**ASX ANNOUNCEMENT RELEASED to the ASX DATE: 220607**

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## Additional Recoverable Prospective Resources Coal Bed Methane (CBM)

An independent report by Mulready Consulting Services Pty Ltd and authored by Mulready and Meaney entitled the "THE UNCONVENTIONAL PETROLEUM POTENTIAL OF EPAs 105, 106 & 107 PEDIRKA BASIN ONSHORE NORTHERN TERRITORY AUSTRALIA" has been received by Central Petroleum Limited ("Central").

The report concludes that in addition to the CBM original gas in place (OGIP) prospective resources of 67 TCFG in Central's Pedirka Basin acreage previously described in an earlier report, there is an additional 25 TCFG in permit applications EPA 105,106 and 107 which were recently conditionally acquired by Central.

Prospective recoverable resources of CBM in Central's 7 Pedirka Basin permits and applications now stand at 34, 47 and 70 TCFG at "low", "best" and "high" estimates according to the report.

"This really underscores the importance of our Pedirka Basin acreage" said John Heugh, Managing Director of Central. "With current low gas prices, we don't see immediate potential for sales gas options for these prospective recoverable resources and there is a lot of work to be done in an effort to prove any resources by drilling and further seismic. While there is potential for domestic gas prices to rise in Australia, our longer term plans are predicated about the use of these prospective resources in a very large centrally located Gas to Liquids Plant".

Independent studies by Holt Campbell and Payton Pty Ltd, consulting engineers have concluded in a pre-feasibility study that a 140,000 bbl/day plant producing ultra-clean diesel, jet fuel and naphtha fueled by such a CBM resource could be profitable at any prevailing oil price over USD$30/bbl provided that the gas could be delivered to the plant at Alice Springs at A$2.20/mcfg or less.

An executive summary of the Mulready and Meaney report follows.

Sincerely

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***( Addendum to "The Unconventional Petroleum Potential of EP 93 and EPA's 130 & 131 and PELA 77 Pedirka Basin Onshore Northern Territory and South Australia Australia. Mulready Consulting Services Pty Ltd )***

