

22 July 2008

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

QUARTERLY REPORT

APRIL TO JUNE 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.

The main highlight of the quarter was the mobilization of Hunt Rig 2 to the Blamore 1 drill site to commence the following planned 2008 drilling programme:

Firm wells

- Blamore oil 71 MMbbls UOIP ready to drill
- Simpson oil 190 MMbbls UOIP ready to drill
- Coal Bed Methane wells CBM 93001 and 93002 and 107001- 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 UOIP, 4.9 TCFG, 105 BCFG Helium UGIIP plus condensate credits plus first stage exploration of 34-70 TCFG CBM prospective recoverable resources exploration

Contingent wells

- Johnstone oil 320 MMbbls UOIP 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 August 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.



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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 completed the acquisition of approximately 1,092 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, various leads in EP 112 and 118, the Guinevere and Vivienne prospects in EP 93 and the Madigan prospect in the Simpson farmin block in EP 97. Mapping of the prospects and leads have commenced with some excellent results. The prospects and leads covered in this survey are listed in Table 1 & Table 2 below. The 2008 survey is a significant adjunct to a 483 km seismic survey acquired in early 2007. Terrex Seismic, Dynamic Satellite Surveys and Terrex Contracting were the main contractors for the seismic acquisition programme.

Table 1 – Oil Prospects and Leads 2008 Seismic Programme

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

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).

Some other highlights of the quarter pertinent to the Amadeus Basin included:

- 18th April 2008 a Technical Note detailing a positive comparison of the Amadeus Basin to the Canning Basin was released
- 24th April a Technical Note describing a Bakken type fractured shale oil play in the Horn Valley Siltstone was released indicating Undiscovered Oil Initially in Place (OIIP) of up

to 10 Billion Barrels potential. A previous Technical Note detailing Undiscovered Gas Initially in Place (UGIIP) of 12-90 TCFG potential in the gas mature portion of the Horn Valley Siltstone was released on 28TH June 2007

- 5th May 2008 a Technical Note detailing an example of the postulated Bakken shale oil play in the Horn Valley Siltstone at the Gypsum oil prospect in EP 115 was released with a potential UOIIP potential of up to 30 MMbbls
- 9th May and 15th May 2008, Technical notes detailing new log correlations and new seismic results in the southern Amadeus Basin giving rise to a plethora of new leads for follow up work with Helium, gas and condensate potential
- 16th May 2008, the award of Special Prospecting Authority 7/04-5 was announced. This SPA of 30,000 km² covers most of the extension of the Amadeus Basin into Western Australia and is thought to have potential for some very large prospects to be developed. Modelling of gravity and aeromagnetic data will be based on leads of c.50 km² in aerial closure. A 2008 aerogravity survey of the area was commenced by June 30th 2008 and the results will be synthesized with pre-existing aeromagnetic survey data provided by the Geological Survey of Western Australia (GSWA).

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

PEDIRKA BASIN

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

In the Pedirka/Eromanga Basin, the 2008 seismic survey covered three strong oil leads, the Vivienne, Guinevere and Madigan leads. Total petroleum addressed by these leads is up to 1.3 Billion barrels of oil in Undiscovered Oil Initially In Place (UOIIP). Mapping of the seismic results has commenced. Seismic acquisition over the track to Blamore has provided better definition of coal beds and conventional targets on the Andado Shelf and the Eringa Trough.

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 finalised the revised selection of 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 line 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 then 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.

Underdale Drilling was contracted to drill a sequence of water wells to complete the rolling and compaction of access routes to Blamore 1, Simpson 1 and the 3 CBM well locations and by June 30th 2008, the road access to Blamore 1 was completed and Hunt Rig 2 was being assembled in readiness for drilling. Compaction of the drill site in readiness for Hunt Rig 2 was in progress. Underdale Drilling had commenced additional water bores required for the Simpson 1 well road access construction.

