	230	0.60	683
<u>Madigan</u>	Pedirka	EP97/EP93					
Poolowanna			5,436	22	100	0.70	99
Tirrawarra Equ.			5,436	22	50	0.60	41
<u>Johnstone Prospect</u>	Amadeus	EP115					
Pacoota Sandstone			13,750	55	80	0.75	173
<u>Stuart</u>	Amadeus	EP115					
Pacoota Sandstone			3,000	12	80	0.75	38
<u>Gypsum</u>	Amadeus	EP115					
Pacoota Sandstone			2,000	8	80	0.75	25

Wholly owned subsidiaries:

merlin
ENERGY
PTY LTD
ABN 95 081 592 734

ordiv
PETROLEUM
PTY LTD
ABN 29 111 102 697

frontier
OIL & GAS
PTY LTD
ABN 91 103 194 136

helium
AUSTRALIA
PTY LTD
ABN 11 078 104 006

merlin
WEST
PTY LTD
ABN 59 114 346 968

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Table 2 – Gas Prospects and Leads 2008 Seismic Programme

Gas Targets	Basin	Permit	Closure (acres)	Size (km²)	Gross col(ft)	N/G	UGIIP (BCF)	He (BCF)
Wells	Amadeus	EP115						
Heavitree Qz.			106,250	425	85	0.65	3,164	190
Magee	Amadeus	EP82						
Heavitree Qz.			12,000	48	20	0.60	65	4
Petermann Crk Anticline	Amadeus	EP112						
Heavitree Qz./Pioneer Sst			39,000	156	85	0.65	1,162	70
Walker Crk Anticline	Amadeus	EP112						
Heavitree Qz./Pioneer Sst			46,750	187	85	0.65	1,392	84
Seymour Anticline	Amadeus	EP112						
Heavitree Qz./Pioneer Sst/Arumbera Sst			31,250	125	85	0.65	931	56
Heavitree Qz.			21,750	87	85	0.65	648	39
Heavitree Qz.			28,000	112	85	0.65	834	50
Cavalry Bore Anticline	Amadeus	EP112						
Heavitree Qz./Pioneer Sst			18,750	75	85	0.65	558	34

All estimates provided unless otherwise annotated are based on Undiscovered Petroleum Originally in Place at "high" estimate if filled to spill (Society of Petroleum Engineering definitions).

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

PEDIRKA BASIN

EP 93, EP105, EP106, EP107, EPA 130, EPA 131, PELA 77 and EP 97

In the Pedirka/Eromanga Basin, the planned 2008 seismic survey will detail three strong oil leads, the Vivienne, Guinevere and Madigan leads. Total petroleum addressed by these leads is 1.3 Billion barrels of oil. At the end of the quarter, line clearing had been completed over the Guinevere and Vivienne prospects and seismic acquisition had started over the track to Blamore to provide better definition of coal beds and conventional targets on the Andado Shelf and the Eringa Trough. All seismic in the Pedirka Basin programme was anticipated to be complete by the end of April.

Recent remapping of two important drillable oil prospects in the Pedirka/Eromanga Basin (i.e. the Blamore and Simpson Prospects) has facilitated an update of "high" estimate original-oil-in-place (OOIP) of 71 MMbbl and 161 MMbbl respectively. For its 2008 drilling program, Central has targeted geological variance in its prospects to mitigate geological risk, relatively shallow drilling targets to reduce cost and has also favoured large oil/gas-condensate-helium prospects potentially capable of delivering very significant early cash flow.

A new analysis of the Hallows Trend has concluded that the most likely reason for the McDills and the Etingimbra wells being dry wells was a large cross cutting fault, the Camelot fault. If this is the case there is a possibility of the Hallows Trend hosting the Avalon, Blamore, Cawdor, Dyffed and Excalibur prospects to be part of a very large structural closure of up to c.1,000 km².

Coal Bed Methane - Pedirka Basin

The Group selected drilling locations for 3 CBM well sites during the quarter two of which may have potential for the entrapment of conventional oil and gas as well as CBM due to the geological structures involved. One location previously chosen has been shifted to the new seismic recently shot over the Blamore road access route.

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

Road Building

Road access was gained to the site of the Pedirka Basin operations via Kulgera, Finke, Andado and than across to interdune corridors down to each of the Blamore and Simpson prospects. The Pmer Nyente Land Trust has also signified their approval to a road access lease around the Allitra for future use and discussion continues with the Central Land Council (CLC) and Minister Macklin's office concerning this proposal.

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Access routes suitable for initial ingress of seismic crews were completed and watering and compaction in readiness for Hunt Rig 2 was in progress. Further water supplies were required to complete this and Underdale Drilling had commenced water bores for this purpose.