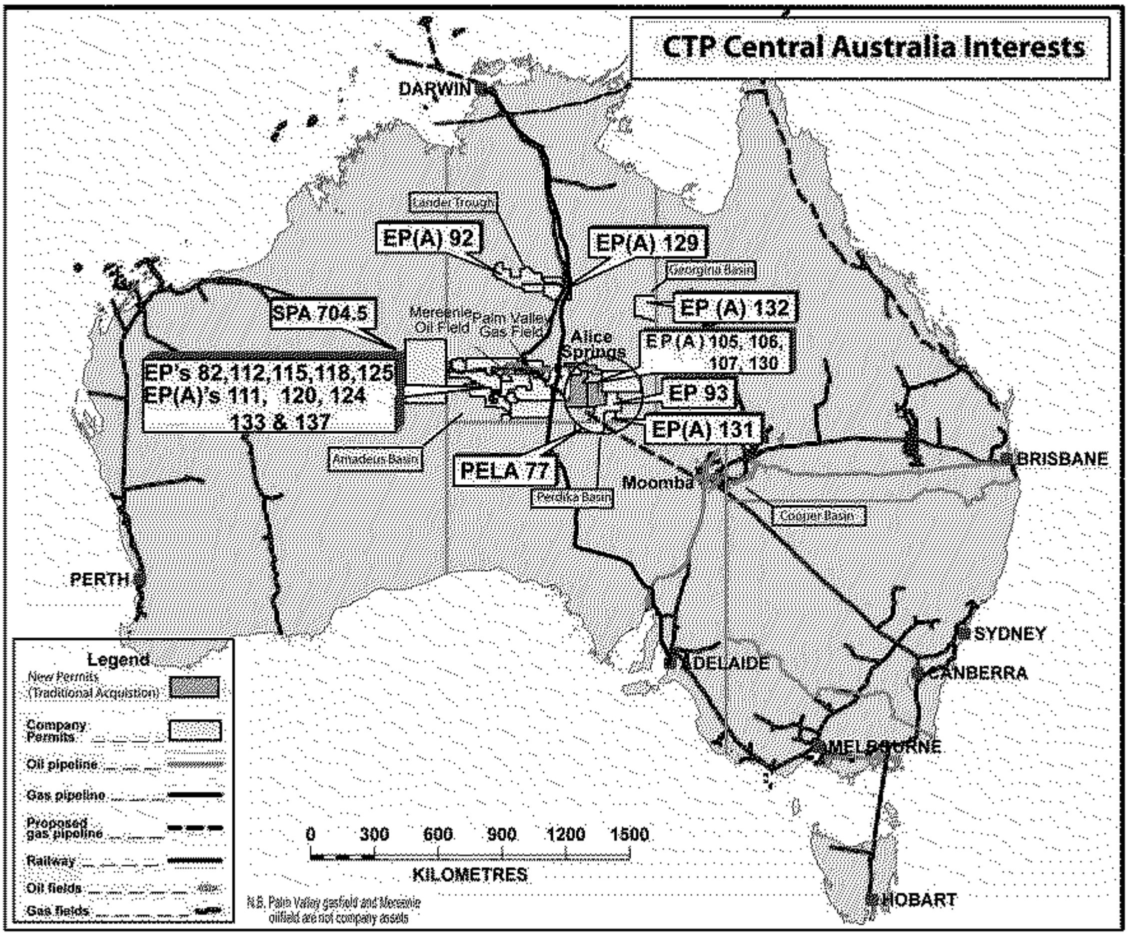


***Figure 1.a Central Petroleum's Acreage***

## *EXECUTIVE SUMMARY*

*1. Central Petroleum Limited, in their own right, have recently acquired from Traditional Oil Pty Ltd EPA's (Applications) 105, 106 and 107 in the Northern Territory subject to granting of the Permits and various payments. The company also controls EP 93 and have the sole rights to EPA's (Applications) 130 and 131 in the Northern Territory and PELA (Application) 77 in South Australia.*

*2. The newly acquired tenements cover most of the western sector of the potentially prospective, but under explored, Pedirka Basin of central Australia, as well as the overlying and underlying sedimentary sequences.*

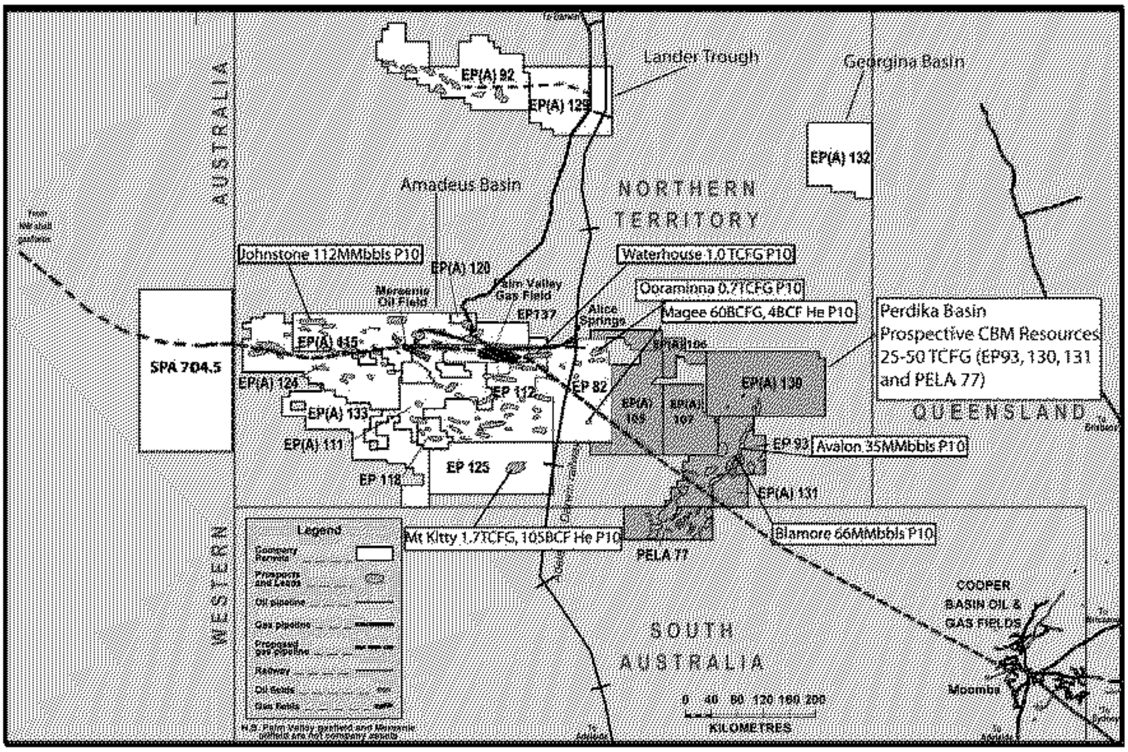


***Figure 1.b Central's central Australian Interests***

*3. Studies by the company and the relevant state Departments of Minerals and Energy have highlighted the conventional hydrocarbon prospectivity of these tenements.*

*4. Work by the company, which has been confirmed by this report, has identified substantial prospectivity for the presence of, and the potential to develop, non-conventional hydrocarbons in the company's three new tenements, as well in the four other Pedirka Basin tenements that they currently control. The unconventional petroleum potential of these four tenements is detailed in an earlier report.*