Other highlights pertinent to the Pedirka Basin included:

- Two new oil leads, Flat-top and Roundtop, were delineated on the Blamore Track seismic
- On the 12th of May 2008, a farmin agreement between Merlin Energy Pty Ltd (Merlin) and Petroleum Exploration Australia Limited (PXA) was formalised whereby Merlin will farmdown a 15% participating interest to PXA in the Simpson, Bejah and Dune prospect blocks within EP 97 where Merlin is able to retain a 80% interest by funding and operating the drilling of one well in each prospect block in the EP 97 permit which is owned and operated by Rawson Resources Limited
- On the 23rd of May 2008, a Technical Note was released detailing four Jurassic-Permian prospects on a southerly plunging nose contiguous with the Hallows Trend, namely the Hector Trend, as it emerges updip from the depths of the Eringa-Madigan oil kitchens. The Hector Trend transgresses EP(A) 130 and EP 93 both operated by Central, and also impinges on the far NW portion of EP 97 operated by Rawson Resources Limited. Total mapped area of closure and corresponding upside UOIP potential of the four prospects is 450 km² and 2,100 MMbbls respectively in Permian and Jurassic target horizons.
- On the 23rd of June 2008, a Technical Note detailed the Bedivere and Perceval Permian and Jurassic stratigraphic leads respectively in EPA 131 which have combined potential of up to 480 MMbbls UOIP.

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. Thus far, the CLC has not explained to the Group, as required by law, the processes undertaken by them. The Group has a number of options in regard to the area applied for, inclusive of 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 some of whom may now seek to take action against the CLC.

The CLC has informed the Group during the quarter that consent to grant of EPA 129 had also been withdrawn but the Group applied for an extension of the time to negotiate to the Minister of the Northern Territory Department of Primary Industry, Mining and Fisheries which was granted subsequent to the 30th June 2008 and now 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.

FARMINS / FARMOUTS

Petroleum Exploration Australia Pty Ltd (PXA):

PXA continues to fund its 40% share of the previously announced 2008 exploration programme in accordance with the terms of a formal farmout agreement executed on the 15th February 2008. 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.

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.

Other:

The Group continues with various discussions and preliminary negotiations concerning additional farmouts, strategic stabilising investment relationships, technology based joint ventures and capital raising avenues. Central Petroleum Limited operates what is thought to be the largest package of exploration acreage in Australia or its waters.

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.

During the June 2008 quarter, the Group had completed the following transactions in relation to the Bond Subscription Agreement:

- (a) Issued 500 convertible bonds to DBZ. The Group raised a total of \$5,000,000 through this transaction.
- (b) In addition to the 100 bonds issued late in the March 2008 quarter, a total of 600 bonds were converted into 39,838,664 ordinary fully paid shares of the Company.

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

FINANCIAL

During the quarter, the Group completed a Non Renounceable Rights Issue. A total of 31,090,865 ordinary fully paid shares were allotted and issued into the issuer sponsored sub register on 13 June 2008 to raise a net total of \$4,663,630.

At the end of the Quarter, the Group had available funds of approximately \$15,413,000. The attached ASX Listing Rules Appendix 5B shows the cash movements and other information for the Quarter.

Yours sincerely,
Central Petroleum Limited

A handwritten signature in dark ink, appearing to read 'John Heugh', written in a cursive style.

John Heugh
Managing Director

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 2008

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	-2,335	-7,232
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	220	826
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	-3,007	-9,724
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	-82	-110
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
Net investing cash flows	-82	-1,446
1.13 Total operating and investing cash flows (carried forward)	-3,089	-11,170

1.13	Total operating and investing cash flows (brought forward)	-3,089	-11,170
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	9,867	21,351
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	9,867	21,351
	Net increase (decrease) in cash held	6,778	10,181
1.20	Cash at beginning of period	8,635	5,232
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of period	15,413	15,413

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

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- 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

-

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	5,000*	5,000*
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	6,500
4.2	Development	0
	Total	6,500

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	40	62
5.2	Deposits at call	15,373	8,573
5.3	Bank overdraft	0	0
5.4	Other (provide details)	0	0
	Total: cash at end of quarter (item 1.22)	15,413	8,635

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				

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 (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	252,308,265	252,308,265		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	71,943,586	71,943,546		
7.5	+Convertible debt securities (description)	500			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-500 (convertible bonds fully converted into ordinary shares during the quarter)			
7.7	Options (description and conversion factor)	95,947,703 300,000 21,250,000 7,000,000 3,000,000 11,000,000 3,650,000	95,947,703 0 0 0 0 0 0	Exercise price \$0.25 \$0.25 \$0.20 \$0.20 \$0.30 Various \$0.30	Expiry date 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				
7.9	Exercised during quarter	14,057 1,000,000	14,057 0	\$0.25 \$0.20	30/6/10 20/02/11
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

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: 22 July 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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