LANDER TROUGH EPA 92 and EPA 129

The Central Land Council (CLC) notified the Group that its application for Exploration Permit EPA 92 by Merlin Energy Pty Ltd had been rejected. The Group has a number of options in regard to the area applied for, inclusive of seeking a judicial review of the application process and the role of the CLC in this. Further recourse in this matter may be available to the Group under various sections of the Aboriginal Land Rights (Northern Territory) Act 1976 Commonwealth as amended (ALRA) and the Administrative Decisions (Judicial Review) Act 1977 Commonwealth (ADJR Act). The Group will address this issue with all due vigour. It has been revealed that contrary to the provisions of the Aboriginal Land Rights Act, the CLC did not facilitate initial meetings with all of the relevant Traditional Owners who may now seek to take action against the CLC.

EPA 129 awaits the CLC to arrange initial meetings with relevant Traditional Owners.

GEORGINA BASIN EPA 132 and ATP APPLICATIONS 909, 911 and 912

Negotiations with regard to the applications for Exploration Permit 132 have not yet commenced.

Merlin Energy Pty Ltd emerged during 2007 as the successful bidder for three exploration permits in Queensland with areas totalling 14,000sqm. The Company's wholly owned subsidiary, Merlin Energy Pty Ltd, was notified by the Queensland government that it was the preferred tenderer with priority to apply for a title grant over ATPs 909, ATP 911 and ATP 912 in the Queensland portion of the southern Georgina basin, which hosts oil and gas targets in Middle to Late Cambrian petroleum systems.

The right to negotiate process is being pursued by the Group to facilitate the granting of these permits.

The Queensland applications are part of Central's exploration strategy of gaining an early-entry position into under-explored prospective onshore basins of central Australia, with the accompanying aim of building up "whole-of-basins" positions.

Although under-explored, the Georgina Basin hosts a rich Cambrian petroleum system which has been well documented. The area is believed to have generated more than 40 billion tons of hydrocarbons in its lifetime.

In the Northern Territory portion of the Georgina basin, there have been some 20 exploration wells drilled, with 13 of them yielding live oil shows, despite the absence of adequate seismic definition at the time. The Georgina basin is largely oil-prone, although Central's Queensland holdings are partially adjacent to Ethabuka-1, which flowed a small amount of gas from the Kelly Creek Formation. Not surprisingly, oil will be the main target on the shelf updip of this syncline, as drilling to date has consistently yielded oil shows and indications of oil migration.

GAS TO LIQUIDS (GTL) and Helium

Discussions continue with appropriate GTL technology holders concerning the Group's long term plans to monetise and gas reserves proved by drilling. An independent report has concluded that there may be sufficient potentially recoverable prospective resources at the "low" estimate level of 34 TCFG in recoverable Coal Bed Methane prospective resources 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 up to 35 TCFG according to the Northern Territory Geological Survey. 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. Magee-2 and Mt Kitty-1 wells are both targeting helium as well as gas and condensate following the flow of these to the surface at Magee-1 drilled in 1992. The main play type being targeted is the

subsalt Heavitree Formation blanketed by a thick and extensive salt formation, the Gillen Member of the Bitter Springs formation. These prospects are considered analogous in many respects to those with similar geology in the Sichuan Basin, the eastern Siberian Platform and Oman.

FARMIN / FARMOUTS

Petroleum Exploration Australia Pty Ltd:

On 15 February 2008, the Group announced the execution of a formal farmout agreement with Petroleum Exploration Australia Limited ("PXA"). The terms of the farmout agreement include the funding by PXA of 40% of up to 3 wells and 40% of up to \$3 million of seismic for PXA to earn a 20% interest in the permits and permit applications operated by the Company.

The planned drilling programme agreed with the Group's farmin partners Petroleum Exploration Australia Limited (PXA) and He Nuclear Limited (HEN) follows:

2008 Firm wells:

- Blamore oil 71 MMbbls UOIIP ready to drill
- Simpson oil 190 MMbbls UOIIP ready to drill
- CBM 1-3 first stage exploration for 34-70 TCFG prospective recoverable resources ready to drill
- Mt Kitty gas-helium-condensate 3.0 TCFG, 185 BCFG Helium UGIIP ready to drill
- Ooraminna gas - 1.9 TCFG UGIIP ready to drill
- Total undiscovered resources addressed in the firm drilling programme: 261 MMbbls UOIIP, 4.9 TCFG, 105 BCFG Helium UGIIP plus condensate credits plus first stage exploration of 34-70 TCFG CBM prospective recoverable resources exploration

Other (Firm):

- 1,150 km seismic 2D acquisition completed by end April addressing addressing 17 gas and 6 oil prospects/leads with 17 TCFG UGIIP and 1.6 billion bbls UOIIP (additional to the 4 firm wells)
- 30,000 km² aerograv SPA 7/04-5 subject to grant

Contingent wells:

- Johnstone oil 320 MMbbls UOIIP additional predrilling seismic fully mapped by June
- Waterhouse gas 2.7 TCFG UGIIP ready to drill
- Magee gas-Helium-condensate 60 BCFG, 4 BCFG UGIIP additional predrilling seismic fully mapped by July

Firm programme budget

- c.\$31 M, funded by PXA/He Nuclear to c.\$13 M, CTP c.\$18 M
- PXA and He Nuclear to fund their promoted share of expenditure on the firm programme from inception late 2007

(UOIIP - Undiscovered Oil Initially In Place "high" estimate, UGIIP-Undiscovered Gas Initially In Place "high" estimate SPE)

He Nuclear Limited:

He Nuclear has continued to finance its promoted share of the seismic processing and analysis within the Mt Kitty (EP125) and Magee (EP82) Prospect Blocks as the Group moves closer to drilling with a finalized drill location being selected. He Nuclear may earn 25% of the EP125 Mt Kitty Prospect Block and the EP82 Magee Prospect Blocks via the funding by He Nuclear of 50% of pre-drilling seismic and the drilling of a well on each Prospect Block to earn a 25% participating interest in each of the blocks.