*5. It is estimated that an Original Gas in Place (OGIP) Prospective Resource of approximately 25.4 TCF of coal bed methane could be present in Central's newly acquired Pedirka Basin acreage in Permit Application areas EPA 105, 106 and 107. Of this some 17.1 TCF is believed to be hosted in the Permian aged Purni Formation of the Pedirka Basin sequence and some 8.3 TCF is thought to be present in the Triassic aged Peera Peera Formation of the overlying Simpson Desert Basin sequence. As detailed in the earlier report on EP 93, EPA'S 130 &131 and PELA 77, the corresponding value for the company's previously held four tenements is 67.4 TCF.* ***Hence the relevant OGIP values for the Company's 7 Pedirka Basin permits in prospective resources is 92.8 TCF.***

*6. It is thought that the total estimated recoverable prospective hydrocarbon resource possibly hosted in EPA's 105, 106 and 107 in the "low", "best" and "high" deterministic cases are 9, 13 and 19 TCF assuming recoveries of 35%, 50% and 75%, respectively. The corresponding values for EP 93, EPA's 130&131 and PELA 77 are 25, 34 and 51 TCF respectively.* ***Hence the relevant values of recoverable prospective resources for all of Central's 7 Pedirka Basin blocks are 34, 47 and 70 TCF.***

*7. According to Holt Campbell Payton, typically a GTL plant will require about 10 thousand standard cubic feet of gas (mSCF) to synthesize one barrel of oil. Hence the "high" indicative possible resource anticipated in the company's newly acquired Pedirka Basin acreage, 19.0 TCFG, could produce some 1,900 million barrels of liquids. This is in addition to the 50.6 TCFG or 5,060 million barrels of liquids which could be present in the company's other Pedirka Basin permits, as detailed in the earlier report.* ***Consequently Central's entire Pedirka Basin acreage package could possibly produce some 70 TCFG or approximately 7,000 million barrels of ancilliary petroleum liquids based on "high" prospective recoverable resources.***

*8. The entire Pedirka Basin acreage with "low", "best" and "high" estimates of recoverable prospective resources* ***could conceivably fuel a 140,000 bbl/day GTL plant for 70 years, 100 years and 150 years.***

*9. Central's Pedirka Basin acreage is known to contain extensive Permian and Triassic coal measures and carbonaceous shales, correlatives of which are known to have sourced the gas accumulations in the Cooper Basin and the oil accumulations of the overlying Eromanga Basin, adjacent and overlying basins respectively. These coals have considerable potential for coal bed methane drainage. These source beds, which contain Type 2 or oil prone macerals, could also have sourced conventional hydrocarbon accumulations.*

*10. The acreage also contains section within the underlying Amadeus Basin Sequence which may be prospective for "basin centred gas accumulations" in the tight and dirty Horn Valley Siltstone.*

*11. Given the knowledge of the central Australian petroleum systems the overlying Mesozoic aged Eromanga Basin has potential for oil accumulations as a consequence of late generated gas displacing oil up-dip.*

*12. Central have plans for the establishment of one or more large scale gas to liquids (GTL) synthesis plants, probably located in Alice Springs for strategic reasons, given the proving up of appropriate reserves. Future potential for coal to liquids processing also exists.*

*13. Such plants would use the latest variant of the Fischer-Tropsch reaction to produce liquids, which could include ultra-clean dieseline, jet fuel and naphtha.*

*14. Given the company's extensive acreage in the Pedirka Basin, and in central Australia in general, should the company's plans come to fruition, then they should become the dominant player in a large scale gas and or coal to liquids industrial process in central Australia.*

*15. It is known that markets, both locally and internationally, exist for clean liquid petroleum products, which could include ultra-clean diesel, jet fuel and naphtha. These markets are substantial and are under-supplied. Other by products of the hydrogenation process also have a ready market in the chemical industry.*

*16. Markets for the disposal of sales gas may also exist in southern and eastern Australia if gas sales prices rise to sufficient levels.*

*17. It is considered appropriate that conventional and non- conventional exploration be conducted simultaneously, as far is as possible, in the initial stages of exploration in the permit areas. This should be a natural occurrence.*

*18. Besides an exploration program, additional analytical studies will be required to accurately estimate the likely potential resources present in the company's acreage.*

*19. Indeterminate potential also exists in the Poolowanna Formation of the Eromanga Basin sequence, probably not as widespread.*

*20. This report is directed at the recently acquired acreage from Traditional Oil Pty Ltd, EPA's 105, 106 and 107 permit applications which straddle the Pedirka/Amadeus Basin boundaries but are thought to include some 8,000 km$^2$ of Permian and probable Triassic coal horizons.*

***21st June2007***