Advent Energy Limited:

During the period, the Group advised that negotiations toward a potential farmin by Advent Energy Limited had been terminated in line with the provisions of a Memorandum of Understanding which required board approval to proceed.

DRILLING

Central Petroleum Limited and Hunt Energy and Mineral Company Co.- Australia Pty Ltd ("Hunt") have signed a binding Letter of Intent subject to contract and technical inspection to utilise Hunt Rig 2 on Central's 2008 drilling programme timed to commence following the end of the Northern Territory wet season. Under the agreement, Rig 2 will be available to for a minimum programme of 2 conventional wells. However, Central may exercise an option to drill up to 5 more conventional wells and 3 coalbed methane wells.

A formal contract with more detailed provisions was signed on 10th April 2008.

The drilling programme is of course subject to various operational contingencies and exploration results. Only one well (apart from the attempted drilling of a well in the Beetaloo Basin by Sweetpea Petroleum) has been drilled in the last fifteen years in this region due to the previous lack of infrastructure and relatively low oil prices until 2004 when both the oil price reached new highs and the Alice Springs to Darwin rail link was completed. There are significant logistical problems to overcome in relation to long range desert operations but the Group has found ways to reach solutions to any problems encountered thus far.

CORPORATE

BOND SUBSCRIPTION AGREEMENT

Central Petroleum Limited announced on 20th November 2007 that it had entered into a Bond Subscription Agreement with D.B. Zwirn Mauritius Trading No. 3 Limited ("DBZ") ("Agreement"). The Agreement provides the framework for the Company to raise up to \$80,000,000 by issuing convertible zero coupon bonds over a maximum time frame of up to five years, in \$1,000,000 tranches.

As at 31 March 2008, the Group had completed the following transactions in relation to the Bond Subscription Agreement:

- (a) Issued 2,941,176 shares to Martin Place Securities Staff Superannuation Fund Pty Ltd in satisfaction of the Loan Share Agreement approved by shareholders on 11 January 2008. The Group raised a total of \$273,069 through this transaction.
- (b) Issued the first tranche of convertible bonds to DBZ. The Group raised a total of \$1,000,000 through this transaction.

The capital raised under the convertible bond agreement has been applied toward the Group's seismic work program undertaken during the quarter.

FINANCIAL

At the end of the Quarter, the Group had available funds of approximately \$8,635,000. 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")

31 March 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 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	-3,763	-4,897
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	181	606
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	-4,565	-6,717
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	-8	-28
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Security Bonds & Long Term Cash deposits	-1,336	-1,336
Net investing cash flows	-1,344	-1,364
1.13 Total operating and investing cash flows (carried forward)	-5,909	-8,081

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1.13	Total operating and investing cash flows (brought forward)	-5,909	-8,081
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,273	11,484
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
	Net financing cash flows	1,273	11,484
	Net increase (decrease) in cash held	-4,636	3,403
1.20	Cash at beginning of period	13,271	5,232
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of period	8,635	8,635

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	118
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	1,000*	1,000*
3.2	Credit standby arrangements	0	0

*Represents proceeds from convertible note facility.

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	7,000
4.2	Development	0
	Total	7,000

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	62	318
5.2	Deposits at call	8,573	12,953
5.3	Bank overdraft	0	0
5.4	Other (provide details)	0	0
	Total: cash at end of quarter (item 1.22)	8,635	13,271

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				
6.2	Interests in mining tenements acquired or increased				

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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	180,364,679	180,364,679		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	2,941,176	2,941,176		
7.5	+Convertible debt securities <i>(description)</i>	100 (maximum 6,666,666 ordinary shares on conversion)			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	100			
7.7	Options <i>(description and conversion factor)</i>	95,961,760 300,000 21,250,000 8,000,000 3,000,000 11,000,000 3,650,000	95,961,760 0 0 0 0 0 0	<i>Exercise price</i> \$0.25 \$0.25 \$0.20 \$0.20 \$0.30 Various \$0.30	<i>Expiry date</i> 30/6/10 31/1/10 31/5/10 20/2/11 30/11/10 3/1/12 31/3/11
7.8	Issued during quarter	11,000,000 3,650,000	0 0	Various \$0.30	3/1/12 31/3/11
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

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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.



Date: 23 April 2008

Marco Di Silvio – Company Secretary

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 